

Northern Ireland Affairs Committee

Oral evidence: [Brexit and Northern Ireland: Agriculture](#), HC 939

Wednesday 18 July 2018

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Members present: Dr Andrew Murrison (Chair); Mr Gregory Campbell; Mr Robert Goodwill; John Grogan; Mr Stephen Hepburn; Lady Hermon; Nigel Mills; Jim Shannon.

Questions 357 - 431

Witnesses

I: George Eustice MP, Minister of State for Agriculture, Fisheries and Food; Charles Hotham, Deputy Lead on Future Farming Policy and Legislation, and Head of Devolution, Department for Environment, Food and Rural Affairs.

Written evidence from witnesses:

- [Department for Environment, Food and Rural Affairs](#)

Examination of witnesses

George Eustice MP and Charles Hotham.

Q357 Chair: Minister, good morning. It is great to see you here today. Thank you for spending the morning with us. We have been spending some time with actual farmers recently, as recently as this week, when we have taken evidence in Belfast from people who are at the coalface, as it were. That has very much formed our views on things and will greatly enhance our report when it comes to be written. Clearly, we need to have it from the horse's mouth, as it were, you being the horse in these matters, so it is a great pleasure to see you.

We are very much looking forward to your remarks, just to flesh out a lot of what we have been hearing from people and to get the Government's perspective about what to do about Northern Ireland, which, as we have learnt, is actually quite different from GB in relation to agriculture. Those of us who are not actual farmers, like Mr Shannon or Robert Goodwill, had perhaps not fully appreciated the differences of agriculture and horticulture in Northern Ireland but it is most certainly different in terms of its needs, which of course, in a Brexit context, means that the Government will have to look specifically at Northern Ireland and its needs to ensure that its practitioners benefit from the new reality in a way that perhaps is subtly different to the rest of the United Kingdom. We would like to explore some of that with you this morning.

The Joint Ministerial Committee on the European Union negotiations has pretty much ignored Northern Ireland. Do you agree?

George Eustice: I do not think so, no. Which Joint Ministerial Committee?

Chair: Clearly, in its dealings with matters to do with agriculture, horticulture and growing in general in Northern Ireland.

George Eustice: All I can say is we have regular meetings, obviously, with all of the devolved administrations. We lead on agriculture policy. In the absence of a regime in Northern Ireland, we have representatives from DAERA who come along. We have Norman Fulton, for instance, who regularly attends, and Graeme Wilkinson who leads on Brexit. We have a close working relationship with the officials and engage with them in all of our discussions.

Q358 Chair: How is it then that, in Defra's submission to the Migration Advisory Committee on the post-Brexit immigration strategy, Northern Ireland is not mentioned at all? I say that because I went through that submission last night. I went through it a couple of times and I could not find, other than a passing reference to devolved administrations, any straight reference to Northern Ireland at all.



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George Eustice: Labour is a UK issue. Of course, there are differences in parts of the UK. In the south-east, in Kent, you have a big fruit industry. You have the same along the east of Scotland. You then have other parts, such as the West Country in England, or in Northern Ireland, where they may have more dependency on east European labour in sectors such as food processing and dairy. There are differences between sectors but they are more sectoral differences than UK differences. In the context of immigration, the arguments that we were making were very much about labour needs for different sectors rather than different parts of the UK.

Q359 **Mr Goodwill:** The evidence we received was that, whilst in the other parts of the country there was a need for seasonal labour in harvesting crops such as in Kent, in Northern Ireland it was generally throughout the year—so it was a dairy business or a meat processing business—and therefore they did not feel something like a seasonal agricultural workers scheme would actually meet their needs to fill those jobs in the processing sector.

George Eustice: Yes, I would agree with that but, again, I would argue that that is a sectoral issue. In Northern Ireland, you have a very large poultry industry.

Mr Goodwill: Mushrooms.

George Eustice: You have a lot of food processing. There are mushrooms as well, as you say. They would have a need for year-round labour. I can say the same in the West Country, where there are large dairy farms that also have a reliance on east European labour, or you can go to areas where there is fish processing, such as Grimsby, and you will find there as well a reliance on east European labour. It is more sectoral than regional to the UK.

Q360 **Chair:** Does that mean, Minister, that you are not keen on sectoral analysis? It seems to me that that is absolutely essential if you are going to properly address the needs of, for example, Northern Ireland, but it applies right across the United Kingdom. Mr Goodwill mentioned mushrooms, and 95% of those working in that industry in Northern Ireland, we were told, are non-UK, non-Republic of Ireland nationals, which is quite extraordinary. That does demonstrate, does it not, that Northern Ireland is really quite different in terms of its requirements post-Brexit, and potentially might be in a far more vulnerable position than other parts of the United Kingdom? I am a little surprised that you did not underscore that in your submission to the Migration Advisory Committee.

George Eustice: What it shows is that the needs of the mushroom industry are different to the needs of the soft fruit industry. You are right that there is a large mushroom industry in Northern Ireland. My point is that, if you address the needs of those sectors and those industries—and that is what our submission sought to do by making the case both for



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unskilled or semi-skilled labour in some of these sectors, as well as seasonal labour in other sectors—then you have addressed the problem whichever part of the UK it might be in.

Q361 Chair: The overall point I am trying to make is that there is a risk, is there not, that Northern Ireland in this process will be somewhat overlooked geographically? It is a fairly small part of the overall United Kingdom but its needs are very specific. It is very different, and I am sure you are acutely aware of how farming is different in Northern Ireland from the rest of the United Kingdom. I do not need to rehearse all that. Particularly with the absence of ministerial representation—we note the efforts of Northern Ireland civil servants and applaud those efforts but they are nevertheless not Ministers—there is a real risk, given the specific circumstances of Northern Ireland and the absence of Northern Ireland Ministers around the table, that Northern Ireland will be forgotten and left out.

George Eustice: There is a risk of that if you do not have an Administration in place but we are doing absolutely everything we can to ensure that that does not happen. Leading officials, from Denis McMahon down, regularly attend meetings with Defra. They input their thinking. We work very closely with DAERA as we design and think about future policy to ensure that all of their needs and interests are taken into account.

Q362 Chair: Can I move on to direct support, CAP and chapter 14 of your document, *Health and Harmony*, which deals with international trade? It is your stated ambition to re-jig payments to farmers post Brexit, and for much of the United Kingdom that makes perfect sense. However, in Northern Ireland there is much more reliance on direct payments, and this is existential for many farmers in Northern Ireland in a way that it simply is not for a considerable part of the sector in the rest of the United Kingdom. It is important there but not necessarily existential. Now, in trying to move stuff out of the WTO amber box, to what extent are you mindful of the fact that doing that puts Northern Ireland farmers very much in the firing line?

George Eustice: Existing single farm payments within the EU CAP scheme are deemed as green box so they are not accounted for under the amber box at the moment. The current scheme, rightly or wrongly—some people would say it is borderline—is classed as green box, which is “not distorting”. While it might distort the land market in both rents and land prices and might distort input costs, it does not distort production because it is not linked to production in any way. Since it has been decoupled, it has been regarded as green box.

As part of our withdrawal, the existing schedules within the WTO, including the aggregate market support ceiling, will be coming across through a process of technical rectification, which will ensure that the UK has an allowance under the so-called amber box of something in the region of £3 billion if it wanted it. Obviously, as I said, the existing



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schemes are classed as green box and our direction of travel through payment for public goods is an approach that we would deem not to be amber box. The provision to use that amber box is there should we need to do so and should any part of the UK decide that that is right for them.

Q363 Chair: What will you do about direct payments? Going forward, do you see direct payments as in any way different in Northern Ireland to the rest of the United Kingdom, given the size of farms and the proportion of total incomes that are made up of direct payments? Do you see any argument at all for different handling in Northern Ireland?

George Eustice: Yes, there may well be but it will be an issue for a Northern Ireland Administration once we get one in place. I know that that has been a long, drawn-out process in trying to resolve this issue but it is very important to note that in the consultation paper that we launched back in March—although there are elements of it that are about a UK-wide framework on things such as integrity of the internal market and how we would address WTO rules and so on and so forth, and there will be elements where we will want a UK framework and elements that will be properly UK reserved in issues such as trade—when it comes to the design of future policy, so support policies, incentive policies and grant policies to encourage productivity and the like, it will be very much for devolved administrations to design and it will be for a future Northern Ireland Administration to design its own scheme.

