



Official Report
Aithisg Oifigeil

DRAFT

Rural Affairs Committee

Comataidh nan Cùisean Dùthchail

Wednesday 7 October 2026

Session 7



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RURAL AFFAIRS COMMITTEE

7th Meeting 2026, Session 7

CONVENER

*Mark Ruskell (Mid Scotland and Fife) (Green)

DEPUTY CONVENER

*Andrew Baxter (Skye, Lochaber and Badenoch) (LD)

COMMITTEE MEMBERS

*Dawn Black (Angus North and Mearns) (SNP)

Finlay Carson (Galloway and West Dumfries) (Con)

*Jamie Langan (South Scotland) (Reform)

*Laura Mitchell (Moray) (SNP)

*Emma Roddick (Inverness and Nairn) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Gillian Martin (Cabinet Secretary for Climate Action and Rural Affairs)

Jim Fairlie (Minister for Agriculture, Marine and the Islands)

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Affairs Committee

Wednesday 7 October 2026

[The Convener opened the meeting at 08:47]

Decision on Taking Business in Private

The Convener (Mark Ruskell): Good morning, and welcome to the seventh meeting in session 7 of the Rural Affairs Committee. Before we begin, I remind everybody to ensure that electronic devices are switched to silent.

I have apologies this morning from Finlay Carson.

Our first item of business is a decision on taking items 4 and 5 in private. Item 4 is consideration of the evidence that we will hear on the rural support plan, and item 5 is consideration of evidence that we will hear on pre-budget scrutiny and the programme for government.

Do we agree to take items 4 and 5 in private?

Members *indicated agreement.*

Rural Support Plan

08:48

The Convener: Item 2 is an evidence-taking session on the rural support plan. We have scheduled around an hour and 30 minutes for the item. To keep us on time, I would be grateful if questions and answers could be concise.

Members of our predecessor committee agreed to hold a short inquiry into the Scottish Government's rural support plan, which was published right at the end of the previous parliamentary session. We have held a targeted call for views and have had three round-table discussions. I thank all stakeholders who have fed into the consideration so far.

Today, we will take closing evidence from the Scottish Government. After that, the committee will consider a report, and then we plan to hold a chamber debate.

I welcome to the meeting Gillian Martin, Cabinet Secretary for Climate Action and Rural Affairs; and Jim Fairlie, Minister for Agriculture, Marine and the Islands. I also welcome their supporting officials from the Scottish Government: John Kerr, head of agriculture policy; Anna Densham, deputy director of land reform, rural and islands policy; and James Muldoon, head of the agricultural support and policy development unit.

I remind everyone that you do not need to operate your microphones, as our broadcasting team will do that for you.

I invite the minister to start with a short opening statement.

The Minister for Agriculture, Marine and the Islands (Jim Fairlie): Thank you, convener. I thank the committee for the opportunity to discuss the first rural support plan, although I have to say that, from the evidence that I have seen, the committee's focus has been more on agricultural reform than on the plan itself.

The plan sets out the strategic priorities for the plan period and the available support for them, and it collates the breadth of the agricultural reform work into a single strategic and coherent package to meet the requirements of the Agricultural, Rural and Community (Scotland) Act 2024.

The first support plan launches the four-tier framework and brings together in one place the vision, the route map, the framework, the 2024 act requirements, the strategic outcomes and the agricultural reform. It also sets out the context for further agricultural reform, and it acts as the foundation for future changes. It is based on our significant and detailed engagement with

stakeholders on, and co-development of, agricultural reform, alongside user research with farmers and crofters. That engagement is detailed in the consultation statement, including examples of how it informed the changes that were introduced in 2025 and 2026.

The reform will follow an evolving and continuous improvement approach, designed and delivered in partnership with rural communities and our valued stakeholders. It is supported by monitoring and an evaluation framework.

The co-development process does not seek to obtain the agreement of all parties but instead takes account of all views. Any change is likely to have supporters and objectors, and it is the role of Scottish ministers to make a balanced decision, taking into account all those perspectives.

The support plan is a Scottish Government document approved by ministers that details the strategic outcomes and the strategic priorities for providing support. We have been clear from the very initial discussions around the 2024 act that the first rural support plan is not set in stone. It is a living document that will be amended to reflect that evolving reform journey, and it will be amended to meet requirements under the 2024 act. As related proposals, the policies and duties will evolve over the planned period.

The Scottish Government previously delivered the five-year commitment to stability and simplicity, which concluded in 2024. Our reform journey started with initial changes made in 2025 and in 2026. In this parliamentary session, it is entirely about the delivery of agricultural reform, which is what I have committed to doing. I am more than happy to discuss issues with the committee as the reform journey continues.

The Convener: It is good to hear that it is a living document and that it will evolve over time.

We now go to questions from members.

Dawn Black (Angus North and Mearns) (SNP): I will pick up on the fact that it is a living document. Some of the stakeholders who contributed to the inquiry sessions felt confusion about the end goal of the rural support plan. Will you clarify the Government's vision for agriculture post-2030, considering quality food production alongside nature restoration, and for how the industry should manage that transition between now and then?

Jim Fairlie: We have been clear right from the outset that we want to be world leaders in sustainable regenerative agriculture. That is a very simple statement to make, but, of course, there are a whole load of nuances and caveats within that.

There will be criticisms of the plan—I understand that people will always have differing views—but we have been clear from the outset that we are asking our farming community to help us to deliver world-class sustainable regenerative agriculture in order to improve our biodiversity and make sure that we have resilience in our food systems and thriving rural communities. We want people to come with us on that journey.

As someone who has been shepherding and farming for more than 30 years, I know that, in reality, people in the sector often do not pay any attention to the stuff that they hear coming out from Government. What they are doing is farming: tending their sheep, growing their crops and doing the things that they do on a day-to-day basis. Therefore, we have to make sure that our farming community knows what we are doing and why we are doing it, so that they can buy into it. The purpose of our approach is to ensure that we take that journey together.

Some of the criticisms that I have heard—I watched two of your evidence sessions and I read the *Official Report* of the third session—are absolutely ludicrous. A lot of the people who are making those criticisms were sitting in the rooms while we had those discussions. During the two years in which I sat on the agriculture reform implementation oversight board, which was in existence for five years, we often went round in circles because we thought we had agreement on certain things and then we were taken back to square 1 again.

The route map that we set out right at the start is the vision. The vision is to make sure that we have sustainable agriculture, are producing food in this country, are improving our biodiversity, are sequestering emissions, are preventing emissions from happening in the first place, and are putting rural communities at the front and centre of all of that so that they can continue to thrive.

Dawn Black: Thank you.

Jamie Langan (South Scotland) (Reform): A recurring theme that we heard throughout the evidence sessions was that, in real terms, there has been a reduction in the budget to support agriculture. If it had kept up with the position in 2000, we would be looking at a budget of £910 million, not £660 million. Is it fair to say that the Government is asking farmers and the agricultural sector to do more and more with less and less?

