HOUSE OF COMMONS

Scottish Affairs Committee

Oral evidence: Sustainable employment in Scotland, HC 762

Wednesday 1 March 2017

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Watch the meeting

Members present: Pete Wishart (Chair); Deidre Brock; Mr Christopher Chope; Margaret Ferrier; Chris Law; Ian Murray, Stephen Hepburn.

Questions 492-585

Witnesses

I: Siobhan Mathers, Reform Scotland and Professor Jeremy Peat OBE, Fellow, Royal Society of Edinburgh.

II: Gary Mitchell, Vice President, NFU Scotland.

Examination of witnesses

Siobhan Mathers and Professor Jeremy Peat.

Q492 **Chair:** Could I welcome you both to the Scottish Affairs Committee inquiry into sustainable employment and welcome you to the House of Commons? I think both your organisations are very familiar to this Committee but, just for the record, if you could say who you are, who you represent and anything by way of a brief opening statement. We will start with you, Professor Peat.

Professor Peat: Good afternoon. My name is Jeremy Peat. I am here representing the Royal Society of Edinburgh. Just for your information, I have been interested in the Scottish economy and involved in it since 1985 when I moved to the Scottish Office as senior economic adviser. Subsequent to that, I spent 12 years as group chief economist at RBS, leaving in 2005, a point I always emphasise. Subsequently I have maintained interest. I was on the board of Scottish Enterprise for six years and chaired their economic policy committee until the end of last year and the David Hume Institute, which does a lot of work in the area. I am now a visiting professor at the University of Strathclyde, again engaged in economic policy issues, but I am mainly here on behalf of the Royal Society of Edinburgh.

Chair: One of the most extensive pedigrees in civic Scotland, I think we could safely say to Professor Peat.

Professor Peat: It comes with age.

Q493 **Chair:** Thank you for that. Ms Mathers?

Siobhan Mathers: I am Siobhan Mathers. I am on the board of Reform Scotland and I am a co-author of a recent report that we did on basic income, which I hope we can talk about a little. I can’t quite claim to have had such an illustrious involvement in Scottish affairs since 1985. However, I have a longstanding interest in Scottish public affairs, including being policy convenor for the Scottish Liberal Democrats, for my sins. I have been involved for quite some time.

Q494 **Chair:** Thank you very much for those concise opening comments. Ms Mathers, we will start with you, if that is all right. We have obviously taken an interest in your latest paper and also the interest that you take in work-related benefits and some of the issues that you have with this, where Reform Scotland has said that the current system is not working. Why don’t you think the current system of work-related benefits is working and why do you believe that it is perhaps ineffective in encouraging those who want to rejoin the workforce?

Siobhan Mathers: One of the key reasons that Reform Scotland identified for the current system not working is the deterrent to take on employment, particularly on a short-term basis. We believe Universal Credit has improved things a little but it is essentially tinkering with the current system. If we had a system of basic income, where everybody, regardless of income or background, had a single payment, then there would be no disincentive to take on seasonal work or temporary work. Every additional piece of income would pay and we think that that would be enormously beneficial for the operation of the economy.

Q495 **Chair:** You mentioned Universal Credit and I wanted to ask you a little bit more about that. The UK Government have stated that it will make work pay and it will address some of the concerns that you have raised. Why do you think that this will not bridge the gap that you see is required in order to make in-work benefits pay more?

Siobhan Mathers: Why won’t universal income work?

Chair: No, why won’t the Universal Credit satisfy you in terms of some of the issues that you have identified in your reporting paper?

Siobhan Mathers: There is still an issue of marginal tax rates, of coming in and out of employment.

Q496 **Chair:** Could you talk us through your concerns about that a little bit more?

Siobhan Mathers: I am not familiar with the absolute detail of it, but my understanding is that if somebody takes on a temporary job there is the disruption of them coming off benefits, then going into a job and that there is still an issue that it would not make work pay.

Chair: Thank you. We have now some questions on your basic income guarantee from Margaret Ferrier.

Q497 **Margaret Ferrier:** Reform Scotland has proposed that basic income guarantee would create a new environment where jobseekers are no longer faced with a disincentive to take up work. What are the benefits of basic income guarantee? Would you expect it to enable people who are out of work to find better and more sustainable employment and why would that be?

Siobhan Mathers: Yes, we think that they would, for a number of reasons. Some people have presented basic income as some sort of socialist utopia type idea. I think that is usually how it is seen in this country. You could look at it that way, but in Reform Scotland we also think that there is a distinct possibility that basic income could be used to encourage people to set up their own businesses, for having a basic income that they could live off that nobody could take away from them, which would encourage them to potentially change behaviour, be more innovative and entrepreneurial. We also believe that having that basic income would encourage people to retrain more, to take on further education, to expand their skills. With the uncertain world that we currently face, with the prospect of mechanisation, robots and so on, we don't know whether there will be fewer jobs but we do know that there will be different jobs in 10, 20 years' time and that our economy has to become far more nimble. We believe that the baseline of a basic income would allow that to happen.

It also underpins what has been referred to as the gig economy. One solution to that is to just outlaw zero-hours contracts and temporary jobs and to have far more secure jobs. On the other hand, if you have a baseline of income and security that does allow people to take on different jobs at different times of the year, different jobs that may use different parts of their skills. We think that it could be more rewarding for individuals and also allow flexibility for employers.

Q498 **Margaret Ferrier:** How much would it cost to implement this in Scotland and how could it be paid for?

Siobhan Mathers: The scheme that we have outlined in the paper that we wrote was based on a scheme that the Greens had put forward. We are not saying that this is definitely the scheme that we would have to use, but what it allows for is £100 a week for every adult and £50 a week for every child. In the paper that we have written, we have identified where you could make cost savings within the current system and how you could transfer out some costs. It still would mean an increase in tax rates but if, for example, you looked at two adults and two children, a family with the adults on the average wage, they would end up not being in disbenefit under the system. It becomes more problematic once you go up beyond the £26,000 a year and into the higher reaches but it can be better in families, for example, where one partner may decide not to work and it works out better in the tax system for that.

It is a new way of redistributing those finances, which would be problematic in the beginning but if you take that our society is going to be totally shaken up and that we have to shake up the system to recognise that, there are ways of making it pay. The numbers that we have presented in our paper are demonstrative rather than absolutely final that it has to be that way.

Q499 **Chair:** In your paper I think you have put a figure of £20.4 billion for the cost of that; would that be roughly right? You would seek to meet that by ending working-age benefits and removing personal tax allowance and merging national insurance contributions with income tax. That is a massive redrawing of how the current system works.

Siobhan Mathers: Yes, it is. We firmly believe in Reform Scotland that the separation of income tax and national insurance does not work, that it is an artificial separation. It is partly presentational for Government in that they can say that they are decreasing or holding tax rates while at the same time tinkering with national insurance—voters and employees do not see that as much.

One of the problems we had in coming up with this basic income guarantee as a Scottish think tank was that we do not have the power to do it in Scotland and we will not have the powers under the new welfare powers that are being devolved at the moment either. What we had to do was to look at the UK figures and how we might make it work on a UK basis.

I think that there is scope in the future to do it on a Scottish basis and Reform Scotland would advocate the devolution and merging of national insurance and income tax powers and potentially even VAT as well. That would give us much wider scope to come up with radical solutions that may suit Scotland's future needs to grow the economy and provide more sustainable employment.

Q500 **Chris Law:** I lived in Europe and I seem to remember something not so dissimilar that was run in Holland. I wanted to know if you have looked at other examples—like within European nations as just one area—that may have something similar already in practice. If you have you had a look, what successes have you seen?

Siobhan Mathers: We have had a look. The main problem at the moment is there are not very largescale pilots to see it. There is a very significant one getting under way in Finland at the moment. I think there was a pilot in Delft in the Netherlands. You will probably be aware that both Fife and Glasgow councils are quite enthusiastic about doing pilots in Scotland.

The problem is that there have not been enough widespread and long-term pilots to show behaviour change. If you do it for only a year or two, then it is more difficult for people to say, "I am going to set up this new business" or, "I am going to take on this new education and training opportunity" or, "I am going to give up my job and my partner is going to look after the kids for a while". That is a real gap at the moment. We do need to see more pilots, but in the meantime I don't see why Scotland can't be involved in doing those pilots and being a beacon for the rest of the world as well.

Q501 **Ian Murray:** This is an incredibly interesting concept, but I wonder if Professor Peat has any comments on what he has just heard about a basic income and how that would operate in a Scottish context. As the Chair has already said, it would involve the merging of personal tax allowances and national insurance. It would mean a £20.4 billion cost to the Exchequer and add 8 pence to income tax rates. Is this something that would be achievable, in your experience? Would you have to start with a blank sheet of paper and start again?

Professor Peat: I am afraid that I have not read the report. I have the read the reports of the report but not the report itself, so I do not feel in any way qualified to comment in detail. All I would say is that it would be a major change. We are going through a major change at the moment in the way that devolution of income tax powers and the like are working through and that is going to be quite a difficult set of changes to adjust to in Scotland in the years ahead.

I would wish to examine very carefully the implications and how it would be managed of the type of changes that are suggested and investigate very thoroughly and perhaps introduce, on a carefully phased basis, some of the first changes. I think going full scale into the total change in one go could be very difficult and potentially could be traumatic for the economy. One just does not know and I don't like what I don't know.

Q502 **Margaret Ferrier:** I think Ms Mathers has already touched on some of it, saying that it would need to be introduced with the UK Government. What powers would need to be devolved to Scotland in order for us to be able to create this basic income guarantee?

