

Scottish Affairs Committee

Oral evidence: [The future of Scottish agriculture post-Brexit](#), HC 1637

Wednesday 31 October 2018

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Members present: Pete Wishart (Chair); Deidre Brock; David Duguid; Hugh Gaffney; Kirstene Hair; Christine Jardine; Ged Killen; John Lamont; Tommy Sheppard; Ross Thomson.

Questions 93 - 183

Witness

I: George Eustice, Minister for State for Agriculture, Fisheries and Food

Written evidence from witnesses:

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Examination of witnesses

George Eustice MP, Minister of State for Agriculture, Fisheries and Food

Q93 **Chair:** Welcome, Minister. I believe it is your first appearance at the Scottish Affairs Committee.

George Eustice: I think it is and it is a great pleasure to be here.

Chair: It is as much a treat for us as it is for you, so we are very grateful to you for helping us out on an agricultural inquiry. We thought it was important to speak to you as the Bill is going through. We are grateful for your time; I know you are very busy and consumed with the Bill just now.

For the record, please say who you are, who you represent—which I think we all know—and anything by way of a short introductory statement.

George Eustice: I am George Eustice, the Minister for Agriculture, Fisheries and Food. At the moment we are in the middle of the committee stage of the Agriculture Bill. It makes provisions, as you will know, predominantly for England in the main body of the Bill, but there are some issues that are reserved UK matters, and I am sure those are the ones you want to discuss.

There is a schedule in the Bill that deals with powers that the Welsh Government have asked us for, and another schedule for powers that the Northern Ireland DAERA have asked us for. At the moment there is not a provision in the Bill for the Scottish Government; we know they are still considering their position.

Q94 **Chair:** That was very concise, thank you for that. To get things started, can you confirm that agriculture is totally and utterly devolved and is a responsibility exclusively for the Scottish Parliament and the Scottish Government?

George Eustice: Yes, agriculture policy and the schemes that are put in place to support agriculture—that is to say what replaces the common agricultural policy as it exists, and those financial incentives—are fully devolved. There are obviously elements that pertain to competition law or international obligations, such as the WTO, which are reserved, but the basics of the policy are devolved.

Q95 **Chair:** The nuts and bolts of farming and agriculture in the rural economy are exclusively for Scottish parliamentarians to design, and for the Scottish Government to ensure will be carried through and implemented.

George Eustice: That is correct.

Q96 **Chair:** So long as that is clear. Therefore, it is not necessary for the Scottish Government, Scottish Ministers and the Scottish Parliament to be included in any schedule in this Bill if that is what they choose?



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George Eustice: No, it is not required. The alternative is that they bring forward legislation through the Scottish Parliament.

Q97 **Chair:** Do you understand the very clear reasons why Scottish Ministers feel that they are not obliged to participate in this Bill? Do you understand the concerns they have and do you recognise them? What is your response to the very real concerns they have about limiting their ability to ensure they have full control of devolved responsibilities?

George Eustice: As I understand it, part of their objection is a broader principled one. Following disagreement over the EU (Withdrawal) Act, the Scottish Government have taken a general policy position that they will withhold legislative consent motions from all so-called Brexit Bills—Bills that pertain to Brexit. Underneath that they then raised individual issues around this Bill, predominantly about the section on WTO compliance, on producer organisations and on some provisions regarding other areas of competition law, such as provisions for fair dealing and fair trading.

Q98 **Chair:** I know you acknowledge the issues they have. Do you understand and respect the problems the Scottish Government have when it comes to this? What are you doing to try to ensure we can get beyond this and to ensure that if the Scottish Government do decide to accept the schedule, that will be possible? What are you doing to try to resolve these things?

George Eustice: We have an ever-open door for having a dialogue and a discussion to try to work through those differences. However, I have to say we disagree with them for the following reasons. First, compliance with a WTO schedule is currently done by the European Union. There are EU requirements that the UK, and parts of the UK, have to feed into that process and submit data to the EU, so that they can demonstrate compliance with an EU-WTO schedule. In future there will be a UK-WTO schedule. In particular, when it comes to what is called the aggregate measure of support—the so-called amber box allowance—there is a UK-wide envelope. Somebody needs to take responsibility for demonstrating compliance with that, which can only really be the UK Government. We think compliance with the WTO provision is clearly reserved and can only be reserved—no other basis would work.

Secondly, the bit around producer organisations is a derogation from competition law, which is very clearly reserved. We are always respectful of the positions the Scottish Government raise and we will always engage in dialogue and discussion to try to reach a common understanding. We appreciate they have presented some legal advice, but it is advice that we disagree with as a point of the devolved settlement.

Q99 **Chair:** I am grateful to hear that because that is exactly what we heard from the Cabinet Secretary yesterday—there is a whole load of work going on to try to come to some sort of arrangement and agreement that would get us beyond this particular impasse.

Tell me if I am right with my understanding of this. The WTO



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arrangement and relationship is part of international issues and is totally reserved. Nobody disagrees with that. I think that is the view of the Scottish Government and certainly the view of this Government. However, the implementation of WTO arrangements and agreements is a matter for devolved Governments. Is that also right?

George Eustice: It becomes very interesting. Under the devolution settlement the devolved Administrations are obliged to observe our international obligations. The issue is that the provisions we take in this Bill are around basically demonstrating compliance with that. It is less about implementation and more about compliance. There is a particular problem with the amber box. We intend to have an amber box provision in our WTO schedule that will be carved out from the existing EU one, which will be in the region of about £3 billion per year. That will be the maximum envelope for the whole UK, and which the UK in aggregate can spend on types of farm support that might fall outside of this or that WTO rule.

The difficulty is that a Scottish Government will not know whether they are compliant with WTO rules because there is a UK-wide envelope. Just as the EU currently takes responsibility for demonstrating EU compliance with its amber box envelope, in future the UK Government must have the tools to demonstrate that they are complying, and if necessary to ensure that we, collectively as the UK, have certain ceilings on market-distorting support so that we do comply.

Q100 **Chair:** This would be a matter of the UK assuming the responsibilities and powers that currently rest with the European Union. You are assuming that and the dispute seems to be about the implementation of these particular arrangements and the reporting to the UK.

What we heard yesterday from the Cabinet Secretary and from National Farmers Union Scotland were concerns that these new powers that would be vested with the Secretary of State would mean there would be a limit on the amount of support the Scottish Government would be able to give to Scottish farmers if they chose to do that. Again, is that something you recognise?

George Eustice: Yes, but the only remedy to not having that support is, as the UK, to quit the WTO as well. If we are serious about remaining a member of the WTO—I think we are, I think it is only North Korea and possibly one or two other countries that are not in the WTO—we are committed to that sort of international rules-based order. If we intend to remain in the WTO and abide by its provisions, only the UK can demonstrate compliance with it because we hold that AMS envelope.