Jim Fairlie: Nobody can deny that the budget is roughly what it was in 2018, and we cannot deny that inflation has had an effect—that is absolutely clear. That is one of the benefits of Brexit. Had we still been part of the European Union, we would have continued to get the levels of uplift that we were getting in the EU.

As I do not deal with the budget and the budget negotiations, I will pass the question to the cabinet secretary.

The Cabinet Secretary for Climate Action and Rural Affairs (Gillian Martin): Mr Fairlie is right to say that the inflation that we have seen over the past few years in particular has had an effect on this portfolio and this sector, but it has also had an effect on budgets across the Government. Basically, capital in particular is generally worth less than it was before inflation started to rocket in the way that it has. I agree that there were some protections against inflation when we were a member of the European Union.

Despite that and the fact that we are in an extremely challenging situation, we are investing in this portfolio to the tune of £1.373 billion in 2026-27, and we are continuing to provide certainty of agriculture spend. As our farmers, crofters and land managers know—and as the First Minister, Mr Fairlie and I have reiterated—we are investing £666 million in 2026-27 to maintain direct payments to the sector.

We cannot control inflation, and there is nothing in our block grant that means that there has to be an inflationary uplift. If we do not get that, we have to work within the constraints of the money that we are given. We can raise revenue through our own taxes, although we are continually asked by some people in this Parliament to cut them, which would also have an impact on the amount of money that we could spend in all our portfolios.

We are giving certainty to farmers—certainty that farmers in the rest of the United Kingdom do not have—by committing to a budget over many years. Further, our spending review gives us the ability to consider the projections that we are making over that period.

It must be taken into account that any money that is put into this portfolio would have to come from other parts of the Government, following Cabinet discussions around the budget. It is increasingly unlikely that more money will come from the UK through the block grant. We know that the UK Government has made a decision to cut infrastructure investment in order to support defence spending—I think that that is what Andy Burnham has signalled. That could mean that our capital funding may be reduced by about £370 million. However, despite the projections about what the UK Government might do, we have committed to delivering direct payments to farmers, as well as all the other schemes that we have.

There has been inflation, but we try to maintain our spend as much as possible and give certainty to our land managers, crofters and farmers, so that

they can plan. That is not the case in other parts of the UK.

Jim Fairlie: I will add one point to that, convener. The cabinet secretary talked about the unlikelihood of our getting an increased budget from the UK, and we must bear in mind that the UK Government has already Barnettised the support for agriculture. Some 17.4 per cent of the UK budget for agriculture used to be delivered to Scotland, but that has now been Barnettised to roughly 7.9 per cent.

I also point out that we do not control fuel costs, which is a problem for farming. The cost of diesel is a massive problem—in fact, I think that NFU Scotland has just written to the UK Government to ask it to start taking action on that now, because some farmers are clearly in trouble. We do not control factors relating to fertiliser, although our rural support plan and our programme for reform will look at using much less fertiliser as we go through the years, but that is not an immediate fix.

I take on board the point that you made, and, as the cabinet secretary said, we have talked about that issue extensively. We know the pressures that people are under. There are things that we cannot control and things that we can, and we are doing everything that we can to help.

09:00

Jamie Langan: I appreciate that point, and I am keen to stay on what we can control. The cabinet secretary alluded to the fact that the funding is a choice and that money could come from elsewhere. Is it fair to say that agriculture is not a priority for the Government and that other portfolios are?

Gillian Martin: Frankly, that is a ludicrous suggestion. I am saying that we have a finite amount of money to put to all portfolios in Government.

Jamie Langan: It is about priorities.

Gillian Martin: I am not quite sure what Jamie Langan is suggesting. Actually, I am sure, and I refute it completely.

Jim Fairlie: I appreciate that Jamie is new to the Parliament, but the purpose of this committee is to try to find real solutions to the issues that we face. I get that politics are involved, and always will be, but the reality is that we have given certainty and stability to the rural community since Brexit. We did not choose Brexit but, since it came, we have given stability and security. Go and ask a farmer anywhere in the country whether they would rather be under the Scottish Government's portfolio or the UK Government's, and then ask whether agriculture is a priority, and I think that you will get

your answer—it will not come from us. We already know what we are doing.

The Convener: You have both described the challenge and the pressures on the budget. It is clear that the budget is now trying to do more with less money, because it has not increased in line with inflation. Which of the objectives could potentially be challenged by that lack of increase in budget?

Jim Fairlie: All objectives are challenged.

The Convener: Essentially, the budget is being asked to do more with less money.

Jim Fairlie: Yes, and I accept that we would much rather have more money. All of the objectives are challenged and challenging. Members have sat round this table for the past three weeks hearing evidence from everyone telling them that the situation is challenging, and we will not shy away from that. However, we have put in place a route map and a system that allows farmers to come with us and to work with us. We will always look to see what more we can do and how we can move budgets around. I am sure that we will come on to the four-tier structure.

What is the objective of the rural support plan? It is to give people an understanding of the journey that we will be on for the next five years. That stability between now and 2030 is essential. Farmers know what they are getting between now and 2030. There will be things that we will tweak and add in, and we will ask farmers to do more. However, that is as much about getting the mindset to shift as anything else. Over the past 10 years, farmers have heard that change is coming, and people have been arguing about things in various places, so there has not been a coherent vision for farmers to be able to say, “Right. I’m on this—I now understand it.” I mean that from a farmer’s point of view, and not from the point of view of people in here or the stakeholders. I mean people who are on the ground doing the job.

The Convener: Beyond the vision, what objectives could be challenging to deliver with the budget that is available? That is what I am asking.

Gillian Martin: We are talking about the rural support plan, but your question goes a lot wider than that. In the second half of today’s session, we will come on to the budget and objectives of the whole climate action and rural affairs portfolio. There are schemes and funding streams within that portfolio that are outwith the support plan that Mr Fairlie is here to talk about. Some of those funding streams are available to leverage in private capital. We have seen that with the nature restoration fund and the funding associated with peatland restoration and woodland creation, for example. Those streams leverage in funding

through sources of finance that are outwith Government.

In a challenging fiscal situation, we have to be agile and responsive to ways in which we can leverage in money that comes from outwith Government. Government money cannot achieve all of our objectives. With the climate change plan and the biodiversity strategy, we are at the early stages, globally, in looking at how we can leverage in finance from other areas. I have talked about that with the committee previously.

Jim Fairlie: Convener, I want to talk about one other point that you asked about.

The Convener: Is it on objectives?

Jim Fairlie: Yes.

I think that Scottish Land & Estates said in one of the committee’s evidence sessions that, if the budget is what the budget is, we need to ask how it does more to meet the challenges. That is absolutely correct, and that is what will happen between now and 2030. The policy delivery group and I are considering how we make the money work a hell of a lot harder, and that will be based on activity. The activity is the thing that will help us to find the route map and get to 2030 and beyond, when we will be able to see quantifiable and deliverable objectives being met. However, there is absolutely no doubt that we are in a challenging environment.

