



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Rural Economy and Connectivity Committee

**Wednesday 9 September 2020**

**Session 5**



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**RURAL ECONOMY AND CONNECTIVITY COMMITTEE**

**21<sup>st</sup> Meeting 2020, Session 5**

**CONVENER**

\*Edward Mountain (Highlands and Islands) (Con)

**DEPUTY CONVENER**

\*Maureen Watt (Aberdeen South and North Kincardine) (SNP)

**COMMITTEE MEMBERS**

\*Peter Chapman (North East Scotland) (Con)

\*John Finnie (Highlands and Islands) (Green)

\*Emma Harper (South Scotland) (SNP)

\*Richard Lyle (Uddingston and Bellshill) (SNP)

\*Angus MacDonald (Falkirk East) (SNP)

\*Oliver Mundell (Dumfriesshire) (Con)

\*Mike Rumbles (North East Scotland) (LD)

\*Colin Smyth (South Scotland) (Lab)

\*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

George Burgess (Scottish Government)

Fergus Ewing (Cabinet Secretary for Rural Economy and Tourism)

**CLERK TO THE COMMITTEE**

Steve Farrell

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



# Scottish Parliament

## Rural Economy and Connectivity Committee

Wednesday 9 September 2020

*[The Convener opened the meeting at 10:02]*

### Agriculture and Fisheries (Update)

**The Convener (Edward Mountain):** Good morning, everyone, and welcome to the 21st meeting in 2020 of the Rural Economy and Connectivity Committee. The meeting will be conducted in a hybrid format, with two members—Stewart Stevenson and Richard Lyle—participating remotely.

Agenda item 1 is an evidence-taking session on agriculture and fisheries matters with the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing. I welcome the panel. The cabinet secretary is accompanied by the Scottish Government officials George Burgess, deputy director, food and drink; Allan Gibb, acting deputy director, sea fisheries; and John Kerr, head of the agricultural policy division.

Before we go any further, I would like to go through any declarations of interest that need to be made. I am a member of a family farming partnership, as is declared in my entry in the register of members' interests.

**Peter Chapman (North East Scotland) (Con):** Likewise, I declare an interest in a farming business in the north-east of Scotland.

**The Convener:** Stewart Stevenson would also like to declare an interest.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** I am part-owner of a very small registered agricultural holding, from which I derive no income.

**The Convener:** I invite the cabinet secretary to make a short opening statement of up to three minutes.

**The Cabinet Secretary for Rural Economy and Tourism (Fergus Ewing):** Thank you, convener.

Supporting those in our rural economy, whom we rely on to put food on the table, has never been more important. At the moment, we are focused on the recovery phase of the Covid-19 pandemic but, with Brexit on the horizon, they need our support more than ever. For farming, we met our statutory targets and customer

commitment to make 95.24 per cent of the value of 2019 claims—not only for pillar 1 but for pillar 2 payments—by 30 June, by delivering more than £500 million to the rural economy, thanks to the excellent work of rural payments and inspections division staff around the country. The fact that they were working largely from home is interesting in itself and a positive thing. Despite the unforeseen challenges of delivering under lockdown, that deadline was met at a time of greatest need.

We are working to implement our climate change plan and to ensure that support helps farmers and crofters to reduce emissions. The launch earlier this week of the sustainable agriculture capital grant scheme is another step forward towards that aim. We have supported the fisheries sector, with more than 900 vessels receiving between them £8.3 million through our sea fisheries intervention funds. The aquaculture hardship fund has made payments of around £635,000 to 40 farmers who produce shellfish and trout for the table.

Our natural larder sits at the heart of the success of our food and drink sector. The situation is fragile, so we need to reverse the current trends. The recovery plan, including the measures in the programme for government, seeks to bolster and accelerate the core work of the food and drink partnership in delivering the ambition 2030 strategy and safeguarding jobs in many rural communities. Our focus is on aiming to stimulate demand for Scottish products in key markets and supporting businesses to capitalise on that demand.

On trade, since 18 October the United States has been imposing tariffs of 25 per cent on single malt Scotch whisky, cheese, butter and cashmere as part of a long-running dispute. That has been a major concern for the Scottish Government, and we press the United Kingdom Government at every opportunity to get those tariffs removed. The lifting of tariffs on sweet biscuits is a relief, but too many businesses continue to be hit hard, and jobs and livelihoods are at risk as a result. We are clear that the UK Government should use its trade powers to get the destructive tariffs lifted before any agreement is reached in the UK-US trade deal. They cannot and should not be used as a bargaining chip.

On Brexit, I remain focused on doing all that I can to provide stability, certainty, clarity and security for the rural economy against the backdrop of a potentially disastrous no-deal Brexit at the end of the transition period. Despite our pressing the UK Government, there still remain far too many unknowns. The Scottish Government issued to the Department for Environment, Food and Rural Affairs a list of 55 questions seeking clarity on the Northern Ireland protocol, but we

have not yet had an answer to those questions. The UK Government's internal market proposals would undermine the high quality and standards that we have set for food production and animal welfare, apparently for the purpose of allowing the UK to do indifferent trade deals.

There continues to be no progress on fishing negotiations around a future fisheries agreement, and it seems that the UK Government cannot deliver what it promised. We need clarity and certainty on shares and access now. The annual cycle of routine negotiations that sets overall quotas must take place, regardless of any FFA being in place, and my officials are, in effect, being asked to work with a blindfold on. If our offer to take part in the negotiations had been accepted, perhaps more progress might have been made by now.

The sheep sector is also vulnerable, with tariffs of 40 to 50 per cent being anticipated on exports. I have pushed that issue in a number of meetings of the inter-ministerial group for environment, food and rural affairs. I have also written to the Secretary of State for Environment, Food and Rural Affairs to highlight that the work that was done last year should now be revisited, and I am pleased that George Eustice agreed with that.

In conclusion, we continue to call on DEFRA to ensure that it adheres to the clear, unequivocal and unambiguous promise by Michael Gove that all Brexit costs will be met by the UK Treasury.

**The Convener:** Thank you, cabinet secretary. The first questions come from Richard Lyle.

**Richard Lyle (Uddingston and Bellshill) (SNP):** Good morning, cabinet secretary. In April 2020, the Scottish Government appointed an advisory group on economic recovery to deliver recommendations on the recovery from Covid-19. Overall, what does the advisory group's report mean for rural Scotland?

**Fergus Ewing:** The report highlighted many of the challenges that rural Scotland faces, which we are already working to address. Our published response outlines some of the ways in which we are seeking to do that through our plan for a stronger, greener and fairer Scotland. A range of actions have been identified on housing, connectivity, investing in communities, supporting our farmers and crofters, and delivering support to our forestry and aquaculture sectors. We are seeking to implement those activities to tackle the extremely significant challenges that face rural Scotland, not least because of the additional difficulties that have arisen as a result of the troubles that tourism faces and the unemployment that that has already generated and might go on to generate.

**Richard Lyle:** The report stated that the Scottish Government must bring forward clear sectoral plans to deliver transformational change

"where the coincidence of emissions reductions, the development of natural capital and job creation is the strongest."

Does the Scottish Government intend to provide such plans for rural sectors? What do you anticipate that those plans will include?

**Fergus Ewing:** We are working on a number of plans. I will mention a few specifics. In the programme for government last week, the First Minister announced that, through additional investment in forestry, we are aiming for the planting target to rise by 50 per cent to 18,000 hectares a year by 2024-25. That is a very significant rise, which, as well as helping to tackle climate change, will boost rural employment.

