



Environment, Food and Rural Affairs Committee

Oral evidence: [Work of the Committee 2010–15](#),
HC 942

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Members present: Miss Anne McIntosh (Chair); Richard Drax; Jim Fitzpatrick; Mrs Mary Glendon; Mrs Emma Lewell-Buck; Sheryll Murray; Neil Parish; Margaret Ritchie, Roger Williams

Questions 166–218

Witnesses: **Richard Macdonald**, Former Chair of the Independent Farming Regulation Task Force and Former Chair of the Implementation Group, and **George Eustice MP**, Parliamentary Under-Secretary of State, Department for Environment, Food and Rural Affairs.

Q166 Chair: Good afternoon and welcome to you both. Could I ask each of you, starting with Mr Macdonald, just to introduce yourselves and give your name and title, and connection with this inquiry? We are very grateful to you for being here, and contributing to our look into the Farming Regulation Task Force. Mr Macdonald, if you just say who you are and what your connection is?

Richard Macdonald: I am Richard Macdonald, and I was Chair of the Defra Farming Regulation Task Force and Implementation Group until about a year ago.

George Eustice: I am George Eustice, the current agriculture Minister. When the Committee first looked at this issue, I was a member of the EFRA Select Committee.

Q167 Chair: It is good to see you back, Minister. Thank you very much indeed. Welcome to you both. Mr Macdonald, can I just put a couple of questions to you? What is the current state of play as regards the recommendations of the task force? How many recommendations have actually been accepted and implemented by the Government? How many are still waiting to be implemented? Were there any that were actually outright rejected by the Government?

Richard Macdonald: If I may make a caveat, Chair, it is that I have not been involved in the task force for a year. I have obviously kept in touch, and I am very keen for the legacy of four years of work to be continued. If there are gaps about what has happened in the last four years, then I apologise.

Originally, the task force made over 200 recommendations, and some 160 were accepted by the Government in its original response. I was then asked to chair a Defra implementation group to ensure the implementation of those 160. To my knowledge—and the Minister may want to say more—the vast majority of those, I think around 140-odd, have been implemented, or are in large part that way. Overall, all of those 160 recommendations have some form of progress or completion on them. I think it is, generally speaking, quite a good story.

Q168 Chair: Excellent. Do you have any direct involvement now in the continuation in the following-up of the task force's recommendations?

Richard Macdonald: No. I should declare an interest. I have moved on to join the board of the Environment Agency, which I think I was asked to do in part because of my regulatory interest. I have a considerable interest in it, having spent a not inconsiderable part of my life for four years trying to make this happen.

Q169 Chair: I have one question. I do not think we will be able to question you later on. Bearing in mind your current role now, in your summary, one of your recommendations was reducing the paperwork burden involved in the nitrates regulations, and inviting Defra to move towards a catchment-based approach for managing nutrients, ideally through integrating the aims of the Nitrates Directive with those of the Water Framework Directive. Is that something that you think is likely to happen, and would there be support for that elsewhere in the European Union as well?

Richard Macdonald: The whole of the nitrates and diffuse pollution agenda is very European-driven, so it is pretty well impossible for the Government to decide to do something different unilaterally. To my knowledge, we have undertaken a review of nitrates regulations, and a new set of working arrangements now exists. That has not significantly reduced the regulatory burden on farmers, and I never expected it would do so, although there were a couple of relatively small things where I think there are maybe missed opportunities, notably on low-intensity farms.

In terms of Catchment Sensitive Farming, there has been some work on that, and there are the beginnings of that. I would hope that that would not only continue, but would continue in an accelerated way. I think until we look at all of the diffuse pollutants as a whole within the Water Framework Directive, it will be difficult to escape from the clutches of the Nitrates Directive.

Q170 Chair: It is very difficult to ask this with Mr Eustice sitting alongside you, but if you were to give the Government and the Department marks out of 10 for the recommendations that they have acted upon, what score would you give, in connection with the task force?

Richard Macdonald: It depends how hard a taskmaster you are, in terms of the scoring. I think the Department has done a good job, actually. I really do. I think one of the things that is really difficult on this is that farmers expect a bonfire of regulations, whereas when you look through the task force—and it took me a lot of work to get to this conclusion—a lot of it is actually about the principles of how the Department works: reducing guidance, moving to digital, and making life easier for farmers in terms of how they handle regulations. I do not know whether that is six out of 10 or eight out of 10.

I think there is certainly a continuing progress, and, wherever I have gone, I have commended both the Department and the Government for doing that. I think a really important issue, and maybe an important issue for this Committee, is to ensure that that continues, because it is a cultural thing. You need to want to do it. It is important that that continues. I do not say this just because I am sitting next to the Minister, but my experience is that, both politically and inside the Department, there has been a will to do so. Would I have wanted it to be faster? Always. Could I have done it faster if it was the only thing in my life? Absolutely. However, I do not think we should be overcritical of the progress that has been made.

Q171 Chair: Minister, who is driving the task force recommendations forward, now that we have seen the end of the formal proceedings?

George Eustice: Ultimately Ministers. We are still working through things, such as trying to reduce the number of inspections, and looking at the ways we can align inspections to reduce burdens there. I have been very keen recently to press for a review in the way we apply Cross Compliance penalties to see whether there is scope within the existing regulations to actually adjust the parameters of what is called the verifiable standards in the RPA, so that we can get more proportionality there. We are continuing with officials to reduce the burden of guidance. We committed to cut that by 80%. Around half of that has already gone, and they are working through what is left.

Q172 Chair: We will come onto the European stuff in more detail, but we are looking at the work of the Committee in this inquiry. Last week we had the Environment Agency in. They were specifically asked about the Nitrates Directive, and why it was that the concentration was so high. The word in Brussels, because I was then in the European Parliament, was that it was to avoid a blue baby. There has not been a blue baby in this country or anywhere in Europe for 600 years. The Environment Agency parked very much the responsibility at the door of Ministers as to what was agreed in Brussels. Will we have more of an inquiring mind and an earlier engagement with Europe to avoid that very high bar being agreed in future directives?

George Eustice: Yes, and getting change at a European level can be, as you will know, having been out there, a time-consuming and slow process. Coming back to the point that I

made about changing the verifiable standards, what I would say is that one of the ones we are looking at is the GAEC on nitrate vulnerable zones, for instance, to check that we can look for ways of being more proportionate. In more cases, I would like to be sending a warning letter to farmers to help them meet these requirements, rather than necessarily reaching immediately for a fine. That is exactly one of the GAEC Cross Compliance areas that we are looking at. There is then the wider argument around Catchment Sensitive Farming, and we have got an industry working group at the moment that is looking at whether we can use the new Rural Development Programme and some of the countryside stewardship elements of Pillar 2 to deal with the issue of diffuse pollution in a positive way, rather than necessarily reaching all the time for a regulatory answer to these problems.

Q173 Ms Ritchie: Minister, first of all, this is about the Task Force Implementation Group. What practical impact have the task force recommendations had on farmers so far?

