



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Affairs and Islands Committee

Wednesday 17 December 2025

Session 6



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RURAL AFFAIRS AND ISLANDS COMMITTEE

36th Meeting 2025, Session 6

CONVENER

*Finlay Carson (Galloway and West Dumfries) (Con)

DEPUTY CONVENER

*Beatrice Wishart (Shetland Islands) (LD)

COMMITTEE MEMBERS

*Alasdair Allan (Na h-Eileanan an Iar) (SNP)
*Ariane Burgess (Highlands and Islands) (Green)
*Tim Eagle (Highlands and Islands) (Con)
*Rhoda Grant (Highlands and Islands) (Lab)
*Emma Harper (South Scotland) (SNP)
*Emma Roddick (Highlands and Islands) (SNP)
*Evelyn Tweed (Stirling) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

George Burgess (Scottish Government)
Jim Fairlie (Minister for Agriculture and Connectivity)
James Hamilton (Scottish Government)
Debbie Kessell (Scottish Government)

CLERK TO THE COMMITTEE

Emma Johnston

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Affairs and Islands Committee

Wednesday 17 December 2025

[The Convener opened the meeting at 09:19]

Subordinate Legislation

Common Organisation of the Markets in Agricultural Products (Fruit and Vegetables) (Miscellaneous Amendment) (Scotland) Regulations 2026 [Draft]

The Convener (Finlay Carson): Good morning, and welcome to the 36th meeting in 2025 of the Rural Affairs and Islands Committee. Before we begin, I ask everyone to ensure that their electronic devices are turned to silent mode.

Under the first item on our agenda, we will consider the draft Common Organisation of the Markets in Agricultural Products (Fruit and Vegetables) (Miscellaneous Amendment) (Scotland) Regulations 2026, which I think wins the prize for the longest Scottish statutory instrument title in this parliamentary session.

I welcome to the meeting Jim Fairlie, the Minister for Agriculture and Connectivity, and his Scottish Government officials George Burgess, director of agriculture and rural economy; Debbie Kessell, policy manager; and James Hamilton, solicitor. I invite the minister to make a short opening statement.

The Minister for Agriculture and Connectivity (Jim Fairlie): Good morning, and thank you for the invitation to discuss the 2026 fruit and vegetable amendment regulation.

This is a short SSI that will make essential operational changes to how the fruit and veg aid scheme is delivered in Scotland. It is a legacy European Union scheme that has been a success in Scotland. It relies on collaborative working, which, as anyone who has worked with farmers knows, is very difficult. It encourages innovation, sustainability and investment at scale, which growers could not benefit from individually.

Since leaving the EU, the scheme in Scotland has been funded by the Scottish Government. The purpose of the SSI is to ensure that the regulatory framework for the scheme remains effective and is fit for the purpose of continuing to provide much-valued support for our fruit and vegetable sector. It also provides the Scottish Government with greater control over the scheme's budget. It does

not seek to alter the purpose or principles of the scheme, which principally recognise the value of innovative collaboration among fruit and veg growers.

The draft SSI proposes to make three changes to the scheme. The first change will enable funding to be provided based on Scottish production. Although cross-border producer organisations have been supported under the scheme to date, now that there is no longer a United Kingdom-wide approach to the scheme, it is not sustainable or appropriate to allow for the funding of production outside Scotland. With the equivalent scheme in England now having closed, without any indication of what will replace it, it is important that we make this legislative change to ensure that Scotland's budget is safeguarded for production here in Scotland.

The second change provides that an operational programme, which is a business plan that is necessary for the funding application, must now have a duration of three years. The SSI proposes that the option of two-year operational programmes is removed and that they must instead have a duration of three years. It also proposes that operational programmes may be submitted only every third year. That change would give the sector increased predictability for planning and investment while providing the Scottish Government with greater ability to plan the budget.

The third change will introduce a legal right to appeal decisions. As it stands, there is no easy mechanism for a producer organisation to have decisions that have been made by Scottish ministers in relation to the scheme reviewed. Instead, the only route available is to raise legal proceedings through judicial review, which is expensive and time consuming for all parties involved. The proposed SSI will provide producer organisations that are part of the scheme with access to a statutory review and an appeals process.

In addition to those three key changes to the scheme, the SSI includes a transitional provision that aims to ensure that long-established Scottish producer organisations will not be significantly impacted for the 2026 to 2028 operational programmes. That will give them time to adjust to the proposed changes for a future round of funding.

A 12-week consultation on the proposed amendments was carried out over the summer. We also engaged directly with stakeholders, including producer organisations and industry representatives. The majority of stakeholders strongly supported the continuation of the scheme in Scotland. NFU Scotland said:

“The importance of the scheme cannot be underestimated as a tool to enable economic empowerment for growers and market access.”

The Scottish Agricultural Organisation Society said that the scheme

“has been highly effective in grower planning and crystalising balanced investment priorities for the benefit of growers”,

rural communities

“and sustainable production in Scotland.”

Stakeholders also emphasised the importance of stability and clear guidance. The draft SSI responds directly to that feedback.

Some responses to the consultation indicated that there should be support for smaller growers who do not meet the criteria to access funding through the fruit and veg aid scheme. However, the scheme is explicitly designed to support groups of growers who are legally recognised as producer organisations. It does not fund individual growers. Scottish ministers do not have the legislative powers to amend the criteria that set out how to be recognised as a producer organisation. Therefore, that was not a consideration in the proposed SSI.

As I said, the SSI will give the Scottish Government means to better manage the budget for the scheme and ensure that support can be focused on Scottish growers. If the SSI is not passed, there is a considerable risk that a significant portion of the budget would benefit growers from outside Scotland, who might be able to access other forms of support in their nations. There is also the risk that the budget for the scheme becomes so large that we must reduce support for other agricultural schemes. Therefore, the proposed changes are necessary to manage our budget and agricultural support in Scotland.

I hope that the committee agrees that the proposed operational amendments will contribute to the sustainability of the scheme in Scotland and the continued support of production in Scotland. I am happy to take questions from the committee.

The Convener: Thank you, minister. You said that the NFUS described the scheme as important. My argument, based on feedback from other stakeholders, is that what is important is not necessarily the scheme but the funding.

You said—and you have said this before—that there is a risk that we will come to a cliff edge if we do not pass the SSI. However, we have had almost a decade since we moved away from legacy common agricultural policy schemes to put in place something that better reflects the current horticultural needs in Scotland. Some stakeholders are concerned that the scheme is limited to recognised producer organisations only

and that there is an inability to fund new entrants. Concerns have been expressed that the proposal is just a continuation of the same old approach and does not look to create a broader, more inclusive funding model that would be more suited to what we see in the industry at the moment. How do you respond to the suggestion that it is just more of the same and does not address where we are now in Scotland when it comes to growers?

Jim Fairlie: Well, it is a continuation of a legacy scheme. There is no doubt about that, but it is a legacy scheme that works for producer organisations in Scotland.

There is some confusion about what the purpose of the scheme actually is. It is designed to allow smaller producers to get together and become a producer organisation. That allows them to get access to funding that would make them more viable and to achieve environmental benefits—there are producers that, as a result of being part of a PO, have gone from using peat to using coir. There are things that producers can do as part of a scheme that they would not be able to do individually.

The purpose of the SSI is to protect that funding in Scotland, because there is now the potential for producer organisation members in English schemes to join Scottish schemes and therefore start to erode that budget. The purpose of the SSI is to protect the budget and the integrity of the scheme for Scottish growers only. I make no apology for that.

On how we get funding to smaller producers, we are actively looking at how we can support smaller producers through other legislation. The SSI is specifically about the continuation of the scheme, which is vitally important.

I have met members of the producer organisations, and, in all the early conversations that I had with them, I emphasised how important the scheme is to their ability to keep on adapting and developing. They live in an incredibly competitive marketplace, so they have to have all the tools available to them to allow them to be as competitive as possible, while looking at how they can reduce emissions and be more environmentally friendly.

It is a really good scheme, and it works for our producers. That is why we should really want to protect it.

The Convener: Am I right in saying that there are only three POs in Scotland, which would suggest that it excludes a large part of the industry?

Jim Fairlie: There are three POs, but I am not quite sure what the overall membership is. Their members produce a significant amount of fruit and

vegetables in Scotland, and the POs give protection and security to that production.

During my opening remarks, I said that I am alive to the fact that we need to find better ways to support smaller producers, but that will be done in different ways through different parts of the legislation that is already in place. The SSI is about protecting the producer organisations that currently exist, so that we can give them security while we look at other issues.

