

Scottish Affairs Committee

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

Tuesday 19 March 2019

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

Questions 314 - 389

Witnesses

I: John Fyall, Former Chair, National Sheep Association Scotland, Willie Campbell, Council Member, First Milk, Scott Henderson, Vice-Chair, Scotch Beef Association, and Lorne Watson, Seeds Committee Chair, Agriculture Industries Confederation.

II: Professor Julie Fitzpatrick, Royal Society of Edinburgh, John Kinnaird, Council Member, National Council for Rural Advisers, and Michael Clancy, Director, Law Society of Scotland.

Written evidence from witnesses:

- [National Sheep Association Scotland](#)
- [National Council of Rural Advisors](#)

Examination of witnesses

Witnesses: John Fyall, Willie Campbell, Scott Henderson and Lorne Watson.

Q314 **Chair:** Welcome and thank you very much for coming along this morning to help us out with our agriculture and Scotland inquiry. We are a rather big panel today, so we will allow you an opportunity to say who you are, who you represent and anything by way of a very short opening statement. We shall take it from there and we will go from left to right. We will start with you, Mr Fyall.

John Fyall: I am John Fyall. I am representing the NSA, the National Sheep Association in Scotland. I was part of the new entrance group founded to give a voice for post-2003 farmers. I am a self-employed valuer, arbitrator and consultant. I left home when I was 16. I did an HND in agriculture. I have had a varied career in the industry. I got my own tenancy in 2008, mostly on seasonal land and unsubsidised with 30 pure Shorthorns, 1,000 fat lambs and 600 gimmering Cheviots.

I sat my exams and became a fellow of the CAAV, allowing me to bring advice and services to farmers across the north of Scotland, which gives me an advantage when I am doing my NSA work. In NSA we work completely unpaid as volunteers and we are here to try to stick up for other folk that have helped the likes of me get on in the industry, in what is a fast diminishing industry in some areas, so I hope to give advice today on behalf of the sheep industry in Scotland.

Willie Campbell: I am Willie Campbell. I farm at Low Holehouse Farm in Galston in Ayrshire. I started with 140 acres. I have managed to expand that up to 550. I farm along with my wife and my son. I consider myself to be a grassland farmer and, basically, my farming force is to grow as much grass as I can and turn that into as much marketable produce as possible.

We milk about 160 dairy cows. We fatten 220 beef cattle, most of them coming from the dairy herd. They have all been put to beef and I buy in my replacements. We are also currently lambing about 300 breeding ewes. That is basically where I am. I am a council member of First Milk, the milk marketing co-operative. I have been a board member there. I personally believe in co-operative marketing. I feel it is the only way that, as small farmers, we can compete in the marketplace and have any influence. That is all I want to say at this time. Thank you.

Lorne Watson: My name is Lorne Watson. I am Chairman of the AIC Seeds Committee—Agricultural Industries Confederation—with 28 companies headquartered in Scotland and we represent about 90% of the agri-supply companies there. I had 15 years in the malting industry. I am currently working with Agrii as a seed merchant over the last seven years.



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Scott Henderson: I am Scott Henderson and I am a beef farmer from the Dumfries area. The main part of our business is finishing beef cattle, which we buy in when they are about one year old and carry them on for the next six to nine months before selling them finished.

I am presently vice-chairman of the Scotch Beef Association and I am also a member of the board of QMS.

Q315 **Chair:** What a fine cross-section of Scottish agriculture we have in front of us this morning. Thank you for those concise opening statements.

Just to get things started, maybe you could tell us what you feel the priorities should be for your different sectors when we are designing a new agriculture policy in Scotland. We will start with you, Mr Campbell, if that is all right.

Willie Campbell: One of the first things I would say is: try to take away the uncertainty. At the present time there is a huge lack of confidence that I have never seen. I am saying that coming from an industry—and I pride myself in being part of an industry that is the most innovative, resilient industry that there is—that looks at every challenge and turns it into an opportunity. Right now we need to be given direction. We can see that there are opportunities out there, but we need to know what the end price of a product will be, what the input cost will be, what the endpoint of Brexit will have over those, what the market will be and what end products will be required.

One of the things that worry me slightly is the possible tariffs that could be placed on dairy products. Dairy is perhaps unique in the respect that we have many end products. It is not just milk—we have many end products. If we put varying tariffs on different end products, what we actually do is bring down the price that will reach the farmer to the lowest common denominator. No one will pay more than the processor of a different product is prepared to pay. Therefore, be aware that, if we put tariffs in certain areas and not others, we are influencing the price to farmers right across the board. That is a concern to us.

We are concerned with the Northern Irish-Irish Republic situation. At the present time, 600 million litres of milk leaves Northern Ireland to the south in order to be processed. If that were not to happen and that ends up coming to Scotland and to the rest of the UK, the processing is there but, my goodness, what a detrimental effect that could have on the end price of our milk.

We need to know exactly what the market is, what the floors will be across the various areas in order that we can go forward. That is the most important thing. Beyond that, price support, absolutely—we will probably need price support. We don't know; it depends on what is going to happen.

Q316 **Chair:** I am grateful. We will come to some of the issues around tariffs, and obviously we want to hear from you about your concerns about



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Brexit as we go forward in the next few critical weeks. We will come to you, Mr Henderson, about priorities just now.

Scott Henderson: The priorities in the beef industry are somewhat different. For an outsider looking in, it looks pretty rosy for beef in as much as we are undersupplied in the UK. We are about 85% self-sufficient, but under that headline figure lies beef that is exported or parts of a beef animal that are exported from every animal. They are in a market in the UK; if that market is withdrawn for us, we will have a situation where we are going to have devaluation in the price.

We are coming to the end of the CAP reform. The CAP reform has been in two stages since we went on to the single farm payment scheme. The first time around, it was based on historic payments—that is, you got paid what you were paid in the run-up to the change, which happened in 2005. After 2014 and 2015 until the present, we were being moved from the historic system to an area-based system, so it depends on the area of land that you farm.

Because Scotland has such a diverse climate and topography, there are different types of farms in different areas. The ability of a farm to produce in Scotland is not all on the size of the farm. There are some poor farms that are unable to carry as many livestock per hectare. They are always going to be producing less. The thing is that we are going from the historic basis, where those that produced the most got the most, and we are moving to a system now where that is not necessarily the case.

We have seen a contraction in cow numbers in particular in the beef industry since 2005. We lost about 10% of the suckler cows in Scotland between 2007 and 2016, which is the last year there are figures for. That 10% has just gone. It will never come back and it has gone from the ones that were the most productive, so the shift in the system from the EU side was not a good idea as far as Scotland is concerned, and Scotland's beef industry was, according to a former Cabinet Secretary, the jewel in the crown. Well, the jewel in the crown has lost a lot of its lustre and we need to return to a system that we feel in the Scotch Beef Association, where it goes back to heads on the ground—heads of livestock.

The trouble is, at the moment, if you are producing nothing you get paid, so why would you produce anymore?

Q317 **Chair:** Thank you for that. We always like examples and that reference to the jewel in the crown. Thank you for that contribution. Mr Fyall?

John Fyall: The pastoral farming of beef and sheep are intrinsically linked. Last year the suckler cow numbers came down about another 2%. The sheep numbers stabilised, but that was because of very good lambing weather. If we look into the uplands and we look at the hill, the



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hill situation is getting quite drastic and we are looking at a stability plan of five years. That will be far too late for some highland marts.

Right now with Brexit impending, we do not have a clue what is going on. Big companies are exporting 10,000 lambs a week. Easter is two weeks later than it can sometimes be—18 April—so we cannot send any lambs over to France or the Benelux countries when there is an appetite.

If the beef is the jewel in the crown, we have always been described as the Cinderella industry but we were actually starting to get to the ball because the rest of the world has caught us up. Sheep are starting to become a competitive meat and Scotland is starting to compete in a global marketplace where we are at a competitive level. What we have done is just absolutely kicked this in the teeth and the confidence has gone. The breeding sheep market in the last backend disappeared. The sheep that were lost in the heavy winter the year before have not been replaced, and there are folk like myself with 1,000 fat lambs.

I spoke to the bank manager the other day. If we see markets saturated, with 15% to 20% of these lambs unable to be exported, we could see £30 to £40 a lamb. Whereas, if we see last year's trading—and there is no reason why that could not happen in a free market—we would be £110 a lamb. On 1,000 lambs, that is £70,000 and a profit of £30,000 or a loss of £40,000. I am just one of thousands of businesses across Scotland like that.

People fail to realise that we are not speaking about next year's lambs. The hill lambs are just getting marketed now in Scotland, so March, April, May and into June. The turnaround by George Eustice just before he left and the FSA has had a severe hit on us as well, because teething matters most to the hill lambs coming from Scotland.

Even without Brexit, the sheep industry—and particularly the uplands—is facing an onslaught. The world population is growing but food does not register among the British public as a need. It is no longer in Maslow's hierarchy, which is crazy. Various other things, like greening, are taking more of the political eye at the moment. The electorate have the luxury of obsessing about other things because they are being fed, and this is down to the common agricultural policy and it is down to the quiet efficiency of British farmers.

Pastoral farming is the oldest and most sustainable farming system in a maritime climate, and we are on durable European brown forest soils. We have been doing this for hundreds of years, and yet even your in-house DEFRA advisers, who have been appointed by Government, are criticising sheep farming based on the information about sheep farming in the 1970s. I think some of the comments that are coming out of those advisers are a disgrace.

We are not allowed to count carbon that we lock up in our pasture in our industry defence, so we are left completely at the charge of intensive



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agriculture, which is considered more efficient. We are looking to go down the road of housed-animal proteins or we import our proteins in soya from nations that don't have the durable soil that we do.

Forestry is so heavily subsidised in Scotland that it is squeezing out rural communities. It is subsidised at every end. It can count its own carbon, unlike us counting the carbon that we lock up, and it is completely taxless. Wool is completely sustainable; lamb and mutton are sustainable. Although we are the Cinderella, when we come to the ball there is no other meat so high in omega 3s and good fats and CLAs. Once we bust the fat myth, which was created in the 1950s and 1960s, we will start to appreciate what pasture-fed lamb and, indeed, beef is worth.

Therefore, we are really in danger of getting rid of this wonderful asset. There is potential to do an awful lot more for Scottish production and, if we are to look at endangered species, DEFRA should concentrate on shepherds in the uplands because the rural communities are the most endangered we have.

Q318 **Chair:** Thank you for that. Lastly, Mr Watson.

Lorne Watson: In terms of AIC's position, we feel it is important that there should be a devolved policy to shape Scottish solutions for Scottish circumstances. We need to recognise the high percentage of LFA land in terms of the arable production: 28% of barley grown in Scotland is grown on LFA land and barley is the key crop, with over 70%—

Q319 **Chair:** Did you just say that 28% of barley is grown on LFA land? Is that what you just said there?

Lorne Watson: 70,000 hectares of barley versus 250,000 hectares across the whole of Scotland. There will be 9,000 hectares of wheat and probably 8,000 hectares of oats on LFA. We need to recognise that and we also need to recognise the interdependency of our agricultural systems in Scotland, in terms of soil health, organic manure, straw supply and the rotations. We feel it is very important to address the productivity cap on arable farms. There is a huge difference between the best and the worst, and any future funding needs to address and close that gap. That is a basic summary of what our priority is.

Chair: Thank you, and thank you all for championing your own particular sectors. It is helpful for the Committee to hear the very real issues and priorities that you have set for us. We will leave that there and we will move on to John Lamont.