George Eustice: As I said, we have already cut the amount of guidance that we have got. Some of the best practice guidance that used to overlay existing regulations has been cut by around 50%. Farmers will already be seeing the benefits. For instance, we have committed shortly to reform the whole CPH holdings regime, so that farmers will not have to record movements on holdings that they have within a 10-mile radius of the main holding. Those types of things will make an impact. At the moment, however, probably the most significant one is the cuts we have already made to regulation.

We have also taken up some of the recommendations in the report, for instance, to have a training programme for Defra staff. Over 80 staff now in those key positions have been out, visited farms, attended sessions with farmers so they can actually understand the practicalities and challenges faced by farmers every day. That was one of the recommendations of the report. I would say at the moment that probably cutting guidance is the most significant change that has been made. However, there are other more important ones that are absolutely committed to, and are in the pipeline.

Q174 Ms Ritchie: Mr Macdonald, do you agree with the Minister's assessment?

Richard Macdonald: Yes, I do. That is not to say there is not still lots more to do. The other thing, maybe just to add to what the Minister has said, is that there has been a really quite significant reduction in the number of inspections that have taken place. One of the bugbears that farmers have is not only about inspection but about multiple inspections for the same thing. One of the things that I am pleased to see is that in terms of the CAP one of the recommendations we made was that the whole family of Defra agencies and local authorities were all visiting, to varying degrees, on CAP inspections. That is essentially now down to really just the RPA. The Defra family, if I can call it that, is well on its way to getting its co-ordination together.

There is still quite a significant issue in terms of the inter-relationship with local authorities. I just saw that the NFU had conducted a significant review of farmers about inspections, and said that there was still a significant issue with local authority and central Government overlap. That is definitely an area to work on. Overall, as I indicated earlier, there is quite a lot to say has been achieved. If you are a farmer, depending on where you are, you may or may not share that view, because there is probably still quite a lot to do in

terms of livestock farmers, particularly on livestock movements, which would still cause anxiety. However, there is an agenda on that, which is good.

Q175 Ms Ritchie: This question is to both of you. What feedback has the farming community given you as to the effectiveness of current deregulation approaches?

Richard Macdonald: Mine is largely now a more informal feedback, although I have still got a lot of connections into the farming community and, via a variety of other hats, am still well connected in. I think, if I dare say this of many of my friends in the farming community, some of them are slow to recognise some of the things that have gone and quick to still stick with some of the things that are remaining. In many fronts there is a recognition of some of the things that the Minister has referred to and I have. However, the areas that people will still talk about are CAP and livestock movements. There will still be some about diffuse pollution. There will be still some about overlapping inspections. Two or three of those are still issues that I would say are in progress. The CAP, of course, is almost a separate subject, and since I last came in front of this Committee, there has been a reform.

George Eustice: I think there is recognition that we have introduced this concept of earned recognition in many inspection regimes. 14 out of 31 inspection regimes now have earned recognition, where farmers with a good track record do not have to face inspection all the time. We have done this in many different areas. A good example is the GLA, the Gangmasters Licensing Authority. They have moved to longer-term licences and a lighter-touch licensing process for those people who have a good track record. That is just one example. We have done that in many other areas as well, including on dairy hygiene inspections and on pig and poultry environmental inspections. As a result, there has been a big reduction in the number of inspections through that earned recognition.

Coming back to what Mr Macdonald said—and I know you wanted to come on to it later—probably, if I am honest about feedback from farmers, the preponderance on their mind in this last year has been the new complexity coming with the new CAP. I suspect that frustration about some new rules coming from the European level probably masks some of the genuine achievements that we have made, because what they can see is more regulation, as they see it, coming down the track. We have always got this challenge in Defra that around 80% of the regulatory burden that comes towards us comes from the European Union. We can do everything we like in terms of the 20% we can control, and we do, and we push the barrier very far on that, but we are always going to be exposed to that European legislation as well.

Q176 Ms Ritchie: Have you set a timetable, Minister, for the full implementation of those of the task force recommendations you have accepted?

George Eustice: Yes, the ones we could do quickly, we did. Over 140 of them have now been put in place. There are some remaining ones: things like the DefraLex, and other various projects that we are doing to engage people earlier in consultation processes that are ongoing. There are things like the Find-It tool, which is about having more directed risk-based inspections. That is still being developed, but is being piloted and is well under way.

The key ones that will come, and that will finish in 2016, 2017 and 2018, are the ones about cattle movement. We said that we will review, for instance, the six-day standstill, once we had got the new CPH holdings in place, which will take place from 2016. Those final key changes on livestock movement controls will take place between 2016 and 2018, with the key one being 2016.

Q177 Ms Ritchie: What ongoing role does the Independent Regulatory Scrutiny Panel have in the scrutiny of Defra and other Government Departments' approaches to farming regulations?

George Eustice: The panel was set up, and there are a number of people on it, including Nick Joicey, who is the director in Defra who leads on these issues. It has also got Andy Robertson, the Director General of the National Farmers Union; Christine Tacon is on there, and Peter Young as well. It is a panel of a mixture of inside and outside people to scrutinise emerging Defra policy, and to really ask the questions about the crucial thing: what are we actually trying to achieve with this regulation, and do we need regulation at all? They meet quarterly, and it is about challenging policy development and policy ideas that are coming from within the Department.

Q178 Mrs Lewell-Buck: I am just wondering what Defra actions it was that led you to conclude that the Department's initial slow start had turned into good progress in implementing deregulation.

Richard Macdonald: I am trying to remember the precise dates, but after we had published the task force's initial recommendations, the Department did spend quite a lot of time reflecting on that. It was probably five or six months while not much happened. It was a bit frustrating. I think, after that happened, there were changes of Ministers as well, at the time. I think, once the Government had published its response, it got it. It created a team inside the Department to drive this. That team still, to my knowledge, exists. I am not sure what it is called, but there is a better regulation unit, team, or Department that drives that. I have stayed broadly in touch. I am convinced it is happening, but I am interested in ensuring that, to put it bluntly, everyone's feet are held to the fire to continue it happening, because if it stops now, then I think a lot of the good work that has and is being achieved would come to a grinding halt.

Q179 Mrs Lewell-Buck: Although you are not directly involved any more, you obviously keep your ear to the ground and still talk to people in the industry, so do you feel that things are being felt at farm level now? Back in April 2014, you had said that there was no change being felt by farmers. Do you think that has changed now?

Richard Macdonald: I will not have an argument with you about the words, but I think I said there was relatively little being felt. As I explained earlier, I think that is partly for fair and unfair reasons. The slightly unfair reason is that if you remove something, sometimes people just do not notice it is gone. I can give you a handful of examples of things that have been removed where nobody has given the Government any credit for it at all, because you just do not notice what is not there. The rest of it is complex. A lot of this is European-based, which is very difficult to remove. A lot of it is about moving this whole

basis from paperwork to digital. There is a lot of risk around that. A lot of it is about reducing piles the height of this room in terms of guidance down to much smaller documents without actually losing the regulatory function. A lot of it is putting in some new IT, at a time when the Government is putting in new IT for the CAP.

