



Environment, Food and Rural Affairs Committee

Oral evidence: The work of DEFRA, HC 261

Tuesday 22 September 2020

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Members present: Neil Parish (Chair); Ian Byrne; Geraint Davies; Dave Doogan; Rosie Duffield; Barry Gardiner; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Julian Sturdy; Derek Thomas.

Questions 1 - 104

Witnesses

I: Rt Hon George Eustice MP, Secretary of State, Department for Environment, Food and Rural Affairs; Tamara Finkelstein, Permanent Secretary, Department for Environment, Food and Rural Affairs.

Written evidence from witnesses:

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



Examination of witnesses

Witnesses: Rt Hon George Eustice MP and Tamara Finkelstein.

Q1 **Chair:** Welcome to the EFRA Select Committee on the end of the transitional period. We are very fortunate to have both the Secretary of State and the permanent secretary with us this afternoon. Would you like to introduce yourselves for the record?

George Eustice: I am George Eustice, Secretary of State at DEFRA.

Tamara Finkelstein: I am Tamara Finkelstein, the permanent secretary for DEFRA.

Q2 **Chair:** Thank you both for joining us. I am going to ask the first question, on trade. Last week, the Prime Minister committed to a reciprocal tariff on EU imports if there is no EU deal. How will you protect domestic food producers while ensuring that tariffs do not lead to increased food prices for consumers? I imagine that one is firmly in your court, Secretary of State.

George Eustice: We published the UK global tariff earlier this year, which is a revision from the original proposal of a temporary tariff last year. That envisages slightly lower tariffs than the EU currently have, but still significant tariffs on those sensitive sectors, in particular on beef and sheep. There is some liberalisation in other areas, but broadly speaking the UK global tariff keeps in place tariffs that would be applied reciprocally if we left without an agreement.

Q3 **Chair:** I think I am right in saying that, if we leave under a WTO-type situation, the tariffs we charge the EU will have to be the same as we charge the rest of the world. Will you have to alter the tariffs that you have already published?

George Eustice: No. It gets quite complicated. We are in the process at the moment—as you will recall, this has been gone through—of splitting the EU's WTO tariff schedule and allocating certain TRQs in the agricultural context that then become part of an inherited TRQ for the UK. We are taking a proportion of the New Zealand lamb TRQ and a significant proportion of the chicken from Thailand TRQ as well. That will be rolled over in the WTO schedule. But in addition to that we then can publish our own UK global tariff, which is effectively the tariffs that we then apply fairly and equally to all countries. Yes, the UK global tariff would apply the same to the United States and Brazil as it does to Ireland, France and other EU members.

Q4 **Chair:** You and DEFRA have been looking at the effects on food prices if we have to impose tariffs. It is better that we have a deal and we do not impose tariffs, but if we do what is the likely effect on food prices?

George Eustice: The impact from tariffs per se is probably quite modest. This work has been done by a number of people, including the Resolution Foundation, which looked at this issue a couple of years ago. The impact



of tariffs themselves on consumer food prices is a few percentage points. Sometimes people find that surprising, because they are conscious of the headline tariffs on a lot of agricultural commodities, but the reason for that is that the agricultural commodity component of the weekly shopping basket is a small part of the overall cost. A lot of the other costs relate to distribution, to manufacturing and to added value that goes into highly processed foods. That is why that headline tariff rate of, say, 40% does not typically translate into the same price increase for consumers.

However, that is not the whole picture, because the factor that probably has the greatest impact on food prices is exchange rate movements. We do not know what would happen to the exchange rate in the new year but, if there were a depreciation in sterling, that could start to lever up the price impacts. The impact of tariffs per se on consumer prices is actually quite modest.

Q5 Chair: If we take bread and bread-making wheat, for instance, what is the likely tariff on wheat, especially bread-making wheat, because we import quite a bit of that, don't we?

George Eustice: We import some. I am afraid I do not have the figures directly to hand, but I know it is something that we asked for, so my permanent secretary may be able to put her hands on that specific figure.

Bread is a good case in point. The UK has the most efficient and competitive bread manufacturing industry in the whole world. That is because we have three major players in Warburtons, ABF and Hovis that are technically the best in the world and compete vigorously with one another. As a result, we have some of the cheapest bread in the world. The impact of a price rise in wheat is fairly small, because the price of wheat represents about 9% of the overall price of a loaf of bread. The real cost in bread is putting it on lorries and running it around the country, so an increase in fuel prices will always have a much greater impact on bread prices.

If you go to the other end of the spectrum, there are sectors like meats. Looking at beef or bacon, if you were to put a big tariff on imported Irish beef and Danish bacon, you might see larger impacts than you would on something like bread or milk.

Q6 Chair: Secretary of State, this Committee did an inquiry recently into covid-19 and the food supply chain. We found that, while the food supply chain worked pretty well, there were a lot of effects on people who could not afford food and getting that food out to the poorest in society. Unfortunately, probably more people will need help with food. Putting your social hat on, are you worried that these food prices would cause those poorest in society problems?

George Eustice: We need to keep all of these things under review and watch. The Government are really aiming to keep food prices stable. It is not right for the Government to have a policy for price fixing, whether up



or down. Our approach should be to have a stable food supply and stable prices. It is not the role of Government to set prices.

When it comes to people who have difficulties accessing food, during the coronavirus episode, from March onwards, we introduced food parcels for those who were shielding; we introduced a number of measures to support the work that FareShare was doing to get food to economically vulnerable people; and we worked with local authorities to come up with a grant scheme, so that they could step in and help. We did a series of interventions over the course of the summer to try to help people who are financially vulnerable.

Q7 Chair: There is a £60 million scheme that DEFRA funded. I know I have asked you this question before, but are you thinking of extending that, especially if there are problems with trade and food prices as we leave with the trade deal or without the trade deal with the EU?

George Eustice: In the context of the coronavirus, we will monitor this closely, just as we did before. At the moment, as you will have noticed today from the announcement the Prime Minister has made, there is no plan to put back a return to shielding. The measures we had for the shielded from March and April onwards, with those food parcels, are less necessary now, because the supermarkets have developed a substantial increase in their delivery capacity and have agreed to give priority access to people who do shield, should that return.

Q8 Chair: I am thinking more of the people who find it difficult to afford food, who are getting food through food banks and through the charitable sector. There is no doubt that there are people out there struggling. The Trussell Trust and others will have the figures. It is something that we need to be really aware of. I am sure you are, but is DEFRA looking at that as we speak?

George Eustice: As I said, in the context of EU exit, we are still working very hard to try to get an agreement with the European Union and that would have zero tariffs on all goods. Therefore, that would be of assistance. If we do not get that, as I said, the analysis that has been done in this area suggests that the impact of tariffs per se on prices could be quite modest, but if there were a significant price rise, and if that translated into serious food affordability problems, the Government would look at what actions should be taken, just as we did earlier this summer.

Q9 Chair: As a final question from me, if we get to a situation where there are tariffs being imposed, both in and out of the UK, lambs in particular are likely to have a £40 or so tariff on them. That will probably stop a lot of export, if you are not at all careful. So, first, are you going to compensate sheep farmers and, secondly, what are you going to do with the sheep meat, if you have all this extra sheep meat floating around in the UK market? If we are not at all careful, the prices will drop.

George Eustice: We did a lot of work on this last year in the run-up to a potential exit at the end of October. The modelling we did at the time



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suggested that, if the EU applied the full MFN tariff, which is around 40% on lambs for export, lamb prices in Europe would rise quite significantly, because the UK dominates EU production and they do not really have anywhere else to go. There would be an increase in prices of perhaps around 20% for lamb, because it is one of those more sensitive meats. In addition, that would dampen demand. You would have an increase in supply on the UK market and lamb prices would probably fall by about 25%. A lot of these things depend on the assumptions in the model, but broadly speaking that is what we expected.

The good news is that leaving at the end of December without an agreement is better than leaving either in March or in October, because the peak export months tend to be in the autumn around September and October. In the new year, January to April, lamb exports happen, but at a much lower level, so there is a window when farmers probably would not feel a great deal of impact.

To answer your specific question, though, if they did feel an impact, what would be our response? Given the timing of this particular departure, we would probably opt for some kind of special premium for breeding ewes, because the farmers who would be hit first would be those who were raising the lambs.

Q10 Chair: There will be others hit sooner who have store lambs that probably have not been finished by January, but I suppose it is quite difficult to be able to deal with those particular farmers, is it?

George Eustice: It would be, but there is still quite a strong domestic market, and that is a time of year when, if the price is right, New Zealand comes in in quite substantial volumes. If the price had been knocked southwards, you would expect New Zealand producers to be squeezed out of that market.

Q11 Chair: This last question is probably unfair. What are the chances of getting a deal with the EU, then, by the time we leave in January?

George Eustice: It is no surprise that it has been a difficult set of negotiations. The EU has been quite intransigent on certain issues, like state aid rules and fisheries, where they effectively want to enjoy the same privileges that they have now with us as an EU member, and we obviously cannot accept that. But it remains the fact that David Frost and his negotiating team are working very hard to try to get an agreement. People on both sides are still applying themselves with rigour and in good faith to try to get one.

I cannot put a number on it. I know David Frost himself has been very reluctant to try to put some kind of statistical probability figure on it, but we will be doing all we can to get that agreement. As the Prime Minister has said, we need to make sure things to come to a head by the middle of October.

Q12 Mrs Murray: Secretary of State, you probably have not had discussions



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with the International Trade Secretary yet on this issue. If you have not, I wonder if you could just write to the Committee once you have. We visited a company in my constituency on Friday, and I have written to you in the past about it. They seem to have a problem with identifying the common export tariff applicable for salmon. They are finding it very difficult to write contracts, because, if they put one specific price in, it could result in them having a contract where they undertake to make a loss on their exports.

The Secretary of State for International Trade, I understand, said there was a tariff finder, but she was not able to find the information that they wanted. When do you intend to publish the distinctive information that companies like this company need when they are writing contracts and they need to look to the future? Clearly, we do not know right now whether there is going to be a deal or whether we are going to have an Australian-style deal, but companies are looking for certainty. I wonder if you could tell us where you can find this information and, if it is not available, when it will be available.