Q320 **John Lamont:** Good morning. I want to ask about the funding settlement for farming. Clearly, there is some uncertainty as to how that is going to move forward. I want to get a feel for how that is impacting on the different sectors that you cover. Also, the NFUS has asked for a five-year budget for farming to allow for better planning. Is that something that you would support?



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Chair: Mr Fyall, your hand was up there first.

John Fyall: Yes. Are you asking about the level of budget or—

John Lamont: Obviously we are leaving the European Union, so the funding under the CAP is going to be different for Scottish farmers, moving forward, so how is that uncertainty around funding impacting your industry?

John Fyall: There are so many uncertainties hanging over our industry. The main one is stability of market and, also, placing the subsidy in a way that encourages production. They are far greater arguments, but what you bring up is very important because Scotland relies on larger businesses due to the efficiency of scale because we have poorer soil and climatic disadvantages. It is not as productive per acre.

We can park the argument about having bigger farms but, in terms of subsidy per acre, there are arguments that the better land can look after itself. The poorer ones need more support; fragile communities need more support. Scotland this year will fall behind Croatia so, in terms of per acre, we are going to have the lowest payment across the whole of Europe.

You could say that a lot of it is mountainous but so are Romania, Bulgaria and Sweden. Therefore, we are severely disadvantaged and the allocation that was given to us a few years ago, in terms of the convergence, just kept us at that disadvantage. If we allow the common agricultural policy post-Brexit to take its course, we will see a 90% convergence in Europe within five years—I guarantee this—which will put Scotland completely out of kilter with the rest of Europe, whether we are in it or out of it. Not just pillar 1—pillar 2 has been largely ignored, but because of things that go way back to before the Fontainebleau agreement, Scotland has always been poor on drawing down on these kinds of things. If you take pillar 2 into account, we are almost a third-world country compared with the rest of Europe in terms of investment funding. If both are taken into account, we are tragically underfunded in terms of rural development.

A five-year framework is fine, but subsidy and the way it is allocated needs to be addressed sooner. I understand the complications, but for agriculture to budget it should be a cross-Parliament thing where there is a commitment given to help or review if a change is made between Parliaments—but five years is the very least. We should really be looking at a 10-year commitment if we want to protect food in this country.

Willie Campbell: One thing that comes very uneasy to me is to have a begging bowl out and asking for more. That has never been my philosophy. I have achieved most things in life by working for myself. However, on this issue, what I would ask for more than anything else is a level playing field—to be treated the same as my competitors.

We have to understand that the market is a global one and, as John has rightly said, if we are starting from way behind our competitors and with



a cost of production that is higher than others—which we accept, because it is where we farm—we do need some support.

You are asking: is five years enough? We will gratefully accept five years longer. As you say, 10 years would be better. What we need at the present time is the confidence to go forward and to invest. I am coming from the dairy sector. The amount of investment on farm is phenomenal. We are looking at farms with multimillion-pound budgets and looking at investment in technology, and we have to move forward.

We are also looking at trying to be innovative, to increase the fractions of the milk for the health of the consumers where we have the market, so we do need the confidence to invest at the present time looking forward. Therefore, some consistency and some guarantee of what lies ahead and also to be in a comparative, fair position compared with our competitors would be gratefully received, and, yes, I would be grateful for what is being proposed by the NFU at the present time. We need now to be looking beyond that five years at what we are going to do.

What we need is a heads up more than anything else as to what is going to happen so that we can prepare for it, and to change in less than five years in a long-term investment industry is just not a good thing.

Scott Henderson: In the beef sector we have a three-year production cycle, so the soonest you can make any difference in terms of quantity and numbers is in three years' time. A five-year policy is a great idea, but I would be more in favour of a rolling five-year because we are coming to the end of the present European subsidy system. Whether we are in or out that was going to stop in the next two or three years and then we will move on to something different.

It is very difficult with a long-term business that all four of us here are representing. They are long-term businesses and we need long-term security and the confidence to invest. We can see at the moment subsidies are a big thing to agriculture and it is a big thing that we come to politicians with. The market is something that we have not bothered the politicians about, but the one thing that the present situation has done is it has highlighted the importance of the market and the importance that regulation does to that. We need support, yes, but we need market conditions and the politicians to set that for us.

Q321 **John Lamont:** I want to follow up on what Mr Henderson said there. I think what you are saying is, yes, Brexit is producing some uncertainty around funding but, given the CAP is going to be coming to an end in 2021 anyway, the current regime and the funding allocation of that is uncertain going forward. In any event, even if we are staying in the EU, that uncertainty would still be there.

Scott Henderson: Yes.



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John Fyall: I would dispute that, because they are seeing the CAP come down by about 67% going forward, largely based on the UK coming out, but they are thoroughly committed to development of the CAP at similar levels going forward and there is going to be more discretion given to each country to implement their own wishes in terms of production.

Given that the Exchequer here has put between £3.8 billion and £5 billion per annum over the last 10 years into Europe and only taken £2.5 billion out, I think farming is going to be used to release a huge amount of money into the halls here to use for other things. To be asking and begging just to keep as is for the next few years is a bit cheeky, given that at least £1 billion surplus per year has been used to innovate and support young farmers in Bulgaria and bring up standards in Poland, when we are seeing sheep and cattle leave the hills in Scotland every year by 2%. I think there is an argument there that agricultural support stay.

If I could just make a brief segue: we keep alluding to New Zealand and how it prospered. New Zealand is an anomaly in the middle of the Pacific that relied on farmers at that time for taxes. If we look at mountainous regions in urban economies around the world—like Norway, Switzerland, Iceland, and very much like Scotland, Japan—we will find that per unit of production they get between two and four times the support that Scotland does. New Zealand is an anomaly, so let us forget about that and look at similar countries and similar economies or we will see farming disappear here.

Q322 **John Lamont:** I wasn't arguing that funding should be cut. I was just making the point that there is uncertainty either way—either with Brexit or without Brexit. We don't know how farming across Europe is going to be supported moving forwards.

John Fyall: There is more certainty that the CAP will disappear, whereas DEFRA advised us that it is looking perhaps at other ways of allocating funding, so there is more uncertainty arguably in the UK than there would be if we remained under CAP.

Q323 **David Duguid:** Just a quick one on the uncertainty, which is a word that has come up a lot so far. You will be aware that schedules have been added to the UK Agriculture Bill to support the Welsh Assembly and the Northern Ireland Department to allow mechanisms to support farmers in those devolved nations, but the Scottish Government have not pushed for one for Scotland. Do you think a Scottish schedule in the UK Agriculture Bill would help alleviate some of that uncertainty?

Scott Henderson: The short answer is yes, it would. The trouble is it is all about uncertainty. What happened yesterday has just heightened it again. I feel very sorry for MPs and what they are being faced with at the moment, but it is the same for us out there as well, I am afraid.

David Duguid: It is a sad state to be in when a Scottish farmer feels sorry for us. I am the son of a Scottish farmer, so I feel I can say that.



Chair: We will leave that one there. Thanks. I am conscious that we want to get the best out of all you guys here today, and we are really grateful for your contributions. I am going to extend this session to 11.30, but we might not go around all of you to get answers and responses. If you could help us by trying to be as concise as possible, and that includes my colleagues, starting with Ross Thomson.

Q324 Ross Thomson: Following on from the line of questioning on funding, I would be interested to know what principles you feel should underpin the split of agricultural funding within the UK. Should the split remain as it currently is or do you think changes should be made? If so, what sort of changes do you think should be made?

Willie Campbell: It is a very pertinent question and a very difficult one to answer. First, we have to consider that what we need more than anything else is to get back to basics. We need to see a living income coming on to farms to allow us to continue and, even more importantly, to allow our next generation to come on and take on the farms.

In that vein, if we look at the problem we have with migrant labour on farms, the uncertainty, and whether we can continue, one of the reasons we need so much migrant labour is that the profitability of what we are doing is so low that the next generation of our own farmers is not coming forth and we cannot attract people, so that is an issue.

Do we want it in the same vein? We need to look at the bigger picture here. We need to look at how we are going to secure net farm income going forward. That is absolutely number one. Secondly, we have to look at being more dynamic. We need to look at where we are going to seek out further markets. We need to know what those markets require. In my own sector, we need to look at perhaps the functional food market. We have to look at how we can take the components of our milk and make them right for the market that exists. A tremendous example—and I applaud all of you that have been involved in this—is the Ayrshire growth deal, whereby we are looking at a dairy innovative centre within that. That is tremendous. That inspires people and it allows us to go forward. We need to steer it in the right direction, but funding that is going into that kind of thing to secure our future and a more innovative future—we are absolutely up for that.

We also have to look at how we are going to put money into research to combat antimicrobial resistance. We have to look at how we are going to use fewer antibiotics going forward to produce a healthier product. We have to look at how we are going to reduce methane production. These are massive things that we can do but we can only do it with a viable farming industry. Therefore, first, protect the incomes that are there. Then let's sit down together and work out how we can be more dynamic, how we can go forward and be at the forefront of the world of food production.



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John Fyall: The financial disadvantages you could look at just on a productive basis and maybe we should just reward the most productive or you could look at the Barnett, God forbid. What we need to look at are the communities.

The highlands and islands report by Steven Thomson from SRUC showed that £500 million was the worth to Caithness and Sutherland just by having farmers in those areas. Those farmers have been penny pinching and hanging on to LEADER, hanging on to rural development grants, anything they can get to try to stay in there. They are disappearing at a great rate, so in any allocation of funding going forward we need to recognise the socioeconomic but also the many other aspects of keeping people in these remote communities. That is where the funding and balance is helping at the moment.

Q325 **Deidre Brock:** I want to ask about less favoured areas and your thoughts on the current EU definitions of what those are. Do you think that that definition sufficiently recognises the differentiation between the varying qualities of land in the UK and, indeed, within Scotland? What are your thoughts on that?

Willie Campbell: I think we have to define what we consider to be LFA and what makes it LFA. 85% of Scotland is LFA, for many varied reasons. We have the motives from the marketplace. We have a climatic disadvantage that can vary from anything, from shallow soils and a drought to what most of Scotland is, which is heavy soils and far too much rain. That is where we are. That was not included in the European definition and that was one of the problems.

One of the true anomalies in the LFA system—and I bring to this a personal gripe— is that 40% of dairy production takes place in the LFA in Scotland, and yet there is no support for dairy farmers within the LFA. That is a true anomaly and it needs to be addressed.

I would invite you all to visit my farm and look at what we actually have. We have the LFA area, dairy farming taking place in a pretty good-looking farming system, but just across the fence from that, we have forestry. We are so close to that. It is a fragile, fragile area that we are in and we can revert to that if we do not have the correct funding. We could do with some support according to what the economic contribution is to the rural economy coming from the LFA. That is definitely something that I would like to be looked at.

Q326 **Deidre Brock:** Would you want that definition of less favoured land set by the people within Scotland or within the UK? Where would you like to see it? Lorne, I think you mentioned Scottish solutions for Scottish circumstances. Would you think that was appropriate?

Lorne Watson: I am not an expert on LFA, but at the moment my understanding is we have severely disadvantaged and not so severely disadvantaged. AIC's position is that it would support that going forward



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in the future. If you try to overcomplicate that, there is a danger that you might create more bureaucracy. The cost of administering a more complex scheme might take more money away from the producers rather than rewarding them, so we would be open to change but it would need to be well thought through and a lot of consultation involved.

Q327 Deidre Brock: Of course, yes. How do you think the distribution of LFAs within the UK should affect decisions on funding distribution? You mentioned the convergence uplift, of course, and the issues around that, Mr Fyall.