One of the things I would underline—and it took me a long time to get this, and, believe me, I have been as big a critic of the Government and the Department over many years as anybody—is that there is a big job. My genuine impression is that that job is being done. If I talk to the farming community about the things that they are now concerned about, it is a much smaller and narrower list than it was four years ago. Evidencing that on the farm and feeling different on the farm is quite a difficult thing to measure.

As the Minister says, I think there are two big issues that people would start the measurement on. One is the CAP. Of course, we are dealing with a different beast than we were even a year ago, as far as that is concerned. The other is livestock movements, which I have been frustrated about and is not going to be completed until 2018. I slightly reluctantly accept the rationale for that, and that is that it would have been unwise to have changed the IT system, because a lot of the livestock movement change is predicated on it going to electronic. To do that electronic change at the same time as the whole CAP RPA system was being changed, candidly, even though I would have liked that to have happened, I recognise it was a significant risk in doing both at the same time.

Q180 Mrs Lewell-Buck: I know you have said that the job is being done and things are moving in the right direction, but how far do you think the farming industry itself, and the NFU, are demonstrating effective leadership on better regulation themselves?

Richard Macdonald: I am a bit out of touch on this. I think that the farming community leaders have shown leadership in the sense of recognising the importance of farm assurance. I do not think that the farming leadership have, by and large, challenged the need for regulation, for good environmental standards and high standards. I think what the farming community have done, and this was the evidence they gave to me when I was independently doing the task force and since, is about how regulations are done. Certainly, I spoke to a few people in the farming community and a few of the NFU leaders before coming here today to say, “How does it feel?” The sort of things they were talking to me about was the need for further co-ordination and reduction of inspections, and some of the issues around the CAP. I took that as being a pretty responsible approach. It is not one saying, “We do not want to be regulated”. It is about how we do it.

Q181 Richard Drax: Can I refer the Committee to my Register of Members’ Interests? I am just reading here about cutting costs of regulation, gentlemen, which is something very dear to my heart, not least because I am a farmer. It is staggering that during 2011-12, nine separate Government bodies made at least 114,000 visits to English farms. These cost £47 million. The National Audit Office said this scale of change simply would not be delivered, and it would be too slow, whatever was attempted. The National Audit Office also estimates that at the end of 2012 the cost of complying with regulation took up 10% of a farmer’s net profits on average. Has implementation of your recommendations, Mr Macdonald, reduced this?

Richard Macdonald: I cannot give you a precise figure, not least because I am not so closely connected to it. The Minister may want to elaborate on this more than I am. I would be sitting right next to you in trying to drive inspections down. A core part of the task force's recommendations was about reducing the number of inspections, particularly the overlap and lack of co-ordination between them, which I think was, candidly, poor four or five years ago. What I understand, from the latest figures that I have seen is that, of those inspections, there was a reduction of some 35,000 inspections on that. There is more to go.

As I said earlier on, within the Defra family, which is APHA, Natural England, the Environment Agency, and Defra itself, I think there has been a significant improvement in the co-ordination for that. The area where there is a lot to go is in the overlap with local authorities. I do not know the data on this, but I think the other difficult bit within it is the level of inspection around the common agricultural policy, which again very definitely can be improved in reducing the volume. Nonetheless, it relates to a very significant public expenditure. Ensuring that there is value for money on that, and that that is properly inspected, I frankly recognise there is a need for some inspection.

Q182 Richard Drax: Minister, you are getting bits of paper out. You have obviously got all the figures there.

George Eustice: We have got lots of paper out. Because this Government is absolutely committed to trying to reduce the burden of inspection, this is something we have really focused on. The first thing to say is that since 2010, as Mr Macdonald alluded to, we currently have around 34,000 fewer farm visits each year. The two key reasons for that are, first of all, the adoption of earned recognition, when it comes to the FSA or local authority planned feed inspections. That has led to a cut of just short of 19,000 visits a year. Also, the FSA dairy hygiene inspection regime was another 10,000, and there are many other smaller ones as well. The introduction of earned recognition has led to a significant cut.

I am not sure that the NAO figures were ones that we necessarily accepted, but they did prompt us to do our own piece of work. One of the important things to bear in mind is that 64,400 farm visits a year are actually down to TB surveillance, so 64,000 of the visits that we do, which is actually the vast majority we think we have, are down to those bi-monthly or quarterly TB visits that we have to do, where we have got breakdowns and the annual surveillance in the high-risk area.

When it comes to the RPA inspections, the last figures that I saw were that they had somewhere in the region of 15,000 inspections a year. The RPA inspection regime is very much written in the EU regulations. There is a 1% of all claimants that must be down to a random selection. Then, after that, you have to do a separate inspection of at least 5% of the sample, for instance, for eligibility criteria. I can assure you I have looked at many ways of whether we can get these down. It is quite difficult, because they are literally written in the EU regulations. Failure to carry out the required number of those inspections would be deemed by the EU auditors to be a failure of a key control, and a failure of a key control leads to disallowance of 5% of the total fund. There are challenges written in the EU regulation to getting that down further. However, as I said, we also have to recognise that a lot of those are actually TB surveillance—APHA visits and tests.

The only final thing I would say on this is there is a separate piece of work we have been doing recently with BIS, which is a focus on enforcement report that the NFU led on. The really interesting thing was that they did a survey of 700 farmers to try to get to the bottom of the number of inspections that they were having. They found that actually only half of the 700 they sampled had had a local authority inspection within the last five years. What that means is that an average livestock farmer has a one-in-10 chance of being inspected by a local authority in a given year. That does not sound particularly high; once in a decade, you might get an inspection from a local authority. The average farm gets just over one inspection a year. By far the greatest number of inspections are actually the accreditation schemes by people like Red Tractor. It is a very complex environment. A lot of the statutory ones are for a very, very good reason, which is disease surveillance and fighting TB. Some of the RPA ones are hardwired into EU regulations. Then, beyond that, there are these other issues around local authorities.

Q183 Sheryll Murray: If you could expand on that, Minister, because I am really concerned that while the National Audit Office figures say 10% of farmers' net profits on average, is there a disproportionate amount for the smaller farmers? I am just concerned that I have got a lot of hill farmers and dairy farmers in my constituency already suffering from bovine TB and from the dairy crisis. Have you got any figures in particular to say that the burden of these visits is having a disproportionately adverse effect on the smaller farmers, compared with the larger ones?

George Eustice: Again, this comes out of the current piece of work that we are doing with the NFU and BIS on a focus on enforcement, the survey of 700 farmers. They did a number of regional focus group workshops as well. One of the things that came out of that is that it is particularly difficult for small businesses. Again, the EU regulations require no-notice inspections to be given. When you have unannounced inspections, there was a complaint that sometimes inspectors turn up and expect there to be a farm office with a farm secretary, and that actually everybody can just drop everything and take them around the farm.