George Eustice: There is a tariff finder, and our full UK global tariff, line by line, is published on the DIT's website, but it sounds from what you said that you are talking about the EU's common external tariff. That is also a matter of public record, and I do not think it will change. There are, from memory, at least two different lines for salmon, depending on the level to which it has been processed, but it is pretty modest. It is around 2% or 3% as a tariff, so as tariffs go the tariff on farmed salmon is at the lower end of tariffs on food. In your specific case, if you wanted to contact my office with the specific product, our veterinary team will be able to give you that tariff very quickly.

Mrs Murray: Thank you very much.

Q13 **Barry Gardiner:** Secretary of State, earlier this year, as you said, the Government published the UK global tariff, which would apply to EU imports if no deal is reached, but the Prime Minister last week changed that when he was speaking with the Liaison Committee. He actually committed to reciprocal tariffs if there is no EU deal. Reciprocal tariffs mean that, under WTO rules, the UK would not be permitted to give any other country with which we also have no free trade agreement any better or worse trading terms than we were giving to the EU. The EU would actually be dictating our trading terms to the rest of the world. How is that taking back control?

George Eustice: I think what the Prime Minister was signalling when he made that point, which might have been in response to a question from Mr Parish, was that, if there was not an agreement, the EU would apply their common external tariff to UK products entering the EU and the UK would apply its UK global tariff to products entering the UK.

Q14 **Barry Gardiner:** I think that is a most generous interpretation, Secretary of State, because he actually made it as a specific promise in



contradistinction to the UK global tariff. He said, "No, they will be reciprocal". If it is a particular tariff that the EU, in the common external tariff, puts on lamb, we would apply a reciprocal tariff. That is a big change in the position and, as I say, it certainly does not take back control. It actually cedes control to the EU of the tariffs that we would apply reciprocally to the EU, but also to the whole of the rest of the world with which we had no free trade agreement.

George Eustice: If I might say so, you may be reading a bit too much into the use of the word "reciprocal". The way I would put it is that the EU would apply their common external tariff schedule and the UK would reciprocate by applying its UK global tariff schedule. That is not to say that the two would be identical.

Q15 **Barry Gardiner:** He implied it was a change in position. Was he just confused about that?

George Eustice: It is a change in position from the temporary tariff schedule last year, when you will recall that the proposal was to have quite a large number of tariff suspensions. The point he was probably making is that, unlike in the run-up to no deal, where there was a proposal for a temporary tariff schedule, we would actually apply the UK global tariff.

Barry Gardiner: You would make a very fine spin doctor, Secretary of State.

Q16 **Geraint Davies:** Secretary of State, you will know that the Japanese trade deal agreed state aid rules that were stricter than those required by the EU. In other words, would you accept that we could accept those state aid rules in order to avoid a no deal? In the event that we do have a no deal, if that is on top of ending furlough and a resurgence of covid, would you accept that there will be millions more people thrust into hunger? It is already 6.6 million people in food insecurity. What do you anticipate doing if, in January, we have more than 10 million people who are in hunger?

George Eustice: On your first point, in terms of the approach the Government are taking on all the trade deals—that includes not just Japan but the EU, the US and Canada—it is a common feature of all trade agreements, including the one that the EU has with Canada, that you can have what are sometimes called level playing field provisions, where sides give an undertaking to abide by similar objectives on things, but it is not the same as being bound by another country's law.

The difference between what a normal independent country asks for in a trade agreement and what the EU have been asking for to date is that the EU want what is termed an ex ante control of state aid, so we would need to seek their permission before we could grant aid to any business in advance and subject ourselves to the procedures of the EU Court. That is something that no ordinary country seeks to do, so that is the difference. The issue might be a misunderstanding between a



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conventional inclusion of a level playing field-type provision, which is quite common in trade agreements, and an attempt to bind us to EU law. That is the difference.

Q17 Geraint Davies: They are much more lenient, though, aren't they? The state aid for Germany and France, et cetera, is much more lenient than Japan is allowing us. I accept your point, but would you not accept mine that we would end up with more lenient restrictions and avoid a no deal?

George Eustice: Overall, on the UK-Japan agreement, it is important to recognise what we have in the agricultural sphere. We secured—this is mainly a continuity agreement—a roll-over of the things that matter most to us, particularly on sectors like beef and pork, where the market access and the trajectory to liberalisation remain on course.

There are then one or two areas where we achieved more and got more than the European Union managed to get with Japan, particularly around rules of origin. Products containing pork have better access than the EU was able to secure. There are one or two smaller areas where we were not able to get quite as much as the EU did, such as TRQs around protein drinks—smaller areas where we did not quite get the same roll over. You have to look at these things in the round and, overall, it was a good agreement that meant we achieved all the key things that the EU-Japan agreement had, plus a few more besides.

Q18 Geraint Davies: And hunger?

George Eustice: Mr Parish raised that point earlier. We are working very hard to get a withdrawal agreement or a future trade agreement in place, so that there can be zero tariffs on goods. If tariffs are applied, the impact on consumer prices is fairly modest, but in so far as there would be impacts on consumer prices, the Government will monitor that closely and, as we did last year during the coronavirus outbreak, take action where needed.

Q19 Ian Byrne: Secretary of State, how did the covid response affect DEFRA's preparations for the end of the transition period, and how will the advent of a potential second wave impact on these preparations further?

George Eustice: If I am honest, it has delayed things and set back certain programmes—it was in the first couple of months that it affected us the worst. I might ask Tamara to come in, because she might have the figures, but we redeployed staff from a number of other areas, some of whom were working on EU exit, to help deal with the initial response to the coronavirus outbreak. It probably delayed some of our SI programme and some of the legislative programme. It meant a delay to some of our important Bills, particularly the Environment Bill, but also the Agriculture Bill and Fisheries Bill slipped a little bit because of the disruption to the parliamentary timetable.



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The thing I would say is that we have been round this course now several times in terms of preparing for exit. Those of us who are veterans of the several attempts at no deal have become quite proficient in the issues, and there is a sense of déjà vu as we come around these again. A lot of the preparation we did for no deal last September and October is fit and ready to go now as we plan for the end of the transition period.

Finally, there has been a marked increase in businesses' interest and engagement on the need to prepare for the end of the transition period, since around June. The larger retailers and supermarkets, and the bigger players that are responsible for the bulk of the trade between the UK and the EU, have been actively engaging with us now for some months and building their preparations. We still have work to do, in particular to raise business readiness and make sure that everybody is ready for the new requirements, but we are doing a major exercise at the moment to ensure that happens.

Q20 Ian Byrne: You are comfortable with where we are at this present time, then.

George Eustice: Yes. "Comfortable" would probably be the wrong term to use, because it might suggest complacency. Michael Gove chairs a regular Cabinet Sub-Committee that crunches through every last miniscule detail on our preparedness for the end of the transition period. "Comfortable" would be the wrong term to use, but am I confident that we are doing everything necessary to make sure we can have a smooth end to the transition period? Yes.

Q21 Ian Byrne: Thank you, Secretary of State. Can I just ask the permanent secretary a follow-up question and give you a quick breather, so you can have a glass of water? Permanent secretary, how many DEFRA staff are still working on the covid-19 response and what work is still paused?

Tamara Finkelstein: We took immediate action at the time to reorganise people and set up an emergency centre. At the peak, we probably had around 1,000 people working on covid, but a lot of that was shift working and so on, to manage the work. By the end of June, we had stood down some of that work and retained a core emergency centre, particularly around economic impact on our sectors. It is hard to put an exact number on it, but we probably have 50 or so. There are a number of people who are working on or doing more than one thing in our particular policy areas, so that probably underplays the number of people tracking the work on covid.

We are keeping it very much under review and actually have a much greater ability to move our resources around in an agile way. We did pause some things, as the Secretary of State said, and we can look at where we would need to pause things if we need to move more people into that work going forward.

Q22 Ian Byrne: So you are confident, in the potential advent of a second



wave, that you have the ability for DEFRA to operate fully staffed.

Tamara Finkelstein: Yes. We will clearly prioritise the work we need to do on covid. We will prioritise the preparations for the end of the transition period—which are very much ramping up, so I am very keen not to have gaps in there, and we have a plan to ensure that—and some of our major delivery programmes, such as future farming. If we need to have the conversation with the Secretary State about prioritising other areas, we can do that, and I am confident in our ability to do that.

Q23 **Ian Byrne:** Thank you, permanent secretary. Can I go back to the Secretary of State for the last question? As we head towards the end of the transition period, the issue that keeps me awake at night is millions of our fellow citizens, as has been outlined by two of my colleagues, struggling to put a healthy meal on the table for them and their families. Minister, what keeps you awake at night?

George Eustice: I sleep quite well, I have to say, given the pressure on my time at the moment. You certainly need your sleep in this particular role. I suppose the greatest issue with the end of the transition period is the uncertainty at the moment about how the EU will respond to certain things. It is fair to say that, during the negotiation, they have been somewhat aloof on a number of important areas, such as whether they will give us a third-country listing for products of animal origin, which should be a no-brainer and should be straightforward. They granted it at the 11th hour in the run-up to October. They should do; there is no justification for them not to, but until things like that are secured, that becomes a significant issue.

There are a range of other things as well where we do not quite know how ready they are. We can do all the work in the world to make sure that our borders are ready and that we know exactly how we are going to handle lorries and goods arriving here. We have done all the work in the world to ensure that our own traders have the export health certificates and catch certificates they need, but if, when they arrive at the other side, it is all a bit slipshod and disorganised, and there is therefore chaos because of the EU's failure to plan, that is beyond our control. That would be the greatest concern.

Q24 **Chair:** Before we leave this question, I have a Brexit issues log and progress monitor in front of me. There are 10 parts to it: labelling, third-country approval and certification approval, so there are all sorts of things on here. Eight are red, with no progress, and only two are yellow. I am not saying it is all your fault. Some of it may well be the EU's fault, but surely there is an awful lot more to do to actually get these agreements in place.

George Eustice: Yes. The key ones on our sectors that are unresolved—they are unresolved only because we have gone through an application process, but the EU is yet to decide to move them forward—are securing a third-country listing for products of animal origin; securing equivalence



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agreements on things like organics, which is bound up in the FTA, and a similar requirement for equivalence on things like sweet potatoes; and a whole host of things around labelling and marketing standards, where we need them to recognise certain regimes and inspectorates that we have and the efficacy of our regime. All of these should be straightforward and simple, since we start from the point of view of having processes and systems that are identical to the EU, let alone equivalent. It should all be very straightforward and easy to do, but until the European Union confirms that it will do that and puts it through the correct process, it is hard to achieve that.