The way the system works at the moment is that there is an organisation called the UK Co-ordinating Body—a small unit of people that resides at the RPA, within the Rural Payments Agency—and which has connections with all the devolved Administrations. It collects all of the relevant data on behalf of the UK to demonstrate our compliance with WTO provisions,



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and submits that to the European Union. There are legal obligations on us as the UK to submit that information to the European Union. The European Union then compiles the records it needs to demonstrate compliance EU-wide with the WTO.

All we are really trying to replicate here is the current requirement on the UK to submit data to the EU. When the UK is directly responsible for its own schedule we will need some provision to collect that data, enforce that compliance and demonstrate that.

Q101 Chair: That is all fair enough—that is my understanding too. Do you understand that, as a devolved arrangement, it is the Scottish Parliament that is responsible for implementing these arrangements? They have the full power and range of responsibilities to do that; is that your understanding?

George Eustice: Yes, they cannot know. They have to abide but they cannot—

Q102 Chair: What do you mean, “They cannot know”?

George Eustice: If Scotland decided to undertake a number of schemes that basically breached the aggregate market support envelope or took, for want of a better term, a greater share than should be theirs—if they spent all of their money in the amber box—they would then be effectively busting the envelope we had and would compromise Northern Ireland, England and Wales to be able to do the same. It is simply a case that somebody has to be able to apportion the amber box fairly.

Q103 Chair: That would be the Secretary of State, exclusively a matter for—

George Eustice: That has to be the Secretary of State.

Chair: That is where the conflict seems to be with the Scottish Government. They have legal advice, and have also sought legal advice from NFU Scotland, which challenges that particular view.

Q104 Tommy Sheppard: Good afternoon, Minister. To press on this point, would I be right in saying that your intention in taking powers in the Bill to set a ceiling on agricultural subsidy is to ensure the aggregate amount conforms UK-wide, rather than to insist that the agricultural subsidy ceiling has to be the same in every part of the United Kingdom? Would that be fair?

George Eustice: Yes.

Q105 Tommy Sheppard: It does allow for deviation or difference between, say, Scotland and England?

George Eustice: Yes.

Q106 Tommy Sheppard: If it is to ensure not conformity within the UK but compliance with an international obligation, why would you not consult with the Scottish and Welsh Parliaments and the Northern Ireland



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Assembly in determining how that ceiling should be implemented?

George Eustice: In practice obviously there would be discussion about that. The issue we have with—

Q107 **Tommy Sheppard:** It is not in the Bill. You alone will have the power to set the ceiling.

George Eustice: I am trying to give the precise wording. There is a dispute resolution process. In clause 26(2)(b), “A process for the resolution of disputes between the appropriate authorities regarding the classification of domestic support” can be set up. There is already a provision for a dispute resolution process should there be a disagreement within the UK about how the AMS envelope is carved up or, indeed, how a particular type of support might be classified.

Q108 **Tommy Sheppard:** Do you see that clause as qualifying your ability to act in setting regulations?

George Eustice: It sets up a dispute resolution process but it also states that the Secretary of State may have to be the final arbiter. I think that is right and consistent with a process of consultation where at the end of the day, if there is a disagreement and we are unable to reach agreement, someone has to make a decision and it should be the one who holds the schedule.

Q109 **Tommy Sheppard:** Do you not see a conflict of interest between you as a DEFRA Minister fighting the case for English farmers and being the final arbiter in any dispute?

George Eustice: I do not really, no. I deal with this kind of thing all the time. Every year I do the December fisheries council, and I approach it as a UK Minister. When we are talking in the context of international obligations and agreements you very much do that as a UK Minister. In my five years of this job I have run up against many of these things. We have always tried to be fair and to strike the right balance for each and every part of the UK.

Q110 **Kirstene Hair:** Good afternoon, Minister. To clarify a point, yesterday we had NFUS, Environment LINK and the Scottish Crofting Federation who all suggested that farmers in Scotland were begging for clarity around Scottish agricultural policy. Being part of this Bill would not stop the Scottish Government from creating their own agricultural policy. Is that correct?

George Eustice: Absolutely correct. The Welsh Government have already signalled to us that to all intents and purposes they want a carbon copy of our Bill in schedule 3, because they think it gives them all the powers they need to be able to pursue their policy agenda. Lesley Griffiths has equally made clear that they see this as a holding position and that at some point in the future—maybe sooner or maybe later depending on what is needed—they intend to have what they call a “Made in Wales Bill”, which will go through the Welsh Assembly.



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Their approach has been to say, “Time is of the essence. We are in a period of great change. Let’s bank the powers that we have developed”. It enables them to do most of the things they want, but at a certain point in the future they will then replace that schedule with a piece of legislation of their own through their own Assembly.

Q111 Kirstene Hair: Thank you. If the Scottish Government do not get involved in this Bill or secure the passage of their own Bill in Holyrood by exit date, do you believe Scottish farmers can rest assured their payments will continue as normal, or do you think there may be issues around those payments?

George Eustice: This is a complex area. If there is a no-deal Brexit—there is no implementation period and no withdrawal agreement—they would be able to make payments for the 2020 scheme year. However, the regulations in the retained EU law have a natural sunset clause built into them so they would not have the power to pay farmers in 2021. They would have to, at the very least, introduce simple clauses to be able to give them the power to make those payments by 2021 in the event of no deal.

If there is a deal, the way the current withdrawal agreement has been put together is that EU regulation that underpins the current payment would be revoked and replaced with a different set of arrangements. In our case it is the Agriculture Bill that will give them the authority to pay. The same is true for Wales and Northern Ireland. In a deal scenario, Scotland would lose the legal power to be able to pay farmers in 2020. They would have it for next year but not the year after. They could remedy that, and there are clauses we are putting into our Bill. If they just wanted that simple fix they would need the power to accept what is called a national envelope for Scotland, which is effectively a power to allocate a budget. They could do it probably with a few simple clauses, but they would need primary legislation to do that.

Q112 Kirstene Hair: Yesterday Cabinet Secretary Fergus Ewing gave evidence to this Committee. He clearly stated that the Scottish Government, as we know, were unwilling to be part of the Bill. He suggested the Scottish Government have a legal mechanism to make payments to farmers and offered two suggestions. One was through the Withdrawal Bill, which as we have already identified would only be the case in a no-deal scenario, based on your previous answer. His other option was through the Continuity Bill, which has not yet received an outcome from the Supreme Court. Surely these two options are not particularly valid. Would you suggest that the fact Scottish Government do not have a process to make payments is of great concern to Scottish farmers?