Ariane Burgess (Highlands and Islands) (Green): I will pick up on the convener's question about the three POs. How long do their existing contracts run for? When do they expire?

Jim Fairlie: I think that they run until 2028, but I will let Debbie Kessell talk about the technical aspects.

Debbie Kessell (Scottish Government): The operational programmes that the three are on all end at the end of this year, and there would be further three-year contracts beginning in 2026.

Ariane Burgess: If we pass the SSI.

Debbie Kessell: If they applied for the contracts, they would be in place regardless. It is just that, without the SSI, producers from outside Scotland could join the scheme and we would be unable to cap the budget for it. They are on a current operational programme until the end of this year.

Ariane Burgess: The pressure is not to do with those POs running out of funding at the end of their contracts. Rather, it is to do with the idea that growers outwith Scotland could access the scheme.

Debbie Kessell: Yes.

09:30

Ariane Burgess: Will you explain to the committee how they can access the scheme?

Debbie Kessell: Producers from anywhere in the UK could always access the scheme, and there would be some Scottish producers in producer organisations in other nations. With the scheme closing in England, the producers from those other areas who do not have the scheme any more would have an interest in coming to Scotland.

George Burgess (Scottish Government): As Debbie Kessell explained, producer organisations can have producers from different parts of the UK. The responsibility for funding has lain with wherever the producer organisation is headquartered. There are examples of Scotland-headquartered producer organisations that have producers in England and vice versa. We are

trying to deal with the situation in which Scottish POs, which we would be responsible for funding, have members furth of Scotland.

Ariane Burgess: Are producers who are based in England part of the three POs that we have now?

Debbie Kessell: Yes.

Ariane Burgess: Okay. I am trying to understand the situation. We have the pressure to create the SSI. It seems to me that it is about preventing producers in England from benefiting from Scottish funding, but they are already part of Scottish POs so it will happen anyway.

Jim Fairlie: We are protecting the budget and Scottish production. We are ensuring that other producers do not join Scottish POs and inflate the budget that we would have to pay out.

Ariane Burgess: I understand that that is what we are trying to do but I am a bit confused because, if there are already English producers in the existing POs, we are already giving them money.

George Burgess: I will clarify. One of the aspects of the instrument is that the support that is given depends on the value of the producer's production. Therefore, in future, the value of production that is taken into account will be the production that is in Scotland only. We are not casting out any English producers from Scottish producer organisations but, when it comes to the funding, we will take account of the production in Scotland only for how much the PO is able to claim.

Ariane Burgess: Why is there a problem if we are taking into account only the Scottish part of production?

George Burgess: Without the SSI, that would not be the position. We need the regulations to ensure that the funding is based on production in Scotland only.

Ariane Burgess: I have a question about the producers who are involved in the POs. The wider context, which you addressed in your opening statement, minister, is that there are producers in different modes of producing fruit and veg—direct-to-market sales and market gardeners—who cannot be involved in the POs. The big concern is that we have many more people involved in producing food and, through the good food nation initiatives, a lot more people who want more locally produced food, but such producers have a sense that they are being shut out of that opportunity. We need to be clear about that. They need and are calling for meaningful support for fruit and veg producers. It needs to be along the lines of what we have for lamb and beef producers.

Jim Fairlie: Small producers can join POs. We also have the small producers pilot fund. However, it is a pilot fund. As I said in response to the convener, we are actively considering how we build resilience into the group of small-scale producers who are not currently in POs. I am alive to the fact that we want to build that resilience across the country for a number of reasons. They will put local resilience into local food areas, help with biodiversity and help the local economy. I am actively considering how we do more in that space. The SSI is about protecting something that currently works well and allowing that co-operation.

I was perhaps being facetious in my opening remarks, because getting farmers to co-operate is really difficult. The scheme has been successful at getting farmers to work together, sit around the room and discuss how to overcome some of the problems that they have and how, as a collective, to take bigger decisions. The scheme has been successful in that regard, which is why we want to protect it. However, that does not mean that we are not going to look at how we do more to put much broader resilience into small-scale production right across the country.

Ariane Burgess: I frequently talk to the cabinet secretary about small-scale fruit and veg, and the small producers pilot fund is brought up each time. However, when I talk to small-scale producers, they say that that is not working for them, because it only does things such as setting up a website and so on. If that is the route that we are going down, I do not think that people will be happy. Will you talk about that? Also, will you say a bit more about who the members of the POs are, and what scale of producer is in a PO?

You say that the producer organisation funding works very well in Scotland, but the UK is moving away from that form of funding. Will you talk about that, too?

Jim Fairlie: It is for the Department for Environment, Food and Rural Affairs to say why it moved away from that arrangement—I have no idea. The scheme is another Brexit bonus. The provision used to be funded through the EU, but that funding was stopped when we left the EU. Now, for some reason that is unfathomable to me, DEFRA has decided that the system does not work with regard to helping us to fund the people who are producing the very things that we should be producing more of.

On the pilot fund, it is true that we cite it in discussions about this area, but I stress that it is a pilot. If it is not giving us the answers that we are looking for in terms of how we build resilience across the country, we will continue to look at what would work. I am absolutely open to doing all of that, because I am as keen as you are to make

sure that we have resilience in our small producers right across the country.

Ariane Burgess: I feel as though I have been talking about the pilot fund for years, and small-scale producers tell me that they feel that the process has been dragging on, that the money has not come through and that it is not an appropriate fund.

I also want to understand the scale of the producers that are in producer organisations. Will you talk about that?

Jim Fairlie: I will answer your question about the membership of the producer organisations, then bring in George Burgess to talk briefly about the pilot fund.

There is a range of sizes of businesses in the POs. In one of the meetings that I had with a PO, I saw some of the biggest fruit producers in the country sitting beside people who have very small-scale operations and whose only way to develop and grow their business is by being part of that producer organisation.

Ariane Burgess: What do you mean by small scale? Sometimes, people talk about a small-scale farm and it turns out to be 70 hectares.

Jim Fairlie: I have no idea how many acres of berries those producers were growing. In terms of a definition, what I can tell you is that they said, "As a small producer, I am far too wee to be able to do on my own the things that I can do as part of the PO group. Being in a PO is the best thing that has ever happened, and it has saved my business." I am paraphrasing, but it was very much along those lines. That is one of the things that gave me the confidence to say that what we are doing is absolutely the right thing to do. We need to protect the fund, so that those smaller-scale producers can tap into that resource. The big guys really know their stuff: they know how to get things done; they know how to move with the market; and they can see market trends. Smaller producers, however, often get left behind, so it is helpful if they can get access to the thinking of the big producers.

As I said, I have no idea about the numbers in relation to the scale of those producers. George Burgess can give you some technical answers on the operation of the small producers fund.

George Burgess: The aspect of the small producers pilot fund that the minister referred to is the part that launched just last week, which is the capital fund that is administered by Highlands and Islands Enterprise and South of Scotland Enterprise, covering the whole of Scotland. Until now, that funding has not been available directly to small-scale horticulture producers, but they now have the opportunity to apply for it.

Also under the small producers pilot fund, we have been funding things such as the private kill co-ordinators in abattoirs. That helps a different set of small producers but, again, it involves the benefit of co-ordinated effort.

The part of the small producers pilot fund that is most relevant to this discussion is the part that has just launched, which concerns capital funding.

Ariane Burgess: That is great news about the capital fund. How much is it?

George Burgess: It is about £500,000.

Ariane Burgess: I have a question about timing and access. We have heard from stakeholders who are concerned that, if we pass the SSI, that could prevent new producer organisations from applying for funding until 2030, effectively freezing access during a period when we really need to expand domestic fruit and veg production. I would be interested to hear any assurances that you can give to small producers that the SSI will not entrench exclusion or delay meaningful support while a redesign is considered.

Debbie Kessell: Under the instrument, the application window will come round every three years, which means that the next window would start in 2029. That is to enable us to plan better and adjust budgets. Everyone would be subject to the same conditions. As was mentioned, that applies just to the fruit and veg aid scheme and that window should not impact any other methods of support that we might consider.

Ariane Burgess: That means that, from now until 2029, only the three existing producer organisations will have access to that fund.

Debbie Kessell: Yes.

Ariane Burgess: No one else can get into the fund until 2029.

Debbie Kessell: That is correct.

Ariane Burgess: How much is the fund?

Debbie Kessell: To date, it has been around £3 million.

Ariane Burgess: It is £3 million, and we have a £500,000 capital fund for other producers, so—

Jim Fairlie: It is a pilot capital fund.