Laura Mitchell (Moray) (SNP): More generally, on the shape of agriculture policy, in recent weeks and months, there has been a lot of commentary on livestock numbers. Will the minister clarify the Scottish Government’s position on the future of livestock numbers in Scotland?

Jim Fairlie: Hopefully, this is the last time that I, the cabinet secretary or the First Minister will ever have to say this: there is absolutely no policy to reduce livestock numbers in Scotland. We went against the Climate Change Committee’s advice to reduce livestock numbers. We have a voluntary coupled support system in Scotland that people cannot access anywhere else and which protects the livestock sector, particularly the calf sector. We also have the Scottish upland sheep support—SUSS—scheme for the sheep sector. Nothing in any of the rhetoric that has been going round for years has suggested that the Scottish Government is looking to reduce livestock numbers. That is not our policy.

Laura Mitchell: On the rural support plan, you will have seen from the committee’s evidence sessions that RSPB Scotland suggested that it might be best to rip up the plan and start again. What would be the impact of that approach on farmers, crofters and the wider supply chain?

Jim Fairlie: I will try to be careful in what I say, because what we say in committee meetings matters, as does how people receive that on the ground—the people who we are asking to do the job. When we have an organisation that has sat round the table with us for five years and been part of the discussion but then, at the end of the process, comes out and says that we should rip up the plan and start again, that challenges the credibility of what that organisation was saying in the first place. I say that with all due respect.

We have worked incredibly hard to get to the position where we can say, “Okay, we know exactly what the plan is.” We have been round the houses. We have done everything. We have looked at every possible scenario in the past five years, and we have now set out the direction in which we are going. If we were to rip it up and start again, would that result in another 10 years of uncertainty and another period when farmers had no idea of what the end product would look like?

I completely refute what the RSPB said. It is contradictory and it does not help us to go any further forward. The RSPB and other organisations might not be happy that they are not getting everything that they want out of the discussions. As I said in my opening statement, being part of the discussions does not mean that you are going to get everything that you want—not everybody will. The Government, the cabinet secretary and I will take all the evidence that we have in front of us and make the best and most measured decisions that we can. If we get that wrong, we will look to change the system to rectify that.

We have amended some things. For example, with the calf scheme, we did not have a system that would protect smallholders and crofters in the Western Isles. When that was made clear to us and we looked at the evidence, we accepted that we needed to do something. We are prepared to be flexible, because this is not an exact science by any stretch of the imagination. Everything that we are doing has to be tested. We can test it with models and theory but, once it hits the ground, if we find that we have got something wrong, we will try to amend it.

I am sorry, but I simply have no faith in that comment at all. I have to say that I was more than a little bit disappointed—I was very disappointed—when I heard it quoted in the chamber.

Gillian Martin: I reiterate Mr Fairlie’s point that the plan is a living document. Obviously, we need to have a starting point, which is what has been laid out. We will have a period of five years for each plan, but that does not mean that it is static, it sits on the shelf and we just adhere to it no matter what. Technology, thinking and financial situations

change, and world events can have an impact on everything that we are talking about, as we have seen this year.

From my perspective, I have to be agile when looking at the analysis of outcomes that are associated with emissions reduction and biodiversity loss, because we have targets in place in statute that we need to reach. Agriculture is just one area of the climate change plan, but we have a delivery group in Government in which all the cabinet secretaries and ministers who are tasked with delivering on emissions reduction are round the table. Mr Fairlie is a member of that group, too. There are various ways in which we will monitor the effectiveness of all our policies, and we have the agility to be flexible.

Jim Fairlie: We have to take the farming community with us. People have to trust us and we need credibility. People have to buy into the things that we are trying to do. We could try to force them. We could say, “This is the policy and you will follow it.”

One of the most forward-thinking farmers is a lad down south called James Rebanks—I follow him on Twitter. He is doing tremendous work. He is an upland farmer who does fantastic stuff. His criticism of a system that was imposed without proper consultation is brutal. We are determined that that is not the sort of system that we will have. This will be an iterative programme. We will work with the community and, if we get things wrong, we will try to flex. That is the beauty of our approach.

If I remember correctly, there was an awful lot of criticism of the Agriculture and Rural Communities (Scotland) Act 2024 because it was thought to give far too broad-ranging powers. The reason why it gives those broad-ranging powers is to provide the ability to flex and move as situations change. The purpose of the rural support plan is to allow Parliament to scrutinise as we were going along, but the end result is that we have a system in which we can change direction if and when we need to.

It is about delivering a programme. I think that it was David McKay who said to the committee that about 70 per cent of the land that we are asking people to do things on is farmed land. That is the community who we are asking to deliver, and they are the people who we need to get on board. The most crucial part is having credibility among the people who we are asking to deliver.

Emma Roddick (Inverness and Nairn) (SNP): Good morning. I want to pick up on evidence on engagement that we heard from stakeholders in previous meetings. Concerns were raised about uncertainty on what the land, agriculture and nature delivery—LAND—group will do and whether it will fulfil the functions of the agriculture reform implementation oversight board, or ARIOB,

that people thought were positive. Can we get information on the remit of the LAND group and how positives from ARIOB will be continued with stakeholders?

Gillian Martin: I will take that, as I convene the LAND group. We had our first meeting just last week, and we agreed the terms of reference. It was a very good first meeting.

It is a multidisciplinary group. It is not a replacement for ARIOB; it is a separate group with stakeholders that will enable holistic and strategic discussions on the overarching approach to land use in Scotland. The group will offer advice on interaction between sectoral policies that relate to land. It will also look at how we can meet our outcomes in the various strategies that we have in Government, as well as providing economic stability, sustainability and growth.

The membership reflects a range of stakeholders from across land policies and sectors. I have a list here, although I think that I have written to the committee—

The Convener: Not yet.

Gillian Martin: If I have not, I have agreed a letter to go to the committee. There is always a time lag between me saying that something is fine to go and it hitting the committee's email inbox.

We have the Scottish Crofting Federation, Scottish Environment LINK, which represents a great number of environmental non-governmental organisations, Scottish Land & Estates, WWF Scotland, NFU Scotland, the Confederation of Forest Industries, the Soil Association, the RSPB, the Nature Friendly Farming Network, the Scottish Tenant Farmers Association, Woodland Trust Scotland and the Scottish Association of Young Farmers Clubs.

We did not want to have a big unwieldy group, and we felt that some of the representatives—particularly Scottish Environment LINK, which is quite a big membership group—would represent their members. I hope that we have the balance right. We have had only one meeting. If we feel that we need to bring in other expertise on certain areas of our work programme, we will do so. We will be agile with that membership. We had an excellent, positive first meeting in which we discussed the things that we might want to include in our work programme.

09:15

Emma Roddick: I look forward to the letter, which, I think, will address some of the concerns that have been raised. Have any lessons that have been learned from ARIOB been applied in the formation of the new group?

Gillian Martin: ARIOB and the workstreams associated with it continue, so I will pass over to Mr Fairlie.