George Eustice: My understanding from NFU Scotland, which gave evidence to the committee stage of the Bill and who I met recently, is that it would prefer the Scottish Government to have some kind of schedule in the Bill so there is at least some certainty, even for the short term.



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We are prepared to add whatever schedule the Scottish Government might ask us to, but we obviously will not do it unless they do. The options for them range from doing something similar to Wales—having a temporary carbon copy of our Bill in the schedule—or doing something like Northern Ireland has chosen, to just bring over the powers to continue the existing EPA system, but to be able to reform and modify it, so that there is no dramatic change but an ability to flex the status quo. The final thing would be to ask us to simply put in a scheme that gives them, at the very least, the power to make payments on a completely unreformed scheme. We could do any one of those three things if they wanted. If not, they will have to find a suitable legislative vehicle through the Scottish Parliament.

Q113 Kirstene Hair: Would you say that at the moment there does not seem to be a suitable legislative vehicle through the Scottish Parliament?

George Eustice: The Scottish Continuity Bill, as it is called, has been challenged and is going through the Supreme Court at the moment. I think even the Presiding Officer in the Scottish Parliament is very sceptical about this; they went against his advice for the first time ever. There is certainly a big question over that particular piece of legislation. If that were to fall, they would have to identify an alternative vehicle to do that.

Q114 Kirstene Hair: They have not done that to yourself, any other Ministers or the Cabinet Minister for DEFRA?

George Eustice: Not at the moment. My understanding is that Scottish Government officials do understand this nuanced difference between a deal and a no deal, and that if there is a deal their legal powers to pay fall down in 2020.

Q115 Chair: Let us hope there is not a no deal because then we are in a real crisis situation with some of the terrible tariffs our farmers will be confronted with.

To clarify this point, you do agree with NFU Scotland and the Cabinet Secretary that, of course, there will be an ability to pay Scottish farmers and there is no question about that?

George Eustice: They would have to find—

Chair: It could be done?

George Eustice: It could be done.

Chair: That is fine because yesterday we spent an awful lot of time discussing this and there were a number of questions raised. As long as you agree that can be done—

George Eustice: It could be done but it needs primary legislation.

Chair: I know there are lots of qualifications and you have a view about how that should be done. However, you agree it could be done. That is



helpful.

Q116 **Deidre Brock:** I should declare an interest as a member of the Agriculture Bill Committee, as the Minister knows. At the Agriculture Bill Committee meeting yesterday, we discussed amendment 90 to schedule 3, which is the Welsh schedule. If passed—thankfully it was only a probing amendment, at this stage—it would have restricted who the Welsh Government can make payments to. What issues does that raise in the Minister’s mind about encroaching on devolved powers yet again? It seems to me that the schedules do not really have the sort of rosy gloss the Government like to make out in terms of devolved Administrations.

George Eustice: Our basic approach to this is that we will put in a schedule whatever the devolved Administrations ask us to put in. DAERA has asked us to put in schedule 4; the Welsh Government have asked us to put in schedule 3. We have put in what they asked for.

Q117 **Deidre Brock:** The MPs who put in that amendment were not members of the Government. I think one of them was Scottish, maybe one of them was Welsh and I am not sure about the other one. The Agriculture Bill schedules leave the option open for those sorts of approaches. Would you not agree it potentially could impose on devolved powers yet again?

George Eustice: It is there as a schedule, but because it is devolved it is something that would probably be deemed unamendable at a later stage of the Bill. Certainly the Government’s view is that it is devolved, so we would never support an amendment to either of those schedules. Indeed, had that been moved, we would have rigorously resisted it.

Q118 **Chair:** Lastly from me before we move on from this. I just had a quick look at the Fisheries Bill—we are not here to discuss the Fisheries Bill—and there is something I found very interesting, I do not know if the same wording is used in the Agriculture Bill. It says, “Observing and implementing international obligations is not” a reserved matter. It explicitly says that in the Fisheries Bill. Does it say that in the Agriculture Bill too and, if it does not, why not?

George Eustice: I do not have the Fisheries Bill in front of me.

Chair: It is the explanatory note, sorry.

George Eustice: In the explanatory note, yes. That is the case, yes. That is true.

Q119 **Chair:** This is getting to the heart of what this whole conversation is about. Nobody denies that international relations is a reserved matter.

George Eustice: No.

Chair: There seems to be a little bit of disagreement about whether implementing international obligation is devolved. You said that very clearly in the explanatory notes for the Fisheries Bill. Is it also the same for the Agriculture Bill?



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George Eustice: The reason it would have been stated as clearly as it was in the Fisheries Bill is that a lot of fisheries policy is around international negotiation year after year. We have a particular issue with fisheries, which is that licensing of vessels is devolved and yet the devolveds will be required to license vehicles in accordance with an UK international agreement.

Q120 **Chair:** Implementing international obligations is a reserved matter for some Bills but not others. Is that a rule?

George Eustice: No, it is not a rule.

Chair: You will have to tell me if it is a rule or not because if it is a rule then—

George Eustice: I am trying to explain why it would have been stated in the way it was in fisheries, which is that those international agreements span right across the area of fisheries, whereas on agriculture the WTO, in our view, has a relatively small and uncontroversial role.

Q121 **Chair:** The UK Government's view on this matter, when it comes to the Agriculture Bill, is that observing and implementing international obligations is a reserved matter. It is either a reserved matter or it is not.

George Eustice: I will try to explain. Under the devolution settlement there is an obligation on the devolved Administrations to abide by international agreements that the UK makes as a reserved matter. Demonstrating compliance with those international obligations is reserved. In order to demonstrate compliance, the UK has to have powers to collect data from the other parts of—

Q122 **Chair:** I will try to put it even more simply to see if we can get a yes or no. Is implementing international obligations a reserved matter or not?

George Eustice: Demonstrating compliance is, yes.

Chair: Thank you.

George Eustice: Demonstrating compliance is absolutely reserved.

Q123 **Chair:** It does not say in the Fisheries Bill "demonstrating compliance" or anything. All it says is, "Observing and implementing international obligations is not" a reserved matter. I am just asking you if that is true or not.

George Eustice: That is true, yes. It is a well-established principle of the devolution settlement. I must add that is slightly different to the controversy over the clause, which actually is not about that at all. It is about how you demonstrate, and how you are able to demonstrate, compliance.

Chair: We got there anyway. Thank you for that.

Q124 **Ross Thomson:** Minister, as you will know there is already some flexibility for the Scottish Government to implement the common



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agricultural policy differently in Scotland compared with other parts of the UK. Can you give confirmation to the Committee this afternoon that the Scottish Government will be able to maintain that flexibility in the future?