Q25 Chair: Is it politics or is it procedure? What is actually stopping it? As you quite rightly say, as we leave the EU we have exactly the same systems in place and exactly the same rules. Most trade deals take ages to sort out because there is not the equivalence of trade rules, yet we have exactly the same and they are playing very hardball. The only thing I can say is that it is politics, and not process, that is the problem.

George Eustice: I would characterise it as a negotiating tactic dressed up as procedure.

Q26 Chair: Your answer to my question is, yes, it is politics. You have wrapped it up slightly. Could I go as far as to press you on that?

George Eustice: I am not sure I would use the term “politics”, in that it is a negotiating tactic. The EU is saying, “It is difficult for us to progress this until we know what is happening with the free trade agreement.” That is not technically correct, but they are using that in some cases.

Q27 Chair: Bluntly, I had 10 years in the EU, representing this country, and the EU believe that the single market and the whole system they have is so marvellous that nobody in the world would want to leave it. Surely they are just trying to make an example of us and are being extraordinarily difficult. How do we break that logjam?

George Eustice: All you can do—this is exactly what David Frost and the negotiating team have done—is be absolutely clear about the type of agreement we want, be absolutely fair in the way you deal with the EU and engage in their concerns, which is what we are doing, but also be clear about where your red lines are and things that you cannot do. That is a consistent approach that the Prime Minister has taken. He has given authority to David Frost and his negotiating team to stick to that mandate, so there has not been the backtracking and swapping and changing of position that perhaps characterised our negotiating approach at points in the past, and that is welcome.

Q28 Dr Hudson: Thank you both for being before us today. I will preface my comments by declaring a professional interest for the record. As well as being a parliamentarian, I am a veterinary surgeon, so this question has elements of veterinary staffing issues in it as well. Secretary of State, you said that part of the anxiety moving forward, as we come to the end of the transitional period, is the uncertainty about our classification as a



country and whether we will get third-country status, et cetera.

We have taken evidence from various stakeholders within the food sector, from meat processing through to veterinary surgeons, who have expressed concern. As we move towards the end of transition, with this lack of clarity, do we have the infrastructure and the people ready and able to step up with the additional levels of checks that need to be done? You have mentioned export health certificates, and there is the introduction of certification support officers, but how do you respond to those sectors' concerns moving forward? Are we ready for this increased workload, and do we have the people and the resources to do this?

George Eustice: It is an area we are working on, and we have done quite a lot of analysis to ascertain the scale of the issue. Broadly speaking, we estimate that there are around 1,000 to 1,200 businesses that need an export health certificate because they are in products of animal origin, and potentially another 600 to 800 businesses that are involved in the export of fisheries products. It is in total something in the region of 2,000 businesses that are engaged in this trade and, therefore, need to familiarise themselves with what is needed.

There is then a question about how many export health certificates might be needed. Estimating that is very difficult, because trade patterns and the numbers of consignments might change—you could get consolidation of consignments. It is hard to judge, but our analysis at the moment suggests that it could be in the region of 100,000 to 300,000 export health certificates needed per year. Then, to process and issue those, we estimate that you need 200 or so full-time equivalent vets for the products of animal origin. Due to a quirk of the way the regulations work, it is usually environmental health officers in local authorities who issue the EHCs for fish. We probably, therefore, need around another 200 of those.

To put that in context, there are around 1,000 environmental health officers at the moment, and we have been working with local authorities to support them to increase their capacity, so that they have the people to do this. There is also a piece of work going on to support recruitment and training of additional vets who can support work that already goes on. It is important to recognise that this is done by private veterinary practices. Many of them would already provide export health certificates, for instance, if a meat processor was sending pork to China or the far east. They would already be doing this work, so some of them are quite familiar with it. It is just about increasing that capacity to cope with the additional workload.

Q29 **Dr Hudson:** It is interesting that you talk about increasing the capacity. Yes, hopefully the certification support officers will be able to help the veterinary surgeons, but equally you need veterinary oversight for a lot of these checks. When we took evidence from the British Veterinary Association the other day, we talked about this. I want to ask whether the Government are working on this and looking at veterinary staffing



levels moving forward, both in the short term as we end up with potentially increased checks at the end of the transitional period, but, equally, moving forward in those sectors, with movement of vets across the EU and that side of things. Can you confirm that the Government are keeping a watching brief on veterinary staffing levels, in terms of training, recruitment and retention of this profession in the months and years ahead?

George Eustice: Yes, we are doing that. We are looking, first of all, at recruitment, and you are right: the person who signs off the EHC would have to be somebody who the EU was comfortable could sign it off, so that would require vets in a lot of cases. Sometimes there is administrative groundwork that can be done by other supporting professionals, with the vet making the final decision to sign things off. We are doing work to increase capacity and support the expansion of vets in this area. In addition to that, as a belt-and-braces approach, we are also designing contingency plans with our agencies, like APHA, so that if push came to shove, and there was a gap in capacity, we could come in with the state veterinary service to help complement what those private vets are doing.

Tamara Finkelstein: We are expecting more training starting in October, both for official veterinarians and for certifying support officers. There is £300,000 going into that training. Some confidence can be had, in that we were at 600 qualified vets in February 2019 and we are now at double that, at 1,200. We need some more, but we have made that increase, and we have the certifying support officers agreed as a support mechanism and are increasing that. In this area, we are making good progress, and given the plans we have to the end of the year, together with the contingency that the Secretary of State set out, we feel confident in this area.

Q30 **Dr Hudson:** The second part of my question is on a slightly different tack, about the preparations for the movement of animals and animal products across borders. In 2019, the Government evolved Operation Brock for managing heavy vehicle traffic in the south-east as it moved over to the EU and vice versa, trying to have contingency planning for potential delays and prioritising things such as perishable seafood. Other sectors, such as meat and dairy, have expressed concerns that they were not prioritised in that. Do you have any comments about the preparations, if we did have any delays in the border regions, in terms of what support can be given to those sectors and about potential compensation to exporters of these other perishable products?

George Eustice: The position we took last time—broadly speaking, we are planning to do the same again—is that the hierarchy of objectives is, first, to keep the flow moving at the border. A lot of work is going into making sure that, before a lorry leaves, it has the correct paperwork, has gone through a particular process and has the confidence that it will be able to clear checks at the other side.



After that, if there were problems and, as I said, issues with a lack of EU preparedness that then led to pinch points, difficulties with ferries sailing, crossings and so on, Operation Brock would kick in. We have always said that, in that situation, if lorries were being held for some time, we would prioritise fresh fisheries products, because they are highly perishable, and day-old chicks, where there are a small number of lorries—typically three or four a day—but we are the EU market leader in that area by some way, and there would be animal welfare considerations if a lorry-load of chicks got stranded. We chose to pick those two.

The difficulty with broadening it out is, first of all, that there is then the question of where you draw the line. We know that the number of lorries carrying fresh fish is relatively small overall—typically between 70 and 80 per night—with a tiny number, as I said, carrying day-old chicks. Once you start broadening it out to other sectors, like lamb or dairy, you are suddenly into a different order of operation. At that point, to be fair, it gets very logistically difficult for Kent police to manage such a prioritisation exercise. There are also questions of fairness. If you are going to do it for dairy, why not certain other sectors, which might also have critical timelines, albeit that it is not a perishable product? We have chosen just those two that would be worst affected, and I think that is the right pitch.

Dr Hudson: Thank you very much, Secretary of State, for clarifying that.

Q31 **Chair:** Secretary of State, when will the Government publish their response to the 2019 consultation on live exports of animals? Do you still believe that the UK could ban live exports of animals after leaving the EU?

George Eustice: Yes, we have, as you know, a manifesto commitment to do this. We have had a consultation. For obvious reasons, with coronavirus and the redeployment of resources, some of that work and the response to that consultation has been delayed. We have a number of legislative commitments in our manifesto, including, in addition to taking action on live animal exports, issues such as recognising animal sentience, so it is our intention when parliamentary time allows to legislate in these areas.

Q32 **Chair:** You do not see any conflict in getting animals across from the Scilly Isles to Cornwall or from any of the islands in Scotland to the mainland for processing and slaughtering. If the animals are travelling in good conditions, is the 22 miles of water between us and France such a problem?

George Eustice: As you can imagine, once you look at these issues and the detail of them, lots of complexities present themselves. Transport regulations, for instance, are generally devolved, and we would have to ensure that animals could be transported from the Shetland Islands and Orkney back to the mainland. There are certain issues like that, which we need to iron out. That is why we had the consultation to take on board



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everybody's views and to ensure that we can get this policy absolutely perfectly right.

Q33 **Chair:** When you say it is devolved, is there a chance, then, that in the future Scotland and Wales would allow live exports and England would ban them? Where would that stand?

George Eustice: When it comes to trade issues and those international issues, that is more of a reserved area. Some of the areas that we have consulted on and are inviting views on, for instance, relate to changes in transport regulations and travel conditions, and that is the other part of it. Some of those issues are indeed devolved, albeit we will as far as possible try to work within a UK framework.

Q34 **Chair:** You are not actually looking at the type of transport and the way that export is going to be done. You are just looking at banning it. Is that right?

George Eustice: As I said, there is a consultation. We are looking at all the responses and we are considering a range of options. We are considering the legal position as well on some of these matters and looking at the right way to deliver our manifesto commitment, which is to bring an end to the export of live animals for slaughter.

Q35 **Dave Doogan:** Secretary of State, you are absolutely right that the animal welfare element and the transport element of it are devolved, but the market for much of this transportation from the Highlands and Islands of Scotland is into England, which, crucially for the time being, is not export. It would be helpful to hear explicitly that the moves in terms of an export ban will have no impact on producers moving live animals across the United Kingdom as currently constructed.

George Eustice: We are consulting on things like maximum journey times. There are other issues, for instance, affecting sectors like poultry, around poultry transport and ventilation, to ensure that you do not get mortality during transport, which is a problem in some areas. There are some important areas around transport regulations that we think are ready to be reviewed, but Orkney, Shetland and Scotland are all part of the UK. That does not constitute an export.

Chair: Thank you for that clarification, Secretary of State.

Q36 **Dr Hudson:** Secretary of State, the track I am going down now is the movement of animals across borders. Our Committee is going to be looking at that in more depth in the coming months. As you have said a couple of times, a lot of the anxiety is about the uncertainty as to what our status as a country is going to be. Can you give the Committee some reassurance that preparations are under way and that guidelines will be clear and available quickly when we know more, so that stakeholders moving animals around across borders can respond quickly and efficiently?