Jim Fairlie: A lot of lessons have been learned from ARIOB. That is why we have the programme of work in front of us between now and 2030. I listened to the evidence sessions and took on board some of the criticisms, but I do not recognise what was said about a lack of engagement. James Muldoon has a list of our engagements, at various levels, with ARIOB and big groups of organisations of farmers, processors and so on. We spoke to every organisation that we could, but there were differing views. Some people wanted us to go very quickly in one direction, and others wanted us to go very slowly or to not do anything at all. I refute the point about a lack of engagement.

The frustration among stakeholders might come from the fact that they did not get everything out of the engagement that they wanted. ARIOB was not about people saying to the Government, "This is what we have decided you should do—off you pop and do it." It was about getting an end route and getting to a position in which we can deliver the objectives that we have set out. When people have not got what they have wanted, they have taken that as our not having listened to them. We listened very carefully, and we have taken a balanced approach to ensure that—I will always come back to this point—we have on board the people on the ground who will need to deliver our objectives. We do that by ensuring that they buy into what we are trying to deliver.

Andrew Baxter (Skye, Lochaber and Badenoch) (LD): Good morning. Minister, you have robustly rejected some of the evidence from witnesses, including the RSPB—

Jim Fairlie: Could you pull down your microphone a bit? I apologise, but I am struggling to hear you.

Andrew Baxter: Of course.

On that basis, what is your explanation for why, after years of stakeholder group meetings, consultations and policy development, we have reached 2026 with so many of the fundamental questions about the future support system still unresolved in the minds of many of the people who gave evidence to the committee?

Jim Fairlie: I accept the premise of that question, but there is definitely an element of people thinking, "We didn't get what we wanted, so this is not working." As strange as this might sound, I am disappointed that Finlay Carson is not here. He and I had a conversation in which I asked, "What are your genuine concerns? What do you think we haven't done in the rural support plan?" He said something along the lines of, "We were

told that the rural support plan would give us chapter and verse: this will happen by then; this will happen by then; and this will happen by then." We probably did not have a very eloquent conversation, but it was something along those lines. The rural support plan was never designed to provide that. It is supposed to give us the next steps.

The real work is being done in the advanced policy development group, which I set up in the previous parliamentary session to take account of all the learning and some of the frustrations. There was a lot of frustration within ARIOB, because, at times, it felt as though we were going round in circles—we thought that we had agreement and that we were moving on, but then we were back at square 1. That happened for a number of reasons, including who was in the room and what the objectives of individuals or groups were. I accept that that is what happened.

The purpose of the policy development group is to clearly set out the vision, the things that we have to focus on and the assessments that are needed of where those things fit into the whole system. We then need to deliver that.

At our meeting on 16 November, the group will look at three things. We will look at how we define smallholders and small farmers. We will look at activity—let me put on the record right now that, if you are not an active farmer in 2030, you will find that your support will be very limited indeed, as activity will allow farmers to unlock payments for their businesses. We will look at regions, activity and small farmers. When we have bottomed out those issues, officials will say to me, "This is what we've taken from that. These are your options." As soon as I have made a decision, the committee will know about it. The committee will know about it because the people on the ground who will need to deliver what has been decided will know about it, in advance of the change in 2030.

Last year, when I came to the committee to discuss the Scottish statutory instrument on the less favoured area support scheme payments up to 2030, there was a lot of dispute about whether we were going quickly enough. We are doing things in the way that I have described so that people have a full understanding of what is coming in plenty of time before its implementation.

I take on board the deputy convener's point. The policy development group will now do the really hard work at pace to ensure that the committee, the Parliament and, most importantly, stakeholders know exactly what will be coming in 2030.

The Convener: Can you remind us of who sits on the policy development group? Does it have the

same membership as the LAND group, plus NFU Scotland?

Jim Fairlie: No. I will list the members of the policy development group, which I chair. It includes Jonnie Hall from the NFUS; Martin Kennedy; Denise Walton from the Nature Friendly Farming Network; Richard Lockett from the farming and wildlife advisory group; Steven Thomson from Scotland's Rural College; rural payments and inspections division delivery colleagues, because we can sit here, and this has happened—

The Convener: I am sorry to interrupt, but keep going with your list.

Jim Fairlie: Hold on. I have it written down. The group also includes Ian Davidson from the Scottish Land Matching Service; Donna Smith from the Scottish Crofting Federation; and Andrew Moxley, who is a scientist. Government officials will take down the actions—not the minutes but the actions—that come out of those meetings.

The Convener: The policy development group does not include the environmental NGOs and others that are on the LAND group. The LAND group's membership is separate from the membership of that group.

Jim Fairlie: The policy development group includes the Nature Friendly Farming Network and Richard Lockett from the farming and wildlife advisory group. The practical people who are delivering on the ground are the people who need to be in the room. We can come up with policy ideas that sound good, but we need to have people who will say, "Yes, but have you thought of this, because that is what will happen in reality?"

The Convener: Thank you for providing that clarity.

Andrew Baxter: Minister, by the end of your answer, I think that you had acknowledged that there was a significant gap between what stakeholders thought should be included in the rural support plan and what the Government intended to include in it. Is that what you are saying?

Jim Fairlie: No. That might have been what stakeholders wanted or expected, but that was never what we intended or what we told people. I do not think that I ever put on the record that the rural support plan would give chapter and verse on what would come next. If I did, that was on me, but I do not think that I have ever given the assurance that the rural support plan would provide a timetable of exactly when things would be delivered. What I did say about the rural support plan is that it is the next stage of how we go forward.

The other thing about the rural support plan is that it unlocks our ability to move away from the CAP measures and allows us to move to our own system.

Andrew Baxter: So, it is a misunderstanding in relation to expectations and Government intentions.

Jim Fairlie: Those are your words.

Andrew Baxter: Okay. I will stick with the issue of engagement with RSPB Scotland. We heard repeatedly about the amount of consultation that the Government had undertaken, but when we asked witnesses what had changed as a result of that engagement, most struggled to give us concrete examples. The example that you have given us of a policy that had changed is the introduction of the calf scheme. Can you give me some examples of significant elements of the plan that were changed specifically because stakeholders persuaded the Government to change course?

Jim Fairlie: On stakeholders helping us change course, the calf scheme is probably the prime example. We are enhancing greening through the plan. I think that the initial numbers of farmers practising greening were about 2,500 at one time, and I know that, although I cannot remember the exact number, significantly more are adopting greening now.

The ecological focus area requirements were initially based on 5 per cent of the land, and that is increasing to 7 per cent, so that is changing. We had to fight tooth and nail to get that. There are very specific issues in Orkney in particular. We had to take the Orkney issue, look at what is happening there and then make sure that we had included enough options in the system to allow Orkney farmers to take part in the scheme while not losing productivity.

Those are two examples alone. Other things are going on all the time, so if people were not able to give you precise examples, I am sorry, but that is not on us. We are doing the things on the ground that matter. We had a lot of lobbying about the Orkney situation, so we took actions to ensure that Orkney farmers were able to take part in the system and become part of the EFA without it affecting their productivity to the point where they just dropped out of the system.