That said, I absolutely recognise that there are a number of things that are different in Northern Ireland. They have a much smaller rental sector. In common with the Republic of Ireland, there is not a large amount of land that is rented. You get lots of short-term grazing but they do not have a developed tenancy sector in quite the way that England and Wales do, for instance.

They also tend to have smaller, family farms. There is a much bigger livestock sector, particularly in dairy, and there is a very large poultry sector as well. There are differences between the structure of Northern Ireland and the rest of GB.

The other thing, of course, is that they share a land border with the Irish Republic, and there is a large amount of cross-border trade in agricultural commodities for processing in both directions and lots of products that might cross the border several times before they finally reach the retail shelves.

For all those reasons, I would imagine that a future Northern Ireland Administration might want to have closer regard to what, for instance, the Republic of Ireland is doing by way of policy to ensure that they are not doing anything that would put their own farmers at a disadvantage.

Q364 Chair: On renting and leasing, one thing the UK Government could do is to look at the way in which land is handled from a fiscal perspective. You are right to say that there are a lot of family-owned farms in Northern



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Ireland but we have also heard evidence about the so-called conacre practice, which is not something I am familiar with in my own constituency. It appears to be a uniquely Northern Ireland phenomenon and is distinctly unhelpful for farmers since it hardly encourages long-term investment in the land. It gives them insecurity, particularly if they are rearing animals. It places them in an impossible business position. What can be done at a Treasury level to alter practice so that we have less reliance on conacre and the encouragement of longer term leasing arrangements?

George Eustice: I know that the Office of Tax Simplification is doing a piece of work at the moment looking at agricultural property relief, which is a contentious and difficult area because agriculture property relief was brought in partly to try to ensure that, as farm business tenancies were rolled out, more land was actually made available to rent rather than being brought back in hand by the large estates.

Some argue that the way APR works at present means that it can be attractive as a tax avoidance vehicle for inheritance tax purposes, and people who are not farmers at all try to shelter their money in agricultural land. There have been suggestions, including from the Tenant Farmers Association, that you should make eligibility for APR conditional on longer term tenancies. They said, for illustrative purposes, that you could say, "You have to offer a 10-year-plus farming tenancy in order to qualify for APR".

There are lots of counterarguments. Typically, people will say that there is a danger that land will not come to market, that the estates will actually take it in hand rather than rent it for longer and that there is actually a need for some sectors such as potatoes to have that short-term let and livestock to have short-term grazing access, for instance.

It is a complex and difficult area. Tax policy can be a very potent driver of behaviour, particularly when it comes to landlords, but when you use potent tools to change behaviour you can also get unintended consequences.

Chair: I would certainly encourage you, Minister, to be brave and bold in this respect because it seems right across the United Kingdom that this is something that needs to be sorted out very soon, particularly in the interests of small farmers and tenant farmers, in particular in Northern Ireland where conacres, we have heard, are distinctly unhelpful in relation to people trying to scratch a living out of the land as opposed to those who own a significant tranche of it.

Q365 **Jim Shannon:** Minister, it is always nice to see you here. We know you have a deep interest in all matters to do with Northern Ireland, whether it be fishing or agriculture. You mentioned in your reply to the Chair there, just because it is pertinent at this moment, about the agri-food sector and in particular Lakeland Dairies. You will be well aware, because we



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met with yourself and some of the chief executives and senior officers of that firm, of the fact that Lakeland Dairies has two factories now in Northern Ireland and they have two down south, if not three. They are very confident, Mr Chairman, about Brexit, which is interesting, because they have factories that straddle both sides of the border and their food sector means that the milk products—as has been said before and I repeat it for the record and for Hansard—traverse the border on three occasions; milk going across, powder going across, coming back across and the finished article then being exported. How will that operate after Brexit, ever mindful that the chief executive officer of Lakeland Dairies has certainly given no indication that he is not confident about how we can do it? I would suggest, Minister, that he has a willingness to try to find a way to make it happen. Is that the indicator you are getting?

George Eustice: We obviously published, last week, our White Paper on the future economic partnership. The key component of that is the proposal for a facilitated customs partnership that would deal with the customs issues, but also a common rulebook, not on all of the single market regulations we have now but on those specific regulations that are pertinent to border checks, in order to make sure we can remove the need for border checks. We have set out a proposal that would enable us to effectively have alignment of rules on, particularly, sanitary and phytosanitary issues as well as certain food labelling issues so that agri-food goods can cross the border without the need for any checks.

This has obviously become quite controversial, as Members will have noticed who have been following various amendments and debates this week, but the reason we believe that that is important is we have always been clear that we do not want to diverge or change our food standards in any great way anyway. If we can secure frictionless border trade in agri-food goods and in industrial goods by making that commitment to have regulatory alignment only on those rules that require border checks but with the freedom to diverge and legislate in other areas as we see fit, we think that that will probably be a sensible compromise to deal with what is a difficult situation and a difficult problem to square, which is that we want control and we want the ability to make our own laws again but we also want to have frictionless trade and a tariff-free free trade agreement with the European Union.

Q366 **Jim Shannon:** That is very helpful. Minister, the Chairman has indicated to you the importance of the grant system and of the difference in farming. Minister, to be fair, in your response to the Chairman's questions, you have recognised very clearly that there are small farms in Northern Ireland with a different culture, perhaps, of agriculture and with different traditions of agriculture. How do you see that system? I know the Government have committed themselves—and it is very important they did so—in relation to the EU grant system that will continue and how important that is for the single farm payment and all the other things that make small farms profitable. For many, the grant system is the profit and therefore it is critical for that. How do you see that working after 31



March 2019?

George Eustice: After 31 March 2019, we will, in that year, 2019, effectively still be drawing funding from the EU to pay that year. However, from January 2020, that scheme year will be funded by the Exchequer. What our Agriculture Bill will do—and we set out our thinking on this in the White Paper—is two things. First of all, the EU (Withdrawal) Act will bring across all of the design of the current CAP scheme and the single farm payment scheme. There will then be a suite of powers in the Bill that will give us the option, and the DAs the option, to refine and change elements of those rules in the transitional period if we want to. There are things such as the “three-crop rule” that of course create frustrations throughout the UK including in Northern Ireland, as well as a number of other rather bureaucratic requirements that do not achieve much.

Probably from 2020, if we wanted, each part of the UK would have the option to start to take some of the rough edges off the existing single farm payment scheme. Our view then, from an England context, is that we then set out our vision of migrating farmers over time to a new system, which is very much around payment for public goods and payment for the delivery of outcomes rather than an arbitrary area-based scheme. However, it is not necessarily the case that every part of the UK will want to do that and, as I said earlier, Northern Ireland may want to retain something that keeps an area-based approach. They might want to be more cautious about the pace of change and it will be open to them to do that.

Q367 **Jim Shannon:** Minister, the Chair rightly said this in his question to you and I would reiterate it again. The English scheme for agriculture will not be the one that Northern Ireland can best adjust to. However, if you are giving us that assurance that there will be protection for Northern Ireland farmers, ever mindful of the different tradition of farming, it is important that we have that on record as well.

There is another big issue in my constituency because of the agri-food sector being so important. You will know this, Minister, because you have met at least one of those companies that are involved. There are two other companies, Willowbrook Foods and Mash Direct, that employ a lot of eastern European people. One has 40% of its workforce made up of eastern European people and the other has 45%. It is a very significant number of employees. For whatever reason, Mr Chairman—I do not know why it is—they have not been able to recruit much within their own constituency with local people and they have depended very much on people from eastern Europe to supplement that.

Over the years, many people have come to stay to work, first of all, and then married, stayed and bought their own houses and are very well-established. Can you just reassure us, for this Committee and also for those two companies back home, that the position within the United Kingdom of those who are involved in employment in those two factories,



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who are significantly important for those two companies to continue to succeed, will not be in any way threatened?

George Eustice: Yes, I can. We have been quite clear and consistent throughout—and this was addressed as well in the White Paper last week—that those who are here and working here will be given the option to settle in the UK. We have been very clear about the rights of EU nationals who are currently working here and obviously we will be wanting to seek a reciprocal undertaking for UK people working in Europe as well.