Siobhan Mathers: Pretty much all welfare powers would have to be devolved. We would not have to devolve pensions under this scheme. Some of those who advocate a basic income think that you could have a merging of basic income and pension, with perhaps different eligibility at different ages. That is not something that we have addressed in this paper, so you could still keep pensions at Westminster level, potentially. But in order to pay for it, you would have to devolve income tax and national insurance to do it, and that is something that we have advocated as Reform Scotland anyway. If we are going to have more leeway to grow our economy and create sustainable employment, we need to have our hands on more of those levers.

Q503 **Margaret Ferrier:** We don't have the full power at the moment?

Siobhan Mathers: No, we don't.

Q504 **Margaret Ferrier:** The Scotland Act 2016 gave the Scottish Parliament the power to top up reserved benefits. Is that a way that could be used to provide a basic income guarantee to anyone who is already claiming benefits?

Siobhan Mathers: I do not think that it is enough at the moment. As far as we are aware, the provisions of the 2016 Scotland Act do not go far enough to allow us to do a basic income in Scotland, even on a limited wider basis. On the pilots that are being proposed, my understanding is that it would involve working in partnership with the Department for Work and Pensions in order to make that happen.

Q505 **Margaret Ferrier:** Can I ask a final question about a basic income guarantee? Is this something that would benefit some and be a disadvantage to others, or is it going to be a hard sell?

Siobhan Mathers: I think that there is a fair amount of opposition to it. I think it is a hard sell.

Q506 **Margaret Ferrier:** Why are people opposing it?

Siobhan Mathers: I think partly because of fear of the unknown. With some aspects, which Professor Peat has quite rightly outlined, we can't predict some of the outcomes. Many people would look at the numbers and say, "That looks really scary. That is going to hurt me in my pocket in this way", but I think there will be intended consequences and unintended consequences of a positive nature coming from it. What we would hope to see would be increased employment rates, enhanced diversification of skills, perhaps more people being in different types of employment—part time at certain times of the year, full time at other times of the year, more variation.

We believe it could lead to economic growth in the long term and that some of those who feel that they might not benefit from it actually would. For example, high earners who may be creating jobs, may benefit from a more flexible workforce, for example, and then be able to create more jobs. It is a very modern way of doing things and I think that more people and more countries will come around to the potential benefits of it in the longer term. It just seems scary to us at the moment and so far from what we are used to seeing.

Q507 **Chair:** Before we move on from the basic income guarantee, you did mention the pilots in Glasgow, and Fife. We have nothing in our brief about any of these pilots but we are interested in them. Could you explain a little bit about how they operate and how successful they could possibly be without the range of powers to back this up? Is it just a proposal or a suggestion or has any real work been done by either of these councils to try to progress and deliver some sort of basic income guarantee?

Siobhan Mathers: My understanding is that certainly in Fife—and Glasgow has come around to it more recently—there has to be the political will there to push for it to happen and the councillors in Fife have been quite enthusiastic for some time. In order to make it happen, it is still reliant in working in partnership with the Department for Work and Pensions. It is not something that the Scottish Government and councils can do on their own but, at the same time, it is quite a difficult and innovative concept so you have to have the goodwill on the ground from a number of stakeholders and champions there to push it, which is what I understand has happened in both Fife and Glasgow, that they are both very keen to try to do something different.

Chair: Great. We might ask Glasgow and Fife to give us some details of their proposals to see how these pilots are working on the ground.

Q508 **Deidre Brock:** Ms Mathers, I wanted to ask you about employment support programmes, if we can move to that area. They are obviously supposed to help people find sustainable, appropriate employment and to stay in work. Can I ask your views on how effective you think the current programmes are at providing support—that is Jobcentre Plus, the Work Programme and Work Choice? How good are they at helping people get into work? The Committee understands that the results of these programmes are broadly similar to the results of programmes that there have been in the past, so it would be interesting to hear your view on that.

Siobhan Mathers: Yes, that is our understanding as well, that Universal Credit and the new system was aimed at encouraging more people into work and that it has not necessarily had the desired effects. That has led us to look at something to shake up the system and come up with something new rather than tinkering around the edges, which is what we have seen, and the statistics seem to show that they have not been as effective as we would have hoped.

Q509 **Deidre Brock:** Is there anything particular about them that you think is not working in the way that it is meant to?

Siobhan Mathers: I can’t think of any specific aspects off the top of my head.

Q510 **Deidre Brock:** Could I ask then how those employment support programmes—I think you touched on this a little bit before—might work alongside a basic income guarantee?

Siobhan Mathers: Certainly we would be looking at assistance to help people into employment. The top-ups to the basic income guarantee would be mainly for those with specific needs, disabled benefits and so on. I think that there is a distinction between the financial resources allocated to give further assistance and expertise on hand to allow changes in the job market and people to adapt to that.

Q511 **Deidre Brock:** You touched on briefly that the lack of conditions for the basic income guarantee would allow people looking for work greater opportunities to seek more suitable employment for them. Can you expand a little bit on that?

Siobhan Mathers: Yes. I hesitate to raise the Brexit word yet again, but if we look at the way that our economy might change—and there has been a lot of talk about how our labour market may not be as flexible because there will not be as many Europeans here—there may be opportunities opening up that people in this country might take up if they had a basic income guarantee to underpin it and they were just taking on additional work. That might be in the low-paid sector for factory work, agricultural work and so on but, as I understand it, academic work has become less secure than in the past. Often you have people taking on temporary contracts. They might be more likely to take those on if you had a basic income guarantee.

Q512 **Deidre Brock:** Do you think it might lead to a more almost entrepreneurial society, people taking more risks because they have their basic security?

Siobhan Mathers: Yes, and people taking on different types of employment. We think that there is no point in just looking back to the past and saying, "Let's recreate all of these full-time, secure, unionised jobs". The world is changing. How can we make it change in a benign way and how can the state assist its citizens to live the best possible life and also to grow our economy?

Q513 **Deidre Brock:** You were mentioning the pilots and potential pilots in Glasgow and Fife. Do you have any information on, say, the pilot that you were talking about in Finland? You must have some early indications. I know it is not long term and you are not able to look at it in great depth yet. There was also one in Utrecht, wasn't there? That seemed to go for longer and there must be some results from that. I think it has come to a close now.

Siobhan Mathers: There are some. There have also been some in Canada. Canada has looked at it quite seriously. I think that one of the French presidential candidates, Hamon, is proposing it. He probably will not win and become president, but the more that we have serious politicians proposing something like this, the further it comes up the agenda.

Q514 **Deidre Brock:** Any further information you might have on those examples would be helpful for the Committee.

Siobhan Mathers: I can certainly provide what I have afterwards. Guy Standing, who is the expert on basic income, has been involved in a number of these pilots. I know he is involved in the Finnish one at the moment, and he has been in Scotland. I have been at a seminar with him where he has been very useful in giving his advice on the ones that he has seen from across the world. I think that it would be useful to look at what he has said, but I can certainly provide what I have after the meeting.

Deidre Brock: Thank you. That would be helpful.

Chair: Yes, anything you have would be very helpful for the Committee. We have not taken advantage of Professor Peat sitting here uncharacteristically quiet, so we now have a couple of questions for Professor Peat from Ian Murray.

Q515 **Ian Murray:** Given the Scottish Government are responsible for economic development and you are very keen and an expert on Scottish Enterprise, Scottish Development International and the skills agencies, how do these all interact with each other to improve the business environment and employment in Scotland?

Professor Peat: Probably not enough as yet. You are obviously well aware that there is an enterprise and skills agencies review under way by the Scottish Government, which I have been watching. I have spoken with the Cabinet Secretary about this. My view is that essentially it is desirable to have some form of overarching board that looks after the different agencies, is the custodian of what might be called an industrial and innovation strategy and looks to see that the different agencies implement, in a co-ordinated manner, the policies that work towards achieving the improvements in productivity and economic performance that are desirable in Scotland.

I would not like to see one board that runs all the agencies in toto. I think that would be unachievable and unrealistic, and I hope that the Cabinet Secretary and the Scottish Government are moving away from that idea. I do like the idea of having a board that is making sure that the agencies are working together, perhaps not just the ones that are talked about at the moment but also those involved with infrastructure developments and so on. I think that there is a great deal of opportunity for improvement.

I came across just this morning a nice quote from Carnegie that relates to this, which is that developments in evidence production and use still need to catch up with the Scottish approach to policy, which I thought summed things up quite nicely. What I would like to see is a real effort, through a short-term commission of three to six months, to look at what can be done and should be done to improve productivity in Scotland and then to help the Scottish Government to develop this new strategy, which is actually there to achieve the type of growth that the First Minister wishes to achieve, but to raise up the level of performance.

Scottish economic growth in the last 12 months has been about a third of that of the UK. Productivity performance in the UK and Scotland is equally dire. We are talking about less than 0.5% per annum productivity performance, whereas before the 2008 debacle and in our competing countries the growth has been more like 2% per annum. We are really losing in competitiveness terms, and in Scotland this will matter increasingly as we get to the new financial framework and the new tax-sharing arrangements, unless Scotland can get back up in the productivity and GDP growth area.

What I would suggest is a very good, hard look at the traditional areas that we know influence productivity—what could be done more. Then put that together in a strategy and have an overarching board that looks at Scottish Enterprise, Highlands and Islands Enterprise, the funding council dealing with all the skills development in colleges as well as universities, along with Skills Development Scotland. How should they be prioritising their activities and co-ordinating it to get the best out of the funding and significant resources that are there in order to try to make a sea change in Scottish economic performance?