In addition to that—I first requested this back in April—Forestry and Land Scotland and Scottish Forestry are doubling the number of people that they are taking on. They were planning to take on 25 people, but it was set out in the programme for government that they would be taking on 50. That was at my behest—I want us to invest in young people now, rather than to wait until next year. I am pleased that such modest but significant efforts are being made because we are stimulating them.

Last week, the £10 million agricultural transformation programme was launched. Again, that is intended to boost employment, to increase the efficiency of our farming and to help to tackle climate change. In addition, convener—I will finish with this, because I could go on, if not all day, certainly all morning—

**The Convener:** I am not going to let you do that, cabinet secretary.

**Fergus Ewing:** I rather thought that you might say that, so I will be as brief as I always seek to be. [*Laughter.*]

I make the point that, in addition to what we do as a Government, we work very closely with business. Just yesterday, we had a session with four or five major life sciences companies in the Highlands, as well as calls with various people in the forestry sector. I am asking the private sector to step up to the plate, and it wants to. It knows that there is a big crisis coming in unemployment. I think that the private sector in Scotland wants to step up to the plate, and I am asking it to. We are not waiting around for the problem to happen; we are tackling it in advance of the serious wave of unemployment that I fear will descend on us quite soon if the furlough scheme is not extended.

**Maureen Watt (Aberdeen South and North Kincardine) (SNP):** Good morning. The Covid

crisis has obviously had an effect on food supply chains, but it has also had the effect of increasing the use of local food supplies, which smaller businesses have welcomed. We are in the middle of food and drink fortnight. Do you intend to publish details of the joint industry recovery plan for the food and drink sector, which I hope will include a local food strategy? If so, when will you do that? How do you propose to consult on those ideas?

**Fergus Ewing:** Those are very fair questions. Plainly, the backdrop is that the food and drink sector has been of increasing importance to the Scottish economy—in recent years, it has risen up the ranks of importance. I have mentioned the US tariffs, which have had a dreadful impact on the shortbread and whisky sectors. Their imposition was very alarming and completely at odds with the so-called special relationship between the UK and the USA. I hope that the situation can be resolved by the UK Government as a matter of priority.

We are working hard with key trade bodies—Scotland Food & Drink and its chief executive, James Withers, in particular—on the final stages of a recovery plan. You asked when it will be published; it will be published fairly shortly and will be widely discussed and consulted on.

We will continue to work in partnership with our in-market specialists, who are a sales force for Scotland, and we will work closely with the major retailers to further boost their sales of local and Scottish produce. We have had some very constructive direct engagement there anent, to boost the role of the agricultural sector and agricultural producer organisations in direct selling by farmers. One of the highlights of the response to Covid has been the ingenuity of some businesses in marketing online and selling directly to the public. If that can be stimulated and developed further, that will be a great thing.

Those are some of the component parts that we have already seen, which we will want to continue to support. The food for life programme boosts procurement by the public sector of local Scottish food. Those are all key elements of the work that we have been doing and will continue to support. The aim is to safeguard jobs in one of our most important sectors.

10:15

**Oliver Mundell (Dumfriesshire) (Con):** I was slightly concerned that the picture on tariffs was being presented as if it were a problem between the UK and the US. Is the cabinet secretary happy to confirm to the committee that the tariffs in question are European Union-wide tariffs that resulted from difficulties between the EU and the

US, and that there has already been some welcome progress, for example, on shortbread?

**Fergus Ewing:** The imposition of those tariffs has been quite disastrous for Scotland's food and drink sector. In one sense, the cause of it is not relevant.

**Oliver Mundell:** I would argue that it is relevant for people to understand what has happened, because it is an example of the fact that being part of the EU does not always deliver for Scotland.

**Fergus Ewing:** I do not accept that at all. If there were this so-called special relationship between the UK and the US, why on earth has the US unilaterally imposed tariffs on a sector that has nothing to do with the dispute between the EU and the US? I pose that question to Mr Mundell: if that special relationship exists, how come we have the tariffs?

**The Convener:** Oliver, do you want to come back on that?

**Oliver Mundell:** I am happy to let that go for now, because I recognise that those tariffs came about as a result of our EU membership and were a punishment for the behaviour of other companies and other industries in the EU. I hope that, as with shortbread, significant progress will be made now that the UK is able to take control of its own trade policy.

**Mike Rumbles (North East Scotland) (LD):** I have a point of clarification. I do not think that anybody is happy that tariffs—especially those on the Scottish whisky industry—have increased but, as I understood it from the Scottish whisky industry, sales of Scottish whisky in the US have gone up, despite the tariff rise.

**Fergus Ewing:** I understand that food and drink exports have reduced significantly in the first five months of this year—they are down by £500 million. I can get the figures for you.

The sole point that I am making is that the tariffs are having a disastrous impact on our key exports, and I ask the question why, if we have such a great relationship with the USA, that has happened, given that it is incidental to another dispute altogether. I just pose the question, but nobody is answering it.

**Mike Rumbles:** I am interested only in accuracy; I am not making any point here. I just want to make sure that, when we record this, we have the facts. It would be very helpful if the cabinet secretary could write to the convener with the figures.

**Fergus Ewing:** I am happy to do that. I know from a fairly recent visit to a distillery in the Highlands—it was socially distanced, of course—that the concern in the whisky sector is palpable.

That is obviously the case in the single malt sector. We should remember that it tends to be the smaller, independent producers that produce single malts. We should be in no doubt that the impact has been very severe.

However, Mr Rumbles's point is perfectly fair. We will get what figures we have and will share them with the committee to inform its work.

**The Convener:** Thank you, cabinet secretary.

**Emma Harper (South Scotland) (SNP):** Good morning, everybody. The committee has received submissions that suggest a number of requirements to help to support our rural economies so that they can thrive. Affordable housing, public transport, active travel infrastructure and digital infrastructure so that folk can work from home have been mentioned. I know that all those things were mentioned in the programme for government last week. What is happening with investment in those things so that our rural economies can recover and continue to thrive?

**Fergus Ewing:** I will try to be brief. We have been doing quite a lot in all those areas. The affordable housing programme has delivered more than 4,800 homes in rural and island areas, including 68 through rural and island housing funds.

On public transport, there is direct annual funding of around £53 million to support bus services, including those in rural and semi-rural areas, and over £200 million to provide free bus travel for senior citizens and people with a disability. We have increased our active travel budget to a record £100.5 million, with a commitment of £500 million over the next five years.

In digital, the reaching 100 per cent programme will make superfast broadband available to every home. Mr Wheelhouse gave details of the Scottish broadband voucher scheme on 18 August. As members well know, that was always a component of the approach. It provides funding of up to £5,000 to help homes and businesses that are not in scope of R100 or planned commercial investment to obtain superfast broadband.

In addition, regional growth deal funds have been committed over the next couple of decades. On Friday past, I had the pleasure of attending a socially distanced meeting in Inverness castle to chair the Inverness castle delivery group in order to progress that historic project in my own constituency.

**Emma Harper:** You have mentioned skills and education, which I am interested in exploring. We know that the potential for job creation and skills development is crucial for our rural economy to

thrive. You mentioned the furlough scheme. It would be pretty devastating if the furlough scheme was not extended and we lost jobs in Scotland. I am aware that there are agricultural and rural skills development programmes going on—a local authority in my region, for instance, is looking at growing rural talent. Will you outline the Government's plans for continuing to create rural jobs and for continuing skills development so that we do not lose jobs?

**Fergus Ewing:** I genuinely fear that we will see a tsunami of unemployment if the furlough scheme is not extended. I have had constructive discussions about that with the Parliamentary Under-Secretary of State for Sport, Tourism and Heritage, Nigel Huddleston, because tourism is closest to the fire there.