The biggest issue that we will have here is if we create systems where farmers just say, "You know what? I'm out." We would then have no negotiating position with them and no ability to have their behaviours work in the way that we want in order to deliver the objectives. It is very important that we keep farmers on board.

It goes back to the point I was making about James Rebanks earlier. In England, farmers are coming out of the system left, right and centre because it is just not worth their while. We have to avoid that. We have got to get these people, who are our partners in delivering this, on board.

Jamie Langan: One of the topics that came up quite often throughout our evidence sessions was information technology systems and the frustrations associated with them. Given the other headwinds and challenges that the agricultural sector faces, frustration with those issues is understandable.

I would be keen to hear from the minister what lessons have been learned from previous IT challenges and what assurances can be given going forward that this will not be a lingering issue for the sector.

Jim Fairlie: One of the lessons that has been learned from previous systems is: let us not delay payments. That is essential. You will know exactly what I am talking about. We had a period when getting payments out the door was a problem.

Let me put on the record that the Scottish Government never actually missed those payments and was never given any penalty by the EU during the entire time for making late payments. There was a period when the IT system did not keep up. However, we have stretched every sinew to make sure that the IT system enables those payments to hit bank accounts at the right time. We have brought that forward to the beginning of the payment period. By law, payments can be made between September and June. We start in September and get out as many payments as we can—to the point where that has almost become embedded and farmers expect their payment in September. The reality is that we have until June to make those payments.

We are going above and beyond to make sure that we are helping farmers in the best way that we can. As we change our IT system, work is going on behind the scenes on what I think is called the target operating model. These guys sitting next to me—my officials—are getting on with the hard work of making sure that we can make the transition.

I have heard criticism in the past that we are not doing nearly enough because the IT system is broken. It is not. The IT system continues to deliver funding payments every year, on time and into people's bank accounts, which is exactly what it is designed to do.

As we change it, we will have to make adaptations. We have a fabulous team that is led by Jo. I cannot remember Jo's second name, but it does not matter. She is doing a phenomenal job

of making sure that, as we bring changes forward, she can say, “Yes, but we will need to do it that way.” That work is under way simultaneously. The IT team is working with James Muldoon, and John Kerr has oversight of the whole thing to ensure that we transition come 2030 and beyond.

09:30

The Convener: Dawn, do you want to come in on this?

Dawn Black: Yes. I would like to focus on the four tiers, if that is okay. As you will have seen, generally there was wide support among stakeholders for the front loading of tier 1 direct payments.

Currently, payments are based on acreage. Is there an argument for front loading payments on the first tranche of acreage and then tapering them as holdings increase? Potentially, payments could be capped, too, because smaller producers would then benefit proportionately more than those with larger operations and landholdings.

Jim Fairlie: You have opened up a perfect opportunity for me to—forgive me, convener.

The Convener: A brief opportunity.

Jim Fairlie: A brief opportunity—I am sorry; nothing is ever brief with me.

My idea, which I have tasked our team with delivering, is that we have an army of people from the Borders to Shetland producing food in line with the objectives that we have set out in the plan. The only way in which we can do that is through activity. Front loading and, potentially, capping are all tools that we can use, but the primary focus is on making sure that we have people who are delivering a resilient food system, supporting sustainable communities, delivering for nature and biodiversity, and undertaking sequestration. In addition, all of that must be done through a just transition.

That is why the first meeting that we will have with the policy development group in November is based on the elements that I told you about. We need to determine what the regions are, what activity is taking place and what the definition of a small producer is, so that we can specify how best to support the people who are doing the job on the ground.

Front loading and exemptions may well be part of that, but we will take those issues one chunk at a time and work our way through them. We will build that into the system so that, by 2030, everybody will know exactly what is coming and that transition will happen. However, if people are sitting on huge chunks of land and doing very little for it, we are not intending to pay those people any

money at all, if we can get away with it, on the basis that they are not delivering the activity that the objectives of the 2024 act set out in the first place.

Dawn Black: Good. That is very clear.

On the levels of funding within the four-tier framework, the majority sits within tiers 1 and 2 at the moment. As we move closer to 2030, that will shift to tiers 3 and 4. Nature restoration and climate action fall under tier 3. If we want to encourage those aspects, is there an argument for starting the funding transition a little earlier to ensure that people who are making that journey—and those who are already on it and doing those things—receive the benefit of it?

Jim Fairlie: No, I do not think that that should happen at this stage, because we have given assurance of stability and certainty between now and 2030.

Tier 2 will end up doing a lot more. How we allocate funding across the tiers—dare I say this on the record?—is almost irrelevant. The end journey is the most important bit. How we shift money between the tiers will be very important at the time that we are doing it, but the timescale for that, and how much money goes into the individual tiers, is not as important as what we are trying to address. How can we do that? We will then use the system that we have put in place to adapt to that situation.

We need to put a lot more money into—farmers will hate me saying this—continuous professional development. The very phrase makes people’s blood run cold. However, CPD is about how we learn to do things differently. When someone is considering how to change the way in which they have done things for the past 25 years, they might think, “I do not like this change and I do not feel comfortable with it, so how do I do that?”

It is not about sitting in a classroom with spreadsheets in front of you; it is about how we create opportunities for farmers to speak to other farmers one to one, where their peers can tell them, “We tried this and it works.” That is why it is important for us to have Denise Walton and Richard Lockett on the policy delivery group and why we will ask people to look at what Dee Ward, Tom Bowser and Johnnie Balfour in Fife are doing.

Gillian Martin: I would like to add to that—

The Convener: I would like to come back in. When will the certainty on the funding, the tiers and the plan be delivered by the Government? We have a direction of travel, but it is not clear what will be in the plan from 2030, or whether the budget split from 2030 will be part of the long-term plan or might change as the policy develops during the parliamentary session. The committee needs to

hear when the plan and the costed tiers will be available to us so that we can see the shape of the transition over time.

Jim Fairlie: I do not think that we should ever set in stone how much money will be allocated to each tier. We have to have the ability to monitor what is happening and see where changes are being made, so that we can put more money into different areas and take money out of other areas if we need to. That is the purpose of the tiered system, because it gives us the ability to put money in and change people's behaviours.

The Convener: How does that deliver certainty? If a farmer is looking to plan for the long-term—perhaps they are doing a landscape-scale restoration project with their neighbours, or perhaps they want to change their business model—they will need access to support and advice and will need to know that the budget is available. How do you—

Jim Fairlie: But you will know—

The Convener: Hang on a second, minister. Can I finish my point, please?

How does a farmer know that they will have long-term certainty for those tiers beyond 2030, so that they can bid into the funds successfully?