George Eustice: Yes, indeed. They will almost certainly have far more flexibility than EU law currently allows them. In Scotland, for instance, they have always been slightly sceptical about the process of decoupled support and area payments. Area-based payments are problematic for Scotland because you can have quite wide variances between some of the moorland and mountainous areas and some of your other upland areas. Therefore, they have always preferred to maintain a coupled payment on the sheep sector in particular. The UK Government have always supported and argued for that retention for Scotland during EU negotiations and, indeed, they will be able to in the future. An area-based payment, as we have had through the CAP, has not been particularly useful for Scotland. A departure along the lines we have outlined for England—movement to payment for environmental outcomes or something similar to that—might actually work quite well for Scotland, given the variances in land types

Q125 **Ross Thomson:** Minister, you will be well aware that there have been accusations of power grabs, despite no powers being particularly named. Is it your understanding that the Scottish Parliament will have fewer powers following Brexit? Can you name any powers over the agricultural policy sector that will be grabbed?

George Eustice: No, the only power we are grabbing is from the European Union. We are then giving it back to where it rightly belongs—in agriculture it is a devolved policy. All the devolved Administrations will gain considerably more power than they have now under any new regime.

Q126 **John Lamont:** If England moves to a payment for public goods system and Scotland is based on land farmed in food production, has your Department done any assessment as to what impact that would have on intra-UK trade?

George Eustice: We are looking at this. It is linked to a separate issue about what would ultimately replace the EU state aid regime. We will need a combination of frameworks of some sort to agree how we protect the integrity of the internal market.

It is an area where it is possible to exaggerate the extent to which different policies can lead to outcomes. There is already quite wide variance between the devolveds in the policies they put in place. If you look within the EU, there is huge variance in what different countries get in the single farm payment. Holland gets about three times as much subsidy as English farmers do. In Poland it is a fraction of what English and Scottish farmers get. There is a huge amount of variance within the EU at the moment, despite the fact there is a single market.



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Our view is that, given the scale of money involved, you could exaggerate the extent to which spending money in a slightly different way between the component parts of the UK would distort the market. There is certainly potential and we need to agree some kind of framework on that.

Q127 John Lamont: I think you have answered this next question already. Subject to Scotland and the United Kingdom complying with WTO rules, you are not proposing to do anything that is going to limit the ability of the Scottish Government or the Scottish Parliament to develop policy in this area. It is still going to be very much a devolved policy area for the Scottish Government to develop how it supports farming.

George Eustice: Yes, absolutely it is devolved. As I said, there needs to be some consideration of a framework to protect the integrity of the internal market.

If Scotland decided to continue with something like the existing area-based payment, even though England was doing something different, it would be fine. If Scotland decided to have a lower area payment and put more on a coupled headage payment, that would also be fine. If you reached a position where Scotland was saying, "We are going to pay £500 per lamb as a production subsidy", at that point you start to get something that really does distort the internal market.

Some of the issues are theoretical but basically the reality is that all of the devolved Administrations will have far more power than they have now to design schemes that really work for them.

Q128 David Duguid: Welcome, Minister. We have touched upon common frameworks. Given that agricultural support is one of the 24 areas where the Government have identified that a common framework would be necessary, how are the proposed common frameworks covered by this Bill?

George Eustice: Quite a lot of what we are doing will need concordats or agreed frameworks. We will have to put in place something that deals, for instance, with cross-border issues. Along the border with Scotland, but also particularly Wales, you have farms that straddle both sides. We have arrangements and concordats in place now so that people can choose where they want to be based and then people supply the data from the relevant Administration to try to help process that. We would need to have something similar to that going forward. Beyond that, as I said, we want this to be predominantly devolved so that individual Administrations can design their own policy.

Q129 David Duguid: Can you explain why a common framework is necessary in agricultural support? What would be the possible implications for Scottish agriculture if a framework were not agreed and if Scotland were to then diverge significantly from the rest of the UK?



George Eustice: If you turn it the other way round, if the Administration in England, in DEFRA, decided to do a large headage payment for sheep producers in Cumbria, that would have a big impact on sheep producers in Scotland. While we want everybody to have that freedom, I think that we all recognise that for all parts of the UK having some kind of framework where we agree certain parameters of particularly market-distorting support will also be quite important just for the integrity of the internal market. It is just having some kind of framework that addresses market-distorting support that would potentially affect the integrity of the internal UK market.

Q130 **David Duguid:** It has been said several times in the past, either in the Chamber or in evidence given to us by other Ministers, that these frameworks would be agreed and not imposed. Do we know yet exactly what process would be used to make sure we do get agreement on these frameworks?

George Eustice: No. As I said, there will be elements of a far wider issue: what replaces the EU state aid rules that are there now and how do we deal with that? That does not just affect agriculture; that affects the steel industry and all sorts of other things. There is an element that will be at that end of the scale, which would clearly be reserved, but then beneath that we envisage a scope for lots of agreements and frameworks that are done by mutual agreement by consent.

Q131 **Chair:** On the frameworks, the Government have not provided any real detail about what these frameworks would look like. Do you have any idea of what they will look like? I know you have an idea that would be up to the 2020 implementation period, but we are all in the dark about exactly what they are going to look like in practice. Could you give us any indication of your view about how they will be?

George Eustice: If I am honest, we have been focused initially on getting the Agriculture Bill through so that we have the powers to, first, continue to pay farmers in the existing scheme, then reform the scheme and have the powers in place to start to roll out a successor policy. There is a huge amount of work going on at the moment under the EU (Withdrawal) Act to put in place all of the statutory instruments that are needed to make sure we have a functioning rulebook on year 1.

There has been some discussion on frameworks, particularly on fisheries where it will be more important that we get it there early. There has been a lot of engagement on that. On agriculture, we have not got to the point yet of coming up with detailed ideas about what those frameworks would be.

Q132 **Chair:** We are also not very clear about what decision-making structure we will employ and what degree of influence the devolved Administrations will have on them. Again, could you help us with this?



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George Eustice: As I said, we have done this work far more on fisheries where there is a much more immediate concern because we needed those frameworks in place.

Q133 **Chair:** Could you tell us what you did in fisheries and how that might apply to agriculture? Will it be the same? Will it be different?

George Eustice: On fisheries, the key issue, as I alluded to earlier, is if we are controlling access in our exclusive economic zone and potentially putting conditions on the access of third country vessels—that might be the Faroes or Norway or, indeed, EU countries—then because the licensing of vessels is currently devolved, the increase in workload for every devolved Administration of having to issue four separate licences to, say, Norwegian vessels that want to fish in UK waters would be immense. You would be duplicating the same work four times over. All of the devolved Administrations would be obliged under the devolution settlement to observe that international commitment, so they would have to give a licence, so there really would not be any meaningful discretion. At the same time, they have not wanted, for reasons I can understand, to give up what has been a devolved competence of licensing vessels.