Q516 **Ian Murray:** You would suggest co-ordinating and working together but not bringing them together?

Professor Peat: Yes.

Q517 **Ian Murray:** On the recommendations that the Cabinet Secretary will come up with for the new enterprise and skills review, is that the only recommendation that you would have in that report or are there other recommendations that you would like to see?

Professor Peat: I think I have just summarised some of the things that I believe, but we also have to be aware that we have a changing nature of the job profile in employment in Scotland, which is quite significant and will be happening elsewhere. We have to look at the priorities we give to different types of skill creation, to different types of preparation of our young people for the world of work.

I get the impression, and I would love to have time to look at it more closely, that what is happening in apprenticeships, further education and colleges and continuing learning is increasing in importance relative to what is happening in pure higher education. I think that the balance of our effort may need to be changed. We also have to look at productivity in two areas. First of all, we have to remain internationally competitive. We have to look to have higher investment, higher innovation, which again means making much better use of what happens in universities and perhaps changing their incentive mechanisms so they are incentivised to have impact rather than just produce glossy papers. We need to look at that means of improving productivity, including management and skills.

At the same time, we have to worry that we have a hollowed-out labour force and we have a large number of our young people going into the very low skilled, low productivity areas that are increasing in numbers relative to elsewhere, where there is no way through and where low productivity means higher costs for all of us and lower wages and lower potential. We need to raise productivity in retail, in construction, in all of the basic areas that are domestic sectors as well as working on those that are internationally competitive where we have to be successful if we are going to have a successful economy.

There is a lot in there, but I think the main way structurally that it can be achieved is by having a plan, a strategy that is well founded on policy and careful analysis, is shared by the Government and the different agencies, is overseen by a supervisory board but implemented on a co-ordinated basis by the different agencies.

Q518 **Ian Murray:** I was going to offer another question about how there could be a link between Government policymakers and the agencies, but I think Carnegie's quote has probably summed up your feelings on that particular issue. Is there anything that could be achieved by the UK and Scottish Governments being responsible for all of the plethora of economic development and tax and spend in Scotland? Are those agencies being supported equally well from both? Is there something that both Governments should be doing to work closer together to help this productivity conundrum?

Professor Peat: I think there should be a two-way approach to this. I should have mentioned this earlier. It is not just a matter of those from the top laying down instructions; it is learning from those who are at the coalface. I was very impressed with what Scottish Enterprise did through its relationship managers with a huge range of companies and the work of Scottish Development International. They do work very hard and they have very good relations. They try to fund and support and assist where they can. I want the lessons they learn to feed up just as the overarching strategy feeds down. I think the two coming together can make the most of our resources. At the moment, there does not seem to be that interaction. There are lots of worthy committees and groups that get together but I do not believe they tackle the question of optimum policies in order to deliver for the ongoing good of Scotland.

Siobhan Mathers: Could I add some information about some work that we have done in Reform Scotland on these matters?

Chair: Yes, please.

Siobhan Mathers: We have recommended that colleges should have greater esteem versus universities and that they should have greater autonomy in how they operate. That would allow them to meet demand in the market better. There certainly should be greater attention paid to colleges. It is a bit of a Cinderella sector sometimes and that does not serve individuals or the Scottish economy well. We would recommend getting rid of all quangos and integrating their activities into government, into local government or as autonomous agencies. On economic growth, we recognise that this is incredibly important and Reform Scotland is going to be focusing our work on this over the next few months.

Q519 **Chair:** I want to come back to Professor Peat because I don't think I caught it properly when somebody was asking you about the Scottish Government's plans to bring together all the enterprise agencies and create this Scotland-wide enterprise board. You supported the idea of a co-ordinating role. Are you roughly supportive of what the Scottish Government are trying to achieve with the creation of this new body?

Professor Peat: I am very supportive of what they are trying to achieve, which is the co-ordination of the work of the different bodies to make sure they are all working to one strategy and they are all working together. There is a new report, which came out yesterday, on governance for these bodies by the chairman of Highlands and Islands Enterprise that I think is quite thoughtful on the way in which it could work.

What I do not agree with is bringing them all together with one board running everything. It just would not work. But there is a need. I also get a little worried if one has too big a split-up of the agencies into different bodies. I understand there is a strong desire to have an enterprise agency for the Borders, the south of Scotland, but you must not get it to do things where Scottish Enterprise has learnt and where it can provide advice and guidance. It must be the knowledge of what is going on in the south of Scotland and the implementation but it must not try to learn things anew.

Likewise with Scottish Development International. I think that works very well as a part of Scottish Enterprise and working very closely with Scottish Enterprise. A split of that entirely away would create more difficulties. You already have the City Deals, which are marvellous but how are they going to be co-ordinated? We have the work of local authorities. I do not want some form of Balkanisation of the enterprise agencies. I want a co-ordination but allowing them each to work within their sphere of activity.

Chair: On the very issue of UKTI, we have Chris Law with a question.

Q520 **Chris Law:** Professor Peat, this is for you really. What challenges are there when developing economic strategy if there are two sets of policymakers who are not always pursuing the same ends?

Professor Peat: I am sure there are great challenges. I have worked quite closely with the Scottish Enterprise people who are now based in China, and I am very impressed with the way Julian Taylor and his team over there have been working. I recommend you speak to Julian, who I think is absolutely first rate. I am sure they work very closely with UKTI and with the British Embassy and the like over there.

There are some issues about how one gets this all together. We have universities across Scotland and across the UK with alumni in these different countries and also with activities going on in those countries. Those tend to be to the benefit and interests of each university rather than being to the benefit and interests of Scotland or the UK. I would love to see them co-ordinated so we could make use of this wonderful friendship with students from China who go back from Scotland. They should be our ambassadors reaching out and we should be able to make use of them and work with them.

We have to work in the best way, and I do believe that SDI does work well and is able to link its activities to what Scottish Enterprise and Highlands and Islands Enterprise can do for companies. Companies can get both the benefit of internationalisation aspects and what is available through the enterprise agencies through one door. If you go to two doors for two sets of results and two sets of assistance, you tend to get a bit of a mess. The one-door policy is very desirable.

Q521 **Chris Law:** That links up with my second question. UKTI operates on a UK-wide basis in supporting businesses to be successful internationally, but Scottish Development International serves a similar role in Scotland. Can you tell me if there is an overlap here and, if so, is the SDI only necessary because UKTI is not doing enough for Scotland?

Professor Peat: I would not phrase it that way. I would say that SDI is desirable because it can co-ordinate the activities that support internationalisation of Scottish companies with the support they are receiving in Scotland, financial support but also assistance to develop their management, to find the right skills, to get the right infrastructure, and so on. It is part of a co-ordinated package that can work.

We have a tiny number of Scottish companies that think internationally, far too small. It is critical that Scotland has more companies that are ambitious to grow and ambitious to grow internationally, particularly in the emerging markets. It is a huge priority for Scotland to get this working and I am very pleased that the First Minister committed to more resources for this area. It is very important. As part of the improvement in Scottish economic performance, more internationalisation, more and more companies in different sectors reaching out, is very important and I think having our own people on the ground who understand the companies from the relationships that have been developed through Scottish Enterprise and Highlands and Islands Enterprise works well.

Q522 **Chris Law:** I want to touch on an earlier question. You raised the point that pre-crash there was roughly about 2% growth per annum.

Professor Peat: Yes, 2% productivity growth per annum.

Chris Law: Productivity growth is abysmally low just now. I want to ask you a question. You are in the banking sector, and I need to make a note of a Member’s interest here because I am also directly authorised under the FCA. Is a large part of the low productivity growth now a lot to do with restrictions to lending more than anything else?

Professor Peat: I don’t think so. I have looked as carefully as I can at this and as far as I can see, so far as loan finance and banking finance is concerned, the issue is as much on the demand for that funding as on the supply.

It is a concern in Scotland that there are only two major sources of funding for small and medium-scale enterprises, and I am disappointed the Competition and Markets Authority—and I should admit to having been a member of the CMA until last year—did not look at Scotland as a separate market for the study it has recently completed. There is no real evidence of crying demands for finance coming out that are not being met. We are seeing more peer-to-peer lending coming in and we are seeing the low-level angel lending being quite successful. The gap, if it exists, appears to be for those companies that go beyond the angel level and are looking for substantial commitments of equity funding before they get to the position where they can go in for debt finance from Royal Bank or Bank of Scotland or HSBC or whatever it is. There seems to be a gap there and companies in Scotland seem to have more trouble in accessing that type of finance than their equivalents in England and elsewhere in Europe, and I have never quite fathomed out what the problem is. That definitely seems to be where the financial constraint exists, as far as I can tell, and our research tends to point in this direction as well.

Q523 **Chris Law:** Thank you. You say the growth rate for productivity in Scotland has been appalling and obviously low productivity in Scotland is demonstrated by, "Low business investment and low innovation rates". Is that any different to the UK on these measures?

Professor Peat: The innovation story is one that has perplexed me for many years. Where Scotland is different, first of all, is in having a very great success in the development of innovative ideas through its higher education and research activity. We all know that Scotland punches far above its weight in HE research and development and the number of patents, applications for patents and journals that come out is in the top quartile of European countries. But when it comes to the take-up of those ideas in terms of innovation and business investment in innovation, then we are in the bottom quartile.

What is it that is preventing those ideas being taken up by Scottish companies? It is not, in my view, the finance side. There is something in the lack of ambition and lack of confidence in a large number of Scottish companies and the lack of desire from a number of our academic folk to reach out to business and start making a lot of money out of working with business. In fact, the best examples of that that RSE work has discovered have been foreign students working in Scotland, who have been far more likely to develop innovative ideas with Scottish companies than their Scottish counterparts. Losing those students from Scotland would be another negative effect of changes in our policies.