Jim Fairlie: There will be long-term certainty. As I have said a couple of times, between now and 2030, the policy delivery group will come back to the committee to say, "This is what we have done on regions, on activity and on the various other things." Come 2030, the group will have looked at a range of issues. When people go on to the interface—I hate the phrase. When they go on to their computer to make a claim under the integrated administration and control system, there will be an opportunity to have drop-down boxes that they can go into and out of to say, "I can do this over here and that over there," which is why we need the flexibility. Every farm will be in a different place and will have a different destination that they want to get to. Every farmer will have the ability to go into the system and say, "In tier 1, we get this amount of money and in tier 2 I can pull this from here to there." The system will allow farmers the flexibility to be able to go on the journey with us.

The Convener: How would you plan to do that now if we do not have certainty on what will be available in the different tiers?

Gillian Martin: Budgets are negotiated year on year. We go into budget negotiations with certainty about the commitment for what will be in the agriculture portfolio, which is £660 million for this year. We want to be able to maintain that.

I also want to talk about the AECS budget—apologies; I have fallen into the trap of using acronyms. The agri-environment climate scheme promotes a lot of the land management practices for tier 3 that I think Dawn Black alluded to. We have already said that that will increase in the five-year period from £106 million this year to £151 million in 2030-31. The trajectory has already been set out. No other part of the UK has that multiyear certainty. We are constantly monitoring the outcomes that are associated with the payments and everything that is associated with what we want the outcomes to do, and we are able to be agile and shift money around in the portfolio.

Some of the budget lines that I deal with are demand led. There will be periods when the demand is not there for one scheme and so I will be able to move funding into a scheme for which there is demand and which will have outcomes that relate to emissions reduction, carbon sequestration, stemming biodiversity loss or any of the other good practices that we want to see on farms. We have the agility to do that. I would be a hostage to fortune if I were to say, "We are going to do X amount in tier X in this year," because things will need to be adapted to the analysis of the outcomes.

The Convener: Can we take from that answer that the funding is flexible and moveable, and that budgets may change from year to year? You have offered some welcome certainty about AECS funding and put a figure and timescale on it, but everything else is dependent on budget negotiations between parties in this Parliament. Does that not leave ordinary farmers and land managers in a situation in which they feel a bit uncertain? They will be asking, "Should I lobby somebody?"

Gillian Martin: That is absolutely not the case, because we have already provided that certainty in the rural support plan. That plan is in effect a framework that we will use to underpin what goes into the various tiers and also the other funding streams that land managers, farmers and crofters can apply to. We can be agile in shifting money around when we see more demand for one particular area and less demand for others—I can do that in year.

Jim Fairlie: Let me try to clarify this point, just in case I am not understanding something. You are talking about farmers having certainty between now and 2030 so that they know what is coming with changes in EFAs and so on. However, the message that should come out of this evidence session—the message that I, the cabinet secretary and the First Minister will be delivering—is that farmers need to start engaging with the process. We have made it as simple as we possibly can so that, between now and 2030, they can understand

what is coming. As we make decisions, we will tell them what will happen come 2030, and they will need to be engaged by then—there will be a requirement for the farming community to say, “This is the system and I am going to engage with it.”

Because the budgets will be within the four-tier criteria, the system will then enable farmers to pick the bit that suits where they are at any particular time. The baseline on one farm will be completely different from the baseline on another; the baseline for an East Lothian farm will be completely different from that for a croft. People need to be able to pick and choose from the four tiers what they need at that particular time, which will allow them to build resilience into their personal businesses.

Andrew Baxter: Minister and cabinet secretary, you have told us on several occasions that there is certainty, but numerous witnesses have said that we are heading towards a cliff edge in 2031. The minister said that we will know what the plan is by 2030, but we will be at the cliff edge by then. What is the timetable for the plan? Will it be—

Jim Fairlie: I am sorry—

Andrew Baxter: —by next year, or by 2028?

Jim Fairlie: I am sorry, but I refute that point entirely.

The Convener: Minister, you will need to go through the chair. We are in a committee of the Scottish Parliament—

Jim Fairlie: My apologies. Okay, I will go through the chair. I refute—

The Convener: Minister, I am asking you to go through the chair. Andrew Baxter, please finish off your question, and then we will come to you, minister.

Jim Fairlie: I apologise.

Andrew Baxter: To be fair to the minister, I had finished my question.

The Convener: Right. I call the minister.

Jim Fairlie: I refute the claim that we will be at a cliff edge by 2030. As I have now explained on a few different occasions, advice will come back to me as we go through the policy development programme with the people who will be in the room. As soon as I have made a decision, the committee and, therefore, the farming community will be told. There is a meeting on 16 November, and there will be continuous meetings over the next three years in order to consider all the stages that we will need to change, adapt and make workable for people on the ground.

That is a process that we will go through across the next three years. It will not change how farmers make their claims just now—that will stay as it is. It is a signal to farmers that, come 2030, we will be working to that programme, and here is how they will be able to access it. However, they have certainty between now and 2030.

That work is going on behind the scenes. There are two ways in which we could do this. I could come back to the committee in 2030 and say, “Here it is: here are all the answers to all the questions that you have had over the past three years, and here is the finalised document. You now just need to get on with it”, or we could make the decisions, lock it down and then say, “This is the decision that we have made on regions. Come 2030, this is what regions will look like. This is the decision that we have made on activity. Come 2030, this is what activity will look like,” so that people know what that is and can start preparing in advance.

09:45

I have made the decision that that is how we will do it, in order to give people an understanding of what is coming, but between now and 2030, the system that we have in place to give that certainty is staying exactly where it is. There might be some minor changes, such as an additional calving index or an additional EFA, but they are not massively important to the bigger change that will come in 2030.

Laura Mitchell: I will come back to direct payments, which were a big part of the discussion during our engagement sessions. We heard from the Scottish Tenant Farmers Association that the direction of travel in England, where they have been phased out, has been catastrophic. Will the minister set out how the Scottish Government intends to use direct support through the rural support plan to drive food production and give farmers the certainty that we have talked about?

Jim Fairlie: I hope that people are now beginning to fully understand what we are doing. I understand that the tenanted sector has different concerns, but that is more about what it is able to do. There will be areas in the Land Reform (Scotland) Act 2025 and in the implementation of some of the regulations that are coming forward that will allow those protections. That is probably not an issue around the rural support plan—that is probably about land tenure.

Laura Mitchell: Sorry, I meant in England.

Jim Fairlie: Yes, absolutely. I do not like to do this, because it sounds political, but I do not mean it to be. If we look at what happens when schemes are not worked through carefully with full engagement, and the people who are being asked

to deliver are not part of that process, we find that it is catastrophic, because people drop out of the system. That is why we have done it in the way that we have done it—it was always about co-ordination between the Government and the sector.

I think that we have done that well, or we would not be in the position that we are in just now of understanding where our issues are and how we are going to try to tackle them. It will be difficult to tackle those problems. There is no question about that, but that will be the work of the policy development group and officials, so that they can come back and say, “These are the really knotty problems that we have. These are your options, so you need to choose one of these, and then we will come back and deliver that certainty.”