Ariane Burgess: A pilot capital fund. What does that mean?

Jim Fairlie: Finding solutions to all the issues that you are raising is complex. I get every one of them; I understand them. George Burgess just made a point about enabling co-ordination for private kill, which was one of the biggest issues and one that I have heard about time and time again, from my time as a farmer right up until now.

How do we ensure that we get access to private kill? There has been a focus on enabling that, so part of the funding has gone to ensuring that that co-ordination is happening.

People have a range of demands and things that they want to be done in different areas, which very much depends on where they are. People in Shetland have a request that is different to one that is based on the problems that those in the Borders face, and vice versa.

We are working our way through how to change the support that is made available to agriculture and, as I said in my opening statement, I am actively looking at how we can put much more resilience into small producers. We have a £500,000 pilot fund running right now, and, once we have some clearer thinking about how we can do more, I am mindful that that will be the kind of direction that we want to go in to ensure that we are putting in place support for small producers.

Ariane Burgess: The SSI is about fruit and veg. We were talking about small producers then all of a sudden we were talking about private kill. That is absolutely fine, but there is a concern—

Jim Fairlie: You have taken us on to talking about small producers—

Ariane Burgess: The fruit and veg producers were the stakeholders who got in touch with us to express their concern about being shut out of that £3 million funding pot.

Jim Fairlie: They are shut out of the funding for POs, but that does not mean that there will not be other thinking about how we can help people. That is what I have been saying right from the start. I am looking at how we can help to support small-scale producers across the country.

Ariane Burgess: That is an example of the challenge that the committee faces, and that the rural payments and inspections division perhaps faces in rolling out the rural support plan. We get drip fed things. Stakeholders see something like this and say, "What about us? We're missing out." We are not seeing the whole picture, which is something that we talked about the previous time that you brought an SSI to the committee. We cannot see the whole picture, so it is hard to have that conversation to reassure people.

Jim Fairlie: Listen, I am not disputing that. I understand that, when people see things being delivered in bite-sized chunks, they get frustrated because they think, "Where's my bit? How do I get involved in that?"

The alternative is to do what they did down south and say, "There's your policy. Get on with it." That was an absolute disaster. This is what co-production looks like. It is frustratingly slow for some people, is not going far enough for one

group and is going too far for another group. We are bringing the SSI to you to protect a particular fund because we know that it works, but I reiterate that I am looking at how we can support small producers as we go through the process.

09:45

Ariane Burgess: This is my final point, convener. I will say again what I said the previous time: it seems to me that some aspect of communication is missing. I know that communication is challenging, and you have identified that there are many different interests across the country and within the farming sector. However, farmers and crofters depend on certainty to plan for the long term. You have been in the sector and know all too well that farmers want and need certainty, especially in the face of challenging and uncertain weather patterns, such as floods and droughts. Communication needs to be considered when rolling out the measure. If the information is going to be drip fed, you need to say something such as, "We are going to bring this forward, but we are doing these things as well."

Jim Fairlie: On certainty, the most important thing is that we gave a commitment to continue with direct support. Our farmers know that direct support will continue, which is not the case in other parts of the UK. I get that it is tricky and that people get a bit frustrated, but we are proceeding in a way that allows people to move with us and they know that they have certainty about funding. We are looking at other ways in which to support small producers. The SSI protects a particular scheme that works. We want to ensure that it continues to work for producers in Scotland.

Rhoda Grant (Highlands and Islands) (Lab): The problem is that it does not work. We have received correspondence from people who feel that they have been locked out. The scheme is excellent for those producers who are part of the producer organisations, but that is not the case for those who do not meet the criteria and therefore do not benefit from it. A section of the industry is being funded very nicely while another section is getting zilch. They were expecting something different: a new, more inclusive scheme. They understood that you had consulted on that, yet the can is being kicked down the road and nothing much is changing.

Jim Fairlie: We consulted on the instrument. We did not consult on the whole picture and whether small producers were part of the scheme.

The SSI is about protecting a scheme that works. My pushback is that I know it works; I have been spoken with people and have seen the work that they are doing. I have also stated that smaller producers can get into the POs just as big

producers can. The scheme is certainly working to introduce resilience in our fruit and veg sector. I reiterate that we are actively looking at how we can help to support smaller producers in other ways, but the SSI is about protecting a scheme and a budget that will be under threat if we do not pass the instrument, because it will be used by others from other parts of the UK to access funding. We are talking about two different things.

Rhoda Grant: I understand that, but it seems to me that, as with all other aspects of farming support, you are kicking the can down the road. Nothing is changing and everyone is thinking, "Where's the policy? Where's the direction?" Those who are being locked out are absolutely frustrated by that.

Jim Fairlie: Two weeks ago, I sat at the committee to discuss an SSI, and the NFU pushed back to say, "You're going far too fast and far too strong. Stop; slow down." On the other hand, I have people telling me, "You're not going nearly fast enough". We are doing this in a way that is measured and controlled, and we are allowing people the time and space to understand what is coming down the road.

This SSI is about protecting a scheme that we know works. If we pass the SSI, we can park it and focus on the other things that we have to deal with. I completely disagree with the points that you are making. If there is frustration, I understand that people want more support to go into different areas, which we are looking at. The SSI is about protecting a scheme that is working, as far as I am concerned.

Rhoda Grant: The scheme is not equitable for all producers.

George Burgess: To address the point about producers being locked out, the criteria for being a producer organisation have been in place for many years. They are not particularly onerous. Five independent producers are required to be in the organisation and have an overall turnover of at least £1 million which, in the fruit and veg sector, is not particularly high. There is not a huge barrier to entry to the scheme. At the moment, producers can decide whether they want to join the scheme or form a producer organisation. They would then have access to the scheme. I do not think that any organisation has been locked out of producer organisation membership or access to the scheme.

Being part of a PO is not for everyone, because it requires producers to work collaboratively and pool marketing and distribution of produce. There will be producers who want to do their own thing in their own way, rather than be part of a larger organisation. However, the whole purpose of the scheme and the benefits that the minister has

outlined are about what happens when organisations work together, collaborate and get the benefits for all of their members.

Rhoda Grant: Frankly, it feels like money follows money, and the small producers are left picking up crumbs. However, I understand that we must have the SSI, because otherwise we will be funding large producers elsewhere.

Jim Fairlie: I disagree with that point, but we will just have to agree to disagree.

Alasdair Allan (Na h-Eileanan an Iar) (SNP): Minister, I think that you mentioned at the beginning that the power to change the definitions of growers organisations is reserved or is under UK law. Given the restrictions that are now being placed through the SSI on the schemes concerned, does that still make any kind of sense?

Jim Fairlie: In so far as protecting a scheme—

Alasdair Allan: No. Does the fact that that matter is outwith your control and that there is a reservation make any kind of sense?

Jim Fairlie: The reservation makes absolutely no sense whatsoever. It used to be a devolved function but, in 2020, I think, the UK Government decided to make it a reserved function, which makes no sense at all, because the budget comes from Scotland. That is when we had PO schemes across the UK, but the fact that England has now stopped its scheme has put us into the current position. We are taking steps to protect the scheme, but we do not have the primary legislative powers to change any of the definitions in it. As it stands, the scheme is doing what it was required to do in the first place. The situation just means that we do not have powers to do anything on the definitions of the scheme.

I agree that it does not make any sense at all that that function is reserved but that everything else is devolved.

Alasdair Allan: Okay. Thank you.

The Convener: Does that situation prevent the Scottish Government from putting in place its own new scheme?

Jim Fairlie: There is nothing to prevent us from doing something going forward, but right now we are keeping the scheme in place to protect the sector members that we currently have.

Emma Harper (South Scotland) (SNP): Good morning. You have answered the questions that I was thinking about asking. I have written notes in my notebook about food security and resilience—you mentioned resilience a few times in your responses to Ariane Burgess.

There are three main producer organisations in Scotland, and other people are collaborating, such

as the Scottish Seaweed Industry Association. There are different routes for other people to seek funding and support. Basically, are you saying that this is about the fruit and vegetable producer organisations getting the support that they absolutely need to provide resilience in food production, and that there are other mechanisms of support for other smaller producers?

Jim Fairlie: Yes, there are other mechanisms. Can we do more? Yes. Are we actively looking to do more? Yes. However, in terms of the resilience of the types of food that we want to grow in Scotland, it is essential to pass the SSI. It is about soft fruit, root veg, brassicas and vining peas—those are the kinds of things that we are putting support into, and they are the very things that we absolutely should be doing more to support. That is why I would like us to pass the SSI.