Q524 **Chris Law:** That leads to my next question. What ideas do you have for productivity being improved? You have talked about there being a lack of ambition and lack of confidence. Is that long term or is it, again, post-crash that we have seen that?

Professor Peat: I think that the data is always very dodgy on productivity. There are various ways of measuring it, none of which are reliable so one should not speak with total confidence. Scottish performance may have been marginally below the UK pre-crash and it may be marginally below the UK now, but both UK and Scottish productivity levels have gone down very sharply as compared to their European and US peer group.

I don't know whether the answers are the same in Scotland, but I think the Scottish economy is different in sufficient ways and in the way it is organised and run on the policy side to make it worthwhile looking at productivity in Scotland as an independent entity and looking at that in detail. That is why I would want to get a group of people from business, industry, economic policy thinkers together in a locked room for three months and say, "We know we want more investment. How do we achieve it? We know we want more innovation taken up. How do we achieve it? We know we want more internationalisation and more ambitious management. How do we achieve it? We know we somehow do not have the right skill mix going forward. How do we achieve that? We know the infrastructure may be a constraint. What is the constraint?" Then try to pick up the Carnegie challenge of looking at the evidence and, from the evidence, come towards firm suggestions for policy changes that could begin the process of picking up productivity and hence picking up productivity growth and welfare for all.

Chris Law: I look forward to the results from your three-month lockdown.

Professor Peat: It sounds easy. It would be extremely difficult.

Q525 **Chris Law:** Yes. I am going to move on to the next area, which is more towards you, Siobhan. In fact, the first part is to both of you. Both the UK and Scottish Governments have recognised the importance of improving productivity, which we have discussed. How should the UK and Scottish Governments work together to improve this and what powers do each Government hold that you think would help? We will go to Siobhan first.

Siobhan Mathers: To improve productivity and economic growth did you say?

Chris Law: Yes.

Siobhan Mathers: Clearly, Westminster holds macroeconomic powers and the operations of the Bank of England have a significant impact on the Scottish economy. Professor Peat has ably outlined the activities of Scottish Enterprise that exist at Scottish level. We are about to enter into interesting uncharted territory with the actual devolution of the powers from the 2016 Scotland Act and differential tax powers in Scotland. What we do with those taxes has the potential to influence the Scottish economy and we do not know what the outcome is yet because it is too early to tell.

From a Reform Scotland point of view, could I make a pitch for one of the things that we have consistently said about devolving power down below the level of Holyrood? I know it is not necessarily something that is a matter for your Committee, but we firmly believe that giving local communities—whether that is through local government or some other form of structure—greater powers over their own destinies is more likely to lead to greater economic growth. We would beef up local government and not just hold everything at Holyrood level or at Westminster level.

Professor Peat: As Siobhan has said, the macro policy levers are essentially in the hands of the UK Government. I do not think there is any doubt that the action of the Bank of England shortly after the Brexit referendum has helped to maintain growth in the UK and in Scotland at a higher level than it would have been without the rapid and substantial intervention and the indication from Governor Carney that he was prepared to go further. That has been a significant underpinning of the economy that I think is one reason why economic performance has been significantly better at the UK level than we had anticipated at the time of the referendum.

I hope that that support can continue at the macro level. Certainly from reading the latest Bank of England inflation report, the bank is prepared to allow inflation to go somewhat above target if there are risks that if they intervene too rapidly and too fiercely then that could cause rising unemployment and slow growth even further. I think we are going to need that temperance from the Bank of England through 2017 and into 2018 for Scotland as much as for the UK.

Of course, Scotland has been suffering more from the impact of the decline of North Sea oil activity and related activities, so that is one reason why it has underperformed. The Scottish Government have to think about how to manage that underperformance, that difficulty with one sector, and at the same time to deal with a continuing issue of scarcity of public resources. Public funding is going to be tight for the foreseeable future. The Scottish Government need to take the macro framework as it is and think very carefully about what they do on the tax front where they have devolved powers, what they do on the allocation of scarce resources, and how they can make best use of what they do. Then they need to think through the types of areas I have been discussing earlier, about how they can use those powers and resources that are at their disposal to try to intervene at the margin to work on productivity, economic performance and economic ambition in Scotland.

Q526 **Chair:** Can I come back to one thing that fascinated me? I think it was in response to one of the earlier questions from Mr Law. It is almost like there is a definition of some sort of cultural issue that we have in Scotland about developing products, about economic enterprise, and you were right to characterise Scotland as a country of invention and the top quartile of all patents being Scottish based. Is it something cultural that is happening? You have identified all the economic levers that are at our disposal that we could use and some of the things that we could do. Is there something beyond that that is stopping us getting this type of productivity going?

Professor Peat: I don't know. Some cynic said that Scotland decries success and failure in equal measure in economic terms. I hope that is not true. I think that there is a willingness to be relatively easily satisfied in terms of businesses that people start. The Sir Ian Woods of this world are very rare creatures and they need to be nurtured. We need more people wanting to be as successful as he has been.

Q527 **Chair:** Do we need more entrepreneurial role models in Scotland to aspire to?

Professor Peat: We have a number of them but they tend to get to a certain level and they say, "Okay, I am prepared to sell out at this stage" and then not necessarily start again. There is something about ambition there. We can do it. We have so many innovative ideas coming through and there are a lot of people out there, increasingly now the younger people going through university, who want to run their own business, who are getting advice in university and colleges to head in that direction, so I think it can be done. It needs to be done, but I think it can be done.

Q528 **Chair:** I am wondering whether there is some sort of national malaise if you think about Scotland as a nation that is characterised as being dependent, for example, when we look at the constitutional question. Am I on to something with just the way that we see ourselves as a nation, where we are quite happy and relaxed about this idea that we are funded from another country and we can get on with that?

Professor Peat: John Maynard Keynes talked about rousing the animal spirits, and I think that there have to be ways of rousing the animal spirits in the Scottish economy. Whether independence will be one way towards that, I leave you and others to consider.

Chair: We will maybe just leave it there.

Q529 **Margaret Ferrier:** I want to come in briefly with a supplementary about productivity and economic performance in the future. Do we think that is going to suffer at all with Brexit? You touched on that briefly. Will it suffer in both Scotland and the UK?

Professor Peat: I cannot see how Scotland losing its special relationship with the countries of Europe, which constitute something like 50% or 60% of its trading partners, can do anything other than cause a downturn in Scottish activity and performance compared to what would have been the case if the UK and Scotland had continued within the EU. Our main trading partner is the rest of UK, our main economic partner, but the EU is far and away the second biggest partner. It does worry me if we exit the customs union as well as the free trade area exactly how we can maintain the relationships with these countries that matter and how we can maintain inward investment, which I have not referred to before but has been extremely important to Scotland. A lot of our most successful and growing and international businesses have been based on inward investment, so we need to find means of assuring inward investors that we continue to be open to business and the right place to do business.

I worked in financial services and I have done some work on the impact of Brexit on financial services. I do not think the loss of the markets is as important as the loss of innovative and skilled labour from different parts. I think that the loss of that labour in Scotland could be critically important. It is important in so many different sectors of the Scottish economy and it is also important to our universities in many different ways. Yesterday I heard the First Minister refer to some universities losing out on potential interest in joint research work because of concerns about whether there is going to be the continuum. I am very worried as to what will happen to the Scottish economy following the Brexit decision. I think what we have at the moment is something of a lull before the storm.

Q530 **Deidre Brock:** Just quickly, Professor Peat—not quickly, it is quite a big question, I suppose—what are the most important macroeconomic levers that might be devolved from Westminster to Scotland that you think could make the sort of difference to productivity and the economy that you are talking about, to enhance that if you like?

Professor Peat: I believe that there is plenty of leverage available from existing devolved policies and activities to make a very good start on raising productivity in Scotland, particularly with the Scotland Act that is coming into force now and the changes in some elements of taxation. We are never going to get devolved powers over monetary policy unless and until we are independent with our own currency. Likewise on fiscal policy, we are never going to be allowed to run a fiscal deficit of our own choice until such time as we are independent with our own currency.

Q531 **Deidre Brock:** Basically, those sorts of things would be needed but that could only come with independence?

Professor Peat: Yes, and it would take time before we could use them in any substantive way if we became independent because of the need to generate confidence in the new currency that was created. We have the powers and the resources. We can do what we want on education, on the choices and balances. We can do what we want on the ways in which we treat and assist our young people through. There is still a major problem in the transition of young people through secondary school into adult and into jobs. We have so many people missing out there. There is a lot that we can do to raise productivity. We can work with our businesses in different ways. We can work to improve management skills in different ways. The first priority is to use the powers we have.

Q532 **Deidre Brock:** But that is up to a point, I suppose, ultimately, isn't it?

Professor Peat: I think that would give a big enough menu to keep us quite active for an extended period. That is not a political judgment.

Q533 **Chair:** We are coming very close to the end of the session, but I would like to ask you one last question. Part of this inquiry is trying to have some sort of view about what employment in Scotland will look like in 10 to 20 years. We are going through, to use a 1960s term, a white heat of technological innovation in development when it comes to the workplace. What do you see as the biggest changes that impact upon the workplace? How would you see Scotland in that 10 to 20-year period and what would be the challenges there? We will hear from you, Ms Mathers, given we have not heard from you for a while.