To go back to Andrew Baxter’s point on the three-year period between now and then, if people do not know about it now, they are not listening. I read the farming press on a regular basis. The change has been trailed time and again. I am glad that the committee has held this evidence session, because it will, I hope, bring the focus of everybody who is involved and everybody who gets a payment to the fact that this is changing and that it will be changed by 2030. If you do not understand that by then, that will be on you, not on the Government.

Laura Mitchell: What is your position on the importance of direct payments to drive food security?

Jim Fairlie: It is vital. We must make sure that we have a resilient food system. The first objective of the 2024 act was to make sure that we have a resilient food system in Scotland that allows us to give stability to the economy in rural areas and deliver the food that we want to see on our plates and in our shops. That is the backbone to everything.

The Convener: I want to pick up two areas where there has been consensus among stakeholders. It is important that the Government listens to their views. One is on whole farm plans. We have heard a lot of evidence that whole farm plans are perhaps less useful for farmers and land managers than they could be, and there are concerns that they might just be an expensive box-ticking exercise. That said, they could also be transformational in supporting farmers and land managers to develop new business plans and meet new objectives.

The other aspect relates to tier 4. Many stakeholders think that tier 4 could do a lot more to support rural communities and help train farmers. It has the potential to produce better whole farm plans and enable more co-operation.

I am interested in your thoughts on those two areas where there is consensus. You often focus on perceived division between stakeholders, but there is consensus on tier 4 and whole farm plans.

Jim Fairlie: You have pre-empted me. I was hoping to return to the points on which there is agreement. Whole farm plans are useful, as they allow farmers to understand their own baselines. However, I understand that they might feel like a burden too far, particularly for smaller producers. The policy development group will consider that.

The whole farm plan allows a farm-scale baseline so that farmers know exactly what is happening on their farm. The most important things are soil and water—that is it. If the soil is right, you can pretty much know that you are going to put a resilient food system in place. When a farmer does the whole farm plan—getting soil analysis and biodiversity stuff done, making sure that they have an animal health and welfare plan in place—that gives them stability to know what is happening on their farm and consider how to improve things and move on.

The reason why it has become a bit of a box-ticking exercise for some people is that they have not seen the direction of travel or what is coming next because they switched off and stopped engaging. That is why it is important that everybody switches back on. Whole farm plans are going to give farmers the ability to better understand what is happening on their farm and what the situation might look like in 2030 if they do not take the action to change.

The Convener: Are you in listening mode when stakeholders say that they get the concept of whole farm plans but do not see the route from the whole farm plan to a practical fund that could help to enact it?

Jim Fairlie: One hundred per cent we are listening. We will do everything that we can to engage so that people understand why the whole farm plan has got value and what it does not only for individual farms but for Scotland agriculture plc. It allows us to know what our issues are across the country, where our biodiversity could be improved and where our soil quality could be improved. Those things are vital in building the ability for us to get the badge that says that we are world leading in regenerative agriculture.

The Convener: What about tier 4?

Jim Fairlie: The views about tier 4 are right. We need to work out how to use funding there, because when a farmer switches on, wants to know more about this and wonders who they should speak to and where they should go, that is where tier 4 will come into its own. We need to ensure that funding is available so that farmers go

to the right people who can deliver the right advice in the right way. That will mean that farmers can take it on and implement the things that they need to on their farm.

The work that is being done by Johnnie Balfour, Dee Ward, Tom Bowser and all the others is important. We are going to speak to those guys about how they changed their systems, and they can provide examples. There is also the work that Denise Walton is doing. I was at Denise's not long ago. We need to consider how these people work and engage with them to find out how to change.

When farmers think, "God, I cannot do without fertiliser," those people can say, "You can, if you do it this way. This is what worked for me. You might have to tweak it a wee bit on your farm, but it worked for me, so maybe you should try it." Not everything will work first time. People will make mistakes and things will not happen in the way that farmers anticipated, but every farmer knows that that is what working with nature is like.

There is value in tier 4 and the whole farm plan. They can get us from where we are to where we want to be.

The Convener: Laura, back to you.

Laura Mitchell: I am out of questions for now.

The Convener: Okay, Andrew Baxter.

Andrew Baxter: I have lost my place in the papers, convener.

The Convener: We have some questions on front loading or active farming. Are there other aspects that we want to explore?

Laura Mitchell: I do have some questions on those.

The Convener: Okay, Laura, I will bring you back in.

Andrew Baxter: Sorry about that.

Laura Mitchell: During our evidence sessions, there was consensus that any system needs to be based on activity and productivity, but there was no clear agreement on what activity is and what an active farmer is, which you touched on earlier. I am interested in your thinking on how we get to a definition. Do you think that we can get to a point where we can get agreement on a definition? How quickly do you think that we can do that? NFU Scotland told us that that is an urgent and critically important issue, so I am interested in where things are on that.

Jim Fairlie: The reason why activity is on the agenda for the next meeting of the policy delivery group that I am chairing is to do exactly that. We will get that definition pinned down. We must bear in mind that the first principle of the 2024 act is to

produce food. How do we produce food in a sustainable way that works with nature, allows us to reduce our emissions and creates biodiversity gain? That is the purpose behind the legislation, but the activity and resilience of farm businesses must be front and centre in that, because they cannot do the things that we need them to do if they are making a loss as they produce the food that this country needs. To me, the issue is clear and simple. The question of how we define the term might be trickier, but we will work on that behind the scenes and I will come back to the committee as soon as we get that pinned down, so that the committee understands that as well.

Andrew Baxter: Apologies for earlier, convener. I am back on track now.

When we raised front loading with witnesses, there was remarkably broad support for the principle across organisations that disagree on quite a lot else. Is the Government actively pursuing that as a policy option?

Jim Fairlie: We will look at every available lever that we have in order to get the best value for every pound that we spend. If that means that front loading comes out as the most effective way of doing that, that is what we will do. We will look at various opportunities to make the money that we have go further. As we said earlier, the budget is not as high as we would like it to be, so it has to work a hell of a lot harder. That might mean front loading, it might mean capping—all those things are in the mix. We will hammer those things out. We will have the agreements, disagreements and squabbles within the policy delivery group that will enable us to come back with answers that will then be locked into what the 2030 system will be. However, front loading is definitely on the cards.

Dawn Black: I have a question about eligibility for support schemes. Some sectors, such as horticulture and market gardens, are currently not supported, often because they are under the 3-hectare minimum area requirements. Could those areas be considered for inclusion? I also note that pig and poultry sectors are not supported, whereas sheep and cattle operations are. Pigs and poultry operations might not take up as much land space, but they are still valid operations and contribute a lot to our economy. Do you think that those could be brought into the schemes?

Jim Fairlie: Operations in the pig and poultry sectors can make claims if they have eligible land. Those operations have chosen a particular type of farming that is unsupported and are not looking to get support in the same way as other farmers are. However, they can make claims on other areas of land if they are eligible to do so. Operations in the pig and poultry sectors are more likely to look for one-off capital investment-type support rather than

the kind of support that we see in the sheep, cattle and arable sectors.