A huge number of jobs in Scotland have been supported by the furlough scheme, so there is a clear and present danger. That is why we are taking a cash-for-jobs and capital-for-jobs approach with our low-carbon fund, our green jobs fund, our enterprise agencies, our islands green recovery programme, our active travel commitments, our investment in skills, and the specific projects that I mentioned earlier—for example, Scottish Forestry and FLS are taking on more young people than they would have done were it not for Covid.

That is a big focus of our effort. I fear that I have not seen in my lifetime anything like the unemployment that there could be. I hope that the furlough scheme will be extended or replaced by a support package from the UK Government to keep people in employment—I am not talking about only the youth guarantee or the kickstart scheme, but about something far wider and more extensive. We fear a tsunami of unemployment in aviation, tourism and many other areas that have been continuously affected by Covid if it is not.

**The Convener:** Tourism falls outwith this committee's responsibilities. You have mentioned agriculture and fisheries twice, and I noticed—with a smile—that you mentioned R100, which I think Paul Wheelhouse has already given the committee an answer on. That is in his portfolio.

**Emma Harper:** I have a supplementary question. The cabinet secretary has mentioned Scottish Enterprise as one of the key agencies. There is also Highlands and Islands Enterprise, and there is now South of Scotland Enterprise, which will be able to target job creation and support small and micro businesses as well as food and drink businesses. We know that tourism is directly linked with farming and that agritourism has become an issue, so it is sometimes hard to disassociate tourism from the rural economy. I would be interested to hear about how the



agencies will help to support job creation and skills development.

**Fergus Ewing:** All those things affect the rural economy, of course, but my focus is primarily on my own areas. I engage regularly with the leadership teams at HIE and South of Scotland Enterprise. In Emma Harper's area, SOSE has hit the ground running since its formal establishment in April this year. For example, it has played a leading role in the administration of the pivotal enterprise resilience fund and the creative, tourism and hospitality enterprises hardship fund, and it has brought over £12 million of funding to 278 businesses across the region. In doing that work, SOSE has reached out and engaged directly with a large number of businesses, which it would not necessarily have done pre-Covid. I understand that it has got its message across in the south of Scotland pretty well and that it is focused on a range of other support activities right now in doing its job. I am very pleased that the Scottish Government set up SOSE to meet the particular needs of the south of Scotland, which are important to us.

**John Finnie (Highlands and Islands) (Green):** Good morning, cabinet secretary and the other panellists.

The advisory group on economic recovery has already been referred to. One of its recommendations was that

"The Scottish Government should deploy its expanding tax powers and business support interventions to enable economic recovery."

It went on to talk about "greater use of conditionality". It referred to the European Commission's approach to that and the requirement for "enforceable criteria", and said:

"the conditions applied need to avoid any unintended consequences in terms of shifting emissions or activity abroad."

There have been a number of calls for conditionality and public support to ensure that funding is aligned with wider public objectives—indeed, the committee has touched on that previously. I note that there was a response to that recommendation in "Economic Recovery Implementation Plan: The Scottish Government's response to the Advisory Group on Economic Recovery". It stated:

"We broadly accept the need to align support with our long-term climate, economic, social and environmental goals."

Will you comment on possible changes to funding?

**Fergus Ewing:** I think that the response is correct. We want to make sure that, in providing financial support to stimulate the economy, we do

so in a way that is consistent with our climate change objectives. That means that we invest heavily in peatland restoration and additional forestry, not least to try to supplant the situation in which Britain is importing a huge proportion of its commercial timber from other countries, with massive carbon costs of transportation across the world. We need to ensure that the plantings are of commercial species as well as non-commercial species. I am delighted that we have had such success in recent years because of that.

The Higgins report was a very useful document in suggesting, for example, that we should look at how we can further improve regulations on renewable energy schemes. The example of the Mackinnon report of 2016-17 was cited as an example of good practice in amending regulations—of not making them looser, but making them more effective and allowing things to happen more quickly so that we can see projects going ahead. Examples of those projects are green and renewable energy projects in the south of Scotland. There are some exciting projects in principle there to be advanced, but the process can mean that it takes a bit long for them to go through all the procedural hoops.

We want to see conditionality. We also want to see swiftness in things happening so that we do not wait around for years to see the benefit of green jobs for the economy.

**John Finnie:** Four types of goal were alluded to. You have touched on three of them: climate, economic and environmental goals. What are the social goals? How would public money conditionality impact on them? What are the social goals for rural communities specifically?

10:30

**Fergus Ewing:** We had that debate when we set up SOSE in the legislation. We debated the need to make sure that, in its operation, the new enterprise and development agency works consistently and in alignment with the fair work convention and the fair work principles, one of which is the living wage. We worked very closely on that with the Scottish Trades Union Congress, and the Parliament and the Government worked to bring forward a framework that was designed to make sure that those social goals are pursued by the enterprise agency in the way that it works. If my memory serves me correctly, that was reflected in the arrangements that we made for the internal organisation of the agency in mandating that to be done. We can point to that as an example that we are seeking to practise what we preach.

**John Finnie:** I want to ask you specifically about housing. There is a current debate about

housing, and it is pivotal to everything. We all need to live somewhere, and there are challenges in rural housing, particularly given the extent of the holiday let sector—we know about the importance of tourism. Will you comment on housing in relation to public money?

**Fergus Ewing:** As I mentioned earlier in response to Emma Harper's question, which invited me to canvass widely on the totality of rural issues, I am delighted that we have enabled the delivery of just short of 5,000 affordable homes. We continue to need to deliver affordable homes. It is a complex topic, and it is not directly in my portfolio.

**The Convener:** I was going to say that that issue is slightly outwith your portfolio. Does John Finnie want to phrase his question to bring it within the cabinet secretary's portfolio? I am not sure that I understand where he was going with his question. I am trying to give him an opportunity.

**John Finnie:** Thank you very much. There are demarcation issues in respect of what the committee can consider. I am trying to get to how the cabinet secretary dovetails the dispersal of the moneys for which he has direct responsibility with wider rural policies. It is clear that housing the population is important.

**Fergus Ewing:** That is absolutely right. Mr Finnie is correct. I work very closely with Kevin Stewart and others to pursue those aims, because most of the budget is in Kevin Stewart's portfolio.

I will make two points. First, we have delivered the crofting grant scheme, which is largely within my portfolio. Some 1,000 crofting grants have benefited 1,000 families since the Government came to office in 2007.

Secondly, there is a role that crofters and farmers can play in providing housing, enabling the provision of more housing, and the creation of small settlements and small townships. Enabling that would be a great thing. Although lots of good work has been done, I am working closely with Mr Stewart to look at how the planning system might make that an easier proposition in more instances. If farmers and crofters are given the permission to do that and the freedom to use their land and holdings to a slightly wider extent, they could make a substantial additional contribution to tackling the housing crisis.

A post-Covid effect might be that more people will want to live in a rural environment and choose to work using Zoom, Microsoft Teams and other methods of meeting people virtually. That will only exacerbate the housing pressures in rural and island Scotland.

**Colin Smyth (South Scotland) (Lab):** Cabinet secretary, there was no mention in the programme

for government of your proposal to publish a non-statutory statement of policy on food. When are you likely to publish that statement? What do you expect it to include? How will it align with proposals for a joint industry recovery plan and local food strategy?

**Fergus Ewing:** The reason there was no reference to it was that I had announced it the week before. It is not the purpose of the First Minister's statement to rehash announcements made by the rural economy secretary, however important they might be. As I indicated to Parliament, we are progressing as quickly as possible. I also announced that I am chairing a ministerial working group on food. Arrangements are being made for the next meeting of that ministerial working group, when the proposal to publish a non-statutory statement of policy on food will be on the agenda. I will be able to provide more details to members after that meeting has taken place.