The arrangement we have come to in that instance is that the UK would issue licences on behalf of all of the devolved Administrations because it is devolved, and we would be doing so with their consent because it is devolved. That is to avoid the problem of everybody having to issue a licence so that you had four licences for the same vessel.

Q134 **Chair:** I am trying to see how this would apply to agriculture. Is it your view that that type of model would be replicated and the Secretary of State would assume the powers to tell the rest of the devolved Administrations exactly what they should be doing and how it should be run?

George Eustice: That is not quite how it works. That is saving them the work and—

Q135 **Chair:** So you are being helpful to them by limiting their ability to act.

George Eustice: The reality is that it is what they wanted to happen because they did not want the administrative burden of issuing potentially hundreds and hundreds—possibly even thousands—of licences and all the administrative burden that goes with that. They were quite happy for the UK to do it on their behalf, but they wanted, as a point of principle, for it to remain nominally a devolved matter.

Q136 **Chair:** I am not entirely sure that characterisation is exactly the understanding of the Scottish Government, but we will leave that there just now.

Under the power grab, you say you did not understand exactly what that was and you did not know what the Scottish Government were referring to. Can I maybe help and we can see if you agree with this? The power



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grab is not about taking powers away from the Scottish Parliament. Nobody has ever said that. The power grab is the fact that powers are returning from the European Union and there are those that should go to the Scottish Parliament because of the Scotland Act and they are being grabbed by Westminster. Do you accept that there is an element of that and that is why we refer to it as a grab? It is grabbing as they are returning from the European Union and they should go to the devolved space; instead they are being grabbed by Westminster.

George Eustice: I know that is the charge, but we strongly disagree with that. Our view is that where we have sought to have provisions in the Bill, these are absolutely clearly reserved matters.

Q137 **Chair:** Lastly on this, would the agriculture common frameworks also be with the consent of the devolved Administrations?

George Eustice: In some cases, yes, and we already—

Q138 **Chair:** In other cases it will be imposed?

George Eustice: Yes. We already have that. It would depend whether the issue was obviously reserved, in which case there may need to be some sort of state aid architecture, or whether it was devolved, in which case we might still do things in a joined-up way.

We do this, for instance, on animal health. Animal health is devolved but we have well-established frameworks in place with each component part of the UK buying into the Animal and Plant Health Agency, which co-ordinates UK-wide work—or GB-wide work I ought to say—particularly when it comes to things like foot and mouth disease or other exotic diseases. We can do this. We know we can do it. We have it in place in other areas.

Q139 **Christine Jardine:** To some extent, the Minister has answered my question. I was going to say that you already have frameworks in place. It is already a practice that we know works for various sectors in the UK. Are you confident that it will work in the same way if Brexit goes ahead?

George Eustice: Yes, provided there is a will to do it. We in DEFRA, perhaps more than any other Department in Government, do a huge amount of intra-UK diplomacy. Every year at fisheries council we take a whole UK-wide delegation and we agree a collective approach to negotiations to take account of the fact that the Scottish in particular have a very large fishing industry. We do the same with disease and tackling some of those challenges. We have demonstrated in the past that where there is a willingness to work through differences we can put in place those voluntary frameworks.

Q140 **Ged Killen:** Minister, what discussions have you had with the Scottish Government about the total levels of agricultural funding post-Brexit as we transition out of CAP arrangements?



George Eustice: We have been clear. We have a manifesto commitment to keep the budget at exactly the same level as it is now for the duration of this Parliament. That is until 2022. That is the UK-wide envelope. We have also recently, as you may have noticed, launched a commission to do a review of allocations within the UK. We have been clear that post 2020 when we get into the new scheme we would be seeking to take account of that review and work out what the allocations would be going forward. The global envelope for the whole UK will be the same until at least 2022, but we are also committed through the Bill to a transition period and in our manifesto to a successor scheme. While we have not put a figure on it, there is a very clear implication that this will be a funded policy after 2022. A review of the allocations within the UK is currently under way.

Q141 **Christine Jardine:** Minister, the Bill does not contain details of the overall agricultural budget beyond 2022 or how devolved budgets will be calculated. Beyond 2022, how will the UK Government determine the total agricultural support funds to be allocated to Scotland?

George Eustice: As with every other area of spending, there will be a spending review period that the Treasury will be working on. Having a commitment to 2022 for the budget is, frankly, more than the European Union has at the moment because its budget technically expires in 2020. It is also the case that it is more than most other Departments have because in most areas of public spending, as you know, the spending review goes up until 2020. To have that commitment—and we did it to give certainty and clarity to farmers two years ago—we have given that guarantee up until 2022. There will be a funded policy thereafter but I am not in a position today to put a precise figure on that. The absence of a specific envelope or budget does not preclude any part of the UK putting in place the legislative powers they need to be able to design a scheme with whatever budget they have.

Q142 **Christine Jardine:** Will there be some mechanism for ensuring that the money that is allocated for agricultural spending by the UK Government is ring-fenced and goes into agriculture?

George Eustice: Certainly until 2022 it is absolutely ring-fenced for agriculture. I should point out that there was a slight adjustment that Wales asked for in its schedule, which opened up the potential for the current agriculture budget to be spent on broader rural objectives and even on broader food objectives and supply chain objectives. They have taken a decision to broaden that out slightly and that is their choice. It is not a power we think they would use to any great extent at the moment and it is a power they have never sought to take.

Q143 **Deidre Brock:** You mentioned the review, Minister. Will the principles that are determined by that review apply in post-2022 funding?

George Eustice: In all likelihood. The issue I suppose we have had with the review is that because we have the budget guaranteed only until



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2022 it is looking initially at that. Broadly speaking, I think that the answer is yes in that it is looking at what a fair allocation would look like in the context of emerging policies and priorities. The answer is probably yes, the conclusions of that would endure beyond 2022. The reason we have chosen to do it to 2022 is that that is currently where the budget has been set.

Q144 Deidre Brock: You speak about fairness. Could you tell us how that review is going to address the issue of the convergence uplift, which as you will know has been the subject of some dispute? The Scottish Government state that additional funding for Scottish farmers was ultimately distributed on a UK-wide basis and the estimate is that around £14,000 per farm was lost as a result of that decision by the UK Government.