John Fyall: Once the convergence is sorted out, there is our own debate to be had in Scotland about that. It should be down to Scotland how to administer that, recognising the distinct geographical differences. However, it must be remembered that LFA is not just about soil or land quality. It is all the various factors that combine in terms of altitude, remoteness from markets and the cost of getting product out. Europe recognised this within the ANC, and I think the NSA would agree with the Cook et al report to the Scottish Government in 2016, which said that we must revise the LFA system to deliver socioeconomic targets, because at the moment it is loosely based on what they did in 2009 and previously, and there are some very disadvantaged people out there.

Also, we should think about what it is about. It is to protect small businesses and give them a chance to keep families in remote areas and disadvantaged areas. We would agree that there should have been reform by now. We would not agree with some of the larger stakeholders that have perhaps pushed the issue to protect some difficulties in the system with some significant bursaries to some large businesses. We would like to see a system that is tangible and protects people in these harsh rural environments.

Q328 Chair: 85% of Scotland is LFA and there was an announcement about the 80% funding of the LFA because of the change to European rules. I know the Cabinet Secretary made an announcement on this. How do you feel this is all going to work out? It is currently a pillar 2 payment, isn't it?

John Fyall: The European rules did not change, Chair, with the greatest respect.

Q329 Chair: Moving to areas of natural constraint, the move away from LFA, which has been adopted across the European Union, has led to it being reduced to 80%. Is that correct? Tell me what you think.

John Fyall: It would have been reduced to 20% next year. We were meant to step down but then, because France and Germany were not prepared, we managed to get back up to 100% but we have known for a long time, since prior to 2016, that this was coming and we have failed to prepare. That was largely due to— We could not find the right ways, but I cannot believe that a team of politicians, a team of stakeholders and a team of very capable civil servants could not find ways. I largely suspect



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that the two referendums and some significant changes in CAP coming up have caused delay.

Regardless of your position on an independent Scotland or on Brexit or on CAP reform, we have been snow-ploughing change along for the last 15 years in Scotland. We actually have subsidy systems that deliver very little tangibly. That is why we are seeing stock numbers fall—because there is no incentive to produce.

Q330 Chair: I think, because of the feature of our topography and land, LFA will have to remain a feature as we go forward in terms of direct payment. I am just asking—you obviously have particularly firm views about this—what type of support do you see would be necessary in order to ensure that that support was getting through to the areas and the farmers that need it?

John Fyall: It should be based on real-time activity and what people deliver to that community. I should say it should be paid on sheep because of who I am here for but, at the moment, the taxpayer should be looking at this money and saying, "What do we get for this? Is there a social delivery? Are we keeping families in an area? Are we keeping schools open?" At the moment the LFA dwarfs the forestry, which leads to massive vacuums in some areas. We need to have tangible results for the taxpayer and—from my own perspective—that should be to produce food for them from some areas that are sustainable and cannot do anything else other than produce sheep and beef.

Scott Henderson: We are historically bound up by our relationship with Europe, which is obviously going to change. I certainly thought that if we are coming out of Europe at some point or other, why fundamentally change a system that is not broke? We obviously need the tweaks that John is suggesting but it is more aligned with production.

It is a Scottish system at the moment designed by the Scottish Government with a budget that is really set in Scotland but it is also topped up from Europe. We would be looking for that, I would have thought, in Scotland to have it continued to be topped up from the Westminster budget, or the Brussels budget if we remained in.

On ANC, when they were going to change the designations and move the money around, on paper it did not look like it was going to move very far but it actually did, because it took a lot of productive units out and shifted the goalposts around a bit, and farms that were not producing were going to get rewarded. It is just the same as the area payment, the system that we are suffering from now.

Chair: We will now move on from LFA and we will move on with Mr Hugh Gaffney.

Q331 Hugh Gaffney: We are still on LFA. The LFA seems to be causing a rift between the producers and the crofters because, going by their support, there are 50,000 dependents on payments and they are just looking for a



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level playing field. What else can be done by the Government to support crofters and farmers in less favoured areas?

John Fyall: I do not think there is any difference between crofters and producers.

Q332 **Hugh Gaffney:** Okay. I will retract that. I will take that back.

John Fyall: I was not meaning to be critical. I am trying to think how we can get around that. To me, it is quite simple: it is about economic activity from the land. Economic activity that is curtailed because of the quality of the land, the climate and the remoteness from the marketplace, whether you are a crofter or a farmer I do not see the difference there. I do not see a difference whether you are a dairy farmer or a beef or a sheep farmer. I am all three and they bar, to a large extent, my LFAS because of the dairy activity. The dairy activity is taking place in the LFA and we are creating a great economic contribution to the community in employing people in the community through the dairy cows being there.

If we were to look at it from an economic activity and contribution, whether you are a farmer, a crofter, whatever you happen to be, utilising land that is disadvantaged and remote from the marketplace, climatically challenged, we should be able to work something out. We should be able to all sit down with our heads together and come up with a scheme.

Hugh Gaffney: If you look at the map, the whole of Scotland looks as if it is LFA. Is that what we are saying? Maybe not. Okay. I am happy to accept.

Q333 **David Duguid:** I was going to ask something about LFA but we will move on from that. How have your individual sectors responded to the announcement last week of the Government's temporary tariff regime in the event of a no-deal withdrawal from the EU?

Willie Campbell: With some trepidation. It could be one of the most disruptive things that could happen to our market going forward. The danger, as I see it, is varying tariffs to varying sectors of the dairy market bringing us down to the lowest common denominator. Whether you are selling into the liquid sector or you are selling into the skimmed milk powder sector, if the skimmed milk powder sector is weak and your only option if you don't sell to that liquid sector, he is going to offer you what he requires to prevent that going to skimmed milk powder, so be very careful how you differentiate from one area to another. You could bring the whole thing down.

There is also a danger. I understand what tariffs are about in protecting the consumer, and where there is a limited supply in a certain area you make sure that you protect that market, but what you could actually do is bring non-viability to the home producing area and, therefore, you aggravate the problem and curtail production further and, therefore, you have to rely even further on imported products. You have to look at the



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knock-on effects of tariffs, and it is with some trepidation that we look at what has been proposed in a no-deal situation.

Q334 **David Duguid:** That was a good answer: nice and concise and clear. Can we get a similar response from some of the different sectors?

Scott Henderson: In the beef sector, the tariff situation is somewhat different. I am more concerned for our own industry about the standards within the market. If we let in any Tom, Dick and Harry with whatever produce, produced to whatever standard, it puts us in a completely disadvantaged position. We like our high standards of welfare. We like the high reputation that a product has. We don't want it diluted by a poorer quality product that is allowed in just for the short-term expediency of keeping the price of food down.

Our consumers have been getting a good deal. They have been getting high-quality food, produced to a high standard that the market has become accustomed to. Quite frankly, before the bit about the tariffs came in, we had the Americans already trying to get their elbow in the door with hormone-treated beef. Some of the carcasses are washed in lactic acid solution, which we don't do here.

Q335 **Chair:** I am pretty sure that Mr Watson will want to come in on the arable sector and tariffs.

Lorne Watson: Yes. It was a huge concern to the arable sector. We don't have separate stats for exports from Scotland but, in terms of UK-wide, 2017-18 the UK exported just under 500,000 tonnes of wheat to the EU and just over 1 million tonnes of barley to the EU.

The vice versa of that is we imported approximately 1 million tonnes of maize. Maize is probably the biggest threat to UK agricultural production. Maize production in continental Europe, and now elsewhere in the world, is significantly cheaper than home-produced barley or wheat and that is imported. That is going to be a huge threat to the whole of the arable sector. Even contentious issues like the Scotch whisky industry. Already some of the grain distilleries have switched from wheat back to maize.

Q336 **Chair:** Why do you think the arable sector was left out when it came to the tariff regime? Is there any particular reason you have detected for that?

Lorne Watson: I am not aware of any but I can certainly consult with my members to see if we come up with an answer.

John Fyall: The tariff regime when it was first announced sounded like they were going to protect the sheep sector but, when you look at the TRQs that have been accepted in a no-deal scenario, it is an absolute joke. How is it that we can accept 137,663 tonnes into the country when at the moment they only fulfil about 120,000 of that in a good year? If the pound was to strengthen again, the sheep industry will be facing an onslaught we could not stand.



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We have accepted half the New Zealand quota of 114,000 tonnes and yet we put 70,000 to 80,000 tonnes into Europe, so we are going to get tariffs on that potentially in a no-deal scenario going into Europe. The only way this will work is if we get the same TRQ of 140,000 back into Europe, because it doesn't give us any opportunity to grow.

Last year the young German market grew by 8%. We are throwing that away. If the pound was to change, we are getting rid of 79,000 tonnes of lamb on to the home market while we are bringing in 140,000 tonnes from countries with no tariff because we are taking on the TRQs. Now, we either go in with a deal and we accept free trade across our boundaries or we come out with tariffs across the board and no TRQs. That is the only way the sheep industry can survive this because 137,000 in, when we are not getting our 70,000 out, and the 137,000 in has not been fulfilled and gives them potential to grow—the Australians, the Argentineans, and, once we are out of Europe, Chile, which at the moment looks at Iran and Turkey as their Europe and they have not even considered Britain yet.

Q337 David Duguid: One last question on this. Is it fair to say that you would prefer to see the UK leave with a deal rather than no deal in that respect?

Lorne Watson: That is certainly the AIC's position, yes.

John Fyall: The NSA does not have a position. I think our members would be pretty much split, in that we would prefer not to come out of Europe. Some would like to see a deal. Some would like to see no deal. We have no formal position, but certainly, in terms of the trade, a no-deal scenario for the sheep industry— Given that we are having this conversation with a week to go—and you can hear the clock ticking in the room—it is, frankly, quite insulting. This should have been done 18 months ago.

Chair: Thank you. We have all heard that one loud and clear.

Q338 Christine Jardine: I could not agree with you more. It is ridiculous that we are still talking about it at this stage.

One of the things that have been difficult and controversial is UK frameworks. To what extent are you supportive or what do you think about the principle of establishing UK-wide common frameworks for agriculture and environmental policy?

Willie Campbell: It is fundamental that we do have, to a certain degree, frameworks in place for things such as pesticide use, animal health. There are others. There are certain things that if we are going to trade we need to have standards. Beyond that, what we would like to see in Scotland is a policymaking team that can look at our disadvantages and our strengths and it can alter things accordingly, look at this structure of our agricultural industry and make changes. We do need someone to anyway, but at the basics of that we do need a common framework.



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Lorne Watson: We are fully supportive of common frameworks. The seed sector is a good example of a European common framework to legislate the quality of seed, and how that is administered in individual EU countries is different and within the UK. Scotland polices it in a different way through SASA than in England. It works very well and it tailors the requirements to individual geographical areas within—

Q339 **Christine Jardine:** What can the impact be for agriculture sectors of not having a UK-wide common framework?

Scott Henderson: The most important thing we have to remember in Scotland is that our principal customer is England and Wales. We cannot eat all our beef. We cannot drink all our milk. We cannot drink all our whisky, although we might try and think we could do it. We have to have as big a market as we can. We have been producing to European standards. If we alter nothing we will continue to produce to European standards. In a sensible world, that market would not be lost to us. That remains to be seen, of course.

Q340 **Christine Jardine:** Do you think that without the frameworks that market could be lost here?

Scott Henderson: There is great danger that it could be. If the European market turns more protective, if we are producing to a slightly different standard it could easily turn the tap off as far as moving lamb or beef across or whatever.