Mr Parish knows what it is like in farming, as does Mr Drax. Clearly, if you have had a wet period of weather, and suddenly you have a week where the weather fines up, you want to be getting out there farming. It is remarkably inconvenient to have an inspector turn up and take out half of your day, when you might not be able to afford the staff to carry on. There is a disproportionate impact on small businesses in that they will not necessarily have a farm office and an administrative team to help deal with some of these random inspections.

Q184 Sheryll Murray: You mentioned the inspections that are due to EU legislation. Is there a case perhaps, with regard to the disproportionate effect it has on small farmers, to maybe put them in a different category, within the EU legislation? I am thinking in particular, with my area of expertise with under 10-metre fishing vessels, that small farmers could be treated in a similar way, so that that burden could be reduced by perhaps a change in EU regulation to remove them from some of the complex inspections?

George Eustice: Our favoured approach, to be honest, is to just try to reduce the total number of inspections required anyway. This is particularly important in the context of the new greening requirements, because one of the things that the Commission have said is, when

it comes to the new greening, there has to be a control regime of 5% of applicants, who receive an inspection to test the greening. Where you have not fully mapped all features, there has even been a suggestion that you might need to go as high as 10% of the claimant group. That, to us, is very high, and we have argued consistently that we should be reducing that.

We have also argued consistently that we should expand the concept of earned recognition. It is already the case that a farmer who has a history of non-compliance and problems is more likely to get another inspection. That is the way a risk-based assessment should work. That is right. Those that have a good track record should receive fewer inspections. There is still that core when it comes to the actual Single Farm Payment, a 1% core, which must be a randomly selected sample, for Cross Compliance purposes. We cannot get away from that at the moment.

Q185 Richard Drax: We could leave the EU, but let us not go there right now. Can I move on to changing the culture from bureaucracy to responsibility? That is something that I have heard. I know the Government has worked very hard to try to get away from bureaucracy. In the task force, Mr Macdonald, you were urging Defra very strongly to place more trust and responsibility in the industry, rather than a “tick-box culture”, which I think is the phrase that was used. What progress has Defra made in implementing this, being less bureaucratic and handing more responsibility to farmers?

Richard Macdonald: It is a work in progress. Certainly, it was the attitude that Ministers then, and I believe since, have taken. Earned recognition is, I suppose, the flagship of trust, and that is that you have earned your trust already by some third-party accreditational means. A lot has been done on that. I think there is a continued challenge, including to the industry, to find more earned-recognition vehicles. I am really pleased that a risk-based approach is being looked at, in terms of CAP inspections. I think that is really important.

I think, when you get to guidance, candidly, a lot of the guidance that has existed was pretty nanny-state. It was vast amounts, and less is actually better, both in terms of trusting and in terms of comprehension. I think that is good. I did not, and do not, feel that the level and volume of inspections was necessary. We should be more targeted in what we are doing in terms of inspections. We certainly do not need to inspect twice. There is a degree of duplication in what I am saying, but a lot of that is about reducing the overall impact of the state on farms. I also think that there are smart ways of doing things. By going digital or by prepopulating, you are not asking people to continually rewrite forms and redo stuff. You are actually taking away some of the responsibility and requirement for farmers.

Q186 Richard Drax: Is it something you could measure, do you think, or is it very difficult to measure?

Richard Macdonald: I think the sort of measurements that you can make, and the ones that I was trying to do in terms of the implementation, is on numbers. What is the guidance? How many bits of paper do I have to read? How many bits of paper do I have to fill in? Do I really have to have an inspection if I have already had a Red Tractor inspection? Do I have to have an inspection if the local authority has already been round here or, more likely, do I really need to have a local authority one if the Environment Agency or RPA have been here?

I think there are measurements to make. I think one of the core premises, though, that we should not forget, is that we do need to have safe food. We do need to have a quality environment. Actually, we do have risks of infraction on CAP, and issues like that, which we should not run away from. An important premise on this is about better regulation, not necessarily fewer issues to cover.

Q187 Richard Drax: Minister, you have heard several ideas there that have been put forward by his task force. Can you provide any examples where this culture has changed, and more responsibility has been given to farmers? Can you tell us anything of those?

George Eustice: Yes, I can. I have been very helpfully informed by officials, coming back to Mrs Murray's question around small farms, that the EU regulations do actually allow the random-inspection model that we have to target more larger claims. There is already an element of weighting in that random selection that would favour small farms. I would just put that on the record.

In terms of examples where we have moved from box-ticking to, as you say, a genuine approach where you are transferring control to farmers, I think that one very important one is on the Soil Protection Review, which caused huge frustration for many farmers in recent years. It was really just a booklet that farmers had to go through and tick a few boxes, and say that they had considered the impact on their soils, and then put it on a shelf to collect dust. Frankly, if they had not filled that out they used to be subject to a 3% penalty on their single-farm payment. There were many, a large number, who had not filled this out correctly, and incurred that penalty. That was largely a tick-box exercise that did not affect very much about the way farmers actually managed their land.

We have now moved, in the new Cross Compliance, to a totally different approach, which is to say, in those areas where there is a genuine problem with soil erosion, we want farmers to make genuine efforts to deal with that soil erosion. However, they do not need to keep just some arbitrary bit of paper just to try to tick a box and show that they have done it. That is a very good example, I think, where we have moved to something that is far more risk-based. In parts of the country, they will not be expected to do anything. If they have got permanent pasture, for instance, it probably would not require them to do anything at all. Where you have got specific issues, such as maybe poaching of land by cattle, or maize being grown, then you want to see that farmers have taken that into account, where there is an issue.

Q188 Richard Drax: Whereas then, of course, you have the three-crop rule, which goes completely the other way, does it not? It is very prescriptive and is not helpful for farmers.

George Eustice: Absolutely, and bear in mind we opposed the three-crop rule and I spent much of the last year trying to loosen the constraints on that. We have made some good progress, in terms of getting spring and winter varieties of wheat, for instance, treated as separate crops, even though they are botanically the same. We managed to get a breakthrough late last year, where we managed to persuade the Commission that a winter cabbage was a different crop from a spring cabbage or a summer cabbage. There have been lots of very arcane arguments that we have had to have around the three-crop rule. Our preference would be for it to go altogether. I do not think it delivers crop rotation in the way

that it is intended. It is going to have unintended consequences with people growing crops that otherwise they would not commercially grow. I think it is a mistake, but we have tried to take as many rough edges off it as we can.

Q189 Mrs Glindon: Minister, a number of task force recommendations were directed at bodies other than Defra. Could you say what mechanisms are in place for Defra to co-ordinate deregulation work, across other Government Departments and agencies, such as with the Food Standards Agency?

George Eustice: The Food Standards Agency is obviously a Department for Health lead, but we do work closely both with Department for Health officials and also our Deputy Chief Veterinary Officer, who manages the relationship with the FSA when it comes to, for instance, inspections in abattoirs. Defra has an interest in some of the work that the FSA does in this area. I would say that the FSA has actually got a reasonably good track record at applying earned recognition to some of those inspection regimes I mentioned earlier. With some of the agencies, like the RPA, which is an agency of Defra, we have got direct control over what they do. I am currently working, for instance, on literally the guidance that they give inspectors to guide inspectors on the approach they should take in the field. We have got some direct control therefore over those types of agencies.