**Colin Smyth:** The programme for government said quite specifically:

"We will work with the sector to launch our joint recovery plan focussed on stimulating demand for Scottish products in key markets ... including a new local food strategy for Scotland."

With all due respect, that was also a previous announcement and it was included in your programme for government, but your statement of policy on food commitment was not.

I turn to a related issue. The committee is considering a petition on the human right to food. My colleague Elaine Smith MSP is also consulting on a member's bill on the right to food. Will the right to food form part of the Scottish Government's consideration of food policy? Can you give us an update on the Government's view of a statutory right to food?

**Fergus Ewing:** As set out in the consultation on the proposed good food nation bill, we support the principle of a right to food, but believe that it will be best considered by a national task force for human rights leadership as part of a single coherent package of legislative proposals. The national task force for human rights leadership will explore a new statutory human rights framework for Scotland, and it is considering the approach that it will take to specific rights, including the right to food.

The right to food is an essential part of the overall right to an adequate standard of living. As I understand it, the task force, for which I am not directly responsible, is undertaking an extensive engagement exercise, as is appropriate, with organisations across Scotland to ensure that it is fully informed about what the proposals should be and how they will fit into an overall framework. We

are wholly committed to the progressive realisation of all internationally recognised human rights, but such matters are best dealt with in the context of human rights.

To conclude, I do not quite agree with the characterisation Mr Smyth made in the first part of his remarks, but I will let that go.

**Colin Smyth:** It was not a characterisation, it was a direct quote from the Government's programme for government.

To be clear, cabinet secretary, are you personally in favour of a statutory right to food? I think that is important. What is your response to the proposal contained in the petition that the committee is considering and Elaine Smith's consultation? You are either in favour of a statutory right to food or you are not. I am keen to know what your personal position is.

**Fergus Ewing:** As the Cabinet Secretary for the Rural Economy and Tourism, I am in favour of the approach that I set out, which is that such matters are best considered as a coherent package of legislative proposals in the context of human rights.

**Colin Smyth:** Is a statutory right to food within that?

**Fergus Ewing:** The task force has taken that work forward in the human rights framework, and it is for that task force to decide how best to proceed. It is not for me to prejudge how that work is done, but I have clearly said that we should recognise that including the right to food is an essential part of an overall right to an adequate standard of living. I do not see what the issue is here, frankly, but there we are.

**Colin Smyth:** The issue is a straight yes or no, whether you agree that the legislation should be introduced to commit to the right to food. I can quote your 2019 Scottish National Party manifesto:

"SNP MPs will ... press for the UK to introduce new rights including a right to food for all and to support and resource action which makes such a right meaningful for people."

I am keen to know if you are personally committed to a statutory right to food.

**Fergus Ewing:** I am personally committed to the implementation of the Scottish Government's promises, pledges and policies, and I have described quite clearly that work is in process to deliver what Mr Smyth wants. I hope he can take that positive response as an answer.

**The Convener:** I do not think that Colin Smyth will get more of an answer to that question, so we will move on to the next questions.

**Mike Rumbles:** Quite understandably, the announcement about the work of the farming and food production future policy group, which was to be made at the Royal Highland Show in June did not happen because of Covid and because the Royal Highland Show did not happen. I hope that the work has continued apace and I would like the cabinet secretary to confirm that. Could he also tell us when we can expect the group to report its progress to him and when he can make that progress public?

**Fergus Ewing:** The group has met several times to develop broad themes for recommended action. It is seeking to take a holistic approach to developing the rural economy, sustainable food production, protecting the environment and innovation to deliver all those things. Although the emergency caused by Covid has delayed publication, it is fair to say that the work will be published during the current parliamentary session. The scope of the work is very broad. As mandated by Parliament, the membership of the group is very wide, and I believe the group is taking its task extremely seriously. It is a very important task.

In general terms, it is better that such things are not rushed out. It is unfortunate that Covid has put things back a bit, but it is best to give the group time to decide when it will publish. I do not want to straitjacket the group into a particular timetable today; that would not be fair of me, so I will not do it. However, I emphasise that, as every member here knows, we have a very clear plan of stability and simplicity that will take us to 2024. There is no vacuum. We have established clearly to most farmers and crofters that we want to provide stability up to 2024, particularly financial stability, and the remit of the group is post-2024. I do not think there is any time pressure at the moment.

Finally, until Brexit becomes clear, we cannot resolve some questions about whether additional support will be needed to support our sheep sector, for example, or whether markets may be lost in Europe to other sectors. What about the availability of labour and so on? Until the Brexit dust settles in some shape or form, it is difficult, out of principle, to come up with proposals as clear as we would like.

Also the shadow of Covid is hanging over us now and its effects on farming are by no means certain yet. I do not want to be alarmist, but in recent weeks we have seen outbreaks in processing businesses, so we cannot be complacent. We are in a time of unprecedented uncertainty because of Covid and Brexit and it is fair to make the point that until the dust settles on these things, I am not sure that farmers and crofters would expect us to come up with a perfect plan for after 2024. I do know that they are happy

that they started to receive their farm payments on 1 September, ahead of their counterparts elsewhere in the UK, and that in excess of £300 million has been received by a very large number of farmers. I have the numbers here. I think that, amidst a sea of uncertainty, financial certainty is the most important thing for the time being

**Mike Rumbles:** I understand everything that the cabinet secretary has just said and I am not expecting and have not been expecting a report to come forward. My question was about a progress report on how the group is working together. The group puts together producers, environmentalists and consumers to try to agree an approach. Is the group working together well? Is it focusing well? Are the participants from those three sectors agreed that they need to come up with a process that they can all sign up to?

**Fergus Ewing:** That was a series of questions. I think that the group is working cordially and amicably. I attended its most recent meeting virtually, but that was the first one I had been able to attend since the Royal Highland Show the previous year. Mr Burgess might be able to provide a bit more information, if he is permitted, convener.

10:45

**George Burgess (Scottish Government):** As well as the membership that Mr Rumbles outlined, there are a number of civil servants in the group and I am one of those. I agree with the cabinet secretary's characterisation that the group is working amicably and constructively. Of course, there are differences of opinion among the group, but I have seen those being worked through to get to solutions, and work on the report is well advanced.

**The Convener:** If the report was due in June and you are saying, cabinet secretary, that you hope it will be published before the end of the current parliamentary session, that is up to nine months later. Could you give the committee some idea of when you think it will be published? A nine-month delay for a report that was started in June 2019 does seem quite long.

**Fergus Ewing:** I will come back to the committee as soon as I can. I do not like to give off-the-cuff commitments, particularly when I would be committing a group of individuals to completing their work under a deadline. I am not sure that would be particularly fair to them, given the difficulties that Covid has caused for participation. I am mindful of what the committee has said and obviously I would like to see the group reach its conclusions sooner rather than later. I have, however, set out a couple of

important and I think reasonable caveats about Covid and Brexit.

The group is independent of Government; it is not there to do what I or members wish. It is up to the group to try to find a consensus. As Mr Burgess said, different schools of thought and different views are being expressed. That is the process and I think it would be wrong of me to arbitrarily curtail it—that does not feel right to me—but I will come back to the committee as soon as I can. I hope that we might be able to provide a clearer forecast by the middle of October.

**The Convener:** Thank you for that, cabinet secretary.

**Oliver Mundell:** I am slightly confused because during the stage 3 debate on the Agriculture (Retained EU Law and Data) (Scotland) Bill, the cabinet secretary seemed to suggest that the report was imminent. I am happy to go back and check the wording that was used, but during lengthy exchanges with me and Colin Smyth, there was a suggestion that the report was coming quickly. What has changed since then?