There is then a wider point, which is, in the longer term, how we address the labour needs of these businesses. Coming back to Mr Goodwill's point, there is a bit of a difference between the processors, in particular, who have become quite dependent in some cases on east European labour and seasonal agricultural workers. It has been the case for a very long time that, when it comes to seasonal agricultural labour, we have always had a dependency on labour from overseas. The old seasonal workers agricultural scheme actually ran from 1945 onwards, so long before the EU had even been invented, we were actually recruiting people from overseas to help in that work.

The development of this phenomenon where food processors, abattoirs and so on have become equally dependant on east European labour is a much more recent phenomenon that you can trace back to the accession of Poland and the other eastern European countries in that big wave that came through in around 2004. It is really only therefore in the last 15 years that we have seen a progressive development of dependency in those sectors. Before that, they did indeed recruit locally.

There are two reasons for that. Partly, it is a very tight and competitive labour market at the moment. There are lots of jobs around and lots of competition for jobs, and so many sectors, including agriculture and including food processing—perhaps some of the less glamorous jobs where it is hard graft—are all finding it harder to recruit people. You will hear the same thing from domiciliary care providers and everything as well. It is a very difficult labour market.

It also may be the case that, because it has been easier to recruit labour from overseas, local people have not been taking up those careers when perhaps we ought to have been doing more to support them to do so. That is why developing apprenticeships and career paths for young people growing up in Northern Ireland today to be able to have a career progression through some of these businesses is something we ought to be considering.

Q368 **Jim Shannon:** Mash Direct, in particular, in my constituency have tried to work with the apprenticeship scheme through the local colleges and have at least been partially successful in that.

I have one last point, Mr Chairman, and, again, it is to do with the



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geographical indicators. The reason why I make the point is quite clearly, Minister, we have a protected product and that is the Comber potato. That is protected within the EU, as is the Armagh apple, by the way. I am just wondering what protection those two—in particular, Comber potatoes—will be given after we leave the EU on 31 March.

George Eustice: All of the procedures and existing protections that we have under the EU protected food name scheme will be brought across into UK law through the European Union (Withdrawal) Act. Our intention is that all of these GIs that we have now and the protected food names will continue to be protected through UK law.

It is also the case that, in terms of future designations, it is already open to a third country outside the European Union to seek a protected food name inside the European Union, and there are examples of ones that do that, including coffee from Colombia and so on. In terms of future ones, that would be an option.

Alongside that, we are also looking at whether there are other types of designations that we could consider domestically. We are looking at things such as trademark regulations, which was the way that we used to protect speciality recipes such as Stilton cheese before we joined the European Union. Sometimes those can be a simpler, less bureaucratic way of getting recognition of a brand. We are looking at a range of things, protecting all of those things that we have, making sure that there is an option for future ones to register in the EU in the normal way, as well as looking at other ways that we can protect some of those speciality brands that we have.

Jim Shannon: Over the last few years, Mr Chairman and Minister, Comber potatoes in particular have been promoted not just as a name and a product but the local council have been involved as well and they have done exceptionally well. They are renowned, if you do not mind me saying, for their taste and they are the first potatoes in the market, even ahead of the East Londonderry, I understand. If you ever get the chance to try the Comber potato, I would highly recommend it, not just to you, Minister, but to everyone else.

Q369 **Chair:** That is an extremely good plug. Thank you very much indeed. On the subject of less glamorous ends of professions that you mentioned, Minister, we are very concerned about vets since the overwhelming number of vets in abattoirs, we learn, are from eastern Europe. Now, that is bad enough for the United Kingdom overall but it is particularly bad for Northern Ireland, for reasons that you have touched upon, which is the preponderance of livestock in Northern Ireland. This poses a very grave risk to animal welfare, which is important to us post Brexit—of course it is, and there has been lots of talk about that recently—and those who derive their livelihood from the stewardship of animals. Where do you see those vets coming from, given the drift that we have seen in recent times away from Northern Ireland by people who originated from eastern Europe?



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George Eustice: This is also a UK-wide phenomenon. In fact, a very high proportion—something like 80%—of the official veterinarians who work for the Food Standards Agency that implement policy that Defra works on are from the EU and predominantly Spain. Spain has a number of veterinary colleges and many of their students come to the UK.

There is a separate issue, which is the slaughtermen. The people that actually do that particular element of the work in slaughterhouses are often from eastern Europe, for reasons I do not understand. Maybe they have a particular skill for it. I am told that a lot of them are from the Czech Republic, for instance, and that is a separate type of dependency. We are certainly quite dependent on Spanish vets; indeed even within Defra, we have a very large number of Spanish vets.

We have set up a veterinary capability project to think about where vets will come from in the future. It is inevitable, first, that all those that are already here will obviously be allowed to stay for the reasons I explained earlier, but we will also need to have provisions in place to ensure that vets can travel here from other European countries and indeed other parts of the world. I think I am right in saying that vets, as a profession, are on the list under whichever tier it is—I am not an expert; I think it is tier 2—in the Home Office infrastructure on these things. It is listed as a profession where we have a shortage and where, therefore, it is easy for people to travel and get a visa to work in the UK, even if they are outside the EU.¹

Q370 **Chair:** Two things occur to me. In most professions, jobs of a routine nature are being looked at to see if they can be done by other professionals on the one hand. Clearly, that is a matter for international negotiation. It would be interesting to know to what extent that is being pursued. The second thing is, of course, if there is a shortage of vets, as with doctors or any other profession, the obvious solution is to try to train people within the UK to fill those roles. There has been a big expansion in the number of medical schools in recent years, for example. I am not aware of a similar expansion in the number of places at veterinary schools despite the very obvious demand for places from people who want to be vets. To what extent, in your discussions with your ministerial colleagues, have you covered off the need to grow the number of places in veterinary schools given the likelihood that, whatever happens around Brexit, there will be a relocation over time of non-UK nationals back to other countries in the European Union as hopefully they become more prosperous?

¹ Clarification from Defra: "Veterinary professionals are currently not on the Home Office Tier 2 shortage occupation list. Defra and its project partners continue to engage with the Home Office and the Migration Advisory Committee, who act as independent advisors to Home Office, about future (post-EU exit) immigration policy issues, seeking to ensure that the UK's immigration system will take account of veterinary workforce skills and needs and the wide range of roles vets undertake, including roles in public health, TB eradication and the meat industry which rely heavily on suitably qualified vets from the EU/EEA."



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George Eustice: I have a couple of points. You raise the issue of what is sometimes called paraprofessionals, i.e. are there things at the moment that we ask vets to do or require vets to do that somebody else with training could do a narrow part of? We have looked at this for instance on issues such as testing for TB in cattle. Actually, there is evidence that you do not need somebody who can do a caesarean on a cow in order to be able to do a TB test and to do that test very effectively and very competently. We have been looking at issues such as that.

Sometimes people have made the same argument in abattoirs: that, actually, you may not need to be a fully qualified vet with all of that skillset in order to be able to safeguard the welfare of animals going to slaughter. However, it is a more sensitive and more difficult issue to change in abattoirs, so we have no plans to do that at the moment. It is the case that the existing EU requirement that you must have a fully trained official veterinarian will be rolled over into UK law. There may be other areas where we can look at this issue of using paraprofessionals in place of fully qualified vets.

Q371 **Chair:** This drives to the heart of equality of outcome rather than equality of process, since it is difficult to see why that outcome cannot be secured by other means as it has been elsewhere. I cited healthcare as an example.

George Eustice: It is a very good point. If you have a skills shortage, as I said, you do not necessarily need a vet who can perform a caesarean section on a cow in order to be able to do some of these tasks, but you want to make sure that there is no diminution at all in terms of the standards and rigour with which you approach these sorts of issues.

On your other point in terms of training, this is something that is being considered as part of that work being done by the veterinary capability group that has been set up, and we are obviously working with organisations like the Royal College of Veterinary Surgeons as well to discuss with them what could be done to encourage more people to enter this profession.

Q372 **Lady Hermon:** Thank you both so much. We are going to have to hear Charles's voice at some stage. It is very good of both of you, George and Charles, to come this morning but we do have to hear from Charles. Charles, what is your specialism so that I can start the questions with you on the various topics that I want to cover?

Charles Hotham: I work in the future farming team, particularly on policy design and legislation, so the team that is taking through the Agriculture Bill, and I lead on the devolution aspect of that work.