George Eustice: This is a very complex area. The reality is that the convergence uplift was given to the whole of the UK. If you look at the figures, Scotland has less per hectare than farms in other parts of the UK, and Northern Ireland has the highest per hectare of all the farms in the UK. That is largely down to the nature of the soil and the historic allocation. In Scotland, though, because it has larger land areas and it has more upland and moorland areas and very large farms, typically, the average payment to each farmer was the highest in the UK. There has been this issue that the average per hectare is lower because there are a lot of moorland areas in Scotland, unlike other parts of the UK such as Northern Ireland, but the average per farmer, because the farm size is much bigger, has been higher.

As part of this new scheme we will potentially be saying, "Let's look at where there is disadvantage; let's look at the severely disadvantaged areas; let's look at the areas if we are going to adopt a natural capital approach, where you might apply that in particular way." These are all the obviously detailed issues for the review to look at, but certainly looking at the severely disadvantaged areas will be one of the factors they take into account.

Q145 Deidre Brock: Does that attempt by the EU to level the playing fields by those convergence uplift moneys—the fact that that money was really available to the UK largely on the back of the conditions in Scotland and yet those moneys were not given to Scottish farmers—not suggest that we are right to be cautious about the UK making such decisions on Scotland's behalf in future? We certainly did not do well by that one, did we?

George Eustice: It was a complex issue because the land type was different.

Q146 Deidre Brock: It is not really that complex, I would suggest. We have a far higher proportion of LFAs in Scotland. As I understand it, that is a big reason why we got that convergence uplift from Europe in the first place.



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George Eustice: It was, but the overall UK budget went down, so it is not the case that anybody else benefited. The total UK allocation in Pillar 1 went down in the last EU budget round. There was effectively a levelling off. Nobody had a rise. It is not as if anybody else had an increase here. But that is all from five years ago now. We are in a very new world—

Deidre Brock: It is £160 million, Minister. That is a significant chunk of money.

George Eustice: We are in very new world, where we are leaving the European Union. We will have a forward-facing review. That is why Michael Gove clearly wanted to get this review in place, so that we can address this grievance. I know we have heard a lot about it. NFU Scotland has been making the running on this. Many of our colleagues have been pushing very hard for this, and that is why we are going to have this review—to ensure that we can address any of these issues of unfairness.

Q147 **Deidre Brock:** If the review suggests that Scotland has been hard done by as a result of that decision, will we get the money back?

George Eustice: This is all about forward facing. When money has been spent, it is spent. This review is about what we do after 2020.

Q148 **Deidre Brock:** So, no money back for Scotland, even if it is decided that that is the case, that it was a bad decision?

George Eustice: This is a forward-looking review about how we fund schemes in the future.

Q149 **David Duguid:** I think you have covered the answer to what I was going to ask, which was about confirmation that at least until 2022, if not beyond, the allocation of funding will reflect the unique challenges facing Scottish farming, such as farming in upland and marginal areas, LFAs.

George Eustice: Yes. The review that is currently ongoing will be able to change allocations in that period up until 2022. Between 2020 and 2022 we will be able to have an adjustment in those allocations to ensure that we particularly address issues such as those severely disadvantaged areas.

Q150 **Chair:** That is a helpful answer because the only thing we know about this review is what the Secretary of State said, which is that it would not be subject to the Barnett formula—in some quarters in the House that was celebrated and some of us met it with a sigh of relief—and that it was not going to be allocated on that basis. It would have been a disaster had that been the case. Is there anything else you can tell us about how you will look at how these figures will be calculated?

George Eustice: No, not at this stage. The Secretary of State has done a lot of thinking on this, a lot of joint working with the Treasury, and it has been our view all along that it is inappropriate to allocate agricultural



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support according to the Barnett formula. We think it should be effectively a ring-fenced agricultural fund, otherwise you get into all sorts of issues around the integrity of the internal market. That is what we intend to do. The precise allocations are under review to take account of the new type of policy approach we are moving into.

- Q151 **Chair:** Lastly on this, we heard from the Cabinet Secretary yesterday that this was a decision that was pretty much imposed by the Secretary of State—that there was no consultation with the Scottish Government that this would be taking place, and that any input that they would have was not clear or apparent to them that this would proceed. Could you give the Scottish Government any satisfaction?

George Eustice: I am sure the review will be very keen to get representations from the Scottish Government.

- Q152 **John Lamont:** I want to return to the WTO provisions of the Bill and the accusation by the Scottish Government that the Bill rides roughshod over the devolution settlement. Clearly the provisions around the UK's compliance with WTO rules are quite complex. There was a useful article by David Bell of the Centre on Constitutional Change. He said, "As far as the WTO is concerned, the United Kingdom Government will be the relevant negotiating authority in relation to agricultural support. If other WTO members objected to, say, levels of agricultural support in Scotland, they would take out a complaint against the United Kingdom under the WTO international dispute settlement mechanism". Is that your understanding, too?

George Eustice: Yes, absolutely.

- Q153 **John Lamont:** Yesterday at Committee, Fergus Ewing, the Cabinet Secretary in the Scottish Government, said in relation to same point, "Responsibility for compliance with the WTO is already devolved. What has been proposed in the Bill is in fact not recognised and the powers in respect of compliance, which are already devolved under the existing arrangements would not remain devolved". I would suggest that that statement is wrong. Would you agree with that?

George Eustice: Yes. Again, the difficulty is that where the UK makes an international agreement or has a schedule of the WTO that is internationally binding, there is an obligation on all of the devolved Administrations to abide by that. As I said earlier, we see this in fisheries as well. If we make an agreement that enables the Faroe Islands to access UK waters, the Scottish Government are dutybound to abide by that agreement.

The difficulty with the WTO is that the UK is the body that is responsible for managing compliance with those obligations and defending any challenge that might come. That is why there need to be powers for the Secretary of State to have certain requirements in place, not least through the provision of information and data to demonstrate that we comply.



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Q154 **John Lamont:** I agree with that as well. To be absolutely clear, to reassure farmers in my constituency and indeed across Scotland, it is entirely open to the Scottish Government to develop whatever scheme of farm support they want to develop, but we need to ensure that we, as the United Kingdom, comply with the WTO rules. That is why the Secretary of State for DEFRA is the Minister responsible for complying with those rules.

George Eustice: Yes, absolutely, and I can be more specific. I suspect that the genesis of the concern that farmers in Scotland have is that they suspect that historically the UK Government have been sceptical of coupled payments and have rather begrudgingly defended the right of Scottish farmers to have coupled payments. I can absolutely say, however, that the coupled payments that Scottish farmers currently have on things such as sheep, and beef in some places, to deal with the problems they have with the area-based payments will be allowed to continue. It is simply that we have to manage our obligations within that envelope.

Q155 **Chair:** Can you help me with this? When it comes to the WTO, there was a dispute with Angus Growers about this organisation's operation as a producer organisation. They did not take the UK Government to court; they took the Scottish Government to court. Why would they do that if it is totally and utterly reserved?