The final thing I would say is we have done quite a lot through, for instance, the DefraLex website, which is effectively an online encyclopaedia of all the legislation that affects Defra and the guidance pertaining to it, which is a useful source that people can go to, and the Find-It tool, which is about getting risk-based inspections. Our intention is that will be shared with local authorities and with all other agencies, so that across Government, wherever ultimate responsibility for an agency resides, they will have access to this tool, and that will enable them to follow a risk-based approach to their inspection regime.

Q190 Mrs Glindon: What engagement have the task force and Defra had with farmers and the food production industry to ensure regulatory changes and new guidance reduce burdens on the sector?

George Eustice: Shall I go first, and then maybe Mr Macdonald can come in after? In terms of my own, I regularly meet the NFU, not just their President but sometimes some of their sector chairmen as well. I meet regularly with Charles Sercombe, who is chairman of their sheep and livestock committee, to discuss some of the issues that they have. We have very regular dialogue, both at a ministerial level and also at an official level. In terms of developing our approach to implementing CAP, for instance, over the last 12 months, we have worked very closely with a range of stakeholders. That has included the NFU and CLA and others, as well as the environmental NGOs. We do work very, very closely with them, to involve them with our development of policies in these areas.

Richard Macdonald: For my part, I finished a year ago, so I am much less involved. However, I think I am pleased to say that people do contact me and do still ask, "How do you think we should do this? How are we performing against some of the objectives that we have set?" I do not think they would do that unless there was a wish to try to improve.

Q191 Roger Williams: We are told that, following the publication of the task force report, Defra revoked 39 statutory instruments, of which 29 were of European origin, but introduced a further 41, of which 22 were of European origin. That seems like there is a gain in regulation, rather than a fall. When the new CAP regulations came in, Defra did say that they were trying to make it simpler. Can the Minister give us an overview on whether the situation is simpler now, or has it become more complex with the new regulations?

George Eustice: There is no getting away from the fact that the new CAP is more complex than the old one, simply because you have got greening, you have got the three-crop requirement, and you have got the requirement for an environmental focus area. That is almost like an additional level of Cross Compliance over and above what is there now. It is definitely more complex. I just want to stress again that the UK Government resisted the introduction of greening throughout the negotiations in Pillar 1. We have always maintained that the way to deliver for the environment is through Pillar 2 schemes, those agri-environment schemes for which we have a great track record in this country.

However, coming back to the point, having got the hand we got with the final settlement we had for CAP, we have done all we can to be flexible in the way we have implemented the new rules. For instance, administratively it would have been far easier for us not to include hedges towards the environmental focus area. However, the inclusion of hedges would be very important for farmers, particularly in parts of the country like the West Country. We have actually pushed our administrators in RPA to go the extra mile and make sure farmers can count their hedges. We faced some criticism for allowing leguminous crops to count, both towards the EFA and the three-crop rule, and for fertilisers to be used to grow those. There were some green NGOs who thought that was a mistake. Again, consistent with our view that we should not be doing any of this in Pillar 1 anyway, we have made it as flexible as possible.

We have worked very hard, for instance, with things like the active farmer test, which again is an anomaly we do not really believe in. It is very cumbersome. We have managed to succeed in getting most of the rough edges of that taken out, so that we do not overcomplicate the system. I would say that we have gone as far as we can in all of these areas to keep things as broad and as simple as possible.

Q192 Roger Williams: We have talked about inspection visits. The stressful part comes not necessarily during the visit but if there have been discrepancies found on the farm that might lead to disallowance or reduction in the Single Farm Payment or the Basic Payment Scheme. Have such instances increased or decreased over the years?

George Eustice: I would like to think that they have decreased under my watch, for the simple reason that one of the least enjoyable parts of my job, and of all those farming Ministers before me, is that I have to agree or sign off the final stage of appeal on cases pertaining to both Cross Compliance and eligibility criteria and the like. I regularly have in my box a bundle of cases that have gone to a lay panel, an independent agricultural appeals panel, and I then have to agree or disagree with their recommendation.

I can tell you that, in a large number of instances, even though sometimes they recommend agreeing with the RPA's position, I push the boundary and say, "Actually I think this is wrong and we should look at this again." On a number of instances, we have taken

additional legal advice to really check our thinking internally: “Are we doing the right thing?” That has sometimes resulted in a change.

In addition, I have been, in recent months, reviewing the verifiable standards. That is the level of penalty you apply for different breaches in some areas. The objective there is to get to a position where, if it is a very trivial offence, rather than necessarily reaching for a 3% penalty, we should be looking more often to have a 1% penalty or a warning letter where appropriate. It is complicated, because the last Government went too far down this route, and actually found that they were having mainly warning letters at one period, and mainly 1% penalties. As a result, we got disallowance of around £15 million, and we had to change things. I think there was an argument there that we probably went too far the other way at that point, and I have been trying to just find the right balance.

Q193 Roger Williams: It was remiss of me not to declare an interest, even though I farm in Wales and this is mainly an English matter. Can you tell us whether there is anything that can be done in the future to simplify the present CAP regime, to make it less full of regulations?

George Eustice: Yes, it is a big priority for us at the moment. Commissioner Hogan, the new agriculture and rural development commissioner coming in, has expressed an openness to proposals to do two things. One is to simplify the interpretation of the existing EU regulations we have. Where we have implementing Acts or delegated Acts that have already been put in place, he has expressed a sympathy to the view that we should take a light-touch interpretation of some of those, while not being able to change them at this stage because they have just been enacted. We are working with the Stockholm Group, which is a group of like-minded member states, on precisely a set of measures that we are arguing for. Those include, for instance, looking at the way the horizontal regulation works. That is the one that deals with all the disallowance, and indeed more proportionate penalties, for instance. We are working on that with the Commission.

Longer term, there will be the mid-term review of the common agricultural policy, and we will be looking to simplify it further at that point. We have not decided yet, and we are gathering evidence on this, but we will possibly be arguing for the three-crop rule to be set aside. We will be evaluating, in the next couple of years, the actual impact of the environmental focus areas and the three-crop rule, and we have commissioned some research to do this. That will inform the approach we take at that mid-term review.

Q194 Roger Williams: Can I ask the Minister how Defra ensures that, when EU regulations are transposed into UK regulations, there is not a gold-plating process going on there, and that British farmers are not put at a disadvantage to European farmers, who should be farming under the same regulations?

George Eustice: Yes. Obviously, we have got the scrutiny panel that I mentioned earlier, and that is a panel of people to do it. Put bluntly, any decision about how we implement CAP comes across a Minister’s desk, and comes across usually my desk, and the way our system works—and I think it does work reasonably well—you need a Minister who is sufficiently stubborn and pushes back on things to make sure that we are not gold-plating. I can assure you, having looked at this, and having partly been driven into politics by

concerns at regulation and the European Union and gold-plating, my conclusion really is that we are not getting gold-plating within Defra.