John Fyall: It is very difficult as a stakeholder to be involved, with agriculture being one of the biggest things that has been devolved. We are between two Governments. It is very difficult for the stakeholders. Probably the biggest trade south of the border is sheep meat, so for us it is very important we have overarching regulations in terms of animal health, movement and things like that.

What we have to be careful of is that there are certain parts of the Agriculture Bill that would remove the beef scheme and things like that. We would be removing particular aspects that we may want to target. I think that devolved agriculture is working well. The much-maligned sheep scheme may not be what we want but it gives us the option to do things like that.

On the agenda, Mr Ewing is firmly committed to productive agriculture, whereas Mr Gove is looking at the environmental benefits, so we have to be very careful of limiting ourselves there. But I think the FSA, the vets and things like that, whether it is a co-operative agreement or whether it is in legislation, there have to be overarching rules on disease.

Again, Scotland could be BSE free, it is going for BVD free, and it is largely TB free. We have the potential to do an awful lot more with animal health and we don't want to be limited by that either, but there should be overriding transport and health regulations.



Q341 Tommy Sheppard: Good morning, gentlemen. I would like to go back to discussing the agricultural workforce. Mr Campbell, you mentioned earlier a reference to migrant labour. When most people think about the agricultural industry and foreign workers, they probably think about crop picking, to be honest. Could you explain the importance to your sectors of migrant labour, particularly from within the EU, and what the consequences of the ending or constraining of freedom of movement would be for your industry?

Willie Campbell: I am happy to start on that. As you rightly say, when we think of migrant labour we think of the fruit picking and so on, but in the dairy sector it is becoming a far more important feature on farm.

I am led to believe, but I do not know if this is absolutely true, that the average dairy farmer in Scotland now has two migrant labour units on it. As we continue to strive to achieve the economies of scale and get larger, we are more reliant on labour. Finding UK labour is becoming almost impossible. We are relying more heavily—particularly in the larger units—on migrant labour.

We have been told that there is the likelihood of an exemption for the fruit sector. We need an exemption as well. On the grounds that theirs is seasonal, actually dairying is becoming seasonal as well. We have more and more farmers that are calving seasonally, and therefore they have fluctuations in their labour requirements. We have specialists in migrant labour who will come particularly for the calving season, for estrus detection, for insemination, things like that and then they move on to other farms. We have the same scenario as we have in the fruit sector.

We do need this. If we are going to continue to have the economies of scale—and already farmers have invested in them, so they are there, the costs are there, and whether they actually get output or not depends on migrant labour. It is absolutely key, looking forward, to the expansion and development of our sector.

Lorne Watson: In terms of the migrant labour for our sector, it is less of a priority than probably the arable. It would have some effect towards haulage—the haulage industry is creating a lot of drivers—and the feed manufacturing sector.

In terms of labour, the biggest challenge for the agri industries and across the whole of farming is the demographic challenge. We all have an aging workforce and we need to encourage young people to come into the supply industry. How that is done I am not sure, but I would say that should be a priority for any future funding.

Scott Henderson: For the beef sector—and I would imagine for the sheep sector as well—it is the actual meat-processing part of that that is the pinch point for labour.



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I can remember going to visit the abattoir where my cattle are killed. I was there one day and there 18 months later. Eighteen months later all the signs were in Polish. Everything was in English the first time, all in Polish the next time and they are still struggling. There were figures put out by the slaughter industry in the backend of last year. They reckon they were 10,000 staff short, and that was before we were out. It is just the threat of going out and we have to find a source of processing workers from other parts of the world.

We don't seem to be able to attract the right kind of people into various pinch points in the production chains. It changes between whatever sector you are in but, certainly, as far as meat processing is concerned, that is hugely worrying that they have to go further and further afield to try to find the skilled labour they need.

John Fyall: These are minimum wage in a lot of cases but they are very skilled cutters. It is not just that. It is the veterinary service. All these carcasses have to be looked at. The animals coming in have to be looked at to make sure everything is done in a manner that we are very proud of. The amount of Portuguese, Spanish vets, in particular, in the abattoirs that could be gone, and some of these are not on the level required to reach the skilled worker status. It is good experience and grounding for these young vets but we are completely reliant on Europe for that.

Just as an example, the sheep industry does take in an awful lot of non-EU workers once a year for shearing. There is already a good example in place of how it can be done where there are practical workers coming in on a specific visa. We take them from the southern hemisphere, and Scotland is becoming very good at exporting some very, very competent folk back that way as well. There is a precedent in place for that—for the shearers—already, and I hope whatever we devise keeps that going.

Q342 **Tommy Sheppard:** You will be aware that two weeks ago the Government started a pilot scheme looking at seasonal workers in particular, but it is restricted to the edible horticultural sector. I am guessing that I know the answer to this but do you think there is a case for extending that pilot to your sector, and it would be just as relevant across the industry as it would be in horticulture?

Willie Campbell: Absolutely.

Q343 **Chair:** We have focused very much on, and this Committee has looked at, the seasonal workers scheme as part of our immigration inquiry. I am struck by some of the figures in front of me about the percentage of non-UK workers you have in your particular sectors. I am looking at dairy, where 33% of permanent staff are non-UK, and 50% of staff in Scottish red meat processing are non-UK. I don't know who mentioned the hauliers but 60,000 hauliers and HGV drivers are non-UK. Do you think we need to do more to talk about the value of non-UK workers? What are your sectors doing to try to ensure that people understand the nature and the mix of your workforce?



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John Fyall: They come in and some will stay and settle with families but some will work for 10 years and then go home again, so they are not really seasonal but we need this constant refreshment that may have been prejudiced anyway by a rise of national service and incomes at home. We might have had to start to address this anyway, regardless of Brexit.

We have to appreciate that there are people that are regularly coming over and building families in Scotland, where the population is going down, so we need them to keep coming in. The Buckie abattoir was an example that they could not keep going. There was a healthy demand. Grampian Country Pork was running it. It just could not get locals to stay there and work and it wasn't attractive for eastern Europeans to come in. The biggest reason for that place to shut down—a good little factory in Buckie—was the unavailability of labour.

It is a very, very serious thing. I think the abattoirs would be our biggest concern.

Chair: Thank you. Given that you mention Buckie, we had better go to Mr David Duguid.

David Duguid: Not quite—close, but Buckie is in Murray.

Chair: Imagine not knowing that.

Q344 **David Duguid:** The factory closing down was not that far away. Mr Sheppard talked about the seasonal workers pilot. You have mentioned yourself, Mr Fyall, that a lot of the positions we are talking about are actually permanent, or semi-permanent at least. Do the provisions outlined in the immigration White Paper—you are all familiar with that—meet the needs of farms that rely on permanent migrant labour, such as the dairy and red meat sectors?

Willie Campbell: I am not familiar with the White Paper so it would be wrong for me to comment.

Q345 **David Duguid:** You are aware that the White Paper is out for engagement with business and industry at the moment, so if I could get you to check that and feedback as much as you can. If you could give your feedback to the Committee.

Scott Henderson: It sounds as if this theme needs to be extended because there are seasonal workers in some industries, but the issue in others is just a general, 12 months of the year shortage of labour. It doesn't have to be agriculture or the meat-processing sites. Just think of the NHS, for instance, and the number of foreign workers that are in there. It struggles enough without putting even more of a pinch point on it.

Q346 **David Duguid:** What would you say to the idea that by coming out of the EU and creating the new policy it creates a more level playing field so you can access labour from outside the EU as well. You mentioned shearers



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from the southern hemisphere. Is that something you would be keen to encourage?

John Fyall: Definitely, but we have to pay them. The biggest problem with the sheep industry is we don't employ other people because we rely on free labour because we are so deprived.

The best thing we can do is just to encourage a decent wage, to pay people what they are worth. From my own industry's perspective, I would rather advise that you spoke to the Scottish Association of Meat Wholesalers and the butchers, because they will have the biggest impact on the sheep sector.

Q347 **David Duguid:** Finally on this line of questioning: what, if anything, can be done to encourage domestic workers to take on these jobs? You mentioned the money obviously, but what has the sector been doing in recent years to try to reduce its reliance on migrant labour?

Willie Campbell: That is something that we need to spend more time looking at. I don't know all the answers to that. I do know that to a large extent the alternatives for people in this country to work in other industries that have far better working conditions, far better returns, they are there and these people see them and they move to them. We need to treat our food producing industry with greater respect and make sure there is more money in there to allow the skills and the next generation to come along. Absolutely, beyond any doubt, we need to do that.

We have been putting a sticking plaster on a very big wound up until the present time. That is fundamental. We have to look at that.

Scott Henderson: I would go further than that. It is an historic thing. The picture of agricultural workers is not of tied houses and poor living standards. That is not the reality any longer. The reality is that it is up there among the rest. We are looking for highly skilled labour, particularly with the amount of mechanisation we have involved now. You cannot just let any Tom, Dick or Harry loose on the farm. It has to be somebody who has skills and ability.

John Fyall: There is a massive societal problem beyond this Committee. I work a lot in the construction trade as well. The north-east industries offshore relied on the farmhands, the good practical people to get out there, and some of the greatest businesses were built from practical people. Construction always poached from agriculture as well. The building industry poached from agriculture. They are just not there now. We are not bleeding enough people and it is a problem right across the UK that young, practical people are not there.

You get some of these New Zealanders, Australians and Eastern Europeans. They know how to work. I don't know if it is a cultural thing that this Committee alone cannot change, but it is a massive issue getting good, practical young people, girls and boys.



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Chair: Hugh Gaffney has a supplementary question.

- Q348 **Hugh Gaffney:** Yes. Just on the workers here. There are definitely seasons throughout the calendar year. How do you get your migrant workers? How do you get your permanent workers? It used to be the farmer's family helped out but it now seems to be multinational companies. Superstores are looking for more and more production daily. How do you get your workers? Is it an agency group?

John Fyall: You will be the man to comment on that.

Willie Campbell: I am not really the man to comment on that because basically in my own scenario we just work harder as a family. Those that have made that quantum leap from the family farming to the larger units clearly do rely on agencies. I am also told it is word of mouth. If they are good employers, the word goes back to wherever their workers came from that this is a good guy, there are opportunities here, and they can draw them in. There is a lot of that goes on and there is no question that your reputation is much more to do with how you can employ people in the future than anything else. You have to be a good employer if you are going to attract people.

- Q349 **Hugh Gaffney:** At the farm we went to we saw a caravan site, basically. One of the fields was used up by a caravan site for the workers.

Willie Campbell: Is this in the fruit sector? Yes.

Hugh Gaffney: It was just for the workers. If they have a base and they can move about Scotland, they could be shearing, they could be fruit picking, they could be doing whatever they want to do. There is potential here for an agency to do something but, as you say, good terms and conditions is more important.

- Q350 **Ged Killen:** Good morning. Can I ask briefly about technology in your industries? Can you tell us a bit about the uptake of agriculture innovation and technology to improve productivity in each of your industries?

Willie Campbell: I am happy to lead on that. There is no question that in the dairy sector there is huge potential for technology to do this. The uptake of robotic milking is an example. That really is taking off. We hear about more and more people employing that every week to reduce the menial tasks, not necessarily to cut back on labour but to make sure that labour focuses on the more technical side of things. It is looking more at animal welfare, animal health and animal nutrition rather than just milking the cows on a day-to-day basis. There are issues with crop harvesting, which is part of the dairy sector as well.