George Eustice: It is a complex area but the EU is responsible for—

Q156 **Chair:** It is totally reserved so why would they bother with the Scottish Government? According to you, in your answer to Mr Lamont, it is nothing to do with them.

George Eustice: I am not sure. I would have to write to the Committee about exactly why the Scottish Government ended up being a party to that dispute.

Q157 **Chair:** I will tell you why—it is because we have responsibility for the delivery of WTO regulations. Surely that is why.

George Eustice: I don't think it is. It is to do with the EU. It is a EU scheme and I think the RPA has responsibility but delegates it back down to the devolved Administrations.

Q158 **Chair:** I think you are going to have to write to us about this.

George Eustice: I will write to clarify.

Chair: We could supply you with the note, if that would help you with your response, because that was what happened.

Q159 **Christine Jardine:** This is a query for the Chair. When you say "we", who are you referring to? You said, "We have responsibility". Who did you mean?

George Eustice: He meant the Scottish Government.



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Chair: Scotland. Maybe the royal we means Scotland, as a nation.

George Eustice: I understood what you meant.

Chair: As long as the Minister understood me. We got there anyway. Thank you for that.

George Eustice: I will write to the Committee, though, on the specific issue of Angus Growers. We have had lots of legal disputes on the EU producer organisation scheme and it is a complex scheme.

Q160 **Tommy Sheppard:** Minister, I would like to go back to the effect on the devolution settlement. You will be familiar with the Sewel convention, which suggests that if the UK Government are trying to vary the powers of the Scottish Parliament they will seek the consent of the Scottish Parliament to that variation. Is it the policy of your Government still to work within the Sewel convention, or has it effectively been suspended for legislative matters that are relevant to or consequent upon Brexit?

George Eustice: We believe that we have not done anything that breaches the Sewel convention.

Q161 **Tommy Sheppard:** You still are seeking to adhere to the Sewel convention.

George Eustice: Yes, we are adhering to it. There might be a difference of opinion about whether a power is reserved or not reserved. That is a whole separate discussion, but from our point of view, where we have legislated we have done so in reserved areas.

Q162 **Tommy Sheppard:** Would you accept that the powers that parts 6 and 7 of the current Agriculture Bill would confer upon you will limit the scope of executive action by Scottish Ministers?

George Eustice: I don't think they will because it is the reserved areas. The one on fair dealing obligations on first purchasers is a competition and markets issue. That is reserved. The other one is on the WTO schedule, which we have discussed at great length, which is also reserved.

Q163 **Tommy Sheppard:** The limits of agricultural subsidy, for example, would be limited.

George Eustice: That is right. That decision is a reserved decision.

Q164 **Tommy Sheppard:** Right. That will constrain the executive action of Scottish Ministers, will it not? They will have to operate within those parameters.

George Eustice: Yes, they would.

Q165 **Tommy Sheppard:** Given that those parameters are not currently in existence, that would be a variation in the ability of the Scottish Parliament to act, so surely, under the Sewel convention, the consent of the Scottish Parliament to the provisions of this Bill should be sought.



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George Eustice: My understanding is that there is also a convention that a legislative consent motion should not be unreasonably withheld and our view is that given that where we legislated it is—

Q166 **Tommy Sheppard:** For clarification, have you sought the legislative consent of the Scottish Parliament on this Bill?

George Eustice: Have we?

Tommy Sheppard: Have you?

George Eustice: On which issue? On this one?

Tommy Sheppard: On parts 6 and 7.

George Eustice: We have been working with Scottish officials since early this summer. On the clauses on the WTO, I think Fergus Ewing said that we have had engagement. They had engagements in July and we have been engaging with the Scottish Government since May. There have been some 20 meetings with Scottish Government officials. There have been detailed discussions on these particular clauses.

Q167 **Tommy Sheppard:** Is it your view that a legislative consent motion is required on these parts?

George Eustice: I don't think it is required but it would be desirable to have that under the convention. We are hopeful still, even at this late stage, although I know that the Scottish Government are taking a view at the moment—it is a stance—that they will, as a point of principle, withhold legislative consent motions on all Brexit Bills. We think that is unreasonable and I hope the Scottish Government will, on this and on the Fisheries Bill, find a way of recognising that a legislative consent motion should be granted.

Tommy Sheppard: I do feel that the two Governments have a difference of understanding on this matter.

Q168 **Chair:** To clarify, the Scottish Government's view is that consent is required for part 6 of this Bill because in their view its purpose is the promotion of an effective agricultural market, which I think we are all agreed is devolved, and not the regulation of anti-competitive agreements, which is reserved. What is your response to that particular contention?

George Eustice: We think it is around markets and that it is reserved. There is a difference of opinion. That sometimes happens on these issues. Our view is that 25 and 26 are both clearly reserved matters.

Q169 **Hugh Gaffney:** Minister, DEFRA has said that Scotland's coupled support programmes for beef and lamb will still be possible under this Bill. How can the UK Government offer that reassurance without knowing the tune of the EU amber box allowances that the UK will receive post Brexit?



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George Eustice: To clarify, coupled payments to Scotland will not be allowable under this Bill because Scotland does not have a schedule that provides for or has powers for them. However, we would be able, as England, Wales and Northern Ireland, to make coupled payments under the provisions of this Bill. We are at the policy stages in the discussion around the WTO schedule. We are taking a share of the tariff rate quotas, based on historic reference periods, and also a share of the amber box, based on a methodology that we have agreed with the European Union about what that share should be. My expectation is that the UK amber box will be in the region of £3 billion, which is probably adequate for us to do what we each intend to do.

Q170 **Hugh Gaffney:** Scotland's coupled support programme for beef and lamb will still be possible. You are saying it is England, Wales and Northern Ireland. It is not Scotland, so it is not possible.

George Eustice: Scotland has not worked out yet what it wants to do, post Brexit, and the options open to it are to either add a schedule to this Bill, in which case it would be able to continue to make those coupled payments on beef and lamb, or to bring forward legislation of its own.

Q171 **Hugh Gaffney:** Would these coupled support schemes still be possible with the UK, subject to WTO diminished allowances?

George Eustice: As I said, we are going to have an amber box envelope based on a splitting of the existing EU schedule, and we anticipate that that will be more than sufficient to cover the types of policies we all want to consider. That would include allowing continued coupled payments for beef and sheep in Scotland.

Q172 **Hugh Gaffney:** Assuming that the UK does secure a proportion of the EU's amber box allowance, how will this allowance be distributed across the UK? Will Scotland get a share?