Emma Harper: You are saying that we should also explore opportunities to support other growers, such as small market gardeners, using other mechanisms.

Jim Fairlie: Indeed.

Emma Harper: Okay—thanks.

Tim Eagle (Highlands and Islands) (Con): Good morning. I apologise if I repeat points, but I want to get some facts right. My understanding is that the fruit and vegetable aid scheme that we are talking about was introduced in 1997, so it is a 25-year-old scheme. Is that correct?

George Burgess: That is a little before my time, but perhaps Debbie Kessell knows—

Tim Eagle: My research suggests that it was 1997, which is around 25 years ago. Do you think the market has changed in that time?

George Burgess: The market has undoubtedly changed in that time, but the programmes that each of the producer organisations bring forward will also have changed in that time. The legislation sets out the range of things that they can choose to have in their scheme, including production planning, product quality improvement and environmental measures. It is up to the producer organisations to decide what they put forward for funding. It is a sector that is very well adapted to changing market conditions.

Jim Fairlie: The market has absolutely changed, given the fact that we now have berries being grown in coir rather than peat. As George Burgess said, that is exactly the function of the scheme. These people know their business better than anyone: they know what the market trends are, how to look at their pricing and where their market challenges will be. The function of the scheme is to give them the tools, foresight and collaboration so that they can ensure that they put resilience into their sector.

Tim Eagle: Do you think that the market has also changed away from producer organisations, which are at the heart of the scheme?

Jim Fairlie: I would suggest that producer organisations collaborating is probably more important now than ever. There is far greater need for far more collaboration across all areas of the sector, whether that is fruit and veg—

Tim Eagle: That is not the question that I am asking. Co-operatives and producer organisations might be a good thing in some senses, but the scheme is still very much hinged on producer organisations, because that is where the money goes. However, the market—in terms of small-scale producers, who are simply selling to local markets, may not go through producer organisations—it has changed. Do you agree with that?

Jim Fairlie: I am not quite sure in which direction you are trying to take that question. You will have to rephrase it for me.

Tim Eagle: Let us go to something else. We left the EU in 2020. Am I right in thinking that you do not have to have the scheme in place, and that you could have put in place a new market garden scheme?

Jim Fairlie: Yes, we could have.

Tim Eagle: We do not have to have this scheme. Therefore, we do not need this SSI, because it was completely within the devolved responsibilities of the Scottish Parliament and the Scottish Government to bring forward a whole new scheme. Is that correct?

Jim Fairlie: No. We need this SSI because right now we are where we are.

We have not brought forward another scheme, but have continued to provide the fruit and veg aid scheme to support resilience, and we have the small producers pilot fund. There is a need to pass the SSI in order to protect the scheme.

Is there scope for us to do more? Yes. I have already stated that to at least three other members. Could we have done something sooner? Potentially. However, I was not part of the Government at that point and I have no idea what those early discussions were.

What I can tell you is that you can pass the SSI today in order to give security to that part of the industry, and then we can focus on the other areas and start developing policy to build resilience, as I have already explained to other members of the committee.

Tim Eagle: I realise that you might not have been part of the Government at that time, but the Government is the Government and it does not

really matter who the minister in charge is; what matters is the flow of work over a period.

Mr Burgess, who is sitting next to you, asked for information on a new market garden support scheme in February 2024, which was more than a year and a half ago. Where are we with that now?

George Burgess: I will deal with the earlier question first. The Agriculture and Rural Communities (Scotland) Act 2024 will give us the powers to create a new scheme or to make substantial changes to the existing scheme.

At the moment, this instrument is brought forward under the powers in the Agriculture (Retained EU Law and Data) (Scotland) Act 2020, which are relatively limited in scope. The 2024 act will give us the new powers.

Proposals were provided to me by Joe Hunt of Knockfarrel Produce in early 2020, and those are part of the on-going considerations as to what support we can provide.

Tim Eagle: The question that I am trying to ask is, why is that not before us now? It has been five years since EU exit. The Agriculture and Rural Communities (Scotland) Bill was passed more than a year ago. We have also still not seen the rural support plan, which I might come on to in a second.

Why are we talking about this scheme now, given that the market has moved on? There is no doubt that the scheme has done great things over its 25 years, but we now need a scheme that brings in everybody, and it is within your powers to do that. You could have scrapped the scheme and brought something else forward. Why are we not talking about that?

George Burgess: It might be interesting to follow developments south of the border. There, the fruit and veg aid scheme that we are talking about has been wound down, and nothing has been put in its place, either for producer organisations or for small producers. I am not sure that that is the situation that we would want to get into.

As the minister has said several times already, that is part of our considerations on how to support those in the fruit and veg sector, including producer organisations and small producers.

Jim Fairlie: We have put in place the small producers pilot fund, so we are giving clear signals that the area that we are talking about is vital to the Government, and we will bring forward proposals to provide resilience in the sector, as I have said continually during the evidence session.

10:00

Tim Eagle: In relation to Mr Burgess's answer, minister, I note that, every time you are before the committee, you comment on something that is going on south of the border and say how much better the Scottish Government is doing compared with the Government south of the border. I do not have information on what is going on south of the border. What matters to me is what is going on in Scotland. The fact is that, here, we do not have information—

Jim Fairlie: Well, that should bother you, because the reason why we have introduced the SSI is that what has been done down south is putting pressure on our budget. That means that we have to pass the SSI or we will get into a position—

Tim Eagle: No, you could have put in place a new scheme by now. Earlier, you talked about the need for clearer thinking on how we can do more. You have had five years to do that thinking. Does Mr Burgess's department have enough staff? We have not seen the rural support plan. We do not know what is going on. The NFUS is arguing against greening. My understanding is that the good food nation SSIs have now all been pulled. Therefore, do you think that we have a fair point in asking what is going on behind the scenes in relation to future agricultural policy in Scotland?

Jim Fairlie: No, I do not.

Tim Eagle: You do not.

Jim Fairlie: No. In relation to the rural support plan, there is a route map, so people know exactly what is coming. We are yet to ascertain the timescales in that regard, because, whenever you dig into any box, it gets far more complex than you originally thought, so we need to try to flesh out some things.

We are providing the sector with stability. We have managed to maintain direct support and voluntary coupled support, and we are maintaining the less favoured area support scheme. Some people think that the changes that we are making do not go far enough, and others think that they go too far. There is no simple way of getting to a point at which everybody says, "Yes, this is fantastic."

Down south, the Government said, "There's your policy," and it was an absolute disaster. We are determined that that will not happen up here.

Tim Eagle: I do not think that we are doing anything up here. Back in March, Kate Rowell said:

"There is a real lack of certainty among farmers. They do not know what is coming."

Pete Ritchie—I believe that you got a letter from him and Vicki Swales yesterday—said:

"We are in a holding pattern ... We were expecting a big bang, but there is just a very small squeak at the moment."—[*Official Report, Rural Affairs and Islands Committee*, 12 March 2025; c 4.]

I understand that, in the letter that you received yesterday, three significant organisations resigned from the agriculture reform implementation oversight board and said that the rural support plan, which will not be published until the new year, is weak. Do you have any comments on that?

Jim Fairlie: On the comment about waiting for a "big bang", I told the committee that there will not be a big bang—we do not intend to have a big bang. We intend to transition from the policies that we have had to the policies that we will deliver, and we will do that by having conversations.

If people are stepping down from ARIOB on the basis that they do not think that we are going fast enough or far enough in their direction, it is entirely up to them to make that decision. However, if someone asks for something but does not get it, that does not mean that they have not been listened to. The Government has taken a position in the round about how we deliver a transition that will allow people to continue to farm—they will have to do more for the farming that they are doing—and how we get people to come with us on that transition.

However, none of that has anything to do with the SSI that is in front of us, which is about protecting producer organisation groups and providing stability regarding the fruit and veg aid scheme for people who produce fruit and veg in Scotland.

Tim Eagle: That is where we disagree, because I think that what I have said has everything to do with what is in front of us. This is a case of divide and rule, is it not? The Government brings forward tiny parts or segments and we talk about those individually, but we never talk about the overall message that we are trying to send. The overall message is that, on both sides of the argument, pretty much every stakeholder is saying that we are not going anywhere fast enough. That is not about major cliff edges; it is about the direction of change and the new policies that are needed.

Let us go back to the fundamental point—

Jim Fairlie: Hold on one second. You have just said that everybody is saying that we are not going far enough or fast enough, but, when I was sitting here two weeks ago talking about a different SSI, I was told that we were going far too fast and that we should slow down. I am sorry, but you are just all over the place on this.