Siobhan Mathers: I will try to start from a positive point of view and envisage all of these new high-tech companies that we are going to have created from the brilliant innovations that we are seeing in the universities because public policy will unleash the animal spirits. I would like to see more smaller companies. I think the SMEs already account for about 55% of employment in Scotland, but the growth probably lies in more innovative small companies coming up.

That is going to have to compensate for the decrease we are already seeing, unfortunately, in high-level jobs in the oil and gas sector and in financial services. I would like to see more jobs in renewables, potentially replacing and even improving on those jobs that we are losing in oil and gas, and Scotland capitalising on the resources that it has. It is inevitable that we are going to see jobs go in retail, manufacturing and so on. Whatever we try to do we cannot hold back the tide and stop that from happening. What we can do is have a more educated, productive workforce that can then fill the new roles that will be created in these magical, innovative SMEs.

Professor Peat: The optimist in me believes that we will see these types of developments that have just been articulated where we are going to see an increasingly well educated and engaged workforce. We are going to reduce the share of our population who do not make it through to successful and productive activity, which is still far too high. We want at the top of our economy to be very successful in financial technology, in all that is happening on the IT front, to use our resources and to be internationally competitive in a whole host of areas.

We also want to avoid having this set of businesses based at home that are very low in productivity, very low in skills, and are a dumping ground for a large number of people who are never going to progress. We want to give them opportunities to improve their personal performance and to grow and develop and move upwards. The hollowing out of the labour force is a real worry because it stopped the transmission of people from the very low skilled upwards that has been so important in Scotland for so long. We have to find some ways of doing that.

I would also as a last thought hope that self-employment can prove to be a major part of what is happening in Scotland. We have seen a big increase in self-employment. I hope that it is not just a type of white van economy where people are doing very small, easy, low-skilled jobs, but more and more young people starting their own businesses where they want in five years to employ 10 people and in 10 years to employ 200 people, more and more self-employment leading to high productivity and competitive activities alongside the folk at the top and a real opportunity for those in the lower skilled jobs to make their way in this world and to develop effectively.

Chair: On that very positive note, we will have to end this session. Thank you, Professor Peat, for a fascinating session, as always, and you, Ms Mathers, for coming along and sharing your views with us today. If there is anything further that you feel that we have missed—I think we have asked Ms Mathers for further assistance if that was available, so if you could that would be fantastic. Thank you ever so much for this afternoon.

Examination of witness

Gary Mitchell.

Q534 **Chair:** Mr Mitchell, we are very glad that you are able to join us this afternoon. You are all on your own today, so there you go. For the record, just say who you are, who you represent and if there is anything by way of a short introductory statement.

Gary Mitchell: First of all, I will tell you I was born in Ireland and I stayed there for 10 years. There are two kinds of people come out of Ireland. They are either a saint or a scholar and I am one of the saints, so go easy.

I am a dairy farmer. I grew up on a farm. My parents moved to Scotland in 1980. My dad was a pig and beef farmer in Ireland but he liked growing crops, and that is what we did. I grew up as a teenager as an arable farmer but always had an interest in livestock. I practically left school from 14 because my father had multiple sclerosis and died when I was 18. Farming is what I have been totally besotted with for the last 30 years.

I always was keen on dairy farming. My mother grew up on a dairy farm, and when I was 15 I went along to a neighbour's and learnt to milk cows there. I went through the youth training scheme that was in place when I was at school, and I went and worked on a dairy farm just to learn about the industry. At that time, we had milk quotas so I could not become a dairy farmer. It would have been too expensive. I proceeded to be a beef and arable farmer.

It was only after doing the rural leadership course in 2007 that I decided this was the opportunity to become a dairy farmer. That was the first major decision I made completely on my own as my mother, who was a partner in the business, had passed away when I was 37. Through that, I got involved in politics because the rural leadership brought me down to Parliament, the Scottish Parliament and Brussels, so that is where it got me. Somebody then proposed me on the Milk Committee, which I chaired, in NFU Scotland from 2012 to 2014.

Q535 **Chair:** I am grateful, and now you are at the heady heights of the Vice President of NFU Scotland. Before we get to some detailed questions about the employment issues, there is one thing I would like to ask you, and you can be as forthcoming as you want. A feature of both Prime Minister's questions today and Scottish questions has been the conversation about where agricultural powers will go as the result of Brexit and whether that will be returning to Scotland or whether there will be another arrangement. Has NFU been told anything or what is your view about how all this will eventually work itself out?

Gary Mitchell: Well, maybe it depends who I speak to what I think.

Chair: This is the Scottish Affairs Committee. Nobody is paying any attention just now so you are all right.

Gary Mitchell: The main thing is that we definitely think the Scottish Government are the ones to work the direct payments. We have such a vast landscape from fruit farming to hill sheep farming. There is such a diverse landscape there compared to England, so I think that is important.

My issue is how we bring profitability back into the industry, how we sell the product, what we produce. England is a big seller for us; 80% of our produce comes across the border. Regarding retailers, fairness of trade, a transparent supply chain that works is what I see from the UK we definitely need to work together to get right.

Q536 **Chair:** I represent a large rural constituency, as you probably know, and we know that the rural economy is probably much more important to Scotland than the rest of the United Kingdom. In your view, how do you think Scotland differs from the rest of the United Kingdom in the agricultural footprint, the number of employees we have working in it and its importance to communities like mine and the general economy of Scotland?

Gary Mitchell: I have friends and family in Northern Ireland and the difference between it and Scotland is that there are so many other industries there where you can supplement income and still be a farmer. The issue in Scotland is we do not have that and the money has to be generated from the land. I think that is the biggest difference. The rural economy is seriously important to us in Scotland.

Q537 **Chair:** I have asked you to talk about agricultural issues, but we have been talking to a number of sectors about particular issues when it comes to employment within their sector. Is there anything that you identified—I think we have questions about this anyway—that is specific to working in agriculture that is different from the other sectors that we have listened to in the course of this inquiry?

Gary Mitchell: The biggest experience is my own practical experience. I went from a business that practically employed no one to employing 14 people. There are a lot of issues that come into that that I didn't realise would come along, from social issues to procurement to training. We have a lot of major issues.

The other thing that we have different that I do not particularly agree with is the Agricultural Wages Board, because I think we should be rural sector pay. We have an unfair disadvantage put on us by what we have to pay a 16 year-old. I have done a lot of work with SDS trying to get a certificate of readiness into agriculture and we have also started a dairy skills thing. Their funding is reducing by half and they want industry to pay for it, but yet we have been set a level of a minimum wage for a 16 to 20 year-old that is just not affordable. We cannot pay that sort of money and train the kind of people we need.

Q538 **Chair:** The next question was on that. Agriculture is identified, and it has been mentioned to us, as one of the lowest-paid sectors in the whole of Scotland. I think you mentioned that in your response last time. Is there any specific reason why that is the case? Is there anything that you could suggest where we could turn that around a little bit so that people who do work in the agriculture sector could have more sustainable wages?

Gary Mitchell: They are scary figures. If you look at especially sheep, the support payments percentage of output is 64%. That is no good and needs to change. It is how we market our product. We know we definitely need to add value. That is where we need to see Scottish food and drink; we hear lots of great things about Scottish food and drink, but where the primary producer is concerned the money is not coming back. That is one of our major issues.

On my milk campaign folk asked me, "Are you actually selling your milk for under the cost of production?" and I looked at them and said, "Yes". They think I am so silly because they do not understand why you would want to produce something and take less for it than what it cost you to produce it. This is the thing that we are fighting against all the time. If you were a factory producing something, you would put a price that you are going to supply that product for and you either get the deal or you don't get the deal. If you get the deal then you have worked out your margin. We cannot do that.

Q539 **Chris Law:** I have a couple of questions, because it is quite interesting listening to some of the things you have said. The first thing you mentioned was in Northern Ireland there is a more diverse economy that has helped to support or even subsidise farmers who are working there. What are the differences between Northern Ireland and Scotland with that diverse economy? What kinds of jobs are additional incomes?

Gary Mitchell: I do not know, but the building industry always seems to be going in Ireland. I know it took a hit with the recession, but every time I go over there they are always building houses somewhere. It seems to be quite a big public sector. I did ask someone a couple of years ago, "Why are there so many people in this country and where are they all getting an income from?" It has a large public sector, I know that for a fact. But there just seems to be a lot more: you will have a guy maybe who is a farmer but he may also be a feed rep. There always seems to be more opportunities. It is a very intensive country and land is tight. They don't have a lot of scope, so if they want to still remain a farmer they have to generate income from something else.

Q540 **Chris Law:** On a completely separate question, my second question was about adding value. You were talking about how the market has to improve. How has the branding of "produced in Scotland" helped in markets, supermarkets, even Aldi, for example, who put a big focus on local produce? Has that helped? Has that also helped to improve the premium markets, particularly in meat for example?

Gary Mitchell: It has to a point, but just lately we have done a supermarket shelf watch on lamb. We were shocked at how much New Zealand lamb is in what we call the higher class supermarket. There is more New Zealand lamb there. In what we would term as the discount more of them are 100% Scottish lamb. There needs to be a more transparent chain. We need to have a better understanding of what are the costs. From the milk sector, and probably from the poultry, there is a lot focused on our cost of production but we don't get much focus on the cost to the shelf, which I think we need to have a better grasp of. Are we getting our fair share from that bit in the middle? There are not many processors who are flush either. They are finding it very tight and are being squeezed continually.