Q373 **Lady Hermon:** You lead on the devolution aspects. Excellent. You will know that we do not have a devolved administration at the present time, and it does not appear likely that we are going to see it any day soon. What preparations are going on behind the scenes within your



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Department, within Defra, to cover a growing problem and gap in agriculture decision-making in Northern Ireland, through no fault of the civil servants in Northern Ireland?

Charles Hotham: As the Minister has explained, we work very closely with officials in DAERA to make sure that we understand the issues that they are facing. Particularly when we are working on issues such as common frameworks, we hear the Northern Ireland voice in the room and we understand the issues that we need to take account of.

Q374 **Lady Hermon:** That is a start. That is a very good start that you speak to officials, but there are political parties in Northern Ireland. We hear from their leaders on some occasions and it would be nice if there were ministerial roles again. In the absence of that, have you met with the leaders of the main political parties in Northern Ireland or indeed the spokespersons for agriculture within those parties? The Government are hoping that we hear the line every time from a Government Minister, "We are doing our very best to see the restoration of devolution in Northern Ireland". In the meantime, have we met with the appropriate agricultural spokespersons for each of the parties in advance of that restoration?

George Eustice: I always have an open door when it comes to people seeking meetings to discuss these things. I regularly meet parliamentary colleagues here representing citizens in Northern Ireland. Sometimes there are MEPs who want to meet me as well to talk to them. At a government level, we are obviously dealing with DAERA officials on the very specific issues, for instance, of all of the statutory instruments that we all need to put in place under the EU (Withdrawal) Act. That is a complex and very technical piece of work that is being done in a very efficient way.

Lady Hermon: That is a "no" then; you have not met with the spokespersons on agriculture for any of the political parties. It is a devolved matter, so an MP here would not be responsible.

George Eustice: Not recently, but I am sure that I have. Obviously I met Michelle McIlveen when she was in the role on many occasions, and since as well, even though there is no Administration there; I have met her at least once since that point. I also met the head of the Ulster Farmers' Union just last week, who was over visiting the Great Yorkshire Show.

Q375 **Lady Hermon:** What about the MPs here who do not take their seats—Sinn Féin? If you have an open-door policy, have you met with them?

George Eustice: I have not met them recently but I used to deal with Michelle quite a lot when she was also doing fisheries before her current role. Yes, I am willing to meet them and I have had a very good cordial relationship with her in the past.

Lady Hermon: We have not had an Assembly for 18 months and your Department has not actually spoken to the appropriate agricultural



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spokesperson within the party.

George Eustice: In the absence of an Administration, we obviously have to work on these specific technical issues with the lead officials in DAERA, which we do, but I always very much have an open door to meet, as I said, representatives from all sorts of parties and I do.

Q376 **Lady Hermon:** Right. Can I just ask this as a matter of interest? I do not need the exact number but what is the ballpark figure for the number of additional people who are being recruited by your Department, by Defra, to help with Brexit preparations?

George Eustice: I am not sure how many we are recruiting at the moment but it is in the region of around 1,200 people.

Q377 **Lady Hermon:** Around about an additional 1,200 people have been recruited by Defra. I repeat that in Northern Ireland we have not had a functioning Assembly for 18 months. Northern Ireland is part of the United Kingdom and is also facing Brexit. What assistance has your Department given to the Department in Northern Ireland to recruit or support or give advice? What support is there in the absence of an Assembly?

George Eustice: The crucial thing that we have been doing is that we have been leading on the technical drafting of all of the statutory instruments that are needed under the EU (Withdrawal) Act. We have been clear to all of the devolveds, including in Northern Ireland, that we will share all of our clauses and the work with them early enough so that they can effectively adopt something similar and amend them so that it fits their own positions. We have been offering, where appropriate, to take that sort of technical work forward on their behalf and, where appropriate, do things UK-wide. If they want to introduce their own SI, we are sharing ours with them in good time so that they can effectively borrow it and borrow the clauses and put them into a context that works for them. There is a huge amount of support at that level.

Q378 **Lady Hermon:** As well as helping with legislation and the drafting of legislation.

George Eustice: That is right.

Q379 **Lady Hermon:** What about beyond that? Have you any awareness of DAERA being able to recruit additional members of staff to make preparations for Brexit in Northern Ireland?

George Eustice: I am not aware specifically of whether there has been additional staff there but obviously, within the numbers we are recruiting, there is a group that is looking at devolution, including Charles's team that is looking at some of the devolution aspects and making sure that, when we do all these SIs, they are put together properly.

Q380 **Lady Hermon:** Charles, within your group and within your team, how many are dedicated to looking at Northern Ireland? Agriculture is our



main industry.

Charles Hotham: There is not a group within our team dedicated to Northern Ireland because the team works across and tries to understand the issues for the devolved administrations as a whole. However, it is worth saying that, when we have an opportunity to collaborate on the different policy options that Ministers pursue, as with all devolved administrations, we will be working very closely to share ideas and understand how there are similarities and differences so that we can develop policies to best effect.

Q381 **Lady Hermon:** Let me just make that absolutely clear. Within your team, which is looking at devolution post Brexit and what is going to go to the devolved administrations, there is no one person dedicated to Northern Ireland.

Charles Hotham: Correct.

Q382 **Lady Hermon:** And we have no Assembly and have not had one for 18 months. Do you not think that that could be improved a little? We are so close to D-Day. We are so close to Brexit—29 March. There is no expectation of an Assembly any day soon. What advanced planning is happening within Defra to assist the Department in Northern Ireland?

George Eustice: There are a number of things I would say. First of all, DAERA, despite not having an Administration in place, have been very engaged, both in discussions of a technical nature and in terms of doing early thinking about what the needs of Northern Ireland are. For instance, they developed a paper on the future of agriculture policy in Northern Ireland, which they shared with us. It is a draft. I do not think they will publish it until there is an Administration in place but that, for instance, looked at the transition, looked at the dependency on the single farm payment, looked at how they might want to develop and support productivity and investment on farms, looked at how they might help farms with resilience and risk management and, in common with us, also looked at how they could support the environment. They have already been doing quite a bit of thinking about the types of policy options that might be right for them.

Lady Hermon: That paper has been shared with you.

George Eustice: That is right. It has been shared with us.

Lady Hermon: Otherwise it has been kept secret.

George Eustice: “Kept secret” is probably the wrong thing but, to be fair to them, it is difficult for them to publish it. You will be aware that there have indeed been legal cases and legal challenges about the decision-making powers that DAERA has in the absence of an Administration.

Q383 **Lady Hermon:** This is not about decision-making; this is publishing a paper.



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George Eustice: Yes, but there is a view that publishing an actual paper on policy in the absence of an Administration probably does not make sense, but that is nevertheless there and it is available.

Lady Hermon: I have to say that I find that very odd.

George Eustice: Obviously, it is an odd and less than ideal situation that we do not have an Administration in Northern Ireland. That is the position that we have.

Q384 **Chair:** What is the equivalent in Scotland and Wales? Are they, because there are Ministers in place there, able to publish material of that sort?

George Eustice: I think they have all now published, yes.

Q385 **Chair:** Northern Ireland has not because of the lack of an Administration at Stormont.

George Eustice: That is right. They have chosen not to at the moment and, given some of the legal challenges that there have been, there is some nervousness about actually publishing something that would have a view. The point I am trying to make is that they have shared with us that analysis of the position with the Northern Ireland farmers, and all credit to them that they have done that and prepared that and taken these things in hand.

Q386 **Lady Hermon:** Yes, but it is a great pity that Northern Ireland farmers are being kept in the dark about the paper.

George Eustice: I suspect that Northern Ireland farmers are regularly meeting with Denis McMahon, Norman Fulton and others who lead on these issues in DAERA. I do not think they will be kept in the dark but, obviously, as I said, it is not ideal that there is not an Administration.

A final point that I would make on this is that a section of the Bill that we will bring forward—the Agriculture Bill—will be around how we basically could amend or tweak the existing single farm payment. The reality is that, if this becomes a protracted position and going into the future we still have this difficulty in Northern Ireland, I suspect that DAERA will choose to simply stick with the scheme that tracks very closely the current single farm payment until there is an Administration in place that gives that political direction of any change that they would want to make. The Bill that we put in place would have provision to enable that to happen.