Tim Eagle: That is not what I am saying.

Jim Fairlie: Well, that is what—

Tim Eagle: You plucked the 7 per cent figure out of the air in relation to greening.

Let us go back to what we were talking about, though. The fact is that you could have come up with a whole new scheme. Nothing was forcing you to bring forward this scheme. You could have introduced a brand-new scheme that covered all sections of the market and provided proper funding specifically for Scotland. That is true, is it not?

Jim Fairlie: It might well be, but that is not what we are doing. We are protecting a system that currently works.

Tim Eagle: It does not work. People are telling us that it does not work.

Jim Fairlie: It might not work for them, but it absolutely works in ensuring that Scotland has a vibrant group of people who are growing the kind of fruit and veg that we want to be grown in Scotland. It is working for them and it is working for Scotland plc.

It might not be working for some individuals, but, as I have already said to other committee members, I am more than happy to continue looking at how we can give them more support. We have put the small producers pilot fund in place, and I am absolutely committed to looking at how we can do more for them while, at the same time, providing stability for those who are living in less favoured areas and for people who are living in the most remote areas. I am committed to ensuring that the basic payment scheme that is currently in place is still functioning.

You are asking an awful lot by saying that we could have come here with a better scheme. We could have, but we also worked on ensuring that we gave stability and that we are transitioning at a pace that allows the farming community to come with us, while also ensuring that we get the delivery that we are looking for on biodiversity and carbon emissions.

Tim Eagle: I have one final question. Will we see the new rural support plan before the end of tomorrow, and will it have a market garden scheme in it?

Jim Fairlie: Before the end of tomorrow?

Tim Eagle: Yes. You said that you were going to give that to us before the end of December.

Jim Fairlie: No.

Tim Eagle: Okay.

The Convener: Following on from Tim Eagle's question, I note that we wrote to you to ask for an update on the rural support plan and we have yet to get a response. However, stakeholders are reporting that they have been told that the rural

support plan will not be published before Christmas.

I will not put you on the spot about this, but there are real concerns that three of the main players have resigned from your main advisory panel, ARIOB, and have spoken about

"failures in both the policy development process and the farming policy decisions government is making"

as their reasons for withdrawing from that group. Those are serious accusations about how ARIOB functions. As I said, I will not put you on the spot today, but the committee will write to you to ask for your comments about what is happening with ARIOB and for an urgent update on where we are with the rural support plan.

Jim Fairlie: I appreciate you not asking me, because you have probably seen that as recently as I have. There was no request to come and speak to me or to the cabinet secretary about the decision to resign. We will digest the information that was given to us at the same time as it was given to everyone else, although I think that we might have had an embargoed version a few hours before it was put out. We had an embargoed version, but we only found out very late in the day. There was no request for a discussion or debate about it, so we are still a little bit in the dark as to why that happened.

The Convener: We will write to you, but, as I said, we will not put you on the spot about that today because you have not had reasonable time to deal with it.

Alasdair Allan has a question.

Alasdair Allan: I will cut to the chase. We have heard questions about whether there should be other schemes and about hypothetical schemes, and I understand that there are other schemes, such as the one for small producers. What we are looking at today is, as you have set out, a specific SSI in the interests of Scottish growers. Do you have any indication from that sector about how growers would feel if we were not to pass the SSI today?

Jim Fairlie: I do not think that it would be an overemphasis to say that they would see it as catastrophic. All the conversations that I had with those producer groups during the earlier part of my time as the minister responsible for that emphasised how important it is in allowing them to continue adapting and finding new ways of working and to continue working on their marketing. It is vitally important to them.

They have stressed to me how incredibly delicate their market is because of price fluctuations or things such as ENICs, which put massive pressure on their ability to be profitable. If they are not profitable, they cannot invest; if they

cannot make a profit, they cannot continue doing what they do. We are trying to ensure that we have a vibrant sector. Scotland produces the best berries in the world, but that is not viable for people, so we want to ensure that we are giving them all the tools we can right now to continue producing some of the best fruit in the world.

The Convener: For clarification, you said that not approving the SSI would be catastrophic. Are you suggesting that, if the SSI is not approved, there will be no funding for Scottish POs?

Jim Fairlie: Well, there cannot be. [*Interruption.*]

The Convener: Minister, could you answer that question? Thank you, Mr Burgess.

Jim Fairlie: My apologies. I misspoke. Yes, there would be funding, but we would also be funding other organisations that would come up from down south.

The Convener: But you said that it would be catastrophic. That is not accurate.

Jim Fairlie: It is accurate. It would be catastrophic—

The Convener: In what way would it be catastrophic?

Jim Fairlie: It would mean that the budget—

The Convener: It would just mean that your cap would not apply to the budget. It would mean that some of the Scottish budget could potentially go to support growers from outwith Scotland, but, if the SSI was not approved, that would not limit the amount of money that POs in Scotland might get.

Jim Fairlie: It would be a huge burden on the Scottish Government to fund producers from other parts of the UK, which would then require us to consider whether we could continue with the scheme. So, yes.

The Convener: So, it would not be catastrophic.

Jim Fairlie: It would be catastrophic if we decided that we could no longer fund that.

The Convener: What I interpreted from your response to Dr Allan was that, if we did not approve the SSI, it would be like falling off a cliff edge—the funding would dry up and POs in Scotland would not get their funding. However, that is not the case.

Jim Fairlie: It could be the case, because we would then have to make a decision as to whether we were going to continue to fund the scheme at that level.

The Convener: My issue is that, although we can argue that the scheme has had benefits, my interpretation of the responses from the stakeholders is that the scheme, which is a legacy

scheme that we have had for 25 years, no longer matches the scale of innovation or investment that is required in the sector. It no longer focuses on exactly what Scottish growers need, and it will not be fit for purpose when it comes to collective investment, new varieties and technological advances. That will put Scotland at risk of losing ground to other producers. The reason why the scheme has been withdrawn in the rest of the UK is that it is not believed to be fit for purpose and it is thought that there are other ways to support the sector.

There is a sense that continuing the old scheme—it is a very old scheme—stifles progress and delays potential competitiveness improvements through policies that will help to reduce labour costs, increase automation and tackle climate pressures. This is another example of the Government not making the decisions that we need. We left Europe almost 10 years ago, and you have had five years to produce a new plan that is fit for purpose, but we are seeing the same old plan being taken on.

That is reflective of everything that has come out of the agriculture department over the past few years, and there is huge frustration about that. I suggest that that is why we have seen the resignations from ARIOB. No progress is being made at all. Why have you not introduced a scheme that is fit for the next generation of growers? Why are we going to lock ourselves in to another three years of an EU legacy scheme?

Jim Fairlie: You say that the reason why it was decided to scrap the scheme down south was because there are better ways of doing it. Where are the better ways of doing it? Where was the offer to introduce a similar UK-wide scheme that would allow the same level of support, funding and innovation? There is not one—there is nothing there. Yes, we are keeping an old scheme, because we know that it works.

You say that stakeholders are telling you that the scheme is not keeping up to date. It is the stakeholders who are keeping it up to date. They are the ones who make the decisions about what they are trying to do. They are the ones who have told me, “It will be a disaster if you do away with the scheme. We’ve heard rumours that it’s going to happen down south. Please don’t do the same thing up here.” I have to tell you that we are hearing different things. The plan currently works—

The Convener: It is not about the scheme; it is about the funding.

Jim Fairlie: The plan currently works, because the producer organisations that I have spoken to are telling me that it works. It gives them certainty over a three-year period, which is what the SSI will

do, rather than a two-year period, in order to continue to develop and grow in what is a very competitive market. No scheme has come from down south, so what do we do? Do we just scrap it altogether and say, "Let's wait and see what the UK does"? I am afraid that I am not prepared to do that.

Ariane Burgess: I want to go back to something that George Burgess said. We are continuing the scheme, which is to do with the fact that English producers could access the Scottish budget. That is not catastrophic, but it is concerning that they could tap into the budget. However, there is an exclusivity in the programme, because market gardeners or direct-to-sales people cannot get into the schemes.

10:15

George Burgess spoke about the requirements for a £1 million turnover and for a minimum of five producer organisations. I think that there is also a requirement to contribute 100 per cent, or at least 75 per cent, of your production to the producer organisation. If you have a direct-to-sales set up and already sell direct to your customers, that will not work for you.