What I think definitely happens is the EU regulations that are written are then effectively gold-plated by the European auditors, because what happens is we can implement something that is to the letter of the EU regulation. However, we will then find that EU auditors come around retrospectively, and have a different, more hawkish interpretation of the same regulation, and then we end up in arguments about disallowance. I think the gold-plating does not come from within Defra. The gold-plating comes from the EU auditors, who are often second-guessing the interpretation of EU law.

Q195 Roger Williams: Mr Macdonald, can you provide any examples where Defra has either resisted or removed gold-plating on a particular regulation?

Richard Macdonald: In terms of the recent CAP, I have not been involved over the last year in it, so it is very difficult for me to interpret. I think I would say as a whole—and this is a criticism of the Council of Ministers—it was a missed opportunity for simplicity. I went over prior to the CAP reform and spoke to various Commission working groups about how they could simplify. Candidly, I am sad that it has not happened. In the last two or three years, I have not seen significant gold-plating at this end. I really have not.

I think there is a drive to go the other way. I think the internal process of pre-scrutiny, of engagement with stakeholders, and a much more robust process before regulations are brought in, which are largely on the back of the task force's recommendations, really does put a level of de-gold-plating, if that is the right way of putting it, into play. That is really pleasing. I think, if I may say, a lot depends on who is sitting in the ministerial seat, and what the drive is from that, and what the internal drive is to continue doing that.

Q196 Roger Williams: About a year ago, Sainsbury's said they were not going to use the Red Tractor mark any more. That seemed a retrograde step to us. We are just wondering what the opinion of Mr Macdonald and the Minister is about that. How does it fit in with the inspections and things? I think the Minister gave the example of a Red Tractor inspection that could cover a lot of the issues that might be covered by other inspections.

George Eustice: It was obviously a controversial decision, and did not go down very well at the NFU conference, where I think it was announced. In terms of earned recognition, the Red Tractor logo is definitely one of the examples that we use. Where they are Red Tractor-accredited, we do build that into those earned recognition models. However, it is not the only one. There are other accreditation schemes, such as LEAF, and indeed just the history of past inspections. Whether or not a farmer is in Red Tractor, if he has got a good history of compliance, I think some leeway should be given to him.

Richard Macdonald: I am one of the founders of the Red Tractor. I do believe the Red Tractor and the single assurance scheme is the way forward. I do recognise, though, that Sainsbury's did not do this because they were dropping standards in any way. I think earned recognition can be predicated on a variety of third-party accreditations. That might be Red Tractor; it might be LEAF; it might be organic; it might be single-retailer standards. I do not think it drops standards in any way. To the contrary, it maybe adds a level of complexity.

Q197 Sheryll Murray: Just very quickly, can I go back to what you said about gold-plating? Do we operate on a level playing field with Europe? Is there a definition of a “small farm”, for instance? A lot of the farms in the UK are perhaps a lot larger than some of the farms in other member states.

George Eustice: The answer is we do, in that every member state will complain about some of the issues it has with the auditors, and some of the burdens placed on the payment agencies that have got to try to administer this programme. France, for instance, I understand has currently got a disallowance bill of around €1.6 billion, which is as a result of supposed failures in its control regimes. The perception that I hear sometimes, that, “Actually, we are the only ones that play by the rules, and we are the only ones that get pulled up and get these problems”, is not really true. Other countries have similar problems. If you look at the amount of infraction member states get, the ones that get the least infraction tend to be the Nordic countries like Sweden. We are somewhere in the top third. We are good, but not the best, in terms of abiding by EU rules.

Chair: Could you keep the answers a little shorter just to get through what we have to get through?

Richard Macdonald: When we did the task force, I did not find any evidence of any material amount of it not being a level playing field.

Q198 Sheryll Murray: Is there a definition of a “small farm”?

Richard Macdonald: I was going to go on to say that, as the task force found, I do not believe that there is merit in making particular allowances for small versus big. I do not think there is a regulatory difference between big and small. What I do think is the best thing we can do for small farmers is to better regulate. The more you do a great job, I think you do a great job for small farmers and big farmers.

Q199 Ms Ritchie: Following on the theme of the European Union, the task force recommended that Defra’s engagement with the European Union institutions should be greater, earlier and in partnership with industry. Have you seen evidence that this is happening?

Richard Macdonald: I think it is a really important thing. I think it is about agenda-setting, not reacting. I would have to say it is difficult for me to make that judgment. I am not going to Brussels with those people. I have not been involved over the last year or so. It may be something that the Minister can answer better. I do think it is a really critical part of good regulatory setting.

Q200 Ms Ritchie: Are there areas where Defra could have engaged more robustly?

Richard Macdonald: I do not know about more robustly, but one of two areas where I think agenda-setting is, to give illustrations, really important, and I would imagine the Minister will say it absolutely happened, is on CAP. You lead this, you set it yourself, to some extent. The other one that we particularly illustrated in the task force is about diffuse

pollution, where you have to have a new agenda. You cannot wish it away. You have to have a new agenda for diffuse pollution, which is across the piece, if you are going to deal with nitrates. I am not sure that that has materially happened yet. I am not saying it is easy.

Q201 Chair: Do you have a policy, Minister, of sending people on a two or three-year fast stream to the European Commission, from the Department?

George Eustice: Yes. I would probably have to write to the Committee to give you full details, but I think there is a scheme that is run by the Cabinet Office, which is a cross-Government scheme, that does have some fast-stream civil servants that are seconded to Brussels for this purpose. Defra obviously tries to ensure that we do that.

I just come back, just very briefly, on this point about leadership. I will give you a couple of good examples. The UK has been leading the charge in terms of trying to reform the fruit and veg scheme, for instance, and we are the ones who co-ordinated the letter from the Stockholm Group calling for a simplification of the CAP rules as they stand now. Those are two good examples of where the UK has led. I have to say, I just do not recognise the claim that I hear often that the UK is on the sidelines, not leading from the front. We are frequently leading.

Q202 Neil Parish: Good afternoon, gentlemen. We have talked quite a bit already about my question, but this is about having a robust framework in place for risk-based inspection, so where you do have the farm assurance schemes like the Red Tractor, do you have a system that you can put in place, and are you allowed to have that system, as the UK, or is it still too dictated by Brussels?

George Eustice: No, the EU regulations provide for risk-based assessments. Some of it has got to be random assessments. That is 1% when it comes to the Cross Compliance. It then allows for a risk-based model to be adopted, and it allows for earned recognition to be reflected in that model. There is provision for that, and where we have been able to, we have taken it up.

Q203 Neil Parish: Where you have got assurance schemes, there must be areas with farms where not everything is covered by an assurance scheme on that farm. How do you plug those gaps?

George Eustice: This is still an area of frustration, if I am honest. I tried to get earned recognition on soil protection, but the reality is that the requirements under the Red Tractor accreditation scheme for soil protection were not sufficiently similar to the Cross Compliance requirement for us to be able to rely on it. There are instances where they have similar requirements, but not similar enough for it to pass muster as earned recognition. I would like it if we are always trying to push and find new areas where we can adopt it.