Yes, we are going to use more and more technology and we do need investment. The downside of it is the huge investment that is involved and the return on that investment and the guarantee that that return will keep coming. Brexit no doubt is putting a spoke in the wheel of that at the present time.



Lorne Watson: In terms of the arable sector, seed is probably a huge area of technology that can be improved upon. There is going to be less reliance on crop protection products; there already is less in the market. It was very frustrating for the EU decision last June to classify the new plant breeding gene transfer using the CRISPR technology. They have now classified that as GMO and we think that is a huge backward step for arable agriculture. That technology was mimicking natural processes that happen in nature.

Seed is a big area and digital is probably the future of arable. Across one arable field you are going to have a huge variation in terms of the yield. You could have areas of that field producing far less than other areas and how you identify those areas within that field in the future will be done with satellite technology, and then you can home in on those worse areas and increase the productivity across the whole field. That brings in other areas such as variable seed rate, variable fertiliser application and even variable crop protection products as well. Seed and digital I would say are the two key areas of technology for arable.

John Fyall: We must respect the way that the industry has progressed already because New Zealand doubled sheep production from the same amount of numbers over 10 years after the withdrawal of subsidies, but they were starting from an absolutely shocking position, whereas Scotland and the UK as a whole are, breed for breed, far more productive than any other country in the world. It is not just a case of overnight becoming better farmers. I think that we should be very proud of the stage we have got to and the reason why food is so cheap in this country.

There two things that we need to improve the industry going forward. That is to make driven businesses able. Take some shackles off them because at the moment subsidy, tax and tenure need to be reviewed all as one because they reward those with lethargy. Detritus is happening because the best thing you can do at the moment is do nothing and that is what gets you the biggest rewards from tax, tenure and the subsidy systems. They need overhauling, but I would also like to see independent investment in the industry by Government because then we could have industry-driven research. At the moment, most of our research is sponsored by companies. I think that the farmers have to be recognised for the work they have done to get us to this point so far.

Q351 **Ged Killen:** We had evidence that said that there was a disconnect between research and farmers and that was one of the barriers to the uptake of new technology. Is that something that you have experienced and are there any other barriers or obstacles that are preventing the take-up of new technology? Could the Government be doing more to address it?

John Fyall: Some of the best researchers have always been a bit disconnected. I am amazed what comes out of left field, so I think that we have to be careful of practical industries being too critical of researchers. I do think that there needs to be more finding out what the



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farmer needs and driving it up, rather than having big chemical companies and drug companies leading the research downwards.

Willie Campbell: We also have to find out what the consumer needs and get that fed back to the farmer and give them the technology to produce that. It works in all ways. The key detriments or hindrances to technology uptake are twofold: investment and the requirement to borrow money, borrowing money in the long term and not being quite sure what the market is in the long term. That is the very crux of everything that we are talking about today. We need some guarantees of what lies ahead of us both in inputs and outputs and in markets, what the market requires. If we have that in place, then technology will follow on.

Q352 **Ged Killen:** I think that pretty much answers my last question. It has been suggested that the Government provide grants to incentivise farmers to adopt new technologies. Is that something that would be taken up in your sector if there was funding available?

Willie Campbell: Yes.

Chair: Great. On that note, thank you ever so much, gentlemen, for your contribution this morning.

If there is anything else that you feel that you could usefully contribute to this inquiry, please give us any of these details, but for now thank you very much.

Examination of witnesses

Witnesses: Professor Julie Fitzpatrick, John Kinnaird and Michael Clancy.

Q353 **Chair:** Thank you ever so much for joining us this morning to help us out in our Scottish agriculture inquiry. For our records, could you say who you are, who you represent and anything by way of a short introductory statement? We will start with you, Professor Fitzpatrick.

Professor Fitzpatrick: Hello. I am Scientific Director of the Moredun Research Institute, which is a livestock research institute south of Edinburgh. I also hold a chair in food security at the University of Glasgow and I was co-chair of the Scottish Food Commission until recently. I am also on the board of Quality Meat Scotland and I chair the UK Science Partnership for Animal and Plant Health. I am also a non-executive director of the Animal and Plant Health Agency and that is a DEFRA group agency. I am here today as a Fellow of the Royal Society of Edinburgh to represent the Royal Society's work and views on the agricultural issues.

Michael Clancy: Good morning, Mr Chairman; good morning, everyone. My name is Michael Clancy and I am Director of Law Reform at the Law Society of Scotland.

John Kinnaird: Good morning. I am John Kinnaird. I am a partner in a family farming business, growing cereals and in beef production. I am a



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past president of NFU Scotland, past chairman of RSABI and a past vice-president of the Royal Highland Society. I chaired a review of the appeals procedure within Scotland and chaired the animal surveillance within Scotland, and I was also one of the champions looking at sustainability of agriculture. I am here representing the NCRA, which is the National Council of Rural Advisers.

Q354 **Chair:** What a very distinguished panel we have again. Thank you ever so much for those concise opening statements. To get things started, maybe you could tell us what you think the priorities for Scotland should be when we are designing a new agricultural policy. We will start with you, Professor Fitzpatrick.

Professor Fitzpatrick: The Royal Society has done a significant amount of work about the option and support of the UK common frameworks and taking that forward to support both the internal market, as some of our colleagues have already mentioned, but also then to allow discussions and decisions and actions about devolved priorities, including agriculture. Obviously, the common frameworks cross into many other areas, but we believe that this is something that should have been happening and does need to happen in the very near future. We also believe for the common framework to work well there should be an independent secretariat, and I can return to that if you wish more detail.

The details about the devolved priorities reflect the fact that, as you have already heard, Scotland is mainly a less favoured area—74% compared to 17% in England—and the farm income is much more dependent on CAP dependencies. In Scotland, there are many different regional and sectorial differences and in order to address those differences, the Royal Society believes that we should set up a new rural framework for Scotland. This would take into account things like the rural economy, the environment, social issues, national capital and, most importantly, food because we believe in Scotland that food production is really important. We feel that it is less emphasised in some of the documents relating to DEFRA and the other Administrations in the UK.

We do believe that there should be five-year stability with a longer-term strategy based on the rural framework but taking a longer look. The underpinning principles are that we believe that farmers need to have profitable businesses wherever possible, perhaps not possible in all areas, and at least they need a living income. We strongly believe in sustainable production, so that does mean continuing to produce food but in a sustainable way, looking at sustainability metrics, which again we can go into for different sectors, reducing waste in primary and post-harvest technology. We do believe that innovation and technology has already played a big role in Scotland and in the UK and there is lots more that we can do. We need to do that to produce safe and healthy food and to protect our environments.

Our final point is that we do believe one of the answers is to try to help farmers in perhaps the middle range to be more profitable using



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sustainable metrics and we believe that knowledge exchange pilots in regional hubs across Scotland would be really useful for doing that, collecting data and benchmarking farms and improving their productive efficiency.

Q355 Chair: I am grateful and we will touch on a number of these issues as we go forward with the session. Mr Clancy, what are your priorities for Scottish agriculture?

Michael Clancy: We do not have the extensive experience of the Royal Society in this specific field, but of course the priorities that we would be looking at would be the legal framework for a successful Scottish agricultural policy. That would include issues that were raised by Professor Fitzpatrick, such as a system of common frameworks that functions well; the creation of good law in the agricultural area—that is law that is coherent, effective, accessible and efficient—and the assurance that the devolved/reserved split is acknowledged and respected and that there is a sufficient opportunity for exchange of views within a proper system of intergovernmental relations so that those common frameworks not only achieve common objectives but also respect the devolved nature of our country.

John Kinnaird: Above everything else, Mr Chairman, we would require a degree of certainty going forward. Agriculture by its very nature is a long-term industry, particularly in the livestock industry. For example, calves that are born today will not be marketed for probably at least another 18 months and that is why we need a degree of certainty, or maybe just simply a degree of stability in the short term, i.e. over the next three to five years so that we stay where we are with few changes. Longer term, we need to have a strategy that lasts for at least 10 to 15 years, looking ahead. That is absolutely essential.

Too many people talk about subsidies. What comes into farming at the moment is not a subsidy, it is a support payment, and these support payments are paying for what the marketplace does not deliver. I think that has to be recognised, but our industry has to change. What we have just now delivers large sums of money into the Scottish economy and one thing Scottish farmers and I think farmers across the UK are very good at is spending money. That means the money goes around within and it becomes a circular economy.

To me one of the first priorities has to be maintaining the budget. Its delivery method has to change. The delivery method we have at the moment, quite frankly, in too many cases leads to dependency and inefficiency and that in itself does not help businesses to plan for the future. At the same time it sometimes creates quite a high degree of wastage. If we can cut these things out, we then could become more efficient businesses and that benefits the economy and the public. To bring all this to bear, we have to have a mindset change, not just within agriculture but within politicians and civil servants and it is not something that can be done overnight. This will take time.



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Q356 **Chair:** You serve with the National Council of Rural Advisers and obviously there has been word that there will be an agriculture Bill presented to the Scottish Parliament at some point this year. What do you make of the UK's Agriculture Bill and the media concept and premise of that, common goods for common funds and supporting the greening and environmental arrangements that are in place?

John Kinnaird: There are already significant differences within the UK. I believe that there is a real danger that if we look at it purely on a UK basis we will miss a lot of opportunities in England, Wales, Northern Ireland and within Scotland. They are fundamentally different. For example, Scotland has 85% of less favoured areas. That is really significant. The needs there are completely different from other sectors within Scotland and exactly the same applies south of the border. It is almost a complete flip; it is the other way round.

To say we have to have a common framework, frankly, I do not think that that is the right way forward. We have to do what is right for each individual region, i.e. country: England, Scotland, Wales and Northern Ireland. But at the same I think that there will be commonality and that commonality could come through animal health, medicines and plant health. That is where I think there has to be a general framework, but individually, no, what it has to be is devolved to the other Administrations.

Q357 **Chair:** Nearly everybody when we have asked for this opening statement, the first panel and now, talks about certainty, stability, long-term planning, and the need to re-alter resource and ensure that the necessary sectors get the payments that they require. How do we start to design this? I am looking at you, Professor Fitzpatrick, who has taken a great interest in this. Will we get there with what is available to Scotland?

Professor Fitzpatrick: Yes, I think so because Scotland has been moving forward, taking the opportunity to have a number of pilot projects looking at different land use strategies, one in Aberdeen and one in Borders. There have been some studies that are looking at how to do things differently. They do take time because there are very big regional differences, perhaps more marked in Scotland than other parts of the UK, or certainly than some other parts.

I think that it does come down to a debate with all of the different stakeholders, all about the economy, the environment, natural capital and food production. The answer to it I think will be different in different sectors. It will be very different in the Highlands and Islands compared to the north-east of Scotland, for example, but regions will be able to set up their own methodologies to make sure that the sectors are supported. In areas where the production levels are low because of low stocking rates, then there has to be better acceptance of the fact that there are the social benefits such as protection of the land, protection of children and schools and shops, and trying to keep the tourist industry open in Scotland. In the more productive areas, those are the areas where we



should be trying to improve production levels but in a sustainable way, getting less waste in primary production and better outputs. We can do that by reducing animal disease, improving genetics and driving the industry to better technological advances. It is different answers to different parts of the country and I do think that it has to in some way be left up to regions to try to find the right recipe.

Q358 **Chair:** That leads on to you then, Mr Clancy. I think that there is agreement and consensus that common frameworks are required for the security of what is now the internal market, as we call this. What options, therefore, in terms of the legislation does Scotland have in order to ensure that it supports its sector, being wary of the necessity of common frameworks and working across the UK?