People are trying to access the funding, because it provides the support around production planning, quality improvement, and so on that would help them to develop and grow. However, they cannot access that because the producer organisation requirement does not fit their business model. More and more people are selling direct to the market or are small-scale market gardeners who produce locally. I know that the minister is very fond of farmers' markets in Scotland, as he was involved in setting up the first one.

We have the design of an SSI. The minister is saying that the scheme is working for the three POs that support a number of farmers, but it is excluding many other people who are doing the best that they can and are struggling with climate and nature challenges. They also feeding people in Scotland; they are involved in the good food nation resilience that we really need. For me, that is the issue.

I also want to flag up the implication that, if you are not in a PO, you do not want to collaborate; I do not think that that is true. Some small producers cannot be in producer organisations and are incredibly collaborative. Some are in parts of Scotland where the geography makes it difficult to collaborate in some of the ways that POs would ask of them. I hear the need to pass the SSI, but I am concerned about why we are hurrying to do so. If there are existing contracts and the existing POs are okay for another 18 months or so—

Jim Fairlie: They run out at the end of the year.

Ariane Burgess: I got the impression from something that was said that, next year, other people could set up a PO and get involved. Is that the case, or is the scheme exclusive to the three POs?

Debbie Kessell: The SSI would create application windows every three years. The application window for 2026 operational programmes has closed.

Ariane Burgess: So, 2029 would be the next time that anyone could access the scheme. Even if people decided, "Right, we are going to get together and put in 100 per cent of our produce," it would be three years before they could get involved in tapping into the important £3 million fund.

Jim Fairlie: You are saying that as though that is the only thing that they can do, but it is not.

Ariane Burgess: But we are not hearing that. The problem is that we are not seeing concrete—

Jim Fairlie: I do not know how many times I have said it this morning: we have the small producers pilot fund, and I am actively looking at how we can create more resilience and ensure that we give small producers the comfort of knowing that the that the Government will back them.

Ariane Burgess: Can you give us a timescale? Saying that you are actively looking at it does not build confidence .

Jim Fairlie: No, not right now.

Emma Harper: I am going back a bit in the discussion, but the minister used the acronym "ENICs". For the purposes of the *Official Report*, that is the employer national insurance contributions, which were increased by the UK Government, which has added another barrier for the producer organisations. I want to clarify that that is what you meant by that acronym.

Jim Fairlie: Yes. The industry is incredibly labour intensive. The increase in national insurance contributions has put massive pressure on producers' funds. As a result, they are increasingly finding themselves struggling to make it work.

Emma Harper: We do not have any control over setting those rates in Scotland.

Jim Fairlie: No, we do not.

Alasdair Allan: Again, I have to come back to the consequences of the choice that is before us. Minister, am I right that you are saying that not passing the SSI would mean opening up schemes to production organisations in England?

Jim Fairlie: Yes.

Alasdair Allan: What would the consequences be for your budget, and what cuts would you have to consider?

Jim Fairlie: It would very much depend on how many apply. I do not know whether there has been any indication of that but we know that it has happened elsewhere. If we had to expand the budget, it would have to come out of the agriculture budget.

Alasdair Allan: I hate to repeat myself, but whatever people's views are about the SSI and potential alternative schemes, I cannot understand why anyone on the committee would think that it would be responsible politics to put the Government into a position where it would have to cut the agriculture budget. Have we any indication of what the different parts of the agriculture sector think about the Scottish Government being put in that position?

Jim Fairlie: No. I have not asked them. I know that NFU Scotland is keen for the SSI to be passed, but I do not want to start pitching one group of food producers and farmers in Scotland against another. We have seen that being done already and I do not think that we should be doing it.

I am asking for the SSI to be passed to allow us to create stability for a scheme that we know works. There might be members here who believe that it does not work, but I am absolutely convinced that it does. I am also giving the assurance that I have my eyes firmly on how we increase the resilience of the small producers that Ariane Burgess has mentioned a number of times and who, we both agree, are vitally important to our long-term sustainability and biodiversity through everything that they bring to the table. Getting this bit done will allow us to move on to the next bit.

Although I take Alasdair Allan's point, I want to focus on the committee passing the SSI so that we can move on to the next bit, which will allow us to create more stability around the other areas of agriculture policy that we are developing.

The Convener: For clarity, I go back to your statement that it would be "catastrophic" if we do not pass the SSI. I would like you to put that into context. You are suggesting that the budget for the scheme is £3 million. Is that correct?

Jim Fairlie: That is the current budget.

The Convener: Will that £3 million go up or down depending on whether we exclude producers from other parts of the United Kingdom? Is the budget fixed?

Jim Fairlie: That will very much depend on how many other producers join Scottish POs.

The Convener: Is the £3 million fixed?

Jim Fairlie: If 20 of them join and that suddenly creates a demand for £50 million, I think I am right in saying that we cannot change that legally. Because we cannot change the scheme, because George Eustice decided to make it a reserved function, we would be obliged to pay that £50 million. Any number of producer organisations in England whose schemes have been scrapped and taken out from under them could decide to join POs up here and there is not a thing that we could do about it. Whatever the budget was, it would have to come out of our agricultural budget. There is nothing that we could do about that.

The Convener: I am sorry, but I am a bit confused. What is the £3 million?

Jim Fairlie: I will let Debbie Kessell explain the technicalities.

Debbie Kessell: The £3 million, or around that, is what we have paid out in the past few years. The scheme is match funded so we would either be paying 50 per cent of what the producer organisation funds itself, or 4.1 per cent of its value of marketed production. That can move as the PO becomes more productive, and there is no cap. We do not have the ability to put in a cap. As long as the actions that they are asking for meet the eligibility criteria and matches the strategy, we have to fund that. That means that, if many producer organisations join our scheme, we would have to fund that.

The Convener: However, you will not have any more producer organisations as the number is fixed for three years. There are only three at the moment and that is how many there will be for the next three years. Is that correct?

Debbie Kessell: Under this SSI.

Jim Fairlie: If we pass the SSI.

The Convener: So you are suggesting that, if we do not pass the SSI, more producer organisations could be set up in Scotland. That is not what we understood. The answer to Ariane Burgess's question suggested that there is a three-year cycle for the scheme and, if you are not in it now, you cannot join for another three years.

Jim Fairlie: If we pass the SSI.

Debbie Kessell: There is a three-year period for the operational programme but, without the SSI, you can start that in any year. The SSI would bring everybody on to the same three-year programme. It happens that, right now, our producer organisations are on the same timeline, but they did not need to be.

The Convener: I am still a bit confused. If we do not pass the SSI, in six months' time, eight or nine producer organisations could be set up in Scotland that would have access to the fund.

Debbie Kessell: Yes.

Rhoda Grant: I am concerned about what I have heard, minister. You do not believe that there is anything wrong with the scheme and you have no intention of changing it if we pass the SSI, but you have also said that, if we do not pass the SSI, that will force your hand to act. Therefore, the only way that we can get any change is to vote against the SSI, which would force you to act on the concerns that we have raised. I came here fully intending to vote for the SSI, but, from what I have heard, the only way that we can get change for the people who have concerns is not to pass it. Am I right?

Jim Fairlie: No, you are not. I have already said in a number of answers to you, Ariane Burgess and other members of the committee that we are actively considering how we give more support to small producers throughout the country.

The purpose of the SSI is to support a group of food producers who are doing an incredible amount of fantastic work in their areas. They are innovating, driving the market and doing all the things that we require them to do with a fund of money that is in danger of being increased beyond our control by other producer organisations joining from other parts of the UK. We would not be able to control that. That is the only purpose for the SSI. It has nothing to do with the Government's intention for helping to support small producers.

You and I have had such conversations in the committee before and you asked me to change something because there was an issue. When there was an issue, I went away and looked at it and we came up with a solution for it. I hope that that gives you some comfort that I am not sitting here trying to blindside you or pull the wool over your eyes. I am doing everything that I can to ensure that we have a resilient industry for the whole of Scotland that has the Government's backing and the funding that it needs in so far as we can provide it given the restraints that are on our budgets. I have done that time and again.

The SSI is entirely about protecting one system that works, which it does—I will argue that all day long. The people who produce the food tell me that it works and I am taking their word for it.

I do not know what you are looking to force my hand on. I do not know where you think you will push me to get something that you think that I am not prepared to do. I do not understand what you are asking of me. I have given commitments throughout the meeting about what I am trying to

do to protect agriculture in Scotland, from small-scale producers to big ones.

Rhoda Grant: You have said that, if we pass the SSI, it is business as usual for the next three years.

Jim Fairlie: It is business as usual for the group of growers that the SSI relates to.