Q541 **Chair:** Can I come back to wages in the sector now? I have just found in our notes here—and you can say whether these are figures you identify or not—that wages in the agriculture, forestry and fishing industry in 2015 were £10.69 per hour, which was 12% below the median wage for Scotland. But what we also found in these figures is that higher wages are more prevalent in agriculture businesses that are closer to the big cities like Glasgow and Edinburgh. Is it just because of distance to market or whatever that that would be the case or is there any other reason?

Gary Mitchell: What are those figures telling us exactly?

Chair: They say that it is £10.69 per hour and 12% below the median wage for Scotland. I don't have the figures—which are available—for Edinburgh and Glasgow.

Gary Mitchell: Is that joint with fisheries? That is not agriculture—

Chair: This is the three sectors, which are agriculture, forestry and fishing, which are the only figures that we can get in order to try to get a sense of what is going on in each sector.

Gary Mitchell: Fisheries and forestry would definitely be way above the salaries that we would be paying, without doubt. But my issue is when I bring this issue up, some people think I just want cheap labour. The fact is that the young people aren't coming into our industry now and it is not because we are not offering the pay. We are not offering the training and we are not getting them. I think our education system is very much focused on career and when you live in an area like where I come from in Stranraer, it is all about you leave there and you go and get a job. Once you get to university, you go and get a job somewhere else. It is about how do we create jobs in that rural environment and my problem is I can't at that sort of money, at £7.50, bring in an untrained 16 year-old and make something of them.

Q542 **Chair:** We will come on to casual labour. I think the Committee has questions about the Seasonal Agricultural Workers Scheme and the use of foreign labourers, but so many farms, for example, are family businesses. Would that be an issue?

Gary Mitchell: Yes. I am just using the dairy industry again. If we look at Dumfries and Galloway, they are quite a big employer, their herds are larger and they have a lot of employees. When you go to Ayrshire and produce the same amount of milk, there are far more farms and they are mostly family-run. But the issue is when that family decides to grow the business, family farms are not natural employers. It is about how much I can do before I drop and that is the bit that then becomes difficult. Some farms expand and then realise this management of staff is just completely out of their field and the wheels fall off. The one thing that I have marked here that our industry doesn't have is mentors.

Q543 **Chair:** Do you think there is more that could be done there for that mentoring to work to support farmers? Understanding the range of issues and difficulties you have, are there possibly more interventions that could be done to ensure that workforces are—

Gary Mitchell: I would like to look across rural sector pay. I wonder from the colleges' point of view, as we have in Stranraer, whether they are providing what our area requires. I think what skills are required is region by region, so what do we need to do to make this happen? I don't think it is all about the Government do handouts to make it happen. I think commercially people are anxious there. I think where we can make a big difference is if we can see a scheme that is going to make people fit for purpose for what they require.

But my issue is that Dumfries and Galloway have a funding organisation called TAP, Total Access Point, and I came by it totally by accident. It was through a 14 year-old who was working on my farm. When she became 15, she could come and do a day a week off school and work on it. They were doing a risk assessment and this guy happened to be with her. That scheme offers 50% of the hourly rate that you pay someone for the first six months, which really helps. It was this year they changed it. I am in a higher sector pay and they will give me only about 30%, 25% of what I have to pay because I have a different sector pay. It is based on paying the national minimum wage.

Q544 **Deidre Brock:** You touched on the Scottish Agricultural Wages Board. As you mentioned, NFU Scotland has argued that there is no longer a need for that but Unite have argued that it is still important because it helps to improve employment conditions.

Gary Mitchell: Can you tell me how many farm workers belong to Unite, because that would be very useful to me?

Deidre Brock: I don't know. You would have to ask Unite.

Gary Mitchell: You get me those figures.

Q545 **Deidre Brock:** It is a point that they are making, so what is your response?

Gary Mitchell: I only had my first experience in an ad hoc meeting with the Unite guys and I was pretty disappointed because they don't understand where we are coming from. The thing that they cast up to me was, "Look at the electricians. An electrician apprentice will get £11-something an hour and they train them". That is fine, but they will charge them out at £17 to £22 an hour for an apprentice, but we can't do that. We are in a pretty restricted environment of what we can do. The issue I have with agriculture at this moment in time is that it pays to be less productive because productivity brings risk and farmers don't want risk. Basically, can my payments cover me, my livelihood, without all the stress? That is basically where our industry is.

Q546 **Deidre Brock:** Sorry, you said productivity brings risk?

Gary Mitchell: Yes, because if you expand your business and you need to employ someone, then you are open to risk, you are open to the market volatility, so you start to put your finances under risk. The problem is less and less farmers have appetite for risk.

Q547 **Deidre Brock:** But is it your view that the Scottish Agricultural Wages Board has had a part to play in improving employment conditions for folk in the sector?

Gary Mitchell: I have never experienced anyone who is under bad conditions. If it was so bad, I don't know why we have so much foreign labour coming in. If the conditions are bad, why are they not working somewhere else? But my issue is it is these things that have been put up to our sector have made our farmers say, "I am not doing this for my business because I have enough regulation coming in to tick my subsidy boxes, so why do I want to take on this?" I am trying to sell labour as an investment in your business and I want to sell it by encouraging the young person when you get a young person who is 16 from school. I can tell you that my turnover rate is very high when I take people on at 18, 19, 21 who have been on the benefit system and don't have the attitude to work.

We have started the Dumfries and Galloway employability award and we are running it through five secondary schools, where we have a 16 year-old now working on the farm on Monday and then he also does coursework in the school. I think that is the best way to introduce young people into our industry because if it is not what they think it is and they do not want to do it, then there is no harm because he is still at school. I haven't taken this guy on, so I think that is the best way.

Q548 **Deidre Brock:** Do you think young folk are still attracted to the agricultural sector as employment?

Gary Mitchell: Do you think farmers are very attractive? Because I don't. I think we could sell the industry a lot better. We need to sell it better, but it is understanding what we went through in the last two years, how we get excited about our industry. I am probably one of the most positive guys and even I am struggling because of what we have come through in our business.

Q549 **Chair:** I am just reading about your scheme in a press release that was helpfully provided by the NFU about your appearance here at this Committee. I am reading this simultaneously while taking evidence from you. It is a new one for me. You are not doing too badly, it is quite close. I am just reading about your school project. It was 12-week placements that you are offering on dairy farms. What do you find when you are offering these schemes to young people, presuming it is young people who are coming in and taking advantage of this? Has that encouraged them to think about a career in agriculture, in farming? Can you talk a little about if people are coming to you on one of these schemes and you are operating as some sort of mentor, are there ways that you can encourage them to think about a long-term career in farming and agriculture? So often it seems transient.

Gary Mitchell: All I can tell you about is my practical experience. When I first started dairying in September 2007, there was a friend's daughter who was 16, had just left school and loved working with animals. I took her on and she loves the job. She is not working for me; she is working for another dairy farmer. I have two other girls exactly the same, not working for me but making a really good job somewhere else. I can assure you these people are on £25,000 and above, still not 25 years of age and still early 20s. There is a big demand for skill in the dairy sector especially. We have started that on the dairy thing but we want to run that out across all the sectors.

Chair: That is what it says here in your press release too, so that is fairly helpful.

Gary Mitchell: It is important, but it was just that dairy is a bigger employer so we could get more people to sign up to the challenge to try it.

Chair: We are grateful. I am sure your press release will be picked up by all the media outlets across Scotland, so we are grateful for that.

Q550 **Margaret Ferrier:** I think we touched on it just briefly there, but it is about access to foreign workers. Obviously in the agricultural sector there is a significant proportion of employment that is taken up by foreign workers. Could you tell us what determines whether jobs are filled by local workers or migrant workers and why is that?

Gary Mitchell: I would be very pro to try to be local. I am very much about local, but I did bring three Romanians back on board who were with me before. It was basically I had just too many people not coming up with the goods: they let me down, they didn't turn up, social issues, different things. It got to the stage there was too many people letting us down and these guys happened to contact me again and asked me if they could come back. Most of my job applications come from Facebook.

Q551 **Chair:** From Facebook? Can you explain how that works then?

Gary Mitchell: Yes. They send me a messenger, "Have you got any work going?" and usually when anyone leaves me, the whole of Stranraer seems to know there could be a job there, so you usually get inundated with instant messengers. It is quite good, because once you look at their Facebook page you should know whether there is going to be an interview or not because you can usually see from that what their attitude is.

The sector pays well enough, but my issue is it is what we are doing at schools to bring the attitude to work. I am going to bring up another point that I thought of this morning. We have free tuition and university. Is that encouraging our young folk to look for a summer job or is it discouraging them to look for a summer job? I know they have their courses, but I would love to see far more students on fruit farms spending a summer there and getting real knowledge about food and farming. I think it would be great if there was even a scheme that would encourage students to do a summer of that. It would be a great benefit to our industry as a whole.

Q552 **Margaret Ferrier:** Could I come in to expand on that? We have had little detail at all about what the UK's future immigration system will look like. The NFU has urged the UK Government to consider a return to the Seasonal Agricultural Workers Scheme. Only a couple of days ago it was reported in the press that Theresa May possibly had plans to suspend the right of EU nationals to live in the UK from this month, never mind waiting until Brexit, until we had left the EU. I think *The Daily Telegraph* has reported that a Government source suggested half of Romania and Bulgaria might move to the UK. I think the NFU has mentioned that Bulgaria and Romania are two countries we get seasonal workers from for an up to six-month period to pick fruit and collect vegetables. We have very little knowledge about what our future immigration will look like. What kind of level of immigration do you think we need for your sector in Scotland?