**Fergus Ewing:** The report will be with us relatively soon, certainly before the end of the current parliamentary session. We are now getting into definitions of what these words mean. I cannot quite remember the exact exchange, but I have tried to give a fairly detailed response to Mr Rumbles' question. In a sense, the future policy group is Mr Rumbles' group because it was his amendment that led to the Scottish Government acting in accordance with the wishes of the Scottish Parliament. During stage 3, I made the point that I was anxious that the Scottish Parliament's will should not be thwarted by a premature attempt to bind the group in the way that the purpose clause proposed by Mr Mundell would have done, but fortunately that was voted down by Parliament.

**The Convener:** Oliver Mundell will have to follow that up outwith the committee, I am afraid.

**Peter Chapman:** Cabinet secretary, I do not agree with your recent statement that there is no urgency to bring forward new plans for agriculture. I am amazed by that statement. I remind you of the targets for food and drink to double to £30 billion by 2030. There are also stringent targets for the rural economy to cut emissions and to meet green targets by 2030, but you say that there is no urgency to do anything before 2024. I do not get that. That leaves six years for this industry to make huge changes. NFU Scotland said:

"There is an urgent need for clarity from policy makers if farm businesses are to plan for and begin to implement measures to deliver a green recovery, achieve policy goals

and meet ambitious climate change targets within stated timeframes.”

There is some urgency to get on with this job. During the past few years, I have continually pushed you to come forward with plans that will allow the industry to plan ahead and have some certainty about its future. I ask again: does the Scottish Government expect to bring forward additional legislation to underpin new support mechanisms for agriculture and land use?

**Fergus Ewing:** I did not use the words that Mr Chapman ascribed to me and I would not have used those words. The point I made is that we have a very clear plan, which I believe has won the confidence of most of the farmers and crofters whom I speak to, to provide stability and certainty for the next four years. We are talking about what happens after that and I do not agree with the characterisation that somehow we are neglecting that.

I have been in contact with the NFUS a great deal recently and we work very closely together on a number of things. It welcomed the announcement of capital support for programmes that would increase environmental efficiency. I have had discussions with the NFUS about our proposals to reform greening, which were published recently, and it welcomed that. We are working with the NFUS right now on important proposals, which I think Mr Chapman would agree are important, for reforming the system of penalties and inspections, and we are working extremely cordially.

All those things need to be dealt with right now. These are, frankly, the priorities for action right now and we are working with stakeholders to achieve progress swiftly. There is absolutely no lack of a sense of urgency on my part. I am absolutely delighted that I can report that, as of today, and ahead of the rest of the UK—three months ahead in the case of England—12,562 farmers and crofters received £312.45 million between them. That is pretty important for farmers and crofters. What will happen in 2024 is important, but that money in the bank now is probably of more practical importance, in my humble view, Mr Chapman, than what somebody thinks should be policy in 2025 and onwards.

Right now, we are getting on with the job of looking after our farming and crofting community in Scotland, sorting out the information technology problems that were an issue several years ago, making sure that farmers and crofters can contribute to the rural economy, and using that money to pay their bills and circulating that money. Those are very important things to me. It is my honest belief, convener, that they are very important to farmers and crofters, who are very practical people who are, above all, interested in

getting things done now. Yes, future policy is important, and we are mindful of that, and the farming and food production group will give its advice in due course and relatively soon, but our sense of priorities is one that chimes with the views of most farmers and crofters.

**The Convener:** Cabinet secretary, thank you for that rather long interjection. There are a lot of questions to get through and I am trying to make sure that the questions are short and the answers are as succinct.

**Peter Chapman:** Obviously, the farming community welcomed the money coming early—that is a given—but the farming community also wants to know what support mechanisms are coming down the track. I do not believe I am misrepresenting any farmer when I say that. This latest group is now at least three months late in submitting its plans—you are saying that we will see what it comes up with sometime in the future—and that is totally and utterly unacceptable. I will leave it there.

**The Convener:** You have both had a chance to make a statement. I remind members to ask questions, please, and try to keep statements out of it.

**Oliver Mundell:** We have left the European Union and we have the opportunity to do things differently. I hope that we can all agree that some aspects of the common agricultural policy are not suitable for the future; indeed, EU-level research has identified issues around embedding inequality and problems meeting social and environmental goals. Can the cabinet secretary confirm that we will use the powers that we now have to address some of those issues? Recently, the cabinet secretary mentioned in the chamber that disproportionate penalty regimes might be an area for early action. I would make a case for restoring the less favoured area support scheme and committing to it until 2024. Can the cabinet secretary set out what he is planning to do with the powers that we now have?

**Fergus Ewing:** First, regarding inequality in general, I am very pleased that we set up the women in agriculture group, that that group has reported and that action has been taken. The role of women in agriculture has always been key, and more education and access to training has been a part of that. The question was framed generally, so I am not quite sure whether it referred to that.

Mr Mundell also asked about some specific issues. I have already alluded to the fact that we are working to address disproportionate penalties and we will take action to address that longstanding issue as quickly as we can. Like everything else, it is complex and that is recognised. Of course, it is important to make sure

that we have the highest standards of animal welfare and where there is genuine neglect or abuse, in the very few cases that that occurs, it is important that appropriate enforcement is available and that action is taken. However, the overwhelming majority of farmers feel that the penalties in the current regime are disproportionate.

In relation to LFAS, I made it absolutely clear that direct income support, particularly for hill farmers and those with extensive holdings in islands, is an essential component. Statistics show that well over half—and I think up to two-thirds—of farms in Scotland would make a loss were it not for the support payments they receive. I never talk about those payments as subsidies. I think that people who refer to support payments as subsidies are wrong, because farmers are doing things of great value to society, such as producing food, looking after the countryside and supporting rural communities. Those are valuable things for which they are paid.

Direct income support should be a direct component—of course, it is at the moment and will continue to be until 2024—but it may be, convener, that farmers and crofters will have to farm in a way that reflects environmental imperatives to a greater extent. For that reason, we have set up the group, led by Jim Walker, to look at how farmers can increasingly respect the environment—particularly in relation to climate change—and reduce emissions. The Walker report is expected imminently.

**Oliver Mundell:** That was lots of nice words strung together, but not a definite answer on whether LFAS will be restored to its previous levels in that time period.

Given that we can identify areas where agricultural policy can be improved or bettered in Scotland, why would we want to tie ourselves to EU regulations and why would we be aiming to keep pace with regulations that are no longer directly relevant to Scottish agriculture? Specifically, if the EU were to try to ban glyphosate, I would be interested to know whether the Scottish Government would impose that decision on Scottish farmers.

**Fergus Ewing:** Taking the funding situation first, it is important to remind members that the current UK funding guarantees end in 2020. The specific guarantees—that is those received from the Treasury—end in 2020, so with great respect, anyone asking for total certainty of payments must reflect on the fact that we used to be able to rely on the money coming from the EU, but at the moment we have no guarantee that the money will continue to come from the UK Government. The Government has said in speeches that it will

come, but that is no use to you if you are the finance secretary; you have to have a guarantee.

**Oliver Mundell:** Is that a yes or no, cabinet secretary?

**Fergus Ewing:** I am sorry, I am being barracked by Mr Mundell now, convener.

**The Convener:** Hold on two seconds. *[Interruption.]* Let me say something. First, Maureen, I am convening the meeting and I will try to keep some order between the members. Everyone in the room knows that I am hard of hearing and it is not helpful when someone is talking in my ear, because I cannot hear what is going on.