Michael Clancy: Of course, one could comment, first of all, that the Agriculture Bill in great measure does not apply in Scotland and that the Scottish Government have indicated that they are not going to seek a consent motion from the Scottish Parliament and intend to bring forward their own agriculture Bill in Scotland. We will await that with eager anticipation and I am sure that our rural affairs committee in the Society is champing at the bit to examine it.

On that point about the creation of a discrete Scottish approach to agricultural policy, I think that that is waiting in the wings and we need to see what the Scottish Government produce. As you know—indeed I appeared before this Committee last year to talk about intergovernmental relations and common frameworks—we still await the publication of the review of intergovernmental relations, and I think that when it comes it will tell us a lot of the answers to the questions that you posed, Mr Chairman.

However, in thinking about what has happened since October/November to the current time, we saw quite recently the publication of the report on section 12 of the European Union (Withdrawal) Act. The publication of that document indicated that the UK Government had not seen the necessity to exercise any of the powers under section 12 because the Scottish Government and the UK Government were co-operating well on the production of orders and regulations to prepare the UK for EU exit. Particularly in the agriculture sphere, where I think some 24 areas deal with agricultural issues ranging from animal welfare, pesticides, GM crops, organic material and things like that, it is quite a broad suite.

Interestingly enough, in that paper the Cabinet Office indicated that perhaps that level of co-operation between the two Governments was a model for something in the future. But if one looks at the letter that Mr Russell sent to the conveners of the Scottish Parliament's committees way back in September, which talks about the categorisation of these orders as they come through the Scottish Parliament for certification or notification about whether consent should be given to them by the Scottish Government, Mr Russell expressed the view that this was not to be taken as a model for the future. Somewhere in the mix here we have



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to get everyone on to the one page. It may be a page that has two paragraphs in it, but I think that we have to be thinking about what is happening on the ground, which seems to be a significant level of co-operation between the Governments at official level, and what is a much more politicised debate, which involves issues of high policy, as it were. That is the crux of the matter: trying to get to that point.

Chair: We will come back and touch on some of these very issues, which I know the Committee is interested in and I know there are going to be subsequent questions on. We shall perhaps move on to Mr Lamont.

Q359 **John Lamont:** I just want to pursue that legal point a little bit further with you, Mr Clancy. We have the UK Agriculture Bill, which the Welsh Government have opted into to ensure the continuation of farm payments to farms in Wales. The Scottish Government have opted out of that UK Bill. When Cabinet Secretary Ewing was here previously, he indicated that he was going to rely on the continuity Bill as the means to which farm payments were going to continue. We have now had the Supreme Court ruling and the Scottish Government have said they are going to bring forward their own agriculture Bill, which we have not yet seen and which you have mentioned already. What is the Law Society's assessment of the gap in legal powers that currently exist to ensure farm payments continue as things currently stand just now without the Scottish Bill being in place or enacted?

Michael Clancy: The farm payments regime I think is already catered for in the agricultural support regulations, which have recently been published—the Common Agricultural Policy (Direct Payments to Farmers) (Amendment) (EU Exit) Regulations 2019—so I don't think there is a gap in that respect. I am perfectly prepared to be corrected by someone who knows much more about this.

Q360 **John Lamont:** The Welsh Government's decision to opt into the UK Bill to ensure the continuation of payments was a belt and braces or unnecessary? What is the distinction between why the Welsh Government took that approach compared to the Scottish Government?

Michael Clancy: I don't think that I could comment on the motivations of the Welsh Government. That would be something to address to them.

Q361 **John Lamont:** I am just trying to ascertain the legal gap that, clearly, one Government thought they had to take action to address while another Government have taken a different approach, and we still do not have the Scottish agriculture Bill to alleviate the concerns that my farmers have about how their payments will continue.

Michael Clancy: I would ask your farmers to take a look at these regulations that have recently been passed to see what they contain and whether they meet their concern, Mr Lamont.

Q362 **Chair:** This is an issue for farmers in my constituency. There is a lot of worry because of what certain politicians have said, that payments would



not be made, and what you are saying is there is no issue or problem at all about that and that it is covered by existing legislation and will be covered by a future Scottish Bill?

Michael Clancy: I don't know what the content of the future Scottish Bill is; I have mentioned that already. What I did say was that these regulations cover the issue of direct payments to farmers and it would be up to people to take their advice, Mr Chairman, as to whether or not their concerns are met by those regulations. I personally am not in a position to give deep-dive advice on those and indeed it would be wholly improper for me to do so, as you know.

Q363 **John Lamont:** In terms of the principles that should underlie the future funding of farming moving forward between the different constituent parts of the United Kingdom, what should those principles be from your respective organisations?

Professor Fitzpatrick: From the Royal Society's point of view it is a recognition that there are some aspects of agriculture, trade, health and maybe imports and exports that will have to be dealt with on a UK basis, but those should be discussed and retained. But again, Scotland is looking for more opportunity to develop a new framework that is bespoke to Scotland and that does require debates between the four nations of the UK. We think that it is really important that that happens because until that happens it really does not allow the development of a Scottish vision for the agricultural sector. That would be the view of the Royal Society.

John Kinnaird: What is key in any negotiations going forward and any discussions going forward is that you forget what we have at the moment. Forget about pillar 1 and pillar 2. Ignore them; start with a blank sheet of paper. What are you trying to achieve? If you can work out a consensus of what you are trying to achieve, then you can maybe pick something out of what is already there that fits what you are trying to achieve. If all you do is tinker with what is already there, you will get it wrong. It is currently not delivering. It delivers money but it does not deliver benefit. You start with a blank sheet of paper and then I think we can take the industry forward instead of continually looking back. That to me is absolutely crucial.

If we start looking at individual areas in isolation, for example—and it has been bandied about by quite a few politicians: you will look at the environment and you will look at food production—why are we looking at them individually? Collectively, they work. They should not be in isolation to each other; they should work with each other. Any farmer will tell you: if we do not look after the environment, we do not have an industry. It will wither and die very, very quickly, but there seems to be little or no recognition of what is already done by farmers and crofters in looking after the environment while at the same time supplying very high-standard, high-quality food.



Michael Clancy: Mr Lamont asked about principles and one of the principles that I would advance is the idea of this being a whole of governance project. It is not enough to leave it to Government. There has to be co-operation across the field, no pun intended, including community groups, civic society, the learned societies, professional associations and organisations so that we get it right as well as those who are most affected by this sector's potential changes, which are farmers, suppliers and consumers.

Looking at that, what can we deduce from a whole of governance approach? Principles like subsidiarity and proportionality are things that emanate from the European Union, so they are not philosophies or approaches that I would immediately junk just because of that. Even though they come from the past, they are still vibrant and useful today.

Q364 **John Lamont:** Mr Kinnaird, in your written evidence you said, "All the different constituent parts of agriculture must consider that farm support is not a right—it's an asset given by the taxpayer". Could you expand a bit more on that, please?

John Kinnaird: It is exactly what it says. We should not and do not have a right to that funding, but if you look at what the funding does and where it goes within the economy, that is quite important. We should not have that right, we have to earn that right, and going forward I firmly believe that we need to have something that is measurable. If we are getting taxpayers' money as an industry, we have to produce something that is measurable. I am not just talking about food production; this could be in environmental enhancement. It is not a right. We have to earn that money and, looking forward, I don't think that it should be too difficult nor beyond the wit of legislators to look at what is right, what works and what does not. Look at what does not work. Why try to bring it into what you are trying to do for the future? This is the future, not the past.

Q365 **John Lamont:** You think in the current system of support farmers are not always earning that, they are simply using the system to get financial support as opposed to producing the outcomes, as you have suggested there—the targets that people are expecting the farmers to be meeting?

John Kinnaird: Now I am in potentially dangerous territory. Yes, I think that a lot of people are getting funding that they do not do anything for. The key in anything going forward is not just production, it is activity. What activity are you doing on the land, be it producing food, enhancing the environment or a combination of them both? Anything we get in the future has to be measurable. In other words, is there an improvement? I am quite sure many civil servants will be absolutely horrified at the thought of going down to almost an individual farm basis, but what is right for me as a farmer would not be right for my neighbour. To say that one size fits all within Scotland would, quite frankly, be nuts. It has to be tailored to what is required and what delivers—not public goods but what makes good use of public funding that is measurable.



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Professor Fitzpatrick: Just a very quick point going back to the Agriculture Bill, one of the principles that we would feel a little bit concerned about is the emphasis on public goods, not because we are wrong about public goods—everybody wants public goods; we all want an environment and access and tourism—but what comes out to me in reading that is there is reference to animal health and welfare and animal disease and biosecurity, but there is not a direct link to how the whole thing fits together with food production. Even if that is not a public good, it is a public benefit. We want our food in the UK to benefit our populations. That to me is missing in the Agriculture Bill and I would like to see that there will be a strengthening in that when we do see the Scottish version. Everybody is for public good but where does the good lie? It is not a good but it is a benefit, and in my role as the chair of the Scottish Food Commission we really felt it was important that the people of Scotland who produce all this excellent food did not always benefit from eating it.

Q366 **John Lamont:** In terms of the Scottish Bill when it is published, do you think food production should take priority over, for example, protecting the environment?

Professor Fitzpatrick: No, it would be a network. It would take proportionate—no, not equal even. It would be a discussion with regional and local authorities as to how those would fit together. In certain areas, biodiversity and sites of special scientific interest would take priority. In other areas where there was a lot of productive land or land that could be used for grazing sheep and cattle it would be used for that purpose. Does that make sense? There is no one size fits all.

Q367 **John Lamont:** My reaction to that is that it sounds like a good aspiration to have and I would not dispute that, but in terms of how you put that into an Act of Parliament and a regulation that local people on the ground are having to implement and follow, it becomes much more challenging, especially where in one area, as I represent, there is prime arable land and in other parts of it are high sheep farms. How do you mesh all that together within the same region?

Professor Fitzpatrick: Some of it might be legislative, though, and some of it might not be legislative activities. Again, that is where the lawyers come in about what would be enforced.

Q368 **Deidre Brock:** On the public money for public goods aspect of that Agriculture Bill and the lack of food production being even mentioned in it, I wondered, Mr Kinnaid, what your thoughts are on that and what you think the farmers that you deal with on a regular basis would make of that proposition or have been making of that.

John Kinnaid: I am still in dangerous territory here. I am sorry, but I think that, frankly, Brexit is going to be a wake-up call for quite a few people because in many cases, but not in all cases, we have had a bit of a dependency, a bit of inefficiency and inequality in many areas simply



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because of that. That is why we firmly believe, and it came out in the champions' report time and time again, one thing that clearly has to change is mindset.

Going back to the earlier question about it being a right or not, no, it is not a right. We have to earn it. We also have to be careful that we do not destroy what we already have by making far too radical changes. I am not completely certain that you need an Act of Parliament to deliver proper methods of getting funding there that are measurable, that reduce waste, for example, that look after the environment, that continue to produce high-quality food. It is not beyond the wit of people to pull that together. There is a danger in legislation that it becomes a stick rather than a carrot and history will tell you that is not the way to get buy-in in any future policy.

Q369 Hugh Gaffney: Moving on to budgets, the National Farmers Union Scotland say that agriculture funding for the devolved Administrations should be set in five-year budgets. Would this provide long-term certainty for farmers and crofters? We had a wee debate in the first panel—you might have heard about this—and there was a difference of opinion. There was roll-on, five-year or a 10-year budget. What is your own opinion of the budget situation?