Gary Mitchell: On the figures we have from the fruit and horticultural, it looks like the number of staff they need to gather fruit can go from 5,000 to 15,000 peak season. I was sitting with a fruit farmer at our AGM a couple of years back and I was astounded that he had caravans for 500 people. That is what he required in the summertime for his farm, so it is fundamental we get this right, that we can get this labour where it is needed. But it is a bit like selling product. It is all right us sitting here talking about export, but if we cannot sell enough to our own people, we have a major problem. I think we have a population here that needs work. The unemployment rate has gone up in Scotland, it has not come down, so how do we turn that around? We have a major social issue and a mindset that needs to change.

Q553 **Margaret Ferrier:** It is important that you have access to free movement of EU nationals as a back-up; however, you would like to see more local people getting into farming and the agricultural sector?

Gary Mitchell: I think from the SAWS or whatever, to bring it back up, it is probably from the point of is there going to be hundreds of farmers trying to work out the confusion of how we bring someone in or is it we have one organisation to sort out how it is done properly, how we bring people in to work? But as I say, until we get some more clarification exactly how we can carry it out—there is going to be a transition period—it is critical and we need these people.

From my point of view, as I say, I would rather it be local, but one thing when you have two or three Romanians who have a real great attitude to work, that does influence your other workers as well.

Q554 **Chair:** I am from Blairgowrie, the finest berry sector in the whole of the UK, as I always like to remind my colleagues from Angus and Fife. I know what most of my farmers, my pickers, say to me is that the whole industry around about East Perthshire would collapse if they did not have access to this foreign labour and they really want to see a Seasonal Agricultural Workers Scheme back in place. What has the NFU said to Government about this? Have you made representations to Government as we are going through this Brexit process about the importance to some sectors?

Gary Mitchell: Yes, definitely. We have been doing case studies as well on some of our fruit farms about what the scale of the damage would be. Basically, because we can't get mechanisation to do this—there is a lot of work on mechanisation at the minute but still it is just not good enough—it needs to be labour. We certainly want to get clarification.

Q555 **Chair:** Have you had any responses? Has the NFU had any response from Government about their plans for—

Gary Mitchell: Not that I am aware of.

Chair: There has been nothing. If you do receive anything further in the course of our inquiry, maybe you would be able to share that with the Committee. We will keep in touch with the NFU about some of these issues, because I think a live one has emerged in the course of this.

Q556 **Margaret Ferrier:** We have spoken about wages and how much you can pay, and obviously people wouldn't want to get into a sector if they felt that there was low pay or the terms and conditions were not right. Do you recognise that the pay and the terms and conditions have to be reasonable as well to attract people in?

Gary Mitchell: The problem is once you are skilled, the pay is not an issue because there is a competitive market. There is no issue with a skilled worker; it is the unskilled that is the problem. I want an industry that we keep bringing young people in and not try to steal somebody off another farmer. That is what is happening because nobody wants to do this training bit. My issue is that with the funding cuts, the changes in the SRUC, the modern apprenticeship, I don't think that they look at it as a viable option. They will do it because we are supposed to do so many.

The two issues I have is I think Ringlink do good work in the north-east in getting young people into the job, but what they had asked for was like an internship, where we could take a 16, 17 year-old on for a year at £4 or £5 per hour and see how they do and then from that lead on that they could start a modern apprenticeship. My problem is and my own experience is I put two or three guys on to the modern apprenticeship. Within two months they walked off site, so that money was spent and wasted, and that was two places.

Q557 **Margaret Ferrier:** Why did they walk off?

Gary Mitchell: Because it just wasn't for them. They just decided, "I don't like this". I think we have a real apathy in young people today, where commitment does not seem to be important. It astounds me sometimes when somebody just doesn't turn up for the milking and they think it is okay. Do they think somebody else will be there and it will happen? It is just the fact that they do not feel that responsibility. The younger we can get them into that mindset the better.

The other thing is I think in schools every child should learn what business is. It just happened by accident I was walking through looking for a present in a shop a couple of weeks ago and I came across a book on business for a National 5 school. I think every student should understand the information in that book. It doesn't matter what career you are going into, that business has to generate your livelihood and I think everybody should have an understanding and you know your responsibilities.

Q558 **Margaret Ferrier:** We heard last week about employee ownership and people buying into the business and having this kind of pride, that they want the business to do well. It is maybe something that can be looked at within they are not just an employee, they feel part of the farm and they realise what they have to do to make it a success.

Gary Mitchell: I think going forward with new entrants in agriculture it is not someone becoming a farmer in their own right. It is going to be stakeholders in businesses. I think that is where we are going to go.

Q559 **Chris Law:** I grew up in the countryside next to a dairy farmer, so it is quite exciting hearing about it. But it was family-owned and it led me to thinking about do you know what percentage of farms today are still family businesses?

Gary Mitchell: It is still a big percentage, but I couldn't tell you exactly.

Chris Law: It is still quite a large percentage?

Gary Mitchell: Yes, still large.

Q560 **Chris Law:** When it comes to employment, largely is it going to be the sons and daughters of the owners or are they starting to move away as well now into other careers?

Gary Mitchell: I always think you do meet a lot of farmers' sons and daughters in very good jobs outside agriculture. They are well sought after because they generally have a good work ethic. They have probably been brought up in a stressful situation, so they understand business and they do very well. But my problem at the minute is productivity and the uncertainty is the issue. As I pointed out, the support payments are a much bigger proportion than their income. Nobody has the appetite for the risk. The problem I have is that we have a processing sector, whether it be dairy, beef, sheep or whatever, that needs supply and if this supply starts to drop, it is just going to be a snowballing effect. Scottish food and drink needs to remember it is about food and farming as well. I would bring that primary sector up to scratch.

Q561 **Chris Law:** That leads me nicely on to my next question, which is about agricultural policy and funding. I know you mentioned 64%, 66% earlier of funding comes from under the common agricultural policy. The only number we have here is 70%, which was in 2014. This is maybe a tough question, but let me ask it. Is it fair to say that Scotland's agricultural sector can only exist because of subsidies provided by the EU and, if that is the case, why is this?

Gary Mitchell: I think it is probably the way our whole food thing is. A subsidy was introduced to give people cheap food. That is where it all stemmed from and it was about driving production. Then we went through a period when we had too much of everything, so we were subsidised basically to produce less and then we went back to a production subsidy and then we went to an area payment. The guys who have come off best are the guys who have wound down their operations and let the land out and done less. We probably refer to them as slipper farmers and they also have semi-slipper farmers.

Q562 **Chris Law:** Could you say a little bit more to the Committee about what that is? I have heard that term and I am sure a few of us have.

Gary Mitchell: A slipper farmer basically is someone who has a farm and he is entitled to an area payment on that farm, so he decided, "Well, I will let to my neighbour. He wants to farm more land. He seems quite productive, he wants to do more, so I will let him farm the land and I will claim the subsidy", which is totally wrong.

Q563 **Chris Law:** How widespread is that in Scotland?

Gary Mitchell: It was very widespread, but it is a lot more difficult now. You could have taken cheaper land, you could even have rented cheaper land to claim subsidy, but now you have to be more active. But it was the challenge going forward in the new CAP reform, how we target active farmers. It is still going on, but to me the risk-taker needs to get the money. It is how we better identify that going forward in any new system is important, because I feel the risk-taker has not been rewarded.

Q564 **Chris Law:** I appreciate that. Agriculture at the moment is devolved and area policy within the UK and largely decisions made surrounding the agricultural policy are determined by the EU. It is not clear with the UK Government at the moment what is going to be devolved once we go forward with Brexit. Do you think the UK or Scottish Governments are best placed to advise policy for the Scottish farmers and the jobs within that sector?

Gary Mitchell: I definitely think the Scottish Government are the best to do that. As I say, we need to target this funding to the right places and we need to encourage growth. We also have our environmental responsibility and I feel at the minute, with the schemes we have in place, it is like beating us with a stick. They are not recognising us for the things where we do good for the environment. I think we need to get clever and we all need to work together to sell Scotland better for the environment, because when we look at it, are there going to be tariffs, are we going to have free trade or whatever? We definitely need to make sure we tick all the boxes, that we can say, "This is not acceptable to be coming into our country because it doesn't meet our high standards". That is one thing that I think we really need to focus on as an industry together, not arguing and barneying about how we can make up silly schemes to make a farmer's life difficult. We don't have a lot of arable land in Scotland and every good acre should be producing food. I think that we need to get that message across, but we also have a responsibility to have a good environment and educate our public.

Q565 **Chris Law:** To go back to financial support for farmers, is there a concern in your organisation and among your members that that might dry up rather quickly as a result of Brexit if it is left in the hands of the UK Government?

Gary Mitchell: Yes, it would be a concern, definitely. We could even start talking about conversions, if you want, because there is certainly more money we should have had out of the pot than we did. Yes, I think we are keen to get that money ring-fenced as soon as possible.

Q566 **Chris Law:** There has been no indication so far that that is the case?

Gary Mitchell: No, because the last time we met the Farmers Union that was the thing we discussed. I think George Eustice maybe had mentioned in the whole referendum that we would be match funded to what we received before and we will stick to that. We need to get that money, because the big issue is the transitional period. We don't need anything else to make things any less stable than they are at the moment. We really need that stability to get us through the period until we get clarity. Our sheep industry is probably the one that is going to be the hardest hit if we do not get this single trade right.

Q567 **Chair:** You have pillar 1 payments up to 2020. Beyond that is when things start to get a little bit uncertain and there will be no guarantees from Government. In fact, they have said very little about what they intend to put in place after that, but you know you have that period to reshape or reengineer your businesses. What about pillar 2? For the farmers in my constituency, for example, the ones who diversified, who have been working for sustainable new type of environments that they have grown, that is not a feature at all. Will that be missed? That looks like it is going to go as soon as Brexit is concluded and negotiated.