Oliver, you must give the cabinet secretary a chance to answer and I will give you a chance to come back. Please do not talk over each other, especially when we are holding a hybrid meeting. Cabinet secretary, very briefly answer the question, and then Oliver will come back in.

11:00

**Fergus Ewing:** It is crucial that the UK Government provides clarity up to the end of this UK Government period and guarantees the funding now, because farming is a long-term business and so are most rural activities. I say that not as a political statement. Until that clarity is provided, it is simply not possible, as a matter of sound Government practice, to guarantee that money will be spent in specific areas. However, I have made it absolutely clear that it is essential that we continue in future to provide income support to those farmers who provide incredible value for the money that they get. Whether the scheme is called LFAS or something else does not matter. What is important is that that financial support continues at a reasonable level and that is one of the key facets of the work that the food group is looking at now.

**Oliver Mundell:** I did not get an answer about glyphosate and whether the Scottish Government would ban it if it was keeping pace with the EU and it did likewise.

On the LFASS point, if the money does come, as has been stated by the UK Government on numerous occasions, is it the cabinet secretary's policy intention to restore LFASS payments to the 100 per cent level?

**Fergus Ewing:** I will answer the questions directly. First, to ask what the Government would do if the EU did something is to ask a hypothetical question, which I cannot really be expected to answer. However, I understand that glyphosate is required as an application. We all want to move towards less use of treatments and fertilisers. That process is happening, but it is important that

farmers should be able to continue to use the tools that are necessary for the job and there is an on-going debate about that, which is quite correct.

With regard to LFASS, I have made my intentions clear to farmers and crofters at direct meetings all over the country and I will continue to do that. I am very proud that we found winning the convergence campaign moneys a means of maintaining that income for our farmers and crofters. That was a significant victory and I think that the £88 million payment that we made last year was in part directed towards precisely those farmers who need more support; broadly speaking, we will follow that approach when distributing the remaining funds early next year.

**The Convener:** The next questions will come from Stewart Stevenson, who is attending the meeting remotely. Stewart, you are on the screen and your time is now.

**Stewart Stevenson:** I have a couple of questions. We welcomed the joint working on the UK Fisheries Bill, but we are interested to know whether there are updates required in Scotland as well. More significantly, can we have an update on the future of the fisheries management national discussion paper and the shape of the inshore modernisation programme that is mentioned in the programme for government?

**Fergus Ewing:** The UK Fisheries Bill provides a legal framework to be used as part of future fisheries management plans. That said, where we need additional legislation to take forward individual policies, we will build that into our approach.

On Mr Stevenson's second question, the discussion paper was successful in reaching out to many to gather their thoughts and ideas. We will shortly publish an output report alongside our policy response. We will also publish a future fisheries management strategy, later this year. That strategy will support delivery of the wider blue economy action plan and will be focused on delivering sustainable outcomes for the environment, supporting sustainable economic growth within our fishing industry and boosting the resilience of the fisheries sector.

The £1.5 million inshore fisheries modernisation programme is progressing well. Remote electronic monitoring camera installation on the scallop fleet is under way, having been delayed by the Covid lockdown measures. It is proceeding voluntarily. In addition, the 40 creel vessels participating in the Outer Hebrides inshore fisheries pilot are being equipped with a low-cost vessel-tracking solution. Those programmes will make a substantial contribution to the sustainability of fisheries.

**Angus MacDonald (Falkirk East) (SNP):** Our sister committee, the Environment, Climate

Change and Land Reform Committee, which I also serve on, has been pursuing the issue of the blue economy for a number of years, so it is good to see that the blue economy action plan that you referred to is in the programme for government. As you mentioned, the action plan covers marine industries ranging from renewable energy to fisheries and, of course, aquaculture. Could you outline more specifically what will be included in the blue economy action plan, particularly regarding the intention to improve the regulatory processes for aquaculture?

**Fergus Ewing:** The blue economy action plan will be developed across the Scottish Government and the wider public sector and will involve marine industries and environmental interests. The key elements will be: delivering a strategic approach to public sector investment in the marine sphere; facilitating investment jobs and opportunities in marine industries; helping to build thriving and vibrant coastal communities to underpin our path towards net zero emissions of greenhouse gases; and showcasing Scotland as a country with great marine resource and the marine science and skill base to look after our marine assets.

Mr MacDonald mentioned aquaculture, which is a key marine industry sector. It makes a valuable economic contribution in every respect and it will form one of the building blocks of our approach. There is a great deal of work going on there on harnessing innovation, new technology and skills while continually improving its approach to environmental sustainability. That will play a key part in the blue economy plans.

**Angus MacDonald:** Regulation in aquaculture has been temporarily changed during the lockdown. Could you give us an update on where the Scottish Environmental Protection Agency is on that, and when we can get back to full regulation, as we saw prior to lockdown?

**Fergus Ewing:** I do not speak for SEPA, but I believe that there were discussions in relation to the operation of fish pens in Covid lockdown, with the restrictions that that entailed, to allow fish health to be preserved. Temporary arrangements were made to allow the continuance of aquaculture and that was appreciated. I understand that those arrangements are under review, and I am quite sure that Roseanna Cunningham, the Cabinet Secretary for Environment, Climate Change and Land Reform, could provide Mr MacDonald with more details of that. I think that the aim is to operate as a team to ensure that regulation is effective, but not an impediment to sustainable growth.

We have taken a large number of measures, including on sea lice, the regulation of wrasse and most recently legislating to cease granting licences to kill or take seals. A lot of collaborative

work is going on, by industry and the environmental side, in order to further drive forward those standards. I do not think that there is any suggestion that regulation was suspended. I think it was amended slightly to reflect the particular circumstances that Covid threw up that had to be dealt with, particularly to protect fish health and avoid the loss of certain fish stocks, as I understand it.

**The Convener:** I remind members of the committee that I have an interest in a wild salmon fishery.

Cabinet secretary, you will have seen that there have recently been large escapes of fish on the west coast, and that Mowi has reported quite high levels of mortality—higher than normal—at its fish farms. Do you have any comment on that?

**Fergus Ewing:** I am aware of the incident that you refer to. I know that it was quite large scale. My information is that Mowi reacted very quickly to limit and restrict the impacts of what occurred. All such matters are fully reported in a transparent fashion and I know that the industry itself is constantly looking to improve the engineering of fish pens to limit the incidence of escapes. I am no expert, but it has been explained to me that they result from a series of specific causes, some of which are to do with the strength of the nets, for example, which are highly engineered now, particularly in the further offshore pens. I know that the industry takes such matters very seriously indeed and is, quite properly, highly regulated and monitored, as this example shows with the facts being made public very quickly. I do not know whether it is sensible for me to comment any further on the specific incident, but if the committee wishes more information I will endeavour to obtain it for committee members.

**The Convener:** I think that it was 50,000 fish that escaped into the environment—it is difficult to round them up once they are out there.

You did not comment specifically on the increased mortality that has been reported this year, which seems to be initially higher than in previous years. Is that of concern to you, cabinet secretary?

**Fergus Ewing:** I would prefer not to comment until I see exactly what I am being asked to comment on. These are highly complex matters that are impacted by a range of things. I do not want to duck the question, convener, but if you give me specific statistics that you would like me to comment on I will but, with respect, I think you have referred to a general increase and I am not quite sure whether I recognise that. I am not denying it, but I would prefer not to comment until I see specific facts in front of me.

I can say that the Scottish Government, the agencies involved and the industry are determined to drive up standards. We are doing that as a whole and we have some of the highest standards in the world in aspects of our regulation. It is very important for the reputation of our fine Scottish salmon, which has the accolade of Label Rouge, that we continue to make sure that these high standards are applied and are seen to be applied.