I guess one area that I am referring to, depending on our third-country status, would be, for instance, the movement of horses across borders. As you know, we are part of the tripartite agreement between the UK, Ireland and France. Will the seamless movement of those horses still be in play? Equally, there is still uncertainty about the movement of pets with the pet travel scheme until we know where we are at. Will DEFRA be ready and nimble when we know more as to where we are at, so that clarity can be given to those stakeholders? A lot of people in the various sectors, whether it is equine or people with pets, are worried and uncertain. Can you give us some assurance?

George Eustice: Yes, I can absolutely give you the assurance that our officials have been working very closely with Commission officials, making sure they have all the information they need to consider the approach in these areas. The reality is, as is common with virtually every issue on this front, that there is no justification whatsoever for the EU not to put the UK on the list that would enable something akin to the pet travel scheme we have now to continue, in that there is no rabies in this country. Indeed, the pet travel scheme was predominantly put in place to stop rabies coming from other EU countries to countries like the UK and Ireland.

There is no justification for us not to be on that list, but there is a process that we have to go through, and we are going through that process. For now, we have to plan for the best, but assume the worst and ensure people recognise that, if the EU does not put us on that list, we would be treated like any other third country and they would have to vaccinate their dog before they travelled to the EU and to go through all those particular processes. As soon as we can give people that clarity, we will. You are right: equines is another key area.

Q37 **Dr Hudson:** If we go right up to the 11th hour, and both sides blink and we get that status, we can respond, but equally you are making the preparations as if we did not have that movement. Certainly in the equine sector, they would need to know whether the tripartite agreement is going to continue, and there is a lot of movement of horses among those three countries. But I guess you are ready and will respond quickly when we know more.

George Eustice: Yes. The tripartite agreement itself may be a bit more problematic, just because that was, as its name suggests, a three-way agreement by France, the UK and Ireland that predated the European Union. The EU generally do not like side agreements between nation states. They like to do it all themselves, so I suspect that the tripartite agreement might be more problematic, but at the very least we want to make sure that the other provisions—for instance, recognition to enable equines to travel—can be put in place.

Q38 **Chair:** Secretary of State, at the moment, five puppies can be brought in under the pet passport scheme from Europe. I do not see why you would go and buy five puppies for your own use. Are you considering tightening



up on the number of puppies that could come in in a future scheme?

George Eustice: This is something we have always kept under review. You are right: any puppy or any dog being brought in commercially for sale is supposed to come in under a different regime, which is the Balai directive. I know concerns have been expressed for some time that some people are bringing dogs in for sale under the pet travel scheme, which would be illegal. That is not the purpose of that scheme.

In terms of the illegal use of the pet travel scheme to bring puppies in, we have for a number of years now run quite a major operation between APHA and port health authorities to ensure that we are checking that puppies coming in are of the right age. Quite a large number—something like 600 or 700 puppies that were under age—have been seized and rehomed because of this illegal trade over the last few years.

Q39 **Chair:** How many people actually need five puppies? How many individuals go out and actually buy five puppies for their own use and to keep? It is very few, so it is a loophole. We can probably discuss it all afternoon, but it is one of those issues that you ought to keep in your sights.

George Eustice: Arguably, there could be expats who spend half the year in Spain, love their dogs, take in every dog that comes their way and have half a dozen spaniels around them. They might travel, therefore, with five dogs that are genuine pets, so we cannot rule out that there will be genuine cases like that.

Chair: I am sure we could have a licence for that.

Q40 **Dr Hudson:** It is really reassuring that, as we come out of transition, we will be able to tighten up on animal welfare issues, such as the puppy movement. Secretary of State, could you confirm that we will also be able to tighten up on animal health improvements, doing things like reinstating the mandatory tick treatment for dogs moving in, so that we then will not get exotic diseases coming into the UK, potentially with zoonotic risks as well? We can actually improve the health and welfare status of animals in this country and potentially, indirectly, of people.

George Eustice: Yes, I can confirm we would be able to do that. You put your finger on a particular issue. We used to require mandatory treatment of ticks for certain dogs coming back from certain countries to avoid an invasive species of tick getting into the UK. That was particularly associated, from memory, with Lyme disease.

Dr Hudson: And babesiosis as well.

George Eustice: Exactly. It was the EU veterinary authorities that overruled that and required us to remove that restriction. We will have a chance to revisit those sorts of issues.

Chair: We will park that one there. We will come back to it, I am sure, Secretary of State.



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Q41 **Robbie Moore:** Secretary of State, my question is going on to food labelling. This has been highlighted by the food industry as one of the most complex issues, as we are preparing the country to come out of the EU trading bloc. Are the Government planning to provide an adjustment period, as has been suggested by the Food and Drink Federation, of potentially 12 months for food businesses as part of coming out of the EU?

George Eustice: Yes. In terms of goods coming in, we have already confirmed that, on a whole range of things from foods right through to fertilisers, we will recognise a dual system of labelling, at least for a standstill period. We reserve our right to change those requirements at some point, but initially at least, in most cases for six months, we do not want to make this any more complicated for people importing goods than it might otherwise be.

The bit that we cannot control is goods going the other way. In that regard, if the EU have particular labelling requirements, which might affect sectors like organics, we would need to advise businesses that they might need from day one to be labelling in a way that the European Union would find acceptable and compliant with their rules. The SIs that we put in place last year to bring across retained EU law made provision in many cases for dual recognition of labelling requirements from the beginning.

Q42 **Robbie Moore:** At the moment, to clarify, you are looking at a potential adjustment period of six months. Based on the industry saying 12 or 21 months, do you feel that six months is actually achievable? You do not see any complications coming from that.

George Eustice: I would need to look at the specific areas that they are mentioning. Looking at what we have done to ensure a smooth end to the transition period, and the legislation we have put in place, while we have reserved our position in a number of key areas, not least because the EU has also done so, on simple things where businesses have stocks of labels that were compliant and needed to be used by EU law, we are not planning to make dramatic changes anytime soon.

Q43 **Robbie Moore:** Focusing on organic products, are you confident the EU and the UK will agree equivalency for organic products and food labelling?

George Eustice: There is no reason why not, in the sense that the EU currently recognises groups like the Soil Association as being accreditors that do a competent job. The regulations we have are the same as those the EU has, so it is very difficult to see why the EU would not recognise equivalence, given that our starting point is that we have identical rules and a system of accreditation that they already accept. It ought to be possible. My understanding is that the EU are engaging on this matter in good faith and are seeking to guide through that particular process.

Q44 **Dave Doogan:** In terms of labelling, Secretary of State, if you are going to buy a strawberry, you should really buy one with a saltire on it,



because that will mean it has almost certainly come from Tayside or Fife, and hopefully Angus, for the very best tasting strawberries that money can buy. However—this is a wee bit tangential, Chair—a very real risk to that production is the availability of labour. On this Committee, we have talked a great deal this year about getting domestic labour working in the harvesting of edible horticulture, and with some success, but not nearly enough success.

Colleagues in the National Farmers' Union of Scotland and their counterparts elsewhere in the UK are very clear about the gap between what we have in the seasonal agricultural workers scheme and the actual operational demand. They are looking for clarity, because, as I am sure you know, the horizon of that deployment of labour in terms of purchasing plants and putting them in is very soon for next year. What reassurance and confidence can you give horticultural growers of soft fruit and vegetables in the UK that they will be able to access the seasonal foreign labour they require?

George Eustice: As some Committee members may know, I must take issue with Scottish strawberries. Much as I support the Scottish strawberry industry, I was a strawberry grower myself in Cornwall, and we were growing very good strawberries there as well. Having spent 10 years in this industry, I am very familiar with the issue.

From talking to some of the major players in this area, both in soft fruit and those like G's in salads, generally speaking, they found this year that roughly a third of their labour was a UK workforce, and websites like Pick For Britain were quite successful at getting people to come forward. Roughly a third were under the SAWS pilot, mainly from Ukraine. Then the remaining third to a half were EU citizens who were already here. That mix worked reasonably well. Most would tell you that the level of productivity among UK workers, who are less experienced at doing this sort of work, was lower on average and that churn rates—loss of staff and staff turnover—would have been higher on British workers, but, nevertheless, they made a significant contribution this year.

We need to consider for next year what the right mix is between those with settled EU status, a possible continuation of a SAWS scheme of sorts and—crucially in a year where we could see significant increases in unemployment, with sectors like hospitality potentially being affected—making sure the industry is doing all it can to provide work for people who, sadly, might lose their jobs over the next few months.

Q45 **Dave Doogan:** I would advise, though, that 40% of horticultural members in the National Farmers' Union of Scotland have responded to a survey to say that, if they cannot get access to foreign seasonal workers, they will not be able to continue. We have heard very compelling evidence that the difficulty with this type of work for the domestic workforce is that there is only a certain amount of domestic labour available within travelling distance of where the demand for labour is. It will be subject to the law of diminishing resource, and that will leave a



demonstrable gap between domestic capacity and the demand of the sector. People need reassurance that the UK Government will activate a system that allows foreign workers in the right amounts to come in and work in that sector. I am not hearing that.

George Eustice: We are discussing this area with the Home Office at the moment, but it is important, in a year where we are likely to see, sadly, significant increases in unemployment, that we make sure that the industry does everything it can to make space for people who might lose their jobs. It is getting the balance right on all these things, but it is an area that we are in discussion with the Home Office about.

Q46 **Chair:** I remember going to DEFRA probably nearly two years ago, and we were talking about how difficult it was to get the EU to recognise our organic status, yet I would suggest that our organic status is largely higher than that of a lot of the EU countries. Why is it taking so long for them to recognise us? Again, is it the politics of the EU rather than the practice? Surely our organic production is right. Why is it not recognised?

George Eustice: It is partly because, at times, it has been bound up with the discussions on the future free trade agreement. The EU has been quite open about saying, "This is bound up in that agreement, and we have to wait and see what happens with that." There are other areas where it is less legitimate for them to make that claim—for instance, on third-country listing, where they signpost you to the process, but are not in a hurry to progress it; that is probably the best way to put it.

Chair: Organic producers are very worried about this.