Gary Mitchell: The pillar 2? Yes, the pillar 2 things, from an agricultural point of view, depend on how many competitors are at that pot. That is the one thing that scares the agricultural industry, because we are trying to make sure that the money is focused on agriculture. My worry is I know we are guaranteed until 2020, but one year wrong in the market will take four years of money just to make up the deficit if we get it wrong. The problem is that when we make a major investment it is not like a three to five-year return; ours is 12, 15, 20 years' investment. We need to get the return, so how do you make that decision with so little clarity at the minute going forward?

Q568 **Chair:** 2020 is not that far away and there will be a big gap between the conclusion of a Brexit arrangement and 2020; possibly we will need two or three years. Has the NFU made representations to Government about what will take its place, what will happen?

Gary Mitchell: That is what we are working on at the minute, because we want to bring our own strategy, what we think is best for our industry, how we are going to drive it forward. We need to be cleverer with the way we do some of the things. I think there are too many things that—

Q569 **Chair:** There is also the example of New Zealand where all farm subsidies just abruptly stopped and farmers were left to go cold turkey and reestablish their business into totally profitable ones. Do you see that as a possibility coming the way of Scottish farmers?

Gary Mitchell: It would be the demise of agriculture, because you have to remember there are not many farmers who have not very heavily borrowed. They are secured against the land value. If our subsidies disappear tomorrow, our land values will crash. The whole thing will just start tumbling. So New Zealand, it maybe sounds good but I don't think it would be the right thing for Scotland, definitely not. I think we need to target this support better, but I do not think funding should be used to have a market that is not paying a sustainable price. That is the main thing that I have an issue with.

Q570 **Chris Law:** Just going back to the market, and I am slightly digressing here but it is interesting: at the beginning did you say there was 80% of imports of food is coming from England? Is that right?

Gary Mitchell: No, we export 80% of our food. England is a big market.

Q571 **Chris Law:** Are we a net exporter when it comes to food and drink then?

Gary Mitchell: Yes, we are.

Chris Law: So that is positive. Thank you.

Q572 **Ian Murray:** I would like to stick on some of the funding issues, if I may. I don't know if you picked up, Mr Mitchell, that you are getting no money, because £350 million a week is going to the NHS—or so we keep being told—so you might have to survive without subsidy if that policy is seen through. But on a serious note, you have talked about targeting support better and you have talked about how a new framework can be put in place for agriculture in Scotland. Is there any work that has been going on about what that may look like, where it would be targeted best and, at the conclusion of that work, what you would want the funding formula to look like for a devolved Scottish agricultural policy?

Gary Mitchell: We haven't really spent that long on what we want, because every sector has its own idea of what is a perfect world. Probably the priority is the sheep industry, because they are on a land base that they cannot change. They do not have options to do something else. I think we have to look at how we drive more environmental payments up the hills, because I don't think they are getting a world enough for what they do from that point.

Q573 **Ian Murray:** Sorry, in terms of land management?

Gary Mitchell: Yes. When you look at my own sector, at dairying and cereal, we would like to think that we could work with the market, but at the minute we couldn't because it is not giving us the return that is required. How do we get more from the supply chain is really the main issue that is going to be the driver. I do not want to keep coming back and saying, "I need a handout to get me out of this mess". I want some tools in the box that I can say, "I have used this to gauge some volatility, that I forethought maybe going two years forward I can take these measures, that I can insure myself against risk". The problem is we do not have that. We are totally 100% exposed to whatever the market pays and that is the major issue. No farmer here is saying, "I just want to be funded". Every farmer would love to get all his income from the market.

Q574 **Ian Murray:** Scotland gets about 16.5% of the UK agricultural funding at the moment; is that about right?

Gary Mitchell: I know that we got 16% of the conversions money.

Q575 **Ian Murray:** If the market is going to drive what subsidy looks like, will a post-Brexit market environment be more beneficial for Scottish farmers?

Gary Mitchell: Probably the only thing that is benefiting at the minute from Brexit is the change to currency. Definitely that has been a positive effect on what we are selling, because imports are less. It has helped the dairy industry. Grain prices have probably gone up 20%, yet Europe-wide, worldwide, wheat prices are on the floor. There is quite a lot about, so basically the currency devaluation has helped us, but it is how do we gear ourselves up to cover ourselves from these risky situations?

Q576 **Ian Murray:** The common agricultural policy included a young farmer payment to encourage more young people into farming. Has that had any positive effect?

Gary Mitchell: It has, yes. It has been slow to administer but definitely the uptake has been better. But I still think that again we could have a better system for how we get them in. We all need to understand what we think a new entrant is. Is it a farmer's son starting another business? The idea that we are going to create completely new farmers is going to be very difficult, but I still think we have the potential to bring in some great people and that will turn our industry around with innovation and creativity going forward.

Q577 **Ian Murray:** What is the percentage of Scottish farming that contributes to the Scottish economy in terms of—you said 80% of what was produced goes to exports. What would those figures look like if we ate and produced and used more locally-grown stuff? Would that transform the industry?

Gary Mitchell: I couldn't tell you so much from the Scottish perspective. I know from the UK's perspective we are less efficient at food than they are in China. China is 70% self-sufficient and we are 65%, which I think is horrifying.

Q578 **Ian Murray:** So we import 35%?

Gary Mitchell: Yes.

Q579 **Ian Murray:** Through choice or necessity?

Gary Mitchell: I have to look at are we meeting all the markets that we have available to us. Probably dairy is the one that I look at most on the cheese. We bring in probably around 4 million litres of milk through soft cheese from France and cheese from Ireland when we could fill that market ourselves, but how do we meet that market? I think we need to be cleverer and we need to do it better. It is the other question we need to ask: are we producing what the market requires going forward?

Q580 **Chair:** I am just looking at *The Scottish Farmer,* which is obviously required reading for this Committee. It says one thing here, that 85% of farmers wanted to leave the EU. Is that a figure that you would recognise in terms of the—

Gary Mitchell: Yes, I would probably say that was right.

Q581 **Chair:** That is about right. I was trying to find the piece, and I believe it was *The Scottish Farmer* that also suggested that following Brexit and the concerns about the future of Scottish farming, there was a large percentage—I recall 14% or whatever—of farmers were considering leaving farming because of uncertainties about Brexit and the way forward. Is that something you recognise too and what is the conversation?

Gary Mitchell: The only thing I can say is: is that the 14% that we were needing to speed up to exit the industry? It is like the people I am saying how many in the industry at the minute are just hanging along and not driving the industry forward? To me, are they the ones—

Q582 **Chair:** Is that something you think is required for readjusting the employment in farming?

Gary Mitchell: It just depends. *The Scottish Farmer* can pluck figures out of a hat or whatever, but I think—

Q583 **Chair:** I think the point I am getting at—if you could just address this because we do not have much time left—is there is evidence that is just anecdotal that a number of farmers are thinking about leaving the business and agriculture because of the concerns about Brexit? Is that something you recognise?

Gary Mitchell: I think where that stems from is how heavily invested is that farmer? Does he have anyone in succession? If he hasn't anyone in succession, "I will take early retirement and enjoy what I have left or what am I going to do?" The way I look at it, the positives as we look at Brexit are we have a chance here to redesign our agricultural policy. I want us to start from zero: what did we get wrong and what did we get right? That is basically where we need to go from here.

Chair: I have seen you have piqued Mr Murray's interest.

Q584 **Ian Murray:** This is quite interesting, because I think it goes to the heart of a lot of sectors. If the figures that the Chairman has just read out of farmers who voted to leave the European Union coincide with farmers who are now looking to leave the industry and the concerns that NFUS has highlighted for the last few months, what was the driver for farmers leaving the EU now that we have all these concerns?

Gary Mitchell: The main thing is bureaucracy. That is what we were getting sick of. There was just more and more bureaucracy coming out of Europe and I think that is the main driver that people were getting sick of. It takes so long to change anything. We have all the different issues of taking our things to Europe to change and I think farmers had just had a bellyful and they decided, "Right, it is about time we took charge of our affairs and we design an agricultural policy that is going to work for us".

Q585 **Chair:** You have the ears of a number of Members of Parliament in a Westminster Committee here. Is there anything you feel that we should be looking at in order to try to improve the conditions in the workplace? This inquiry is about sustainable employment. Is there anything that we could do to help assist employees?

Gary Mitchell: I think dairy is the thing to look at. I don't like to keep tarring retailers, but there definitely could be systems put in place where we could do either a bit of forward pricing, somewhere where you can bring some stability into our industry. We cannot be 100% exposed to markets. The idea you can say, "We had support to help us to cope with volatile markets" but I want to see us going forward and being clever and smarter. How can we deal with the situation that is coming ahead of us? How do we gear ourselves up? I think that is what we really need to look at. I can't see how we continue on the retailer thing where we are at a race to the bottom and we devalue all our products. I think it is about we should be proud of what we produce. The interesting thing when you look at the UK is that the food and drink sector employ more than the car and the aerospace together. We employ more people.

Chair: Definitely more valuable than oil and gas, even at its peak. We are very grateful to you, Mr Mitchell, and thank you for the press release. I think that is the first time that has happened, where we get a live press release going out during a committee, but we will keep ourselves informed by NFU press releases. If there is anything we have missed, please submit it into the evidence already received from the NFU in the course of this inquiry. Thank you ever so much for appearing this afternoon.