**The Convener:** Thank you. In my individual capacity, I will take up the offer to write to you on those facts.

**John Finnie:** Cabinet secretary, you will be aware of considerable on-going concern about aquaculture. I appreciate that you may not have all the information at hand, but are you in a position to give the committee an assurance that, for instance, planning guidance will reflect any of the information that comes as a result of this inquiry that may relate to engineering deficiencies in that particular incident?

**Fergus Ewing:** I am not quite sure that I understand precisely what the question is.

**John Finnie:** We have heard previously of the Government's wish to double production. We have also heard that that will be led by evidence. We want to learn to improve, which I understand is the position that you have taken. Accepting that you do not know the fine detail of this particular incident, are you in a position nonetheless to give an assurance to the committee that lessons will be learned from that incident, including potentially planning advice regarding the engineering matters you alluded to about the security of the fish?

**Fergus Ewing:** I would want to make sure that lessons are learned about any major episode and I am pretty certain that Mowi will be doing just that. My understanding is that this may be a matter about the engineering strength of the nets and so on primarily, rather than a planning issue.

11:15

If it emerges that there are planning issues—and I am not aware of any—if Mr Finnie wishes to give me more detailed representations I undertake to look at them and respond to them directly and comprehensively. I am not prejudging, but I tend to think that it is perhaps not likely that there will be any planning deficiency here. I think it is an industry matter rather than a planning matter, but I am perhaps going slightly further than I should. If there is a planning matter and Mr Finnie wants to raise it specifically with me, I will make sure that it is properly investigated and considered. I accept that some people have genuine concerns about aquaculture. On the other hand, it employs people in parts of Scotland where there are no other jobs with very handsome remuneration, great career



opportunities and provides I think the lowest carbon form of protein that there is, as well as very tasty food. We need to mention the positives as well.

**John Finnie:** I am grateful to the cabinet secretary for his assurance that those matters will be looked at. For the avoidance of any doubt, when I said a planning matter, I did not mean in relation to location, although that may be a factor. I meant in relation to structure, because just as we would with housing, we want to learn if there are deficiencies in construction. If there are issues to be learned from the engineering of this site, I hope that that will be reflected in future guidance that is fed through the planning process.

**The Convener:** I think that you have made your statement and the cabinet secretary is acknowledging the principles of that.

**Angus MacDonald:** I will make a general point and invite the cabinet secretary to comment. High-tensile cages were being discussed by the industry eight years ago when the Aquaculture and Fisheries (Scotland) Bill was going through this place. It is good to know that high standards are being applied, but do you agree that the industry needs to increase the pace at which it introduces stronger cages? Any pressure from the Government on that issue would clearly be appreciated.

**Fergus Ewing:** I think that the industry is well aware of the importance of all those things. In some respects, aquaculture is a type of engineering industry above all. Increasingly, as it goes further offshore, the nets and cages need to be capable of withstanding the stronger forces and currents that are found further offshore. It is a very serious issue and I know that the industry is very much apprised of that. There are many Scottish onshore companies that are very much involved in the engineering side, such as Gael Force Marine, which is headquartered in Inverness and is, I think, the largest chandler in Britain. There are many jobs onshore that depend on the continuing success of the sector. No fish farm company wants to see escapes; they all want the highest standards here, so I think that I can assure the member in that respect. However, we will most certainly keep a close watch on those matters.

**Peter Chapman:** The Brexit negotiations are on-going and we will be taking back control of our waters out to 200 miles in less than four months. There will be huge pressure from EU vessels for fishing to continue as usual, as they would see it. Do we have the necessary resources, whether that is ships, planes or manpower, to ensure that we can manage our fisheries post-Brexit?

**Fergus Ewing:** Yes, we do. The fishermen are very successful at what they do in catching the

fish. We have the enforcement team and we have that capacity. On the UK Fisheries Bill, we played a very significant part and worked constructively with the UK Government to get it to a better conclusion compared to how it was at the beginning. I am pleased that we took that approach.

I hope that the Scottish Conservatives will support the amendments that will be considered in Westminster very shortly that would lead to the devolution of the sea fish levy to allow us to have more accountability and responsibility for marketing Scottish sea fish. I hope that the Scottish Conservative MPs will support that. That would be a further good step.

Overall, our disappointment is that the high promises that were made in the referendum have not been delivered and the negotiations that, let us face it, started many months ago have not achieved anything. Nothing is being delivered at the moment and there are many concerns in the fishing communities around the coast of Scotland about the possibility of a Brexit no deal, in particular about the loss of market, loss of freedom of movement and loss of labour. All those uncertainties are doing no good at all.

**Peter Chapman:** You mentioned high promises not being delivered. I was astounded to hear this week that a Scottish National Party delegation to Brussels suggested that the UK Government would need to make concessions to get a deal. Do you accept that that is undermining the UK negotiating position and is potentially a means to sell out our fishermen?

**Fergus Ewing:** I am not aware of any delegation that did any such thing, so I am afraid that I completely reject that theory. I have asked repeatedly that the UK Government allow Allan Gibb and his team to play a direct part in the negotiations, most recently when I met Michael Gove, with whom I think I have a constructive relationship, and we had a perfectly amicable discussion. I said, "Michael, allow our guys to be part of the negotiations." He said that he would take that away, but I have not heard anything since. I think that the expertise that Mr Gibb and his team have is manifest—it is evident in their handling of the negotiations that take place not only in Brussels but in Norway and the Faroes every year. It is most unfortunate that the UK Government has not allowed us to play a part in the negotiations. Maybe it would have done better had it agreed.

**Peter Chapman:** We will park that there.

What is the current assessment of the health of Scotland's fishing sectors as we emerge from lockdown? There are many sectors of the fishing industry—it is not one industry but several. What is

the current assessment of the health of the various sectors as we emerge from lockdown?

**Fergus Ewing:** There is no doubt that Covid has had a big impact, as the member will know, especially in the shellfish sector that hitherto had suffered loss of markets such as the brown crab market in China. I worked with George Eustice on that issue fairly constructively. It is a difficult problem, but there is no doubt that Covid has exacerbated the problems facing the sectors. What is important is that we have a successor to the European maritime and fisheries fund, and the EMFF finance will be available to support the sector in future. Work has been done to develop a range of actions to support the sector and the wider supply chain in the event of no deal being agreed at the end of 2020.

On a personal note, I was delighted that—I think I am right in saying—the work to provide compensation for the shellfish sector, which is mostly smaller businesses, was perfected by Mr Gibb's colleagues in Marine Scotland. Those businesses were the first in Britain to receive payments for Covid because of the efficiency of Marine Scotland officials and because of their close knowledge of the sector. That is what allowed those officials to act so quickly. They know the sector, they deal with it all the time and they were able to very quickly identify who needed that financial hardship support in the shellfish sector, which has had a tough time. Around the coast—on the west coast and the islands—there is concern about the loss of markets in France and Spain for shellfish in particular. The loss of freedom of movement means worries about access to the labour force in the processing sector and the fishery sector as well. I am afraid that there are more unresolved questions than answers at the moment.

**Peter Chapman:** The industry certainly welcomes the support that it has been given. Are there plans in place to provide support in future, especially if we end up with a no-deal Brexit? That will make markets difficult. Is there anything in the thought process about providing support in future?

**Fergus Ewing:** Our support has been geared towards Covid. As I said at the outset, any Brexit costs should, in our view, because Brexit is a UK policy not a Scottish Government policy, be met by the UK Government. Michael Gove gave a personal assurance that that would be the case in one of the interministerial meetings that I attended some time ago. I would expect the UK to meet those costs. One of the costs to aquaculture, for example, will be environmental health certificates. The estimate that I recall was that there could be up to £15 million a year in additional bureaucracy and certificates as a result of no deal. That figure is being looked at again.