John Kinnaird: If it is budgets, yes, that will give you a degree of certainty, but you can't just have a budget in isolation to what the delivery routes are. Absolute certainty in a budget, that would be essential. Five years is probably maybe just about enough, but in farming five years passes in no time at all, again particularly in livestock production. The EU currently has a seven-year review, I believe it is. A degree of certainty on the budget I think would help a great deal, but you have to get the other routes right in the first place. Why have a budget for five years that actually does not do what it is meant to do? The two go hand in hand, but absolutely a budget has to be fundamentally secure, and that is why I have always maintained that certainly in a transition period we would propose you have that degree of certainty on the budget. It would be quite nice if it was increased rather than even staying at the status quo. The last thing we require will be a decrease. The last thing the rural economy needs is a decrease because, as I said earlier, farmers get money and they are very good at spending, predominantly in the local community, and that just creates economic stability wider than just agriculture or farming and crofting.

Q370 Hugh Gaffney: I did not see anything about a seven-year thing. I thought the five-year budget was based on the length of the Parliament, so maybe it could be extended.

John Kinnaird: Sorry, we were quite clear in our report—Agriculture Champions, not the NCRA—that any budget should be outwith a political term; otherwise you are hamstrung by a potential change in politics. Make it beyond a political term if that is at all possible.



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Professor Fitzpatrick: I think that it needs to be five years minimum because it is really important to produce stability at this time of immense change politically and potentially economically as well. If we don't, then we are going to have farms going out of business at a great rate. We want to be able to produce food not just in Scotland but in the UK, and if we fail to produce the volumes we need, then we are going to be subject to importations along the lines of some of the things that we have heard coming from different parts of the world. I think that is fundamentally not what the UK population wants.

We need to make sure that farms stay in business while they have an opportunity to adapt. They will take up technology and innovation but it takes a while to do so, and it is very different innovation in different parts of the country, hill land or mountain land and other areas and lowland elsewhere. There does need to be stability to make sure that farms remain at least profitable while they try to change. I think that most farmers will change. I would agree with John and others that our farmers are actually doing really well—that is the top third, but we can still bring the middle third on in terms of efficiency and profitability and that does take time.

Chair: Mr Clancy, I know that Ms Jardine has to leave us soon and she has a question. You will probably get a chance again, knowing you, Mr Clancy, to get that in anyway, in a response.

Q371 **Christine Jardine:** It is quite a brief question. Most of what I was going to ask on frameworks you have already touched on and explained. Could you perhaps characterise for me what you think the impact could be on the Scottish agricultural sector and food production generally of not having common frameworks for the United Kingdom or the rest of the UK?

Michael Clancy: You are looking at me. Not having common frameworks, well, of course, the UK, Scottish and Welsh Governments have agreed to have common frameworks, so unless there is a proposition that upturns that decision I am not entirely sure that we are getting into that territory.

Q372 **Christine Jardine:** I will rephrase it. How significant are they going forwards?

Michael Clancy: I think that they are quite significant because with the deconstruction of the supranational legal order and its reconstruction within the UK as it leaves the EU, there has to be something to replace that supranational legal order. It of itself created a common framework across the EU so we have lived with common frameworks for 40-odd years. As we move into a new stage in our history, then there has to be something that we would want to replace that with.

The question is not so much whether common frameworks are necessary but what kind of common framework they should be. You have seen the evidence from Professor Keating and from Professor Reid and, indeed,



from Professor Fitzpatrick about this kind of thing and from other witnesses and the options are various. You can have administrative frameworks, legislative ones, ones that are informal, ones that are more formal, ones that have some kind of dispute resolution mechanism attached to them. These are all options that will be subject to choice at a future point.

Q373 Christine Jardine: One of the points that was made earlier was the fact that, for England and Wales, the rest of the UK is our biggest market for agricultural production. How important going forward is it to protect that market if we lose the EU one?

Professor Fitzpatrick: I do think it is very important. We have complex food supply chains and complex movements of live animals, and I am sure plants and crops. It is not my area of expertise. Protecting the market is going to be important. Other things that could be lost without some form of agreement within the UK are things like animal health and welfare and movement of diseases up and down the countries. They are not interested in administrative regions. There are certainly things that we need to look at together as a United Kingdom and other areas that obviously are better looked at on a regional level.

Michael Clancy: In the common frameworks declaration in October 2017 the idea of enabling the function of the internal market while at the same time allowing policy divergence was one of the first things that came on the list. I think that that reinforces that idea and it is that question of where policy divergence comes in. There may not be much policy divergence about the composition of pesticides, but they are an extremely controversial area. Therefore, I think that we have to be careful about what exactly we mean by a common framework in such a controversial area.

Q374 Christine Jardine: I remember the debate over genetically modified crops and the fact that crop seeds are no respecter of borders when they are blowing in the wind. I just imagine with pesticides there is a very similar type of issue involved.

Michael Clancy: There was a big debate in Europe about the safety of glyphosate not very long ago, which resulted in ECJ cases resulting in the manufacturers of those chemicals and their safety tests to be disclosed. Clearly, there is a significant public good in knowing about what it is that is being used on the food that we will eventually eat.

Q375 Deidre Brock: Professor Fitzpatrick, you mentioned in your written evidence, and you have referenced it today as well, the possibility of an independent secretariat being set up to oversee the development and operation of common frameworks. Could you perhaps give us an idea of how you think that might work in practice and whether there are models elsewhere in the world that we could look to?

Professor Fitzpatrick: I can make some brief statements. There will be people within the Royal Society who are more aligned with the question



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you have just asked. I am not sure about other examples. The idea of the independent secretariat would be that some of the issues that have arisen over meetings not taking place or perhaps taking place but not coming to actions, decisions and progress, have been because individual nations of the country cannot come to an agreement. The idea would be to have senior civil servants coming from different regions but with the aim of trying to get a UK agreement, where that was appropriate, and then also take a devolved Administration, or four nations, approach. At the moment there is confusion as to when the UK is using the UK bid as opposed to the English bid, and that could be managed much more easily.

The secretariat would also create the agendas for the meetings. It would do the follow-up. A suggestion that I have had reported to me is that the secretariat would also undertake a research activity. For instance, if a decision was not being made because of lack of evidence, the secretariat would bring the evidence to the committees and then accelerate the rate of decision-making and change. As far as I believe, there have been hold-ups, as I think was mentioned at the beginning of this meeting, over the last three years or so, which means we are quite far behind in some of the discussions about agriculture and other aspects. That was the idea of having an independent secretariat.

Q376 Deidre Brock: We have been doing an inquiry into intergovernmental relations, which you might be aware of, and there has been a suggestion in that inquiry that an independent secretariat would be appropriate for JMC machinery. Do you think, though, that the existing JMC machinery might be a possibility for leading on that sort of approach?

Professor Fitzpatrick: Yes, I do. The suggestion came from an expansion of what already exists, and I don't know enough about it to give any detail, but altering it so it was seen to be completely fair and trying to get the rate of change occurring. We are now in a good position, whatever happens in the next few weeks or months, to start that process and get some actions going, to allow us to build many different scenarios for agriculture and elsewhere.

Q377 Deidre Brock: Do you think a single body could deal with both the agreement of common frameworks and the monitoring? Or do you think those things should be split?

Professor Fitzpatrick: Perhaps the more legal side, the monitoring, could be done either legally or by a wider committee.

Michael Clancy: The basic proposition is, as Professor Fitzpatrick has said, something that develops the JMCU concept. Of all the JMC variants, that seems to have been the most successful because it has taken into account the UK's and devolved Administrations' points of view. The memorandum of understanding and the concordat that accompanies it is something upon which one could build. There would need to be a split between the committee that creates the mechanism and the monitoring



the mechanism. There might be different forms of accountability. There could be accountability in Parliament, here in Parliament and in Edinburgh and in the Assemblies in Wales and Northern Ireland, which would be of equal standing for effective monitoring and issues about dispute resolution.

I would reflect upon what it is in the Withdrawal Agreement, which has a star-crossed existence at the moment, about having a joint committee with an arbitration panel to resolve disputes. A joint committee sounds pretty much like the JMC kind of concept as we are developing it and as people are thinking about it but the issue of who staffs it is certainly one issue. I for one believe that the civil service is independent in the whole of the UK and that it has an unrivalled reputation for exercising that independence. The question is whether other stakeholders have sufficient trust. That is another matter for another day.

Q378 Deidre Brock: How do you get round that gnarly old problem of England being so much larger than the other components within that group of four? Do you have a single representative for England, Wales, Scotland, Northern Ireland, or a multiplied equivalent?

Professor Fitzpatrick: There are number of different scenarios. Maybe representation needs to be more regional than devolved Administrations. There are a number of ways of looking at it but at least the principles of trying to get committees together to come to decisions and allow progress, however that is done. I have seen some funding models where there was to be financial input proportional to the GDP of the different parts of the country.

Deidre Brock: If it were created from national and regional representatives, you would still have the issue of a large section being outvoted every time by the weight of numbers from England. Okay. Thank you.

Q379 Tommy Sheppard: I want to stay on this common frameworks topic. I am getting the impression from the responses so far that your general view would be that when we talk about common frameworks, we are not talking about a state-wide agricultural policy across all parts of the UK, so there would not be a UK agriculture agency that would determine everything because that would be contrary to the devolution settlement. You would, however, on an if-and-as-when-necessary basis set up joint arrangements to cover particular areas. I think I heard some examples about animal health, pesticides and so on. There might, for example, be a UK committee on pesticides that everyone would buy into. I have a number of questions that arise from that approach.

First, do you see the objective of UK-wide arrangements in these specific areas as being to set common standards across all parts of the island, or minimum standards to which each of the respective nations need to adhere, but with the possibility, if they think it is in their interests to do so, to go to a higher standard if that helps the marketing or branding of a



particular product?

Secondly, Government have suggested thus far that these arrangements can be catered for just by administrative arrangements rather than there being a need for a specific legislative framework that says in law, "There will be such an agency and this is how it will work." Is that your view too? You almost get the impression from some Government Ministers that everybody is going to talk to each other and be nice to each other and it will all be all right on the night, but what if it is not all right on the night? How do you make sure these things happen without having a legislative mandate to do so?

The final thing: even if you have a specific UK council on pesticides or whatever, particularly if it is not legislative, where would it report? Would that be a new IGR body? Or would it be a development of the existing JMC? Or would it be some overarching body with a brief to try to co-ordinate all the individual joint arrangements?

Michael Clancy: So, minimum as against enhanced—I suppose if one were to think about where we are and how we got here, we already have uniform standards, which are currently set by the EU. One could imagine that in certain circumstances those uniform standards as currently set—which are going to continue if we have a withdrawal agreement into the post-leaving epoch, for whatever period of transition period or implementation period may be—would in effect form your minimum baseline. One could see that if there needed, from a sector's perspective, to be some enhancement of those standards, which improved them or made them more stringent. That would be up to that sector to plead its case with common framework arrangement to see if that would work. Ultimately, it is up to the consumer whether they will buy the enhanced product, whatever it is. It may be the case that it is, as you say, Mr Sheppard, for marketing or branding purposes, something like that. That would be an argument that would revolve around the persuasive capabilities of that sector to pitch for that enhancement to be allowable.