George Eustice: They probably are. With all these things, though, there is every possibility that, if there is an outbreak of calm and consensus and an agreement is put together, these sorts of issues can be resolved very quickly and people can go through whatever processes need to happen very quickly. There is no substantive concern, if I can put it that way. If the will is there, these things can be resolved very quickly, but we cannot guarantee it will be there.

Q47 **Chair:** You can imagine, if you are an organic producer, you are quite worried, because the politics is one thing, but your business is another. Can you export? That is the trouble. I am not saying you are not doing the most you can about it, but it is an issue that needs to be sorted, like all of this, really.

George Eustice: That is the case, although I would say in response that, if there was not an agreement, and tariffs were applied both ways, the UK is a major import market for EU produce, so there would be displacement of EU organic produce through the tariffs approach. That would make space for home-grown produce on our shelves.

Q48 **Dave Doogan:** Secretary of State, how would you address the reality that, in actual fact, the mutual recognition component of the UK Internal Market Bill simply means that, to take food standards, for example, it will



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be English food standards that now apply right across the UK, in contravention of devolution?

George Eustice: I am not sure I would accept that caricature. It means that each devolved Administration will be free to set its own approaches in certain areas, but it will not be able to prevent products being marketed through our internal market. It is not about English standards. Equally, if Scotland decided to adopt a different set of standards to England in a particular area—

Dave Doogan: A lower standard.

George Eustice: I am sure you would not caricature it as a lower standard if you chose a different standard. If they chose, to take at face value what you say, a lower standard, that would still be able to be marketed in the rest of the UK. The important thing to recognise is that, on all the important areas here—things like pesticide authorisations, food safety and food standards—Food Standards Scotland and the FSA work from a common evidence base. They often share a lot of evidence. Their scientists and assessors reach judgments based on the same evidence. The same is true on pesticides. The Chemicals Regulation Directorate and the Expert Committee on Pesticides make recommendations to all the Administrations, which tend to make, therefore, broadly similar judgments based on that common evidence base.

Q49 **Dave Doogan:** That is true, and that has worked very well over the previous 13 years of devolution, while all entities of the UK were members of the EU. That has changed now, and that presents much greater flux in the system. This is a discussion about mutual recognition and about the floor, not the ceiling. There is no ambition to drag everybody up. There is an ambition to make sure that, as low as one element of the UK sets the standard, that will apply everywhere else.

George Eustice: That is really what happens in the EU now. It is already the case that Hungary, for instance, could choose to authorise a pesticide that we do not allow in this country. Crops treated with that could be sold in Scotland, and there is nothing that the Scottish Government could do about that. It is also the case that GM crops could be grown. Scotland could prevent them being grown in Scotland, but it could not stop GM crops grown in, say, Spain or Italy being sold in Scotland.

That is not a new problem, and it is probably less of a problem, in that, in the UK, you would at least have all the national Administrations anchored around a common evidence base, whereas in the EU you have the principle of mutual recognition, but national authorities will often do their own thing based on sometimes different evidence bases.

Q50 **Dave Doogan:** You do not see any conflict, then. Sticking with the EU dynamic, if the EU was seeking to introduce this, any member state could apply its veto to the agreement and seek to negotiate something that was more favourable for its market, whereas in the UK the UK



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Government has not even had a meaningful discussion with devolved Administrations about this. They have just been told, "This is what is happening, with or without legislative consent." Would you accept that, if you were in government in one of the devolved Administrations?

George Eustice: As I say, we already accept this as an EU member. People exaggerate the extent to which we have a veto. Vetoes only really apply now in tax matters. In all the areas that reflect DEFRA, qualified majority voting applies, and it is regularly the case that the UK will take a position, but be in a minority and not have a qualified majority or a blocking majority, so things will be done that are against our interests, and we accept that.

Q51 **Dave Doogan:** Even if Scotland, Wales or Northern Ireland, in the context of the UK, did have qualified majority voting, which we do not, the asymmetry of the UK is such that it will always be on England's terms.

George Eustice: That is why we have, under our constitution, a devolved settlement rather than a federal model. In a federal model, you can have things like qualified majority voting, but they tend to work best if you have a relatively large number of states that are of broadly similar size. The EU manages to do that, although it has quite a range in size of states. Once you get to the UK, as you say, where you have England, which is much larger than the other component parts, that federal model does not really work. That is why we have always had a devolution model, where a large amount of power is devolved, but certain important things remain reserved.

Q52 **Dave Doogan:** In 21 years of devolution, this is the first time that a power has been de facto removed from a devolved Administration. I am sure what you are going to say is that no powers have been removed, but in actual fact, if England can set a food standard that lowers the floor of food standards in Scotland, Wales or Northern Ireland, that is—maybe not in principle, but in reality—control over a previously devolved matter.

George Eustice: I am not sure I agree, for the reasons I gave earlier. It is already the case that countries like Hungary, Denmark and others will take different approaches on some of these matters, and it would be unlawful for Scotland to ban those products. We have at the moment a single market within the EU. We will have a similar principle of an internal market that means there cannot be blocks against trade taking place, but that does not prevent individual countries from adopting their own approaches.

Q53 **Dave Doogan:** Do you have a view on how the lack of consultation, discussion and, some would argue, respect—I would be one of those—between the UK Government and the devolved Administrations in this matter has been received by civil society in the devolved nations?

George Eustice: There was a consultation document, and I was involved in putting that together earlier this summer. As we speak, there are



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debates, or are about to be debates, going through Parliament on these matters in the usual way. I am sure, Mr Doogan, that members of your Benches will be very vocal in those debates, and that is what Parliament is for. It is fair to say that, given the amount we need to do in preparation for a smooth end to the transition period, yes, this legislation is happening at quite a pace, but it is not true to say there has been no consultation. There has been a consultation document, and there will be a great deal of debate.

Q54 Dave Doogan: Can you identify a single compromise that has been made as a result of that discussion and consultation, where a devolved Administration has said, “We can accept this but no more. Can you change it?”

George Eustice: This is a BEIS Bill, so Alok Sharma, the Secretary of State there, has been leading those particular discussions. In DEFRA, we have very good relations with the devolved Administrations on the agricultural components. The crucial thing about the UK Internal Market Bill is that it provides for, and still relies very heavily on, frameworks being agreed, so that we all act within certain parameters and within agreed UK frameworks where improved co-ordination is necessary.

Dave Doogan: I would echo the Secretary of State’s comments that good working relationships have been developed over 21 years, but we will find they are under significant strain going forward as a result of this Bill.

Chair: I hope we can make those relationships work.

Q55 Geraint Davies: Would you not accept, Secretary of State, that this recent legislation is basically stopping Wales, in particular, and indeed Scotland, setting higher environmental and food standards? By way of example, would you accept that, if Wales now wants to ban nine single-use plastics, which it does, and Westminster wants to ban only three, Wales will not be able to ban nine, but only three? That is driving a coach and horses through devolution, because previously we could.

George Eustice: I am not sure on the specific point you are making, but, generally, on all these fronts, for every part of the UK, an enormous number of new freedoms will come our way—freedoms to run agriculture policy in a completely different way, to design the administration of those policies in a way that is less bureaucratic and works for our own circumstances, and freedom to set your environmental frameworks, targets and standards in a way that no part of the UK has had really for decades. For the last 40 years, we have all been operating within a highly restrictive, centralised legal order set in the European Union, and it has curtailed all our freedoms to act in a way that is right for us.

All the UK Internal Market Bill does is to ensure that those different policies cannot be used as an excuse to frustrate trade within our islands, and that is right—that has to be the sensible thing to do. It is the



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principle of mutual recognition, but beyond that there is a very widespread newfound power for every part of the UK to do things differently.

Q56 Geraint Davies: But if you, for instance, allowed hormone-impregnated beef through a trade agreement that Wales was not involved in, because the WTO and Donald Trump told you to, Wales would not even be allowed to label that hormone-impregnated beef to protect our consumers—to protect young children from premature puberty as a result of eating it—because of this Bill. We could not even label it, let alone stop it being sold. That is true, isn't it?

George Eustice: There would be some areas where labelling would be allowed, so devolved Administrations could do their own approach to labelling. There are some areas where it might not work, but these are things that we are looking carefully at and that there will be frameworks to address.

Q57 Chair: Surely hormone beef is illegal at the moment, isn't it? Are you looking to legalise it?

George Eustice: No, it is, but rather than going down that route, I was treating it as a hypothetical question.

Chair: Were you? You had better make that clear for the record.

George Eustice: There is a prohibition on sale in every part of the UK.

Q58 Chair: Yes, along with chlorinated chicken.

Tamara, when will the Committee see the common framework DEFRA is leading on, which is a provisional framework to be in place from January? When are we likely to see that?

Tamara Finkelstein: We are working on a set of 15 common frameworks, and we are working very closely with the devolved Administrations on that. We are doing some official-level assurance in October and early November and looking for parliamentary scrutiny in 2021. I think there have been conversations about what the right timing is and so on, but there is close working to develop that and have a set of frameworks.

Q59 Chair: You do not actually have a date at the moment. Is that right?

Tamara Finkelstein: My understanding was that there were conversations, including with this Committee, around the timings, but, at the minute, we are at the point of this official-level scrutiny in October and early November. There will be some technical engagement with stakeholders over the next month.

Chair: Please could you write to us and keep us informed of the timing?

Tamara Finkelstein: Absolutely, yes.



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Q60 **Mrs Murray:** Secretary of State, do we have the staff, boats and systems in place to control, license and enforce access to fisheries from 1 January?

George Eustice: Yes. This is an area that we have been working on. We have introduced a new fish export system and, as I said earlier, we estimate there are around 800 businesses that export fisheries products. Getting on for 270 of those now are already registered on our system. The system to issue catch certificates is already in place.

I mentioned earlier the work we are doing on environmental health officers in local authorities to build the capacity for export health certificates. In fact, in Scotland DFDS developed a very interesting concept of a hub that all lorries destined for export markets could go through to get the paperwork they needed, so I have a reasonable level of confidence in that part of the system.

We have recently procured additional access to planes for aerial surveillance, so that we can monitor things, particularly in the event that the EU does not share with us their vessel monitoring data. We have also procured an additional three offshore patrol vessels from the commercial sector to supplement the vessels that we already have access to from the Royal Navy.