Rhoda Grant: Let me finish my point. There are Scottish producers who say that they have no access to the funding. That is not fair or equitable. You say that you are considering other things but we have no guarantee that those other things are coming. If you could give us a timeframe for when some support might be introduced for the folk who are locked out from the funding, that would be something.

However, at the moment, all you are saying is that the only tool that we have available to get something for the people who are locked out of the funding is to vote down the SSI. Will you give us something that would provide comfort to the people who are concerned?

10:30

Jim Fairlie: I have already stated that the small producers pilot fund is currently running—

Rhoda Grant: That is just a pilot. There is no guarantee that the funding will come forward.

Jim Fairlie: The purpose of the pilot is to give us some understanding of the things that people are looking for. I have actively got officials and stakeholders considering how we can put in better support to ensure that we get the resilience that Ariane Burgess raised with me at the start of the meeting.

Rhoda Grant: When will that come into place?

Jim Fairlie: It will come into place when I am satisfied that the solutions and funding packages that they have come up with will give us long-term resilience that is equitable and does what we need it to do as far as our policy objectives are concerned. I am not concerned that people might be impatient; I am concerned about making sure that we get it right.

Ariane Burgess: One of the challenges that we established earlier regarding the producer organisation aspect is that the definition is reserved. Does that include the requirements for the organisation to have a turnover of at least £1 million, for producers to contribute 100 per cent—or 75 per cent—of their product, and for the organisation to have a minimum of five producers?

I hear that you want to keep the funding, because—as I have understood—it is not so much about protecting the three producer organisations

but preventing people south of the border from tapping into the Scottish budget. It was fascinating to hear that, if we do not pass the SSI, more people could tap into the £3 million fund from the start of next year.

I hear all the reasons why you want to keep the producer organisation scheme, which are that it works for the three producer organisations. However, is it possible that, instead of doing that scheme, the Government could step back and say, "Let us create a fruit and veg scheme"? This is the first SSI that has directly addressed fruit and vegetables. Surely we should have an SSI that would let us fund all fruit and vegetable producers and take a percentage of the Scottish agricultural budget—let us say that is 4 per cent, or something—and let any producer be able to access it. We could do that rather than create this exclusionary policy, which is odd. You are effectively asking us to pass an SSI that would support three producers organisations but not let anyone else to come in for the next four years. If we do not support the SSI, more producer organisations could be set up and get into action.

It is also interesting that there were 11 producers organisations but now, after several years, there are only three. We got down to three producer organisations and we are now creating an exclusion through this SSI that will allow only those three to continue. In the meantime, there are a lot of other producers that want and need access to all the things that could help them to produce food for Scotland.

Jim Fairlie: As we have said, the producer organisations—as they currently stand—are putting resilience into our food and drink sector. They are under the cosh constantly, and they are constantly fighting to maintain margins. I am determined that we should ensure that those people are protected right now, because they are at the vanguard. However, that does not change the commitments that I have given to the committee—not just today, but on many occasions—that I am actively considering how we will support a local level of food production right across the country, through whatever such schemes will look like.

I have just said in answer to Rhoda Grant that we have the small producers pilot fund. In addition to that, officials are currently considering with stakeholders how we can do some creative thinking. What you have just described sounds dead easy until we start looking at the detail and, all of a sudden, it becomes massively complex. People are working on that right now, but how do we make it happen? It will not be with a big bang and there will not be some grand announcement; things will happen in a gradual way to allow people to develop and grow their businesses.

For the past 28 years, we have been watching small producers attend farmers markets, go into farm shops and do other things, so there are available routes. In that regard, we are now in the best position that we have ever been in. We are in an entirely different world from the one that we were in during my early days as a shepherd, and that evolution will continue. Such evolution is exactly what I want to see in Scotland, because that will ensure that we have the kind of food system that you and I want.

All that I can do is give you my reassurance that I am passionate about the issue and that I want to ensure that what I have set out happens. The SSI that we are considering today is about protecting the producer organisations that currently provide the vast majority of our fruit and veg. If there are people who feel as though they have been shut out, I give them the reassurance that we are actively looking at how we can support them, too.

Ariane Burgess: The challenge is that we still do not have a timescale for that. I had these conversations with you during consideration of the Agriculture and Rural Communities (Scotland) Bill, but there are still no timescales. In the past year, in relation to another piece of legislation, I have had a minister and two cabinet secretaries give me assurances about things that I was advocating for on behalf of stakeholders. With apologies, minister, your assurances are not enough, because we will be heading very quickly into an election. This is not about me; it is about the fruit and vegetable producers who really need support. Those producers have been coming up with proposals and suggestions for support, but they feel that nothing is really happening. The committee needs to see timescales and more information about what you are considering.

Jim Fairlie: Okay—point taken.

Emma Roddick (Highlands and Islands) (SNP): Minister, to pick up on your back and forth with Rhoda Grant on the small producers pilot fund, can you give any reassurance about the fund? Is it the Scottish Government's intention that the fund will continue for the foreseeable future?

Jim Fairlie: In relation to whether we will continue with the fund, the fund is currently sitting at £500,000 and we will have to wait to see how that develops and what it grows into. I can only say the same thing that I said to Ariane Burgess. We want to work out the best way to support small producers across the country in order to make them the bedrock of our food-producing systems. I give the commitment that that is exactly what I want to happen.

We will have to work through the details, because the issue is complex. Different areas need different things, and different producers need

different support mechanisms. The support that producers need might relate to innovation, marketing or facilities, so we need to work out the level of funding that we need to provide and, at the same time, how that will affect other areas, in order to provide balance. That is not simple; it is a complex issue. However, I am absolutely committed to ensuring that we get it right.

Emma Roddick: I appreciate that the issue is complex, but the pilot fund is filling gaps—does the Government intend to carry on with the fund in some form?

Jim Fairlie: In relation to the gaps that the fund is filling, where are we spending the money at the moment, George?

George Burgess: The small producers pilot fund has just opened, so we are waiting to see which small producers—be it fruit and veg producers or those in livestock production—come forward. That will help to identify exactly what the needs are. Obviously, the budget for 2026-27 will be published in January, and we will look at what capital and revenue support is available in that budget. The fund is for the current financial year but, as the minister said, it is a pilot fund and you do not pilot something with the intention of that being just a one-off. We will consider what support can be provided for small producers in future years.

Emma Roddick: Thank you.

The Convener: Emma Harper has indicated that she wants to come in.

Emma Harper: I think that we have been round and round the houses for long enough. We need to emphasise that, if the SSI is not passed, the Scottish agriculture budget will be funding English producer organisations. Our budget needs to be protected so that we can support our own producers, with the money being used to diversify and support other producers.

Jim Fairlie: Yes. There is the potential that producers growing in England could be POs in Scotland.

Alasdair Allan: Likewise, I am not sure that any of us have much more to add to this, but Emma Harper talked about some of the consequences of not passing the SSI, and Ariane Burgess mentioned the importance of small producers. Specifically, what would be the impact on the small producers sector of not passing the SSI?

Jim Fairlie: There will be no impact on small producers if we do not pass the SSI. The people who will be affected will be those that are POs at the moment. Do not underestimate the value to them. Right now, they are producing—

Alasdair Allan: I was thinking more of the budgetary impact that you talked about earlier. Will that affect the small producers?

Jim Fairlie: Sorry, can you ask the question again?

Alasdair Allan: The budgetary impact of not passing the SSI and the pressures elsewhere in your budget—would that have an impact on other parts of the sector?

Jim Fairlie: I am sorry, but I am being a bit dense. Can you rephrase that question?

Alasdair Allan: You mentioned before that, if the SSI were not to pass, that would have a budgetary implication for how you use the rest of your agriculture budget.

Jim Fairlie: As it stands, we could not stop other POs joining the Scottish system. Depending on how many of them there were, we have no mechanism to stop them. Whatever plans they put in, there would be no mechanism for us to say no to them. We would be legally obliged to fund them. Whatever that happens to be, we would have an obligation to fund it. The implications of that are dependent on the size of the POs that come in and how much money they take out of the budget. We would be unable to say no.

The Convener: Do you have an indication of how many POs may be minded to join the Scottish scheme?

Debbie Kessel: Not of how many are minded to join the scheme, no. In England, there were around 29, and quite a large budget, but I do not know how much interest there is in coming up to Scotland.

Tim Eagle: We are going round and round on this, but this is quite an important point, is it not? I was desperately searching the EU regulations, and the original regulations say:

“In order to control Union expenditure, there should be a cap on assistance granted to producer organisations and their associations that establish operational funds.”