George Eustice: Yes, that is what clause 26 is all about. The UK holds that schedule and, as I explained earlier, only the UK can deliver compliance with that, and only the UK can decide how we share that cake, that share of amber box, to make sure that no other part of the UK is disadvantaged by the policy choices.

Q173 **Chair:** I am grateful. What about the red meat levy? I know the Scottish Government and NFU Scotland have asked if an amendment can be put into this Bill in order that this be addressed because of issues of unfairness, which I am sure you are more than familiar with. Will you introduce such an amendment?

George Eustice: Colin Clark, the MP for Gordon, who is on the Committee, has tabled an amendment, which we said we would consider. Others have as well. There are probably several amendments.

Q174 **Chair:** Thank you. I know it is customary to always congratulate your Conservative Members—



George Eustice: Of course.

Chair: —but Ms Brock’s name is on the amendment too.

George Eustice: Yes. The position that we have taken so far as the Government is we launched a review of the AHDB, the levy bodies in general, with the agreement of the Scottish Government, and that includes a number of things: looking at how the levy bodies are structured at the moment, how they are funded, whether every sector wants to continue to have a levy body at all. In some sectors, such as horticulture, there is more scepticism about the value of it.

Also, we are looking at this issue of the red meat levy. There have been proposals, for instance from Wales, to change the collection methodology so that you would maybe collect it through an ear tag levy at farm rather than at slaughter. That means that the devolved Administrations would be able to collect money at the birth of the animal rather than the slaughter of the animal. The alternative is that you create a power—as has been proposed by the MP for Gordon—that you would, with consent, be able to move around money between the levy bodies. Certainly, improving the collection methodology is the cleanest and simplest way.

Q175 **Chair:** It looks like what you are saying there is that we could look forward to this amendment being introduced and accepted in Government?

George Eustice: We are looking at it closely.

Q176 **Chair:** All right. That is as close as we are going to get to some sort of agreement.

While you are here, you will know this Committee’s longstanding interest in seasonal work and the seasonal workers scheme. Since our last report, where we recommended that a scheme be introduced, the Home Office announced a pilot. I know DEFRA is interested in this. What is your view on the particular issue of 2,500 for the whole of the United Kingdom in the two-year pilot? Do you really believe for a minute that this is even close to being sufficient? My farmers in Perthshire are certainly almost laughing at that type of number that has been proposed.

George Eustice: It is a pilot, so it is not the roll out of the scheme. The SAWS scheme operated from 1945 to 2013 and the quota allowed in under that scheme, certainly in the latter years, typically floated between 20,000 and 30,000. I think at around the time it was closed it was moved down to about 12,000. The reality is that once we have worked out the pilot and got this up and running, bearing in mind we still have free movement with the EU at the moment, and some of the bigger growers are saying if they are able to get the people they need, particularly from Bulgaria—

Q177 **Chair:** I think you responded to a question that I submitted to DEFRA in the summer, where I asked directly in DEFRA’s view how many seasonal



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workers would be required in order to ensure there would be no difficulty in the crop being harvested. The number you gave me was 64,500.

George Eustice: That is based on estimates from the NFU, yes.

Q178 **Chair:** No, that was a DEFRA figure. The NFU actually believes more than 100,000 are probably going to be required.

George Eustice: Obviously there are no permits so we literally do not have precise information. It is not recorded and there is no requirement for a visa so we have no way of knowing exactly how many people come here to do seasonal work. But it is right, we accept this figure and it isn't a DEFRA figure. We have a seasonal agricultural workers transition group—a working group—that has all of the projections, and its estimate is in the region of over 64,000. That might be the precise figure that they have.

Q179 **Chair:** I know Kirstene here is interested, and I will bring her into this, but lastly on this from me, could you give an indication about how the 2,500 will be distributed across the United Kingdom? Is there any view about how that is going to be done? Will they be in pockets like Ms Hair's constituency and mine, where there is a concentration of farms, or is this to be applied equally across the United Kingdom?

George Eustice: My understanding is—and the Home Office is leading on this but DEFRA is very involved as well—that there is a consultation out to identify two operators to run the pilot.

Q180 **Chair:** Two operators.

George Eustice: Two operators.

Chair: Two?

George Eustice: Two operators, yes. As you said, it is a very small number of people. They have chosen for the pilot to focus on edible horticulture so that we have a sector where we can see how this works. I suspect that the soft fruit industry, because that is the industry that has the peak requirement for seasonal agricultural workers, will be where most of those 2,500—

Q181 **Chair:** Two operators. Is that two businesses?

George Eustice: No, sorry, two agencies effectively who will then—

Chair: Two agencies, right.

George Eustice: Two agencies who will distribute, yes. We had representations from businesses saying they would like to have a share, but because it is a pilot, we decided having two labour agencies who will act as operators to administer the scheme is the right approach for the pilot.

Q182 **Kirstene Hair:** I did not realise I was going to get to speak about my favourite subject. I want to pick up on the two operators, because that



was how the scheme played out before. You had two sponsors, effectively. To confirm on record, that was how the scheme operated before and that is how the pilot scheme will operate?

George Eustice: Yes. There were two principal ones, Hops and Concordia in the day, and they were agencies that processed most of the people coming in. As it was pointed out to me when I went to the group, it was a little bit more complicated than that in that some of the individual businesses, the larger ones, also had the ability to bring people here directly under the scheme. There were two labour agencies that dealt with the bulk of the numbers but there were also some who had an ability to access it directly.

Q183 **Kirstene Hair:** I have had assurances from the Home Secretary and from the immigration Minister, and I am hoping to get an assurance from you today, that this is a pilot scheme. When it is implemented it is the duty of both Members and Ministers of both Departments—because it is cross-departmental—to monitor the system. If the industry required it could potentially be expanded, but it is very much a case of monitoring it closely to begin.

George Eustice: Yes. The reality is that once we have gone through the pilot stage, and once we leave the EU and end the presumption of free movement as we have had it, there is absolutely no doubt that we would need to have a significant provision for seasonal agricultural workers. I said we cannot put a figure on it at the moment, but we know that in the years that it operated in the region of 20,000 to 30,000 were the numbers that were allowed in, and that included before we joined the European Union.

We know how it operated in the past and I would envisage it being something similar in the future, but the great advantage of the scheme is that you can adjust it year to year. At the moment we have a very tight labour market. If in 10 years' time, or five years' time we had difficulty and we started to have more unemployment, we would be able to restrict the scheme. You can adjust the numbers you allow in literally year to year.

Chair: Thank you for answering these questions. We are very grateful that the Government responded so positively to this Committee calling for a scheme to be looked at. Thank you, Minister, for your first appearance. It was very helpful and I hope you enjoyed the experience as much as we did.

George Eustice: I would love to come back again sometime.

Chair: Thank you.