Q204 Neil Parish: This is perhaps quite a difficult one. Very often farmers say it is not so much the inspection; it is the attitude of the inspector. Sometimes an inspector can go on to a farm, and the farmers are innocent until they are proven guilty. Other inspectors

come on to the farm and they are guilty until they can prove their innocence. How can you change that culture? I think it is getting better, but there are still instances where inspectors are very heavy-handed.

George Eustice: I will lead and then perhaps Mr Macdonald can come in. One of the recommendations of the task force was that we did more to provide training for Defra staff and agency staff to make sure they really understand the challenges of agriculture. As I said, over 80 have been on farms taking part in these. There have been workshops run for key staff, so we are constantly trying to address this particular issue. A lot of it, though, I think is linked to changing the penalties regime that we have, particularly around Cross Compliance inspections. If they have got a guidance that does not really give much leeway to farmers, and results in a 3% penalty for something the farmer regards as trivial, he is not going to feel good about that inspection, and that is a fact of life. I think a lot of it is about getting a more proportionate approach.

Richard Macdonald: We made two recommendations. One was about pre-notice ahead of inspection, so that farmers can actually be prepared for it. The better prepared you are, I think the better reception you are going to get. The second is about training of inspectors. I am talking beyond Defra officials. I think on both there has been progress, and, as I understand it, there is a training regime and practice in place for inspectors. A lot of this is around the inspection regime, about how it is done as well as about by whom it is done.

Q205 Neil Parish: I know, Minister, you have tried to help on this as well. It is where, if the RPA or the Department makes a mistake, then they are able to rectify that. If a farmer makes a mistake, then he may well land up having a penalty. What can we do about this, if anything?

George Eustice: I think, basically, that requires a culture change, and I have tried to encourage it through the appeals that I see. The reason I think this is important is if I reject a decision by both the appeal panel and the RPA, and find in favour of a farmer, that translates right through the inspection chain, right up to the beginning. If they know it is going to be difficult to get a particular type of case past me, then they are more likely to resolve it earlier in the appeals process. The regulations do provide for leeway to be given to farmers when they are not at fault in a particular problem. I try to do that wherever we can. It is not always easy, but we do wherever we can.

Q206 Neil Parish: That is good. A breach of compliance with an assurance scheme would clearly impact on a business's risk profile. Who is then responsible for informing the regulator?

Richard Macdonald: Good question. I think it depends on the issue, but in some cases there is a requirement as part of the assurance scheme, if my memory is right, to inform the regulator in the case of a breach. In most cases in the assurance schemes, there is what I would call yellow cards before you get red cards. There is a requirement to remedy, without a requirement to inform the regulator.

Q207 Neil Parish: Yes, so there is not a statutory responsibility for the assurance scheme to speak to the regulator.

Richard Macdonald: You are testing my memory, but I do not think so.

Q208 Roger Williams: What evidence have you gathered to prove that the membership of farm assurance schemes is an alternative to Government inspections, and will not simply require farmers to swap one set of paperwork for another? I think we have covered some of those issues, really. I was just wondering: there are a number of quality schemes. Is there equivalence between the—

George Eustice: There is, but one point to make is that quite often, membership of these accreditation schemes is a requirement to supply, for instance, a particular supermarket or particular retailer. There is more than one reason why a farmer would join it. What we are trying to say is once they have decided to join one of those schemes, often for market access reasons, we should recognise that in the inspection regime. You are right; there is a bit of a difference in that the work by the NFU has shown that, although the majority of inspections they get are from accreditation schemes like Red Tractor, farmers are more welcoming of those, because, as Mr Macdonald said, it is more likely to result in guidance and a yellow card than a fine.

Q209 Roger Williams: Does this, though, really put very small businesses at a disadvantage? Some of those small businesses might not be able to afford joining an assurance scheme, or a quality scheme, and then they would be open to more inspection through the CAP process.

Richard Macdonald: Certainly, you will know as well as I do that farm assurance schemes are not loved by everybody, because they are deemed by some farmers to be a self-inflicted pain. I am personally a supporter of the premise, because I think it is about market access, and I do not think that is a difference between big or small. I am afraid that, in every industry, you have to operate to standards. I think there is a continuing question, and one of the questions we posed in the task force report that was directed at Government was about Red Tractor continuing to be sharp and focused about keeping its standards down to the minimum and keeping itself focused and continually improving. It was almost an aside comment, because that was not the audience, but I do think that is a continually good point.

Q210 Mrs Glendon: Minister, you talked about the standstill arrangements. Can you update the Committee on what progress has been made in putting into place arrangements which will allow a relaxation of the six-day standstill rule for livestock?

George Eustice: None as yet, in that we were always clear that first of all we needed to get the new CAP computer system in place, and that is occupying everybody who has got expertise in this area within the RPA at the moment. We were then clear that the next step after that would be to introduce the new CPH regime, the County Parish Holdings regime, which would allow holdings within a 10-mile radius not to have to register movements. Then, only after that, once we got that right, did we say we would look at the six-day standstill.

I think I would just make this point on six-day standstills: we have to remember where it came from. It was after the dreadful 2001 foot-and-mouth crisis. It is because quite often you can have foot-and-mouth and not realise it for days or even weeks. If you have got huge amounts of livestock movement going on from cattle dealers and livestock dealers, you can actually spread the disease widely before you even know you have got it. It is there for a purpose, and I do not think we should scrap the six-day movement rule lightly, but we should certainly review it.

Q211 Mrs Glindon: Obviously, you have given your reasons for not relaxing it, but there has been criticism about the time scale. Why will the full review not be until 2018?

George Eustice: Richard might come in as well, because I know he looked at this issue in some depth. In a nutshell, in order to put in place alternatives to the six-day standstill rule, you need to ensure that you have got a cast-iron system of being able to monitor movements, and a cast-iron system of being able to, for instance, isolate livestock that move on to a holding from other livestock on that holding. The alternatives to a six-day standstill require a level of sophistication in terms of tracking livestock movements, particularly when it comes to sheep, that we do not have properly in place at the moment. It is only once that electronic reporting has bedded down properly that we will be able to work on that particular alternative.

Richard Macdonald: For me, and I think from the evidence that I had in the task force, the whole issue of livestock movements was top of the pops. It was the most significant issue that farmers talked to us about. To me, it has been frustrating that it is delayed to 2018, but I think there is a legitimate reason for the frustration, which I explained otherwise, and that is that to simultaneously change the whole electronic basis for that and do the CAP changes at the same moment ran the risk of crashing and the whole CAP job becoming unwound.

I did push the previous Secretary of State and Ministers quite hard on this, and became a bit of a pain in the neck to them about it. I did ultimately recognise, it having been explained, why there is a delay. What I would encourage the Committee to do, now that the CAP is out of the way, is to continue to press that that agenda through to 2018 is fulfilled, because I think it is a really significant regulatory issue.