We have the Joint Maritime Operations Coordination Centre, which involves a number of cutter vessels that work with Border Force. Many of their staff have been retrained, so that they can do fisheries protection work as well. We have trained around an additional 70 warranted fisheries protection officers to undertake that work. We are also doing some work to consider what tactical responses these additional assets might make in the event that we had severe breaches of the law. On all these fronts, we have done a lot of work. It is a big change, but I am comfortable that we have done a lot of preparation work.

Q61 **Mrs Murray:** Could I just expand on that? You mention the new vessels that you have presumably commissioned from the commercial sector. Will they be staffed by MMO staff or crewed by Royal Navy personnel?

George Eustice: It changes around. Marine Scotland commissioned its own fisheries protection vessels, and they are in the private sector—they are private contractors, but there are officers who are authorised to do fisheries protection work. The commercial vessels that we are contracting will, I think, have MMO officers on their warranted officers, but I might need to double-check that and get back to the Committee. The Royal Navy Fishery Protection Squadron is the oldest part of the Royal Navy and will continue to be there to assist in this work.

Q62 **Mrs Murray:** Are you confident that the Scottish Parliament has taken its responsibilities seriously on this? Scottish waters make up quite a significant amount of UK waters. Are you confident that they have put enough emphasis on ensuring that UK waters are protected once we



leave the European Union?

George Eustice: We have been working very closely with the Scottish Government and other devolved Administrations on this. Yes, although we all know the Scottish Government would prefer not to be leaving the EU, and not to be leaving the CFP, by definition, they recognise that the Scottish fishing industry is a large, important industry and that they have to be ready to police this and do whatever enforcement activity is necessary. There is an understanding about the importance of this to the Scottish fishing industry.

Q63 **Mrs Murray:** Finally, some of the inshore fisheries and conservation authorities have their own vessels, and they police and enforce the regulations in the nought-to-12-mile limit. Are you confident that they will be able to step up to the mark, should we see any breaches that may occur with historic rights being denied to other EU nations after 1 January?

George Eustice: Yes. One of the things that the new joint maritime control centre is doing is bringing all those different assets together. Some of the IFCA's have their own vessels. Some of those, as you will know in Cornwall, are vessels that can go some way out to sea. We are looking to make sure that we co-ordinate all those different assets, so that we can respond as necessary. At the moment, IFCA's tend to be restricted to the nought-to-six-mile zone, but we will, where necessary, be using them further out, where they have vessels that can go further out.

Q64 **Mrs Murray:** Finally, before I finish, have you had any discussions with the Secretary of State for Defence so that, should you need other platforms to make sure that we can carry out our enforcement as an independent coastal state under UNCLOS, those platforms would be available for you to call on?

George Eustice: Yes, we are working closely with the Ministry of Defence. So far, a decision was taken to delay the decommissioning of the previous old offshore patrol vessels, so they could be kept as reserve capacity. The new ones have been commissioned. At least one of those is on duty elsewhere, but we have a commitment to be able to draw on two of those new ones, in addition to the reserve capacity, and then we have private contractors to supplement that. The Secretary of State for Defence is very clear that they stand ready to assist in any way we might need as the end of the transition period approaches.

Mrs Murray: I am sure fishermen will be very reassured to hear that, Secretary of State. Thank you.

Q65 **Rosie Duffield:** Secretary of State, are you able to guarantee that those things will be in place by 1 January? I have been hearing about Operation Brock, operation lorry park and all sorts of things for months and months now. I really need to reassure the smaller fishing communities, like mine in Whitstable, that things will carry on moving. What is the potential



damage to those communities if things are not in place by 1 January?

George Eustice: We have seen through the coronavirus pandemic, in those early months when all of the key fish markets, such as Boulogne, closed down, that that had a very serious impact on fishing communities, to the point that we did a hardship payment to them. We know that the impacts will be quite severe if they could not get their product to market. In answer to your question, this is an area that the Government has put a lot of emphasis on. It starts with making sure lorries have the correct paperwork before they travel. Then it is all about ensuring that we maintain those flows at the border. If a problem does arise and we have to instigate Operation Brock—that is a fall-back position and something that we do only if things start to go wrong—at that point there would be an ability to start to do prioritisation.

Q66 **Rosie Duffield:** Is there a way of potentially compensating people who export oysters from Whitstable, for example? We export most of them to French restaurants directly. It is such a time-sensitive product that it cannot be hanging around in lorry parks.

George Eustice: Our priority, rather than paying people lots of compensation for not getting the goods to market, is to help them get the goods to market by making sure flow is maintained at the border. If things start to go wrong, we will then ensure that perishable goods still get to market by prioritising the flow of those particular vehicles. That is a better way to approach this challenge, rather than getting back into compensation schemes.

Q67 **Barry Gardiner:** Permanent Secretary, can I direct you to the positive list of eligible countries that the EU operates for all fisheries products? The Secretary of State said earlier that, because we have the same processes at present, it should be very simple to get on that list. You will be aware that in the past, even though we were a member of the EU, they raised serious concerns about our ability to monitor and enforce our fisheries to the appropriate standards. Last week, civil servants at DEFRA were unable to confirm whether the UK had in fact applied for third-country status. Can you confirm if we have? Have the EU agreed that our monitoring and management meets the benchmark? Have they granted us that third-country status?

Tamara Finkelstein: We have made applications for third-country status across a range of areas and are ensuring we are providing the information that is required for that to happen. We have not yet been granted third-country status, as the Secretary of State was talking about earlier. We are still part of the process and ensuring that we have provided the technical information that is required for that process.

Q68 **Barry Gardiner:** Specifically, permanent secretary, when did you apply for third-country status for fisheries? If it is as easy as the Secretary of State suggested it might be, when would you normally expect to receive an approval that we meet the benchmark? My understanding is that we



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have to show we meet the benchmark. You cannot just say, "You have always accepted it so far." Presumably, that is why you have gone to such lengths to acquire the additional vessels.

George Eustice: It is a very high bar on fisheries. The EU has a system for ensuring it does not buy fish from IUU countries. As you will know, when countries have no control systems and no quotas and their vessels fish illegally, they are designated an IUU country. In those instances, products are not allowed in.

Q69 **Barry Gardiner:** Do you remember the letter that came from the EU? It was some years ago now. It complained that we did not have the systems in place. You will know that not all our boats had VMS or electronic logbooks. The catch app, which you piloted, is not yet at an enforcement stage. When we come to issue a catch certificate and the competent authority should have cross-checked against the landing declaration, we cannot do that, can we? How can you guarantee that the UK catch certificates meet the requirements for third-country listing?

George Eustice: A lot of the initial systems we are going to bring across from the EU are EU systems. There is a world of difference between saying a country is an IUU country that is fishing illegally and outside controls and saying—

Q70 **Barry Gardiner:** With respect, IUU is a red herring, no pun intended. Do we match the appropriate monitoring systems that would enable us to get on that positive list of eligible countries? Without VMS, electronic logbooks and being able to cross-reference the landing declarations to get the catch certificates, we are not going to be able to do that, are we?

George Eustice: I come back to what I said. We already have more cameras on vessels and remote electronic monitoring than any other EU country. Our control regime is probably more robust than some of the others. The report you are citing is related to a very small issue around catch reporting for the inshore vessels, which we have subsequently put in place anyway. We have the catch app. We have been doing catch reporting. That is what that specific report related to.

Q71 **Barry Gardiner:** If we were as compliant as you say, we would not have been putting in place all these new vessels. We obviously have to do a lot more than we were doing in order to comply. Please, can you tell me when we applied for third-country status for our fisheries?

George Eustice: If you want a precise date, we will have to write to the Committee and give you that date, which we can do.

Q72 **Barry Gardiner:** Thank you. Yes, that would be extremely helpful.

I have one final question. Can you tell me the at-sea surveillance hours last year? We know that in 2018 it was 2,000 hours. I believe you said to the Lords on 4 March that you had increased the capacity fivefold. Can you confirm that there were at least 10,000 hours in the 2019 year? That would be helpful. It still does not compare with the 16,000 at-sea



surveillance hours there were in 2009, but these seem to me to be all the areas where, if the EU are playing hardball with us, they are going to want to push on. They are going to say, "Your at-sea surveillance hours are a fraction of what they used to be."

George Eustice: The point I was making on a fivefold increase in capacity is about capacity you can draw on, not necessarily what is deployed. When I have talked about capacity, that is about capacity as in increasing vessels and the impact of increased aerial surveillance. It is the capacity you can draw on, rather than what is actually deployed. In answer to your question, the fivefold increase would not necessarily mean that 10,000 hours had been deployed. It is just they could have been drawn on.

Q73 **Barry Gardiner:** Could you write to the Committee and tell us how many at-sea surveillance hours there were last year and how that compares with previous years?

George Eustice: We will. I am afraid I cannot recall that figure. Rather than try to remember it, we will write to the Committee with the accurate figure.

Chair: We will get that in writing, Barry.

Q74 **Geraint Davies:** Secretary of State, the Environment Bill, as currently drafted, does not provide the Office for Environmental Protection with an enforceable system for enforcing environmental standards. The chair of the Office for Environmental Protection will not even be in place in January. How do you intend to change the Environment Bill, or have you another strategy to enforce standards that reduce air pollution, which is causing tens of thousands of deaths each year and, on top of that, pollution-aggravated covid deaths? What are you going to do, or will you allow the air pollution to go up?

George Eustice: We have started the process of recruiting the chair of the OEP. Although, as you point out, the delay to the Bill means the legislation will not enable it to be formally established by the beginning of the year, we will be establishing it in embryonic form, with a secretariat to support that first chair who is appointed. In those first few months, there will be quite a lot of work to do in terms of designing and working out what their strategy should be, which is a requirement under the Bill.

They will have quite a lot to get on with in the first few months, in terms of establishing themselves and setting themselves up. They will then become formally established once the Bill receives Royal Assent. After that, the next really big project for the OEP will be its engagement and involvement in the setting of the first set of targets, which will come in October 2022. Although there has been a slight delay, it will be in place in good time to deliver its most important task. That secretariat, in that initial form, will also be able to help the chair process any complaints that might come in.



Q75 Geraint Davies: As you have just admitted, the standards will not be in place until 2022. You will also know that the research from Harvard, for example, shows that a one microgram difference in PM2.5 per cubic metre can induce an extra 8% of covid deaths. The Netherlands suggests it is 15%. Given that this is a life and death issue, do you not think we should be fast-tracking towards World Health Organisation standards actually being written into the Bill—10 micrograms per cubic metre of PM2.5 by 2030, for example—in order that we can reduce the death rate?