On the question of legislation or other mechanisms, of course legislation does create, or is meant to create, a certain legal framework on which one can rely, but of course it is rigid, it is not easily amendable, and it requires parliamentary time to be amended and a majority to be able to put the amendments through. One has to be careful about going immediately to legislation, although we have in the past said that putting some kind of JMC enhanced common framework structure on a statutory footing may be no bad thing. How do you amend it in such a way that does not need primary legislation, by subordinate legislation, and in which venue do you do that? As in the Fisheries Bill, there might be provision for it to be dealt with by various authorities—UK authorities, Scottish authorities, Welsh authorities or Northern Irish authorities. It is all about what level of flexibility you want. At the most flexible end of the structure would be something that would amount to a gathering of civil servants who are able to discuss these things and come to a decision,



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taking, perhaps, evidence from a council of experts. Beyond that, I am not sure I would want to stray.

Professor Fitzpatrick: A quick statement. The reason that we would like to see the common framework is to get them over and done with quickly, to get those frameworks defined, so that everybody knows what is happening and what is in the best interests of the internal market. I won't comment on whether they would be enhanced or baseline; that would be the job of the committee that sits. The reason that we from Scotland, the Royal Society, are interested is that we want to get on with the areas that are devolved to us. We want to participate where it is appropriate, but we also want to take action about the issues that are devolved to the Scottish Government and we need that to happen quickly, which is why the common bit should, it is to be hoped, be fairly quick. That then allows different regions of the country, not just Scotland, to take a more regional approach to how we apply our agricultural strategy.

Q380 **Tommy Sheppard:** May I ask a supplementary question? Let me illustrate it this way. If this is not all on a statutory framework, and is just done by intergovernmental consent, what happens in a situation where people say, "We don't need this joint committee any longer," or, conversely, identify a new area where a joint committee would be necessary but had not been already thought about? Who would take that decision?

Michael Clancy: People who are invited to meet at the joint committee and do not turn up. We have had experiences of joint arrangements, or non-statutory arrangements, where they started off with everyone meeting, eventually dwindling, and not meeting at all. For a long time, some of the JMC family have begun and then just slipped off the radar. That does happen and you are quite right; it is a potential danger.

As to the issue I think you are directing this question at, agriculture is of such importance to the country, to the whole of the UK, and to each of the devolved Administrations, that it is very unlikely that that would not meet or just come to grief in some kind of way.

Q381 **Chair:** Can I ask briefly about the no-deal tariffs that were announced last week by the UK Government? I am looking particularly at you, Mr Kinnaird. What do you feel about the variety of different quotas and tariffs we had? Some sectors were to be protected while others, particularly in arable, were to be left to their own devices. What do you make of what you have seen?

John Kinnaird: From the arable sector, we have been working in the world market for many years and this probably why there has been less of a focus on our sector.

You heard very clearly this morning, and I will reiterate, that it is not about the tariffs on their own, it is about the quantities. If the tariff



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applies to a certain quantity, that should work both ways, and not just be a one-way system. It has to be both ways, in which case we could probably live with the tariffs, providing they were the same both ways. If you allow tariff-free products to come in, but not allow the same access to the market—

Q382 **Chair:** Did you see anything that gave any reassurance on that when this was announced last week? We did see that in the earlier session.

John Kinnaird: Am I reassured by what Government have said?

Q383 **Chair:** With regard to quantities as opposed to just the tariffs that have been imposed, has anything at all been raised that gives you any sort of comfort?

John Kinnaird: Because so much Scottish produce is exported, any tariff that destroys our markets or upsets our markets will have a very disproportionate effect on our industry. It is important, therefore, that we maintain these markets. Tinkering about with tariffs, will that do it? In the short term, perhaps, but in the long term, no. We need a long-term strategy.

Q384 **Chair:** I also want to touch on some of the immigration-related issues. We heard in the earlier session just how dependent some of the agriculture sectors of Scotland are on non-UK labour and it goes beyond the seasonal worker scheme that everybody talks about. Maybe you could help us with this, Professor Fitzpatrick. Why is there such a shortfall in so many sectors in Scotland just now in agriculture?

Professor Fitzpatrick: The one I want to focus on is the shortage of vets, both in veterinary practice, but also with regard to the official veterinarians who do meat inspection in the abattoirs. This has already been referred to. The UK veterinary profession is made up of just under 50% non-UK individuals. Most are from the EU. In Scotland, we have rural practices that are very distant from the large cities and it is difficult to attract young vets in particular to live in some of these areas. We have recruitment problems. The problem is particularly acute in the abattoirs. Something between 85% and 90% of meat inspection is carried out by non-UK vets and the abattoirs are very concerned that this is going to affect their business. The role of certification of meat products is a vital one for us.

The only other area I have personal experience of is that of soft fruit picking, which is very dependent on migrant labour, people who come seasonally and come every year, usually the same people from the same countries, to pick soft fruit.

Those are the two main areas of concern but the veterinary one is a big one for food safety.

Q385 **Chair:** We will come to soft fruit, because you have addressed it. In your evidence you said that there may be a case for a Scottish component to a



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scheme. Could you tell us what you mean?

Professor Fitzpatrick: I am looking at John Kinnaird on this question, but I do think soft fruit might be an area—

John Kinnaird: At the moment, just under 10,000 migrant workers come into the soft fruit industry in Scotland, so yes I do think there is a need for something that specifically addresses the Scottish issue.

Within Scotland Food and Drink, I think it is estimated there will be a 50% fall in EU workers across the board. The effect of that on food production could potentially be devastating, and I do use the word “could” advisedly.

I would like to pick up on the point that Professor Fitzpatrick made about veterinary inspectors in abattoirs. This is a food safety issue, that 85% of them are EU nationals. If you take them out of the equation, or a large numbers of them, what does that do to primary production, if you cannot get the product inspected, and get it slaughtered? The fallout from that would be huge.

It is also disingenuous to suggest that, for example, fruit pickers are unskilled. Too often you hear that word being bandied about. They are not unskilled. They are skilled at what they do, they do have a role in food production, and that has to be maintained. At this stage, we do not have the ability to use UK nationals because, for some reason or other, they are not there. We do have, or have had, access to very good, highly professional fruit pickers.

Q386 **Chair:** We are going to be hearing from some of the operators of the scheme in the course of this inquiry. As you will know, it is being done by two operators, Concordia and Pro-Force. What do you make of what you have observed so far of the details of the scheme? How effective is it going to be to address even some of the issues in the soft fruit sector?

John Kinnaird: I am not convinced it will deliver what it is trying to deliver and by the time we discover that, you will have the potential of fruit starting to rot in fields. Every problem will have a solution but we have to make sure we get time to get that solution in place. I am not sure that what has been proposed is a long-term solution. It is very much short-termism. We should perhaps embrace it to ensure that the industry survives, and gives it and Government time to plan how we address this potentially very serious problem.

I keep on saying this; it goes well beyond the farm gate. You have the abattoirs, you have processing, and you have distribution. The knock-on effect from having a reduced potential migrant workforce could be devastating. We have to look at the bigger picture, and not just agriculture, although it will have a very significant effect on agriculture.

Q387 **Chair:** I have been struck by some of the issues around abattoirs and vets. This is a live issue that we have picked up this morning. We have



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heard very compelling evidence. Professor Fitzpatrick, you will know the details of the Immigration Bill, where it says that anybody coming in from the EU for beyond the three-month visitor visa would require to earn £30,000 a year. Would vets earn above or below that threshold?

Professor Fitzpatrick: There would be some on either side. We certainly do not believe in arbitrary salary figures or arbitrary targets. We think it needs to be on a needs basis. We would like to see veterinary surgeons put back on the shortage occupation list. They are not on the list at the moment and we think it is important that they are reinstated.

Q388 **Chair:** Lastly, we have taken a keen interest in some of the technology and innovation issues around Scottish agriculture and have been struck by some of the compelling evidence we have secured and received so far. To what extent do you think that technology and innovation can play a part in addressing some of the issues Scottish agriculture has? I am looking at you in particular, Mr Kinnaird.

John Kinnaird: It is huge. The industry has in many cases already embraced technology. The dairy industry is a classic example, where you get diets that more tailored to output. The arable sector also has a lot of technology in certain cases. The danger for agriculture, for lack of investment, is that too many farmers do not look at the benefit; they look purely at the cost. In fairness, however, that cost can sometimes be very substantial. One of the best areas, certainly in livestock, I believe, is electronic ID because that goes way beyond just simply identifying an animal. You can get the animal's history and then look at, for instance, has the dam been productive all the way through her life or is there a problem there. It is not just about technology; it is about using the technology and the data it produces. One of the keys is making sure about—and I am not sure which way round it should be, whether it is technology keeping up with innovation or innovation keeping up with technology. In the arable sector, for example, you can use drones currently to identify disease that is not visible to the naked eye. Drones can identify noxious weeds that could be taken out. Unfortunately, you do not have that technology in a sprayer, as it goes down the field, to individually pick out these plants, so there is a disconnect. This applies in animal health too. That is where you need research and development. There needs to be more Government input into looking at technology and encouraging people, by whatever means, to take it up. If you reduce the use of chemicals, it has to be a plus across the board; it has to be a win for everyone.

Q389 **Chair:** I was in Bruce Farms in my constituency just the other week. They were talking about strategic farms and the projects by the AHDB. There seemed to be real enthusiasm, in the arable sector in particular, to use the technology that was available. I also have James Hutton in my constituency, and heard about some of the practical work has been done. Is there a sense that the disconnect between what is being done on the farm and the people in their ivory towers in the research institutes has been coming together a bit more?



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John Kinnaird: In some cases, yes, there is a disconnect. A lot of the time there is some much information out there that it is not getting out. Do we need central hubs of excellence where people can get that knowledge? There is something else we have to be aware of, that sometimes those who need to access the knowledge are those who currently do not turn up to meetings—monitor farm meetings for example. They are the target people, who need to come and look at new technologies, look at how they will benefit their business, not what it costs their business but how they will benefit their business. That can maybe be done by remote learning, certainly from the perspective of the Highlands and Islands. Could there be CPD points for example?

Professor Fitzpatrick: As you would expect, the Royal Society of Edinburgh is very keen on science and innovation and we believe that is why some Scottish farming and Scottish science has already delivered for Scotland. It is partly because the Scottish Government continued to fund at least six research institutes. Sir James Hutton and Moredun are two of them. Together, we are called the SEFARI initiatives. There are fantastic examples such as precision farming, which can be applied across arable, crops and livestock production. Another very important example that was referred to earlier is to reduce antimicrobial resistance. The way to do that is to use fewer antibiotics but also to develop new vaccines and disease control programmes so that you don't need the antibiotics in the first place. These are the areas we cover.

In answer to your question about how you get information and knowledge out there, we do produce knowledge exchange, we have roadshows, we have farm events, we attend all the agricultural activities, but there is more we could do collectively. One of our visions would be to use some of the agricultural support services moneys to do regional hubs that would allow farmers in the middle to learn more technology, to adopt it and to move up the ladder. That works for crofters, and for bigger farmers. They are different targets and you would use their data and set their data in different ways, taking different environmental factors into account. We believe in these knowledge exchange hubs. The way I think they might work is by incentivising farmers either to attend in person or to attend remotely. If they have access to the technology and they don't take it up, well, at least they have had the chance. I do believe that there might be ways of taking a regional approach to better knowledge exchange, with all the providers coming together, meeting farmers, but also those farmers who were just trying to move up the technology ladder.

Chair: We are grateful for that. We are going to the James Hutton Institute on Monday to have a round table with those with an interest in technology and innovation. We are very much looking forward to that session and to hearing what we are going to secure as evidence.

Thank you all ever so much again. That was a fascinating session. As you know, if there is anything that you could further usefully contribute to this inquiry, please get in touch with us. Any submissions will always be



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gratefully received and accepted.