Q387 **Lady Hermon:** We hope that there are, in fact, other preparations that you can tell us about. After the Cabinet meeting at Chequers—the then Cabinet meeting at Chequers—the Prime Minister made a statement to the House on 9 July and in that statement she confirmed that the Government, across all Departments, were “stepping up”, her words not mine, preparations for a no-deal scenario. What preparations are being stepped up within your Department that apply to Northern Ireland in the absence of an Assembly? You are going to have to do something behind

the scenes in the continued absence of an Assembly. Could you share some of that or not?

George Eustice: A lot of the no-deal planning has UK-wide relevance. We, for instance, have done some work, which is well-advanced, on what we would need to replace the TRACES system, which is a goods border check system. That is at quite an advanced stage in terms of having a system to replace that. We have had to look at the additional capacity we might need to put in place to issue more export health certificates. That would be another issue.

Q388 **Lady Hermon:** Who would pay for those, George? Who would pay for those export certificates?

George Eustice: We have a system, with a team from APHA at Carlisle currently leading on that. I would have to clarify for the Committee. Often on some of these licences there is a cost recovery process adopted where there is a small charge for the issuance of them.²

Lady Hermon: Yes, we would like to hear about the small charge, just to see how small it is.

George Eustice: It may be that there is not such a charge—I would need to check—but the former analysis that we have done and that our former Chief Veterinary Officer has looked at has suggested there could be a threefold increase in the number of export health certificates you would need to issue.

Lady Hermon: Did you say “threefold”?

George Eustice: Yes, a threefold increase in the total number of export certificates to cover food exports to the EU. We are also looking at the issue of catch certificates where there would be a similar increase in the number of catch certificates that we would need in the fishing sector, for instance.

Q389 **Lady Hermon:** Mr Shannon described cross-border activity in order to deal with the very well-known and successful businesses in his constituency. How would a no-deal scenario impact the border? What

² Clarification from Defra: Exporters do not currently have to pay any charge to the UK Government - whether to the Animal and Plant Health Agency for Great Britain or the Department of Agriculture, Environment and Rural Affairs for Northern Ireland - when applying for a health certificate to export animals and animal products. The certificate is sent free of charge to the official Certifying Veterinarian (or certifying Official Inspector where that is an option).

What the certifying official charges to inspect (including test, where required) the consignment and ultimately sign the certificate is generally a private matter between the official and the exporter (although the official is under orders to avoid any conflict of interest, perceived or real). It should be noted however that for meat and milk exported from Northern Ireland, DAERA uses officials employed by the Department to inspect/sign the certificates and do not charge.

Work is in hand to service the increased need to certify exports to the European Union post EU exit, mainly of food of animal origin but also pet dogs, cats and horses.



are the preparations?

George Eustice: It would be open to us as a country to decide what checks we wanted to put in place. In such a no-deal scenario, it would be open to the Government, if they wanted to, to decide that we would not put in place checks at the border on a routine basis; you would have an intelligence-led surveillance approach instead.

Q390 **Lady Hermon:** This is on the Irish border. These are the preparations.

George Eustice: It would be on UK borders generally.

Q391 **Lady Hermon:** Could we just focus on the Irish border, please?

George Eustice: Yes. As I said, it would be open to us—we would have no guarantee that they would reciprocate—to say, for instance, “Yesterday we were content that we could trust food coming from the EU; today we are going to assume that we can also still trust it”, and we would have a risk-based surveillance approach on things such as border checks.

Q392 **Lady Hermon:** Forgive me, George, for interrupting. You have mentioned quite frequently the EU (Withdrawal) Act. One of the amendments that was accepted from the House of Lords was that there would be no checks at the border and that the EU (Withdrawal) Act would not be used in any circumstances to create a hard border and that there would not be any other checks. How are you going to do this? I just want clarification. The Prime Minister’s words struck me as being something very significant—that preparations are being “stepped up”—so what does it really mean at the border when you say “checks”?

George Eustice: You know what we are trying to achieve, which is an agreement and a customs agreement. If there is no deal, there are things that we would need to prepare for, and I have explained what we are doing on capacity for catch certificates, on capacity for export health certificates and on the additional IT systems that we would need to replace TRACES. There is also some consideration if you had MFN-style tariffs that would be put in place. Again, it would be open to us to unilaterally set autonomous tariff rate quotas or indeed to have TRQs or tariff suspensions or lower applied tariffs. There is a suite of measures that would be open to us as an independent country to manage our trade policy, including in the event of a no-deal scenario. None of this is ideal.

Q393 **Lady Hermon:** Would there be a hard border if there were no deal?

George Eustice: No, we have been clear that we do not want a hard border, and that is why I have said that an option that would be open to the UK Government in such a scenario would be to unilaterally take the position that we are not going to check every consignment coming in.

Q394 **Mr Campbell:** Minister, it is good to see you again. We have talked about the cross-border activity in relation to some within our industries that frequent the border quite often, even on a multiple basis per day,



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whether that be the agri-food or the milk sector or one or two other sectors. In your view, have the Government been robust enough in making their position clear about the future post 29 March and even post the interim period beyond that about no hard border, in terms of their representations to the EU?

George Eustice: We have been robust enough in that we have been clear throughout that that is what we want our approach to be. I do not think we could have been clearer that we want no hard border and we want a free trade agreement. It is in some ways regrettable that the EU were unwilling to engage in a bit more detail on this earlier and that they tried to have a sequential approach to these negotiations because it certainly delayed some of the important negotiations that we have had to have and that we now have to have in a shorter timeframe.

Q395 **Mr Campbell:** You said that the Government could not have been clearer. You will be aware, obviously, of the uncertainty that this has created, which Lady Hermon alluded to, in Northern Ireland—not just the uncertainty in Northern Ireland but it has become almost a central issue in the hold-up to the discussions. Each night now we are regaled on television news about the centrality of the Irish border issue, and yet you are saying that the Government could not have been clearer. My understanding is that each of the participating negotiators, whether they be our Government in London, the EU negotiators in Brussels or the Government in Dublin, have all said we will not have a hard border in Ireland. Is that your understanding?

George Eustice: Yes, that is essentially what was agreed as long ago as December.

Q396 **Mr Campbell:** The people who would be directly affected by it, if it were to come about, have also said they do not want it. That is my understanding. Is that yours?

George Eustice: Yes.

Q397 **Mr Campbell:** If somewhere, somehow, a hard border were to emerge, I take it the Government are aware of the hundreds of crossing points in Northern Ireland that could be used to circumvent this mythical hard border.

George Eustice: There are always challenges on a land border, yes, of course.

Q398 **Mr Campbell:** I do not understand how the Government “could not have been clearer”, in your words, if they have allowed this myth to continue of a potential hard border. All the negotiators say, “We will not have it, we will not implement it and there will not be one”, and those who would be affected by it say, “We do not want it either”, and, if it were to emerge, it would be so easy to circumvent. Why is it still central to the hold-up of the discussions, when everybody is saying that there is not one and there is not going to be one?



George Eustice: The short answer is that the EU has not quite been saying that. The EU has been saying that it does not want one and it therefore wants us to stay in something akin to the European Union and for us to take all of its rules as the consequence for not having a hard border, and, unless we do exactly what it wants, it may put in a hard border. That is the EU's position. Our position is that we definitely do not want a hard border and we do not think it is necessary. We think we can recognise equivalence and that we can have mutual recognition and that we can use technological solutions to ensure there is no need for a hard border. Nobody wants a hard border but I guess what we cannot get away from is that the EU and the UK have a slightly different perspective on how you can avoid a hard border.

Q399 **Mr Campbell:** Do you think then that the EU understands that it would be child's play for any firm or individual that wanted to circumvent this hard border to do so on a frequent basis every day?

George Eustice: I do not know to what extent the EU have considered that or whether this is simply a negotiating stance that it has taken. The reason this continues to be a prominent issue in the negotiations is that the EU has put it there as an obstacle to getting an agreement on a free trade agreement. We hope that what we have announced this week—the agreement at Chequers, which has been controversial but in my view is the right way to try to unblock this discussion—as well as the White Paper on the future economic partnership, will cause the EU to recognise that this is now a basis on which we can reach an agreement so that there is no need for any borders between the UK and the EU.

Mr Campbell: We shall see.