Secondly, how can you defend giving the responsibility for air quality to local authorities when, in many instances, they are not in charge of building major roads that run through them, which are the cause of lots of the pollution? Are you going to look at changes to the Environment Bill so we have enforceable standards like we had in the EU, or are you going to let more people die unnecessarily?

George Eustice: Through retained EU law, the legal requirements and the legal framework that led to action in all of these areas, including on air quality, have come across and remain in place. In the Environment Bill, the new target structure—we have already started some engagement with key interested parties on what that should look like, and we will be consulting on those targets in the new year—is setting out a new set of domestic targets that will drive our policy on a range of environmental areas, such as air quality, but also water quality, biodiversity, and waste and resource management too. It is not the case that there is nothing there and that there is a void, as I think you were indicating. Retained EU law has brought across the existing apparatus.

Q76 Geraint Davies: Can I have this clear? You are saying that there will be targets, as opposed to standards and air pollution limits that are enforceable in a court of law. At the moment, ClientEarth, for example, has taken the UK Government to court for breaching these air quality limits. After the end of the transition period, there will simply be targets. If those targets are not met, they can simply be changed by the Secretary of State, so we will no longer have air quality limits that are enforceable in the courts. That is correct, isn't it?

George Eustice: No, there would be legal obligations to abide by law and, as I said, many of these things come across in retained EU law. The OEP will have a role in terms of holding Government to account on those. It will have the ability to take legal proceedings if it is not content with the mediation process it goes through with Government. There will be an OEP that will have those enforcement powers, but it will also play a very important part in shaping those targets, reviewing them and reviewing and commenting on the annual update on progress towards the 25-year plan.

The architecture we have put in place is actually quite powerful. There is a strong role for the OEP as a regulator to hold Government to account. There is a renewed role for Parliament as well, in terms of putting in



place and having the freedom to put in place the policies that will achieve the targets we set.

Q77 Geraint Davies: If the Prime Minister continues to encourage people to get back in their car and go to work, which has led to congestion levels in outer London 50% higher than before the lockdown, and if the Chancellor continues to freeze fuel duty for diesel and pollution continues to go up, death rates continue to go up and covid death rates are also exaggerated, will the Government be taken to court for exceeding these EU limits still? If so, who will they pay the money to—themselves?

George Eustice: There would not be fines, because there is no point having a system where one body fines another in the same country. Yes, it would be the case that, if there were serious failures with compliance with environmental policy by a Government agency or the Government themselves, ultimately the OEP would be able to bring that through the courts.

Q78 Geraint Davies: What, and fine the Government?

George Eustice: No, not fine the Government, but bring action—a judicial review or a similar type of review—through the courts. Those powers are very clearly set out in the Environment Bill.

Q79 Geraint Davies: To do what, increase the price of diesel and encourage people to use public transport? It is going to be a completely failed system, isn't it, that you are introducing?

George Eustice: I do not accept the terms in which you present this. During our time in the European Union, we have ended up being quite blinkered and wedded to a very restrictive set of rules that has not really delivered for our environment. It has led to lots of litigation and lots of money for lawyers, and it has not delivered properly for our environment. We have a great opportunity now, as we leave the EU, to think about not just how we stop things getting worse and prevent deterioration, but how we can build back nature. That is at the heart of the Environment Bill, but also the Agriculture Bill and Fisheries Bill.

Q80 Chair: When will we be likely to see the new chair in place so we can have some sort of scrutiny of that chair? Do you see some independence for that particular chair—he or she?

George Eustice: Obviously, it will be an independent role, and that is set out in the Bill itself. I might ask Tamara whether she can cast light on the timings of the appointment of the chair.

Tamara Finkelstein: We are in the process of that appointment—the shortlisting and so on. Then there is an opportunity for this Committee to hear from the proposed person.

Q81 Chair: I have heard rumours that it might be the end of December. Is that right?



Tamara Finkelstein: December is a likely time for that appointment.

Q82 **Chair:** Will the same levels of funding go to rural businesses under LEADER and will the rural growth programme be maintained after the end of 2020? I think it is going to be paid by the shared prosperity fund, which will not be DEFRA any more, will it? Do you have any control over that? Do you know what is happening?

George Eustice: We are engaged, obviously, since we have an interest in it, as the Department that was running these parts of the fund while it was under the EU. It will be a component of the shared prosperity fund in future. We are in dialogue with Robert Jenrick and the MHCLG on these matters, but it is too early to be able to nail colours to the mast.

Q83 **Chair:** Will it be completely seamless when it goes from being paid under the present system to being paid under the shared prosperity fund?

George Eustice: I am sure it will be seamless. I am afraid, if you wanted to talk more about the specifics of the shared prosperity fund, that would be for Robert Jenrick, the Secretary of State in MHCLG.

Q84 **Chair:** A lots of villages and businesses have made very good use of it. Some very good things have been done under LEADER. It would have quite a dramatic effect if it suddenly does not come about. I partly make a joke about this being seamless, but Government do not always do things seamlessly. It is probably not just the colour of the Government. It may be the process of government. Could you do everything to make sure they do, please?

George Eustice: We will be. It is never for lack of trying.

Q85 **Geraint Davies:** I wanted to ask something about the shared prosperity fund. In Wales, the predecessor of the shared prosperity fund, which is EU funding, has been repurposed to combat the covid pandemic. I wanted to ask the Secretary of State whether the successor, which is the shared prosperity fund, will still be able to be used during the pandemic period for those purposes, to help people.

George Eustice: For complex reasons of EU budgeting, for the next couple of years there is, for most of the devolved Administrations, quite a lot of residual EU funding that we have paid into that will still be coming back. That will come back under the existing EU scheme rules. In respect of further coronavirus issues, if Wales had residual budget left, it would still be able to repurpose that budget.

In terms of the future shared prosperity fund, which is likely to take over from around 2023 or possibly 2024, that is something we would need to consider in the design of those schemes.

Q86 **Geraint Davies:** This may not be your expertise, and I respect that, but the problem has been that the Barnett consequential for covid in Wales has been done on a per person basis equivalent to England. Because of the demography of Wales—because it is older, poorer and sicker,



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basically—we need more money to provide the same provision that would be happening in England. The extra money is provided by the EU. Are you saying extra money will still be available from the EU next year? I think you are saying that the shared prosperity fund, which is the successor, will not happen for a couple of years, in which case there may be a gap in funding, which would be a big problem in the midst of a pandemic, no deal and the end of furlough.

George Eustice: Unless Tamara wants to come in, we might write to the Committee. It is a complex area around the budgets, in the sense that we are already funding pillar 1 of the common agricultural policy directly as of next year. Some of the pillar 2 schemes carry on for some years under the EU system, such as Countryside Stewardship, but the Treasury starts to underwrite that funding. On others, like RDPE and some of the ERDFs, for reasons of the way EU accounting works, some of the money is still technically coming from the EU even after we have left. It is a complex picture, but I might write to the Committee to set that out.

Tamara Finkelstein: The EU funding will continue to December 2022 and the applications are up to June 2021, so I think it will be for that period.

Chair: Can we have some more evidence in writing on this one, please?

Q87 **Derek Thomas:** I will be very brief on the shared prosperity fund, and it may be that Robert Jenrick needs to answer this. Are you able to say when real guidance will be available to local communities about how shared prosperity will not just help farming and fishing, et cetera, but communities as a whole that might previously have had European funding?

George Eustice: I am afraid I am not able to do that here today. All I can say is that we, as a Department, are engaged with MHCLG on this, because we have an interest particularly on those rural programmes. I am afraid it is an area that they are leading on. They will no doubt be in discussion with other Departments, like BEIS and the Treasury, on these matters. I know Robert Jenrick is working hard on this, but, as I said a little earlier, it may be that you need to get him before your Committee.

Chair: We may, but, in the meantime, can you give us as much written evidence on this as you can? It would be very useful because a lot of people are worried about it, as Derek has said.

Q88 **Julian Sturdy:** Thank you, Secretary of State, for being here. It has been reported that DEFRA is considering a stepping-stone scheme for the next year to support farmers through the transition to ELMS. Are you planning additional support over that period?

George Eustice: We have been giving quite a lot of thought to the agricultural transition to ensure that it is what it says, a transition, with year-on-year progress to the end state we want to get to, rather than a big-bang revolution with a new IT system and a brand-new system that



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farmers have to get used to. We will be saying more on this a little later this autumn, publishing a further document that sets out a bit of a route map through that.

I can go as far as saying that we are looking at whether we can, in the years 2022 and 2023, roll out elements of the future policy that are, if you like, a prototype version of what will then become consolidated into the eventual environmental land management scheme. We are giving some thought as to how we could use either approaches that we have done in the past, through things like ELS-type schemes, or, indeed, things that we do now through Countryside Stewardship, increasing participation in some of those as a stepping stone to the new scheme.

Q89 **Julian Sturdy:** You do not have a date in the autumn yet.

George Eustice: We do not have a date yet, no. It is a document that we are working on and anticipate publishing probably in the next month or two.

Julian Sturdy: It would be very good for the Committee to know that as soon as possible, because obviously time is ticking.

Q90 **Chair:** This is not ELMS 1, is it? This is something else. This is another hybrid that you have come up with.

George Eustice: The document will effectively describe the transition process from the types of reductions we intend to make in 2021, what we then intend to do in 2022 and 2023, when we might de-link, what type of productivity offer we might make and what other schemes we have in mind. We have already set out the broad concept of three tiers in a document we published earlier this year. One would be tier 1, which is around sustainable farming practices, catchment-sensitive farming and so forth. Tier 2 two is rather akin to the existing Countryside Stewardship, and then the third tier might be more of your ecosystem services and land use change. That has been set out, and we will develop it in more detail in this next document.

Q91 **Julian Sturdy:** The concern I would immediately have over that is that it sounds like it is not going to give farmers much time, if it is coming in the autumn, for 2021. Can you give any reassurances that those first changes are going to be something that can be adopted quite quickly?

George Eustice: We have largely already announced the first changes, in that we have already announced that we will switch off the so-called greening—the crop diversity rule and the EFA rules, none of which ever achieved anything much at all for the environment—and that we will start those reductions to the BPS that we have outlined previously. We will be saying a bit more about what we will be doing with that funding. We have previously suggested there will be, for instance, an increase in productivity grants. That is something we are looking closely at, alongside one or two other areas.