Q212 Mrs Lewell-Buck: Minister, what assessment has Defra made of the impact on farmers of the framework for tackling fly-tipping through local partnerships? Or have you not?

George Eustice: I am afraid that is off my brief. That is a Dan Rogerson requirement, but I am happy to write to the Committee on that particular point, if you would like.

Mrs Lewell-Buck: I will not ask a follow-up question. We will wait for the written response.

Chair: If we could invite you to write, what we will do is we will share the question with you, so that would be great.

Q213 Roger Williams: The ban on on-farm burial of livestock came in because of the new Variant CJD and mad cow disease. However, now it has been shown that sheep actually do not carry that prion. When you did your work, Mr Macdonald, on farm burial, why did you not say that it should be legal to bury sheep on farm, because they pose no threat to public health?

Richard Macdonald: As has been explained to me, there were two reasons for the burial. The initial one was BSE and all the consequence of that, but there was also environmental impact, and the possibility of infected meat, or the consequences of that getting into water courses. The recommendation we made was that small numbers of smaller animals, namely sheep, should be allowed. That recommendation has not been implemented or accepted. I still hold that view, and I imagine you do too.

Roger Williams: I could go on for a long time, but my Chair is restricting me.

George Eustice: We have been doing a piece of work looking at TSE regulations in the round, because there were a number of associated issues around carcass splitting on sheep, and using animal by-products for fishmeal and things like that. I come back to the point that these are flagship bits of EU legislation, and there is a lot of reluctance within the European Union to change this lightly, not least because it can undermine confidence when you are trying to reopen markets for beef and lamb internationally.

Roger Williams: Could I just ask the Minister to write to us about any research that is going on at the moment on that subject?

George Eustice: I am happy to do that.

Q214 Chair: We have very few minutes remaining. Minister, you alluded to EU directives and the gold-plating. Could I just run past you both that perhaps one of the reasons that the foot-and-mouth took off as much as it did was that the EU abattoir directive had actually been gold-plated by MAFF, it would have been, in this country, leading to the closure of abattoirs that were perfectly safe and perfectly hygienic? That actually expedited the spread of foot-and-mouth. Do you have a view on that, Mr Macdonald, or Mr Eustice?

George Eustice: I was not Minister at the time, thankfully, but Mr Macdonald, I know, was Director General of the NFU at the time, and was right in the middle of it, so he might have a useful contribution.

Richard Macdonald: Candidly, I think the main and principal reason for foot-and-mouth spreading was not because of the closure of abattoirs. It was because we had an inadequate sheep tracing system. There were a whole load of reasons, some still unknown, as to how it came in. Once it was in the country, we did not have good control of our livestock movements, and particularly sheep.

Q215 Chair: You do actually say in your task force that the registration must be addressed. Do you believe that the registration of sheep has been properly addressed now?

Richard Macdonald: There are some very particular views about batch and individual registration for sheep, and so on. I think the six-day standstill, which I was involved with at the time—and, as I think I said to the Committee beforehand, I accept some responsibility for

it—was a tough response, and pretty draconian, to something that was on the back of 2001, which still lives very vividly in my memory. Now that we have the availability of better technology, notably the ability to electronically trace, I think we can make changes which allow greater latitude and improve regulation, particularly for sheep movements. That is what we were referring earlier to, about changes that will happen and need to happen by 2018.

Q216 Chair: Looking ahead to after the election, and the Committee that will be formed at that time to scrutinise the Department, Mr Macdonald, if there was one aspect of your recommendations and your activities that you would like the Committee to look at, would you pick one out?

Richard Macdonald: For me, and I have always said this, it is about ensuring that the regulatory process is good. What do I mean by that? I mean that the Department has a really strong and robust pre-regulatory scrutiny process. Do we need this? Secondly, that we continue to move towards digital pre-population, co-ordination of forms, reduction in guidance, and fewer inspections. I think if you do all of that, then whatever the regulatory issues that fall into that, they are better considered, they have more targeted impact, they are more risk-based, and they focus on the people that matter. There is a really simple equation or flowchart as far as that is concerned. I can put virtually any regulation into that process, and I think you get a good output.

Q217 Chair: I know Mr Parish referred to over-zealous inspectors perhaps over-inspecting. Do you think there is a feeling amongst the farming community that our inspectors perhaps do inspect a little bit more, and that other EU countries sometimes let it go?

Richard Macdonald: Yes, but whether that feeling is substantiated, I have not been able to do that. It is good talk in farmer meetings, but when I have looked into it as part of the task force, about whether there are fewer inspections in other parts of Europe, I have not found evidence of that. It may or may not be the case, but I have not found evidence on it. I would really come back to the premise that, if you do a great job, as far as this is concerned, along the lines of that flowchart that I have talked about, then you have a more efficient, effective, targeted, risk-based approach for regulation.

George Eustice: Inspectors and agencies that do the inspections are never going to be high up farmers' like lists; that is for sure. However, I do not think we do more than we need to. We are looking constantly to see whether we can reduce these further. I can tell you that every Minister in this Government has harried agencies like the RPA to try to get the inspections down to the minimum required. Where there could be further work to be done is in aligning inspections, so that you get all of the inspections done in one day to minimise the disruption. We are definitely looking at a piece of work on that now. Scotland already have piloted something similar, but they found that having a very long inspection that might take the entire day was no more popular with farmers than having a few shorter inspections scattered throughout the year. There is no easy answer to it. Ultimately, I think we do need to tackle some of the burden of inspections that is prescribed in EU law. That is a longer-term objective.

Q218 Chair: The Committee did congratulate you, the Department and the Government, in its earlier reports on the fact that you were the first Department to look at reducing regulation. Given the short time that you have had to look at the final recommendations, is there anything you wish you could have spent more time on?

George Eustice: In my time doing this, there have been three key parts. One was the Farming Regulation Task Force. One thing we have not covered, obviously, is the Red Tape Challenge, which was across Government. There were some 600 regulations, many of which were redundant and superseded, that we are in the process now of removing. Over 650 of them will have been got rid of in this Parliament. That is something we can be proud of. I think the area where we could still do more is on the Cross Compliance regime within the common agricultural policy, and trying to get a more proportionate approach to those. That is where my focus has been since I have been Minister.

Chair: Excellent. Can I thank you, on behalf of the Committee, for being with us this afternoon and giving such full answers, congratulate you on the piece of work that you and your task force did, and to you, Minister, for following it up, and just say that Mr Williams has asked for a piece of research, if there is any, on the fallen stock? I think the Committee would be very interested to see that.

To Mrs Lewell-Buck's questions on fly tipping, I would like to add, though I do not know if we are allowed to do so, fly-grazing. I know it is causing enormous concern across the country. I think there is a very simple solution of just introducing the same law in this country that the Irish republic introduced, which is probably why they all came here in the first place. If there is anything you could do in that regard, it would be most welcome. Thank you very much indeed for being with us. We will obviously share with you the results of our final report of this session. Thank you very much indeed.