Q400 **Chair:** What discussions have you had with the World Trade Organisation in relation to how that border looks in the event that there is no deal since it takes a view on how integrity of markets is policed and may very well not necessarily agree with you that both the EU and the UK are free simply to ignore that border and not do any checks and make no preparation for those checks? We hope that that would be the situation but the WTO may take a different view, and I wonder what its perspective is, so far as you have been able to determine.

George Eustice: Our interpretation of the WTO rules in this space is that it is absolutely open to a sovereign state to make decisions that it wishes to make about the risk management and risk-based surveillance of borders. If we took a position that EU regulation on day one is so close to our own, and that we did not require inspections the day before so we may not require it the day after, we believe that is entirely consistent with the approach of the WTO.

Q401 **Chair:** You have rather put your finger on it, because, of course, a border and border checks become significant at the point at which regulations and tariffs significantly diverge. What you say makes perfect sense on day one, but the whole point of Brexit is of course to gain advantage,



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over time, commercially. You do that by changing regulations and tariffs. Would that argument still hold true, say, five or 10 years down the line?

George Eustice: Yes, because under our proposal for the future economic partnership, we have been clear that we are going to have the discussion around a common rulebook, so that those issues that are pertinent to border checks—SPS issues, maybe food labelling issues and food safety and food standards issues—would be covered by a common rulebook, meaning that there will not be divergence.

There are also commitments to a non-regression clause, for instance on some issues around environmental issues, which mean that, yes, we may improve and modify and make sure that environmental regulation works better but we are committing not to deplete the environmental protections that we have. It is absolutely possible to have, through the approach that we have taken on the common rulebook, a border that remains frictionless for the long term.

Q402 **Mr Goodwill:** Following the referendum, the Government were very quick to reassure farmers that, whatever they may have seen written on the side of a bus—indeed, I think the Minister may have even been stood in front of that bus himself—the entire bounty of cash that will come back from Europe will be spent on the NHS and that agricultural support will continue, and you have already made it clear that you wish to switch money from direct support to public goods, which I think is being received very well around the country and by farmers, but of course one of the early ways that that will be funded is by introducing a cap on levels of funding, which will siphon off money from some of the larger farmers that can be used in that way.

Northern Ireland already has a cap, so does that mean that either Northern Ireland will not benefit from the environmental enhancements that we are going to see elsewhere in the United Kingdom, or will that require additional money to be poured into Northern Ireland to ensure that they can actually have that same public good available?

George Eustice: The first thing is that in relation to the proposal for a cap we set out a range of options on how we might approach the transition in England. One is that you might have a cap on the largest payments and then invite those larger farmers to become early adopters of the new scheme, so that you have a progressive migration of farmers from the old legacy CAP to the new scheme we want to get them to. The other option, at the other end of the scale, is that you effectively gradually reduce the single farm payment across the board, so that people start to get used to it and gradually roll out, with a larger cohort of farmers, a series of pilots. There are two different ways of doing it. We have not decided yet.

Q403 **Mr Goodwill:** In either of those scenarios, the environmental enhancements are likely to be slower to be introduced in Northern Ireland because you do not have those big farmers, who are either going to be



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themselves greening their farms, or, as you say, having money redeployed. Is that the case?

George Eustice: Yes. It depends on where they put the cap in. Coming to the allocations, we have an agreement in principle with the Treasury that there is going to be a review of the allocations within the UK, which could take effect from 2020 up until the 2022 period. The total UK budget will stay the same until 2022, and we are having a review of the allocations that may lead to modest changes after 2020, so we are having a look at this.

In the case of Northern Ireland, broadly speaking, the average payment per hectare is high, the highest in the UK, which reflects the fact that it is predominantly lowland farmland, so historically had a higher payment. The average per farm, because you have smaller family farms, tends to be lower, far lower than, say, Scotland, which has a low rate per hectare but a very high rate per farm.

We would obviously need to take into account all of these things as we look at future allocations, but it would be open to a Northern Ireland Administration to say that they, for instance, wanted to gradually reduce the single farm payment that they have in order to create headroom in their budget for grants to invest in farms, to support new entrants and so on and so forth, or indeed to deliver environmental outcomes. It would be for the devolved administrations to work out how to prioritise certain policies within their funding envelope.

Q404 **Mr Goodwill:** I do not know if the Minister has had the same experience as me, but when you talked about caps to farmers, you tend to find farmers with 500 acres thinking it should be introduced at 501 acres, and farmers with 1000 acres thinking that 1001 acres would be the exact level. Deciding where that cap will be will have quite profound implications, probably more on the mainland than in Northern Ireland.

George Eustice: I appreciate that. The NFU and CLA have said they would prefer a sort of salami-slicing approach to the single farm payment, possibly because they would rather avoid having to have a difficult discussion with very large farmer members at one end of the scale and very small ones at the other, so it is an easier ask. It does not necessarily make it the right approach but we are obviously considering all of these representations.

The important thing to recognise is that in the context of England we have said that these caps would only be for a transitional period, for a legacy scheme that is going to go anyway. If we were committed to a system akin to what we have with the common agricultural policy for the long term, then, yes, a discussion about the nature of a cap becomes more pertinent. If it is literally part of a mechanism as you are phasing down a legacy scheme and rolling out a new one, it is a slightly different calculation.



Q405 Mr Goodwill: I would like to ask you a little bit more about this early thinking paper that is in draft in Ulster. While I can understand the need to keep what is in there confidential, I am trying to get what sort of creature it is straight in my mind. Is this a blue-skies thinking paper that could be put before Ministers when an Administration is restored, or is it, as we have seen in many other areas with the civil service in Northern Ireland, looking at what decisions Ministers have made in the past and trying to second-guess, if they were still in place, what policies would be enacted?

Are there two documents: "This is what we will give the Ministers when they are restored, if they are restored", and, "This, in the meantime, is an automatic pilot situation", which could then be open to judicial review if they cannot pin this policy on something that was decided when there was a Government in place?

George Eustice: My recollection is that it is largely an options paper, done in anticipation of a new Administration coming in that could then take the political decision based on its content. It included some analysis about what the option might be in the short term and the need to roll over the existing basic payment scheme or single farm payment for a short period of time, and then it addressed the idea of a transition period, rather in common with us. It then set out a series of options that could be supported in future policy, ranging from support for productivity and investment, to some continued income support in some areas to help protect and safeguard resilience, to other approaches that might improve resilience of the farming sector and safeguard them against risk. Finally, it talked about putting a bit more emphasis, maybe, on environmental outcomes. There are quite a few similarities, actually, with our own work, but I had best describe it as an options paper that they would intend to put before a future Administration.

Q406 Mr Goodwill: Do you think, given the completely new scenario that we are in with Brexit, that this is all a bit wishy-washy? Would it not be better for the farmers in Northern Ireland and the economy in Northern Ireland if UK Ministers looked at the different situation and made some of those decisions, rather than trying to second-guess what might have happened had there been an Administration. Does that mean Northern Ireland is going to be left behind the rest of the UK in terms of getting these policies that are going to deliver the environment and for farmers? Are they going to be in a back water of indecision?

George Eustice: No, I don't think so. Clearly, this has gone on for quite a long period of time already, and everyone recognises it cannot go on indefinitely, but how we approach these issues is obviously for other Ministers who come before your Committee frequently. The point I would make is that nothing is going to change anyway. We are effectively in the common agricultural policy until the end of next year. From 2020 onwards we could make some modest changes, but we in England—and I suspect the same will be true in Wales and Scotland—intend anyway to proceed cautiously with the transition over a period of years, and I



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suspect, even if there was an Administration in Northern Ireland, they would be of a similar view: that they would not want a radical departure and they would want to do things in an orderly way.

The reality is that we will put in place the powers, through our Agriculture Bill, to enable the existing schemes to be rolled forward and to be adapted slightly, and we will also have some provision in our Bill to enable future policy to be rolled out. We still have time in that it is probably at least three years before we are going to see substantive change to the fundamental design of agricultural policy, and I very much hope within that three years we will have a—

Q407 **Mr Goodwill:** It sounds a little bit like, “We will cross that bridge when we get to it”.

George Eustice: What I am saying is that dramatic change is not imminent in terms of how we approach agriculture policy anyway in any part of the UK, even in those that have got Administrations in place, and so it gives us the time to be patient, in order to ensure that we have an Administration in Northern Ireland that can legitimately lead on these, rather than us requiring the UK Government to step in.