I think that the real worries in fisheries are not only the additional costs—and tariffs, incidentally—but the increased bureaucracy and delays of sending perishable goods to continental Europe when we are out of the EU. There are concerns that that could result in the loss of whole lorry-loads of consignments through perishable goods being delayed on their route to market, because the timescale of delivery to market is a just-in-time arrangement and every hour is a prisoner. Those are the kinds of concerns that have taken up quite a lot of my time and my officials' time over the past years in preparing for a no-deal Brexit and now no deal at the end of the transition period. Although some progress has been made, I do not think the issues have been fully resolved yet by any means.

**Emma Harper:** We are talking about the issues of a no-deal Brexit and last week we had the debate on that. I often raise the issues of standards of food production and food processing. We have very high standards in Scotland and the rest of the UK. I am concerned about the risk to the protected geographical indication of our whisky under a no-deal Brexit. Where are we with protected geographical indications? We also have issues with deregulation of chicken processing in America. Last week, I learned about avian leucosis, which is to do with how a chicken is processed too quickly, and that is a concern for me. What more can be done to raise awareness among consumers of the fantastic standard of food in this country? I know that we are not going to make farmers change the way they produce their food, but more can be done to raise awareness of how fantastic Scottish produce is. How do we protect that?

**Fergus Ewing:** PGIs are vital for 13, 14 or 15 Scottish products and they provide a premium to value that is worth a huge amount of money to the sector. The lack of any clear alternative to PGIs, which are a settled part of the EU, is of concern. I will park that there for the moment.

The second part is how we can increase the public's awareness of the fact that the standards here are very high. I hope that there is such an awareness. I think that the counterpart question is how we can make sure that the public are aware that some imported foods are not produced to such high standards. There is a genuine concern among many farmers that the high standards that we deploy here and which they have to comply with at some cost—for example, in the regulation of abattoirs—will be undermined and they will be undercut in the marketplace if cheaper meat is imported from some other countries in the world that do not deploy those high standards. That is a worry for many farmers at the moment. We invited Michael Gove to legislate in the Trade Bill to require that, prior to the importation of any food

produce, high standards of equivalent level to those applicable here could be demonstrated. He undertook to do that, but I am not aware that that promise has been delivered as yet.

11:30

**The Convener:** I have a couple of questions for you. You said earlier that farmers would receive their payments early in September. I know that farmers across Scotland will welcome that, especially those who will be forced to sit on crops for longer periods of time because the Scotch whisky industry is not ready to receive them yet. I welcome that comment and I think that every farmer in Scotland will welcome it. Is the CAP IT system working correctly and have all the faults that were identified in the Fujitsu report been rectified?

**Fergus Ewing:** I believe that the problems are fixed and resolved. We are talking about a highly sophisticated IT system that has to process over 1,000 million bits of data. Like any other IT system, it will always require annual maintenance. The problems that arose in 2015-16, which you and I debated at length and which used to be a staple part of these discussions—nobody has them mentioned today apart from you—are now fixed.

We have kept on the expedient of loan payments, which are for most purposes advance payments. There is no interest, I should emphasise, unless there is overpayment and then late recoupment of the overpayment element, which is a very rare occurrence. The payments are advance payments and we kept them simply because of the financial pressures facing farmers and crofters now and post-Brexit. It seemed to me to be expedient to use financial transactions to make these payments. I would commend that as part of a future system. Why delay? We get paid every month, do we not? How do farmers get paid? They get paid occasionally once a year. The sooner we can make payments, the sooner that money can be used to support the rural economy generally. I hope that those are not political but just commonsense elements.

In closing, convener, I am very happy to assure you that the problems are substantially fixed and I am very proud of the work. It is not due to me. It is due to the people who work in the RPID—a whole host of people I have had conference calls with more or less every working week for the past four years. Every week, we have a 30 or 60-minute conference call about the minutiae of this to drive it forward. That is important work and I am very proud of the people who sorted out the problems.

**The Convener:** The CAP IT system is working. In a statement that you made to the committee on

the draft budget 2018-19, you said that approximately 25 per cent of the budgetary increase for RPID and Scottish Agricultural Science Agency pay costs related to the design, delivery and maintenance of the system. In June, you confirmed in a ministerial statement that there were 385 staff working at the 17 offices to deliver the CAP payments, but then in a parliamentary question answered this week you said there were 441. How many staff are required? If the CAP IT is working, as it is, are there any cost savings that can be made in the delivery of it?

**Fergus Ewing:** You have quoted a whole ream of different answers to various questions and I am very happy to go away and look at all of them. I think that we get value for money from our RPID staff. They perform a great service to about 19,000 individual businesses and families that are reliant on the smooth operation of these systems as well as support for a whole load of pillar 2 payments. The work that they do is highly complex. It involves a very substantial number of inspections, for example. The fact that we have so many staff is in part a component of the fact that many of those men and women spend their time checking the boundaries of each holding, as you will know, and making sure that the IT digitally records the information. There is a need for a substantial number of staff.

Is there a potential for savings? We keep a tight rein on finances, but I make the general comment that every complex IT system requires to be maintained and updated. That is something that I have learned over the years. It is not like operating a child's computer game—this is in a different league. It involves a lot of annual maintenance, but if there is a specific way in which you think we could improve things, I am very happy to consider it.

**The Convener:** All I am saying is that you accept that there was a 25 per cent increase in costs in running the RPID system, a lot of which was down to the maintenance of the CAP IT system, which you now say you have fixed—that was what you said in 2018-19. Then you have given the Parliament one answer saying 385 staff work on it and you have given me a written answer saying that 441 work on it. Something is wrong somewhere. One of the biggest costs for farmers across Scotland is labour, and farmers are always looking at reducing labour where it is not required. All I am asking is whether you are on top of the CAP IT system? You have confirmed that you are. Do we need all the staff that you have built up to get on top of it and how many are doing it?

**Fergus Ewing:** I am quite happy if you want to share those documents—which were not shared with me before, although we have answered them so they are in the public domain—to look at any

particular issue you raise about how we can make savings. The level of staff component fluctuates quite considerably from time to time. There are always a number of vacancies, and there are vacancies that are not filled. There is a variance in the number of staff required. Also, in order to fix the system, there has been additional expenditure on some items, as we have recorded. To take just on example, the installation of the land parcel identification system involved an additional amount of work.

This is a highly complex, dynamic, fluid situation but, overall, as I said earlier, the problems have been substantially fixed. The important thing is that the people we represent are getting their money not just on time but first in Britain.

**The Convener:** We have come to the end of this session. Thank you very much and thank you to your team who attended, although George Burgess was the only one who ended up saying something. Thank you for your contribution in supporting the cabinet secretary. I will ask you to leave quietly so that we can move straight on with the meeting without taking a break, if the committee is happy to do that.

## Subordinate Legislation

### Direct Payments to Farmers (Controls) (Coronavirus) (Scotland) Regulations 2020 (SSI 2020/244)

11:37

**The Convener:** Item 2 is subordinate legislation. We are considering one negative instrument, as detailed on the agenda. No motions to annul or representations have been received in relation to this instrument. Do any members have any comments on the instrument? I am not seeing anyone wanting to make any comments. Is the committee agreed that it does not wish to make any recommendation in relation to the instrument?

**Members indicated agreement.**

**The Convener:** That concludes today's business and I would like to thank those members who were present in person and those people who attended virtually—I see Mr Lyle on the screen in front of me. Thank you very much.

*Meeting closed at 11:38.*

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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