I found something else that suggests that it was possible to set an overall cap. It seems quite odd, does it not, that you can have a fund that loads of people can join? I will go away and ask a whole load of questions afterwards, and I am not saying that what I have read is right. However, just for absolute clarity, as you understand it, the budget could be exponential in size, and there is nothing that you can do to stop that—is that right?

Jim Fairlie: Yes, that is correct.

James Hamilton (Scottish Government): We have powers under the Agriculture (Retained EU Law and Data) (Scotland) Act 2020 to change the cap, but if the SSI does not pass, we would have

to come back and look at the cap, which would have an impact on the amount of funding that is being accessed at the moment by Scottish producers.

Tim Eagle: Six months ago, you granted to three organisations a funding package for the next two years. Is that correct?

Debbie Kessell: We agreed at the start of the year how much the next programme would be. The applications window for that was September. Producers had to apply in September, with confirmation in December.

Tim Eagle: In theory, if we did not pass the SSI today, would you have time to come back with a new SSI, or whatever the mechanism would be, to introduce a cap before any new funding period?

Debbie Kessell: No. The statutory deadline to confirm to producer organisations whether they had their funding was Monday 15 December.

Tim Eagle: I know that we have been around this before, but I ask for absolute clarity. This needs to be on record because, I suspect, it will get heavily checked in the background. Despite the fact that three existing recipients have had their funding offers confirmed for the next two years, starting six months ago, it is still possible that English producers could come into any one of these POs and maintain that its turnover is more than £1 million, so that they get access to the scheme, and the Scottish Government budget would have to pay for that.

Debbie Kessell: Yes. That could not begin in January 2026; it would have to begin in January 2027. They have missed the 2026 window, but they could start in 2027.

10:45

Tim Eagle: But that is more than a year away. What would prevent us from coming back with a cap on the budget, as has just been suggested by Mr Hamilton?

James Hamilton: The next scheme starts in January 2026, so, initially, the existing caps would apply. We would not be able to change that.

Tim Eagle: Did you not think about that before? Did it never crop up in conversations behind the scenes?

George Burgess: That is why we consulted, back in the summer, on this set of changes. We could see the—

The Convener: We are speaking two days after the deadline. A solution to most of the issues that have been raised today was put in place just two days before we considered this. It feels as though some of the options that it might have been open

to the committee to ask you to explore have been taken out of our hands.

Tim Eagle: It is 17 December, minister. Today, you are coming to me, as a member of this committee, and saying, “Hey, agree this—and if you don’t, we’re really scuppered.” I have got no option. I am being forced into approving a scheme that I do not think is right, with a load of stuff that—as Ariane Burgess has presented—we do not even think is right for the market, but there is nothing that we can do about that because it is too late in the day. It does not sound as though it has been discussed behind the scenes that there might be a huge impact on the Scottish budget if we do not approve the SSI. You are forcing my hand.

Jim Fairlie: You are saying that it was not discussed behind the scenes, but there was a consultation. It was consulted on.

Tim Eagle: I am talking about what has been discussed within Mr Burgess’s department. We have got our hands tied behind our backs here.

Okay. We are going round in circles.

The Convener: I will bring in the last contribution, from Ariane Burgess. Very briefly, please, Ariane.

Ariane Burgess: That was revelatory. It also added more confusion, in a way. There is possibly something else going on here as well. There are a couple of different needs for the agricultural budget. There are people who want to produce food that feeds people in Scotland—to produce it locally and direct to sale and all that—and there are producer organisations. My research shows that a small percentage of what those organisations grow feeds people in Scotland—the rest goes for export south of the border and, potentially, elsewhere.

I wonder whether we need to acknowledge that there are two different strands: there is a commodity side to agriculture and food production that is producing for export further afield, and there is the good food nation approach whereby we need to support those local producers, so that when climate change and nature breakdown hit, people in the islands or other rural communities can get food that is locally produced.

Jim Fairlie: In relation to the contracts that producer organisations have, it is up to supermarkets to decide where they will put those products. I find it absolutely scandalous that we can be in Perthshire and yet the berries that I am buying are still from Kent, but we cannot change that. What we can do is make sure that there is resilience in the producer organisations that are currently producing food here in Scotland—whether or not it gets exported, they are still

producing food in Scotland—and give them the protection over the next three years that they have told us that they want.

You are right that there are two different strands here. I repeat again: my commitment is to supporting that small producer cohort, which will give us the biodiversity, environmental, local food resilience and local economy benefits. All those people are very much in my mind. I cannot give you a timescale for doing something about the issue, but we are actively looking at it right now.

The small producers pilot fund is not for fun. We are not doing it because it is a wheeze. The asks that came to us previously from small producers were about slaughtering and how to get slaughtering facility—that is what we did previously. This SSI is about making sure that those very professional businesses, which do a hell of a lot of good work here in Scotland, get the support that they need and deserve, so that they will continue to be able to produce food. Whether it gets exported to England or any other place is an issue for the market, not for the Government.

The Convener: I am sorry, minister, but you have once again repeated that the SSI is about ensuring that those producers get the funding. Whether or not we pass the SSI today makes no difference—they will still get the funding. The issue is how big that budget demand might be, based on 50 per cent of producer organisations that may or may not apply to the scheme. It does not affect that unless you decide to bring in a cap.

Jim Fairlie: As Alasdair Allan pointed out, if we do not pass the SSI and we get a large number of POs wanting to join the system in Scotland, how much money will that take out of the budget? We have no mechanism, because it was reserved by the UK Government back down to England so that it would make the decisions about what the criteria were. That would then impact our overall budget for the agricultural system.

The Convener: That is not what you said just three seconds ago. You said that, if we did not pass the SSI today, it would effectively put pressure on the producer organisations. That is not the case.

Jim Fairlie: It could very well be the case. If we suddenly get a huge influx of demands for funding, it may not put pressure on them immediately, but it would certainly sharpen our thinking about whether we were prepared to keep funding producer organisations if they were coming up from England to get that funding.

The Convener: You have no indication of how many might join, so it is just speculation.

Jim Fairlie: Right now, I am not prepared to take that risk.

The Convener: I am sorry, Ariane—I interrupted you. Did you have any further points?

Ariane Burgess: I did have a point, but it has gone out of my head now, so it is fine.

The Convener: We will now move to the formal consideration of the motion to approve the instrument. I invite the minister to speak to and move motion S6M-19989.

Motion moved,

That the Rural Affairs and Islands Committee recommends that the Common Organisation of the Markets in Agricultural Products (Fruit and Vegetables) (Miscellaneous Amendment) (Scotland) Regulations 2026 [draft] be approved.—[*Jim Fairlie*]

The Convener: Does any member wish to debate the motion?

Tim Eagle: Can I make a point? I feel that I have a hand tied behind my back. I am going to vote no to the motion today, although I recognise that I will probably have to change my mind and vote yes in the chamber. I will want to speak to this in the chamber, because I have serious concerns about what we have heard this morning. I will have to go away and find a whole load of answers in order to give me enough confidence to vote for the instrument in the chamber, presumably after Christmas.

Ariane Burgess: I concur with Tim Eagle's points. I am going to vote no in this case and try to bottom out more information and more understanding. However, between now and the SSI coming to the chamber, I would like to get assurances from the minister on action that supports other people. We are talking about small producers, but, in this context, we are talking about vegetable and fruit producers. They are all professional and very capable of producing food.

The Convener: Since no other members wish to comment, is the committee content to recommend approval of the instrument?

Members: No.

The Convener: We are not content. Okay. We are not content—[*Interruption.*] There will be a division. Thank you, Emma Johnston. I should know this off by heart.

For

Allan, Alasdair (Na h-Eileanan an Iar) (SNP)
Harper, Emma (South Scotland) (SNP)
Roddick, Emma (Highlands and Islands) (SNP)
Tweed, Evelyn (Stirling) (SNP)

Against

Burgess, Ariane (Highlands and Islands) (Green)
Carson, Finlay (Galloway and West Dumfries) (Con)
Eagle, Tim (Highlands and Islands) (Con)
Grant, Rhoda (Highlands and Islands) (Lab)
Wishart, Beatrice (Shetland Islands) (LD)

The Convener: The result of the division is: For 4, Against 5, Abstentions 0.

Motion disagreed to.

The Convener: Finally, is the committee content to delegate authority to me to sign off our report on this instrument?

Members *indicated agreement.*

The Convener: That completes our consideration of the instrument and concludes our business in public for 2025. I wish everybody a merry Christmas.

10:53

Meeting continued in private until 11:51.

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