Q408 **Chair:** Except, of course, the Agriculture Bill is imminent, so preparations for what might have to be decisions taken in respect of Northern Ireland need to be reflected or at least accommodated within that Bill, surely, so to what extent is the Agriculture Bill anticipating or making provision for the possibility we may not have an Executive, and therefore Ministers, in Northern Ireland for some considerable time?

I get what you said, Minister, in relation to the timeframe involved with this, and it would be inconceivable, one hopes, that over several years there will not be an Executive in Northern Ireland, but there may be within the planning period no Executive in Northern Ireland and we have an Agriculture Bill that is about to be published. What provision have you made in the drafting of that Bill for the particular circumstances of Northern Ireland?

George Eustice: The Bill will set out powers for us to design new schemes in England for the medium-term future, but it will also crucially have powers to amend retained EU law. The critical thing for Northern Ireland and this Committee, if you are concerned about the short term immediately after we leave the EU, is that retaining the EU law would bring across the existing schemes, warts and all, as they exist today.

The Agriculture Bill will, among other things, give us the power to make payments to farmers, and that will be established as a UK-wide power to spend money, and it will also have some powers to make tweaks and amendments to that retained EU law. As well as giving us the power to do quite ambitious things for the medium to long term in England, the Bill also has all the powers we need to continue to pay money out, in a scheme akin to the one we have today, to all parts of the UK.



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Q409 **Lady Hermon:** Could I just seek a bit more clarification about the preparations the Prime Minister has asked for in relation to the no-deal scenario? Correct me if I wrong but you hinted, and certainly seemed to indicate, that the Government could unilaterally—your words, not mine—decide that there be no checks on agricultural products coming in to Northern Ireland.

George Eustice: Yes, that is an option. It is open to us to do that.

Q410 **Lady Hermon:** Has the Prime Minister or the Secretary of State for Defra actually said that that is one of the options being considered in stepping up preparations for no Brexit deal: that the British Government would unilaterally announce that there would be no checks at the Irish border of agricultural goods?

George Eustice: Probably not. The reality is we are still working very hard on getting the agreement. At the Chequers meeting, when they talked about the need to step up preparations for a no-deal Brexit, the thought was much more around some of those other technical things that we need to put in place, such as new software, the capacity to issue more export health certificates and issues of that order. You do not need to prepare if you are not going to change anything. What you need to prepare for is the things that you will need to do. That includes, as I said, things like export health certificates. That is the type of thing that I am sure was in mind.

Q411 **Lady Hermon:** I have this sense that you are trying to avoid talking about what is absolutely critical, and that is the border in Northern Ireland and the Republic of Ireland. Agriculture and many farms are dependent on this; I have had farms straddle the border, for goodness' sake. I just want clarity—and I am sure farmers who are watching this committee session and others want clarity—that you have indicated that the Prime Minister of the British Government might unilaterally say that there are not going to be any checks on agricultural products and other goods coming across from the Republic of Ireland, where of course there is free movement of goods within the 27 countries that remain within the EU. Is that what you are saying to us this morning?

George Eustice: The Prime Minister is in front of the Liaison Committee later, so I am sure Dr Murrison will be able to put questions of this sort to her. What I am saying is that stepping up preparations refers to preparations for those things that you will need to do rather than things that you will not necessarily need to do should you choose not to. What you will need to do is issue more export health certificates. What you will need to do is ensure you have planned capacity at ports where we are exporting, for instance, and what we will need to do is have plans in place.

Q412 **Lady Hermon:** What you will have to do is pay WTO tariffs on agricultural products.

George Eustice: Yes. That is right.



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Q413 **Lady Hermon:** How are those going to be collected coming in and going out of Northern Ireland? How are those going to be collected? Are we going to have HMRC officials at the border?

George Eustice: HMRC have a system called CHIEF, which is an IT system that deals with all sorts of customs issues. It is normally, actually, not done at the border. It is a customs declaration for traders, which is made when goods are shipped. We obviously do that already with third countries when we import goods. The process and the infrastructure is well-established. The issue, obviously, is the scale of that, and it would need to be upscaled.

Q414 **Lady Hermon:** Brexit is an ending of EU red tape. When we leave the EU, farmers and businesses generally are going to have even more red tape, more bureaucracy, more form-filling and more costs. Is that correct?

George Eustice: No. That is why our vision for a future agriculture policy is one where we have a totally different culture around regulation. At the moment, the rulebook has become insanely complex and the single farm payment scheme—or BPS scheme, as it is now called—is a bureaucratic quagmire. We try to map every feature of the landscape—every track, every tree, every bush, every gateway and the width of every hedge. It is a hideous system and that is what farmers find deeply frustrating. What we are saying is that in future we believe we can design something far superior.

Q415 **Lady Hermon:** I was really focusing on the fact that there is so much movement across the border, which is very easy and very free at the present time, between Northern Ireland and the Republic of Ireland in agricultural goods. Mr Shannon described some of it. There are impacts on businesses in his constituency. I had understood, from what you said about the no-deal preparations, that we are going to have more documentation that is going to have to be filled out so that there are not going to be checks at the border. Does that or does that not mean more red tape and more bureaucracy, created by our own Government, for our farms and agrifood businesses. Yes or no?

George Eustice: No. Overall it means less, because of the common agricultural policy. If you are looking at exporters, a customs agent or an exporter selling things across the border, yes, would have more paperwork to do but the farmers themselves would not necessarily.

Q416 **Lady Hermon:** We are talking about milk crossing, being turned into cheese and then coming back in and being processed and all the rest of it. It crosses on a daily basis.

George Eustice: Quite. If you are a company like Arla, which already trades globally and has operations around the world, then, yes, you would have some additional paperwork if you were sending things across the border.



Lady Hermon: Cost as well.

George Eustice: There would potentially be some cost, but they are familiar with doing this kind of work already with countries outside the EU, in many cases.

Q417 **Lady Hermon:** I suppose what I want to establish is whether there is a focus within your Department. In the absence of an Assembly, nobody else is focusing on it. Is there a focus in Defra on avoiding the impact of a hard border in Northern Ireland in the event of a no deal? Is that a focus?

George Eustice: Yes, of course. It is a big focus of government policy. That is why we have been clear throughout that we wanted a frictionless border.

Charles Hotham: This is what the Prime Minister meant by “stepping up the preparations”. We are doing that work to ensure that we do not have that sort of outcome.

Q418 **Lady Hermon:** For the hundreds of farmers—we are not talking about a few—where their farms straddle the border in Northern Ireland, what is going to be the impact on them?

Charles Hotham: We are acutely aware of the way products move across the border and that, as you say, there are farms straddling the border. Those are exactly the sorts of considerations that are being taken into account as we are stepping up the preparations.

Q419 **Lady Hermon:** Could you spell out the preparations? We have a herd of cows on one side of the border in Northern Ireland who are taken to some fields; you just walk them across and you are in the Republic of Ireland.

Charles Hotham: That work is going on at the moment. These are the sorts of preparations we are doing.

Q420 **Lady Hermon:** Are we going to be kept in the dark about that, or when will we actually see that? Farmers will be affected by this, in terms of their livelihoods, their futures and their families. The next generation of farmers who want to take over these farms, or may not want to take over these farms, need to know what they are facing.

Charles Hotham: This is a component of the work that is going on about how the border would work in general for Northern Ireland, which is a cross-Government effort.

Q421 **Lady Hermon:** That is very interesting. Is it impacted by the fact—and I am sorry; I do not think we have any representatives here who could speak to this—that the confidence and supply arrangement between the Conservative Party and the Democratic Unionist Party features the word “agriculture” in that actual deal? How much does that affect thinking about the future of Northern Ireland and agriculture? How much impact



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does that feature?

George Eustice: Both fisheries and agriculture are two key totemic policy areas that we abdicated responsibility for almost half a century ago and gave to the European Union, which are now coming back as domestic policy. It features very highly. Agri-food was specifically mentioned and specifically addressed in both the Chequers statement and in the White Paper published last week.

Q422 **Lady Hermon:** If I can just focus on the word, as I recall, in the confidence-and-supply agreement “agriculture” features. It is written into it. I do not think “fisheries” is so much, but I stand to be corrected on that. Are you double-checking what you do within the Department in order to make sure that in fact it is acceptable—let me put it that way—to the Democratic Unionist Party?