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Q92 **Julian Sturdy:** It is still quite a short period for farmers to bid for any productivity grants or anything like that, isn't it?

George Eustice: Yes, but in that first year we will be opening schemes that people will be familiar with that we have used in the recent past.

Q93 **Julian Sturdy:** You were talking about 6,000 pilot schemes on the ELMS, but it has dropped to about 1,000. Is that correct?

George Eustice: I am not sure I recognise that number. We had around 50 tests and trials. There is now going to be a pilot that will be initially open to a few thousand farmers, if that is what you mean.

Q94 **Julian Sturdy:** It is that pilot. I thought originally that it was said that it would be open to about 6,000, and now it is only going to be open to 1,000. Is that correct?

Tamara Finkelstein: In terms of the ramping up of the pilot, we are starting smaller in that earlier period. We made that decision before the February document, which David Kennedy and I came and spoke about. That is the ramping up of the pilot.

Q95 **Julian Sturdy:** Is that because there has not been the interest, or because DEFRA only wants to take 1,000 at the moment, regarding capacity?

Tamara Finkelstein: It is about a measured approach to building the pilot, rather than a lack of interest.

Q96 **Julian Sturdy:** Was there the interest?

Tamara Finkelstein: We have not opened the pilot yet. It was about taking a measured approach to the ELM pilot.

George Eustice: There is a lot of interest from the tests and trials that have been done. People that have been engaged in that process have been quite excited by the potential. In particular, farmers working together on a landscape scale has been more successful than we might have thought. Often farmers like to just do their own thing, but that kind of landscape-scale approach has been supported. It has thrown up some quite interesting ideas.

Q97 **Julian Sturdy:** My view was that there was a lot of interest out there, and I am worried that you are closing it down by shrinking the number of pilots that are going to be available for people to take part in.

Tamara Finkelstein: It is less about availability. It was about what we were projecting in those early stages and how we could ensure we could learn from them.

Q98 **Robbie Moore:** My question follows on from Julian's and is to do with the pilot schemes. I was wondering if there was recognition at DEFRA of the scale of the transition from what a farmer can currently receive through subsidy money to what they are likely to receive further down the line.



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Take the tier 1 example that you were illustrating for a lowland farmer. Currently, when that farmer is receiving support under BPS and maybe Countryside Stewardship scheme, or previously ELS or HLS, they may be netting around £200 to £210 per hectare. My understanding is that, under tier 1, which would be open to the vast majority of farmers to access, the funding would be down at £50 a hectare tops. I was wondering if you feel that the scale of transition we are likely to be seeing has been recognised among the wider agricultural industry.

George Eustice: It is why we are doing this gradually, over seven years. In those early years, as budget is removed, we will roll out schemes that farmers can get back into. It is one of the reasons we did not want a restrictive pilot that only a small number could get into and everybody else would see a diminishing BPS payment. We want to maintain our trajectory to remove what is an arbitrary area-based payment that does not make a lot of sense and replace it with something that everybody can access, that makes a lot more sense and that pays them generously for delivering the things we want them to do.

We will do this gradually. As I said, we will probably de-link at some point towards the latter part of the transition. That is the point at which we will accelerate to the new scheme. The sum of money that is there is going to be the same. It is just that we will be applying it in different ways.

Q99 **Robbie Moore:** Finally, on the global pot of funds, is this reflective, going forward, of what the existing CAP is? Is there flexibility to make the global pot reflect the aspirations we have, as well as the transformation we want to see for the agricultural industry, or is it simply ring-fenced to previous global funds that were available?

George Eustice: Our manifesto commitment is that it will be the same in cash terms for this Parliament. It is always welcome if the Chancellor decides he wants to go above that, but I suspect the envelope is pretty much as we set out in the manifesto commitment. Beyond that, it is very important to recognise that, in the longer term, we are looking at green finance models and other ways to lever additional money in to deliver some of those environmental outcomes, whether that is through water companies or green bonds. There are quite a lot of interesting ideas that could bring additional green finance to the table to supplement what is there.

Q100 **Chair:** Finally on this one, I think there were about 60 of the original schemes. I think only about seven were farmer-led. When you think 70% of the land is actually farmed, why was this so low? I think you have actually tried to adjust this. We expect environmentalists to be involved, but we also expect the farmers to be involved, because they have to carry out this new regime when it is done. Are you confident that you are properly piloting schemes with the farmers?



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George Eustice: I think we are. I am not sure, but Tamara might be able to recognise that figure you have given of only seven being farmer-led—

Q101 **Chair:** There were not very many, were there?

George Eustice: It depends what you mean by farmer-led. My basic view about this is that the agriculture policy we envisage is fundamentally about a system of rewards and incentives for managing land in a particular way. In the final analysis, you cannot do any of that without the landowner, or the occupier of the land in the case of a tenant, being front and centre of what you are doing. While there may have been coordinators and other bodies that brought things together, fundamentally, those pilots can only work if the farmers, landowners and tenants are engaged in the development of it.

Q102 **Chair:** Finally, when David Kennedy was here, he said that the document you were saying will be available in November or December would be available at the end of the month, laying out this scheme. How confident can we be that by November or December we actually will have this document?

George Eustice: Fairly confident, but I have learned in this job to under-promise and over-deliver, rather than the other way round. We have all had experiences. You will have seen Ministers answer that something is imminently going to be published and then, the next time, it will be in due course. Sometimes clearance processes take a bit longer.

Chair: Your predecessor seemed to get summer and autumn rather muddled and joined up. As soon as you have that available, please, we would be very keen to have that.

The final question is from Derek Thomas, and thank you for being so generous with your time.

Q103 **Derek Thomas:** Secretary of State, you obviously share a bit of the countryside that I do. We are going to have a difficult time in the spring when our fields are covered in daffodils but they may not be picked. Is there any way that SAWS or some other scheme can enable people who would normally be here to pick ornamentals to be here from 1 January? What is the thinking? Where are we on that at the moment?

George Eustice: As I said earlier, we are in discussion with the Home Office about what the appropriate mix for seasonal labour will be next year. We have to accept the context that there is a rising unemployment rate and some sectors may be quite badly affected by coronavirus, so there could be a larger number of people than normal looking for work. Some of those might even be east Europeans who were working in agriculture 10 years ago, perhaps. We need to be conscious of that, in setting what we do, recognising that many EU citizens return year after year and some of those will have gone for settled status. Then there probably will be a need for some sort of scheme, but we are discussing what that might look like.



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In the context of ornamentals, we chose in the early years of the pilot to focus on one area, and that was edible horticulture. We have always been clear that, if we were to roll something out more broadly, we would at that point bring sectors like flowers and ornamentals into it as well.

Q104 Derek Thomas: I only raised it because it is coming very close, and we are already seeing daffodils poking their heads up.

Today there has been the news about the further restrictions to address and combat coronavirus. We saw at the very beginning of this pandemic quality cuts of meat not being needed, because there was not the demand in the hospitality sector. We are not closing down hotels, pubs and restaurants again, but we are restricting how much they can deliver. They are already restricted in terms of how many can physically sit. The weather will drive people indoors, so that will restrict the number of covers that can be provided. Then we are saying people must be fed and out by 10 o'clock. Are you concerned about the impact that will have on the sector, but also on the suppliers? Are they going to be in a similar situation as they were earlier in the year? I know it is early days, but what do you believe the Government can do, or may do, to help support these people until we can get back to something of a normal economy within food and farming.

George Eustice: It is fair to say that the restrictions the Prime Minister has announced today are, generally speaking, a toughening up of things that were already there. We have done this for reasons everyone understands. The infection rate is growing quite quickly, and we need to act early to dampen and contain the virus, so that we do not have a more serious problem where we might have to take more dramatic action later. It is about acting in a way that, admittedly, people will find puts additional pressure on certain parts of the economy. It is about acting early for the very good reason that we want to keep restaurants open. We want them to keep trading.

We have put in place this 10 pm curfew to try to dampen some of the problems there might be with infection towards the end of the night in some of those venues. We very much want them to stay open, and we are trying to support them in keeping open.

In answer to your question, I do not think there will be any noticeable impact on sectors such as the beef sector, which did have that dislocation of premium cuts and steaks early on. I do not see that being a problem that would arise from what we have announced today. Also, as you recognise, even when we did the full lockdown, the market adjusted quite quickly and supermarkets saw a big increase in those sales as well.

Derek Thomas: I guess we are just concerned that it is viable for these businesses to stay open, given the time of day they can open and having to go indoors.

Chair: Let us hope they eat before 10 pm. It would be very useful if they



do.

Q105 **Julian Sturdy:** I have a follow-up on Derek's point. This is a really important point to the sector. We saw last time, as Derek pointed out, that people's shopping behaviours changed, and beef was a classic example of that. It had a big impact on the industry. Do you believe the economic consequences to the hospitality industry have been properly taken into consideration when taking these decisions? What arguments were laid out at Cabinet? You might not be able to answer all that, but I thought I would put that in. What arguments were laid out at Cabinet for the hospitality sector?

George Eustice: As you will understand, I cannot give you a chapter and verse account of what was discussed at Cabinet or in Cabinet Subsidising-Committees. We recognise as a Government that some of these measures will cause a bit of additional pressure on some sectors. We have done this to act early, in a timely way, to prevent the real risk that we might have had to close them down altogether further down the line and go back into a hard lockdown. I think most people recognise and understand that.

We think setting the curfew at 10 o'clock means that businesses will, if they structure things right, be able to do their two sittings but then ensure that people leave the premises by 10 o'clock. We recognise it is an extra restriction on that sector, but it is necessary to dampen the spread of the virus. That is the only reason we have done it. We think we have done it in a way that is cognisant of some of the issues and challenges they will face.

Chair: Thank you, Secretary of State. Thank you, permanent secretary. It is nearly two and a quarter hours, so you have been very generous with your time. Can I thank members as well? This is the first time that we have had a hybrid system, and it has been good to see you both here in person. Thank you to the members who went in and out of the room as we were doing this. It almost went seamlessly, so I thank members very much for that. Thank you both very much for very straightforward, frank answers. There will be some written evidence that we have asked you for. We would like that, please, as soon as possible.

We very much appreciate the time you have taken today and you being with us. We have a lot of good stuff on record. I am sure we will be having you back again for further updates, especially on the trade deal, or the not trade deal, with the EU in the very near future. Thank you very much.