George Eustice: Agriculture was in that agreement and it was also in our manifesto. It was a commitment on funding and keeping funding the same, and we had absolutely no problems in doing that.

Q423 **Lady Hermon:** Your manifesto extended to Northern Ireland on keeping funding.

George Eustice: Yes. It was a UK commitment on funding, so we made a UK-wide commitment to keep our funding on agriculture the same, at around £3 billion in cash terms for this Parliament.

Q424 **Lady Hermon:** When your door is open, do you see many representatives from the Democratic Unionist Party? Do they come to see you about it?

George Eustice: I see them regularly through voting lobbies here, obviously, and indeed I have met them to discuss, for instance, the fisheries White Paper that was published recently. When we get to the point of being able to publish the Agriculture Bill, we will be wanting to talk to them about that as well.

Q425 **Lady Hermon:** You are just confirming that in fact your door will be open since you have not, as I understand from the earlier evidence that you have given, met with leaders of the other parties who will also have views around agriculture and fisheries. You have not met them but your door is open to meet them.

George Eustice: My door is always open to meet them, yes. I know some of them well from previous working in fisheries.

Q426 **Mr Goodwill:** We were in Ulster recently, talking to fishermen, and one particular Brexit-related issue came up, and that is in connection with the European eel, which is very much a species under threat in most parts of the European Union. A refreshing exception to that is Lough Neagh, where the conservation work has been going on for many years, in terms of the restocking and the way that is being managed. Their concern was that the major markets were in the East End of London, for the traditional



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jellied eel trade, but their big markets were in Holland and Belgium. When we have left the European Union, the status of the eel will be even more under threat on a European basis, because the only area where it is really being managed well is in Northern Ireland.

Their concern is that access to that European market might be limited because it then becomes a very endangered species. I do not know if the Minister is across this particular one and whether he can say anything to reassure those fishermen, but it would seem absolutely devastating, both to the local economy but also to the actual work being done to conserve those eels, if they cannot maintain that market into the European Union.

George Eustice: Yes. It is a very specific, niche issue but I can give you an assurance that I had a detailed briefing on it from officials, probably about three months ago now. We are looking closely at this issue. It is slightly separate to other trade access issues in that it is less about whether there is an FTA agreement or indeed whether there is a frictionless border, and more that you have to have, effectively, a special permit or licence to be able to export eels to the European Union, and you have to be able to demonstrate, first of all, that you are fishing in a sustainable way or managing the fishery in a sustainable way in order to enjoy that access, and we may therefore need to stand up some kind of process in order to secure that continued access to the Netherlands in particular, which I know is an important market for them.

We are aware of it and we are looking very closely at it. Obviously, we would be very keen to argue that nothing has changed, in the sense that this is still a sustainable fishery managed in a sustainable way and, although the process is slightly more difficult to get that permit outside of the European Union, we are looking at ways to ensure we can.

Q427 **Mr Goodwill:** Will that become an issue in March next year, or at the end of the transition period?

George Eustice: That would be in the issues that come at the end of the transition period.

Mr Goodwill: That is some reassurance at least.

George Eustice: Assuming there is one.

Q428 **Chair:** It is a slightly slippery conundrum. Can I ask about slurry? We have heard in evidence how the spreading of slurry is constrained by the rules that currently apply because of our membership of the European Union. It means that basically that you can spread slurry but you can only do so within certain specific dates. In Ulster that is seen as being pretty bonkers really, since it is part of process rather than outcome.

There are two scenarios that occur to me. The first is that the Chequers plan, broadly speaking, is accepted and goes ahead, and the other is potentially no deal. Under those two scenarios, where would this specific issue of slurry fall? I suspect probably, in relation to no deal, it means that we can spread our slurry with gay abandon, but in the event of the



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Chequers plan or something close to it being accepted, there may be a slightly different approach to it, and I wonder what that might be.

George Eustice: This stems from the nitrates directive, which is seen by many people as a slightly outdated directive drawn up in the 1990s, and in some ways has been superseded the water framework directive, which has a better outcomes approach. Because it is an old-fashioned directive it has these rather prescriptive things about what dates of the year you can spread slurry. This was well intentioned—to avoid it being spread at the time of year when you might get more run-off—but ultimately quite arbitrary and not a particularly sensible way to approach things. Our view as a Government is, whether there is a deal or no deal, or whatever commitments are given by way of getting a deal, is that we have no intention of watering down our environmental standards.

In the first instance, the provisions of the nitrates directive will come across through the EU (Withdrawal) Act and will be implemented in the same way, but it would give us the opportunity to think about a better way of doing things, so that we are securing the same objectives, which are improved water quality and less nitrates leaching, but doing it in a way that is less clunky, less bureaucratic and less about just keeping records and filling out forms, and more about actually delivering outcomes.

We have said in our paper for England that one of the environmental goods that we want to secure is improved soil health and better soil husbandry, so that we have less runoff, and possibly that could include supporting a more holistic approach to the way we manage farmyard manure, so that rather than seeing it as a waste, which we do not know what to do about, fret about and pass regulations about when you can spread it, we instead try to make better use of it in terms of getting it back into the soil, so that you close the loop on that cycle of life that is so important if you want to get proper environmental outcomes. There are much more sophisticated, modellistic ways that we can address this challenge but in the first instance, whatever the nature of the deal, the current provisions will come across through the EU (Withdrawal) Act.

Q429 **Chair:** You are confident that the plan as envisioned at Chequers would permit us to do such a thing—that is to say, over time, change items like the nitrates directive and therefore presumably allow us to spread slurry at a time that is appropriate for the ecosystem that applies in parts of the United Kingdom.

George Eustice: Yes. The proposal in the White Paper is that there will be no regression on environmental standards, but it will be open to us if there is a better way to deliver the outcome that we seek to do so. Our proposal is that we will not say, “We do not care about whether the water gets polluted. We will just throw slurry everywhere in gay abandon”, as you put it, “without caring about these things”. The commitment in our White Paper is that we will not do that. As a Government we would not



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do that anyway and as a Parliament we would not agree to do that anyway, because we care about and value our environment.

We do believe that there are opportunities to do things better, more effectively and in a more holistic way, and the Cabinet agreement and the proposal in the White Paper on the future economic plan are clear on that.

Q430 Chair: That is a great thing to say and it is an aspiration we will hold you to, but what status does that have? Ultimately there will be those that say, "You said you want to at least keep environmental standards the same, but in doing this particular thing—that is to say spreading slurry outside of these particular dates—you are not achieving that. You are not true to your word". Who would arbitrate on that matter? Would that simply be the courts? If so, what would they be relying upon?

George Eustice: This gets into the detail that we need to decide, so there would have to be probably some sort of dispute resolution process and structure put in place for some of those agreements, but it would then be down to whether we can demonstrate that the approach we have taken achieves equivalent or indeed better outcomes against that measure of reducing—

Q431 Chair: Who would the dispute be between? Obviously there would be the UK Government on the one side. That is the reason for my question about the Chequers plan, really. To what extent would the European Union, given this is an environmental matter, be able to challenge the UK on something that we have diverged on, as it were?

George Eustice: The common rulebook that we have described is very much around technical standards, food safety standards and SPS standards, in our case, pertinent to the border. Outside of that, other what is commonly called single market legislation or harmonised EU legislation would not be covered by that common rulebook, so we would be free to legislate on areas such as animal welfare and indeed on the environment, but there would then be our commitment to a non-regression undertaking. Precisely how disputes under such an undertaking, if that were put in a treaty, would be resolved is obviously a level of detail that the negotiations have not yet progressed to.

Chair: Thank you very much indeed for your attendance today. You have been frank with us and very helpful, and you have demonstrated, if I may say so, your comprehensive grasp of the brief and indeed you have demonstrated an understanding of the peculiarities of agriculture in Northern Ireland, which is extraordinarily important.

Can I just make a plea? We are obviously in a rather strange situation in relation to Northern Ireland at the moment, although DAERA is doing its best, with no Ministers and therefore no effective advocates other than the excellent Members of Parliament who represent constituencies in Northern Ireland—those who choose to take their seats. It is very important at all times just to bear in mind Northern Ireland when we



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make policy that might affect the UK as a whole. We need to try to work out specifically what it means for Northern Ireland, given its uniqueness, particularly in the context of what we are talking about today in relation to agriculture.

George Eustice: I will do. Thank you very much.

Chair: Thank you.