The pig and poultry sectors have not been forgotten about by any stretch of the imagination: as you know, the cabinet secretary found £2 million to help the pig sector, which has been going through a very difficult period in the last wee while. However, the pig and poultry sectors are in a separate box from other sectors, although operations in those sectors can make claims as long as they have eligible land.

On the eligibility of smallholders under 3 hectares, one of the other things that we are looking at is how we define what a small producer is. Again, that will be addressed in our first policy development group meeting. We want to define what a smallholder is and think about whether there is a way to support horticulture operations under 3 hectares. We would need to be careful about that—I am going to be dead straight about this. If we are talking about a diluted and smaller pot of money, we need to think about how we would support them on a continuous, ongoing basis without stopping funding other things, given that we have a fixed budget. That said, there are things such as the small producers pilot fund, which puts money into the learning and development that small producers are looking to do.

I am open to finding ways to support anyone who is growing food, supporting our work on biodiversity and emissions and creating stability for communities. I am open to helping with all of that, but we have to work within the confines of a budget that, as we have already agreed, we would like to be greater.

The issue is certainly not off the table, but I have to be honest that the current requirement for eligible operations to be 3 hectares or above is probably the one that will gain more traction in terms of the ability to fulfil the objectives that we are looking at. Of course, there may be other ways in which we can support smaller producers over and above that, but I cannot promise anything in that regard.

10:00

Dawn Black: I am glad to hear that, because there are some really good local market gardens that are doing a lot of good and are contributing to their communities' local economies. I think that we ought to be looking at the issue of eligibility, but I accept that what happens will be determined by the criteria and how those operations fit into the grand scheme of things.

Emma Roddick: I want to ask about animal health and welfare. Why is it listed as a sub-outcome rather than an outcome in the plan?

Jim Fairlie: I do not think that it is a sub-outcome. It is intrinsic to everything that agriculture in Scotland is about. Whether we are talking about sheep, cattle, pigs or poultry, everything comes back to animal health and welfare. The whole farm plan requires farmers to have an animal welfare programme. We have probably the highest animal welfare standards in the world, to use the Carlsberg way of saying that. The issue is intrinsic to what the Scottish industry is not only required to do but proud to do, because it gives us a global standing as being one of the best countries in the world for livestock production. I do not accept that it is a secondary thing. It is front and centre of what we are in relation to agriculture in Scotland.

Emma Roddick: I am not quite clear, then. Is that a mistake in the document? Is it something that is going to be changed? I am looking at it now, and the outcome is "High Quality Food Production", and "Animal health and welfare" is listed as a sub-outcome of that.

Jim Fairlie: Okay, maybe there is a drafting issue there, but that certainly does not dilute or diminish the requirement that the Government places on the industry—and which, to be perfectly honest, the industry places on itself—to make sure that animal welfare is front and centre in everything that we do.

Emma Roddick: One thing that came through in the evidence was the need for capital funding to address some of the bigger issues in animal welfare, such as replacing farrowing crates. Is that something that you are aware of and interested in taking forward?

Jim Fairlie: We are certainly aware of it. As Emma Roddick will be well aware, there are ongoing consultations about farrowing crates and hens. We will have to wait and see where that goes, because we could be talking about an investment of sizeable chunks of money if there were a requirement across the four nations to do what comes out of those consultations. We will have to pick that up once the consultations are completed and the analysis has been done.

Emma Roddick: I have a final question on what is missing. I think that there was the expectation that there would be more information around support for market gardens, which Dawn Black mentioned, and fuel crops. Where is that detail? Is that coming in a future revision of the plan? Is it going to sit somewhere else? When can the committee expect to see it?

Jim Fairlie: As I said, the plan is an iterative process. It is not set in stone. The new plan that will be produced in five years' time will set out the next stage of how we go forward.

On fuel crops, I was at an interesting event the other day where people were talking about hemp. You do not eat it, but it certainly has value in terms of what it does to soil structure and what it can be used for. Things like that will come up as we go through the process of working out where the funding is going to go. However, I see no issue with farmers growing a break crop that is not necessarily food, as long as it is doing biodiversity good and enhancing the soil.

Andrew Baxter: You clearly dated yourself with the Carlsberg reference, minister, although it probably bypassed the younger members of the committee.

The plan is called a rural support plan, and one of its five outcomes is “thriving rural communities”. However, Scottish Rural Action told us that the plan “does nothing” to properly integrate agriculture with the communities around it. Do you agree with that assessment? I suspect that you do not. If you do not, how do you see the rural development and rural communities element fitting in the agricultural support element of the plan?

Jim Fairlie: I find it a strange assumption that farmers are not part of their rural communities. They are integral to those communities. Farmers pay an awful lot of money to pubs, garages, shops, post offices and all the other things that create rural communities. They are probably the guys or women who clear roads during heavy snowfall or remove trees from roads when there is windblow. Farmers are integral to rural communities.

However, funding is available—I cannot remember what we call it, but the cabinet secretary will know the name—to support rural communities. The assessment that Andrew Baxter mentions almost means that farmers are separate from rural communities, whereas I see them as a huge part of rural communities.

Gillian Martin: A number of streams of funding are directly applicable to community cohesion and community work, on top of everything that Mr Fairlie has said about how farming can be the linchpin for a lot of activity. When we left the EU, we left behind LEADER funding and we therefore brought in community-led local development funding. In this year’s budget, just over £9.3 million is associated with that. Since we lost LEADER funding, there has been about £55 million in the fund and around 1,300 local community groups have benefited from it. During the summer, Mr Fairlie and I went all over Scotland and saw examples of where that has been used.

There are additional funding streams that support community development. We have the carbon-neutral islands scheme. A lot of the money in that is used for improving infrastructure, such as retrofitting housing stock that has become damp

and unliveable by installing heat pumps and better insulation. Many things that are integral to resilient communities are outwith the rural support plan and in different funding streams in the budget lines that I am in charge of.

Andrew Baxter: Thank you for raising the community-led local development fund. What are the Government’s long-term plans for that fund? Will you commit to putting it on a genuinely multiyear footing, rather than expecting community organisations, which often rely on that funding, to operate from one annual funding decision to another?

Gillian Martin: That is always the issue when Governments have yearly budgets—you often cannot commit multiyear funding. However, you have my assurance that, in the budget negotiations, I will prioritise areas where I see funding that is doing great work and having outcomes above and beyond what we initially thought. I would say that CLLD funding is one of those pots of funding. I have seen many projects, even in my constituency, that are making a difference to vulnerable people. In my constituency alone, funding has gone into a circular economy social enterprise that gives employment and training to adults with learning disabilities. To namecheck it, it is called Wood Recyclability. That is just an example.

During the summer, I was in Tiree, where CLLD funding has been used for a leisure centre that also provides childcare and enables people to come together in the winter months. There is also a gym, which is the only one on the island. That helps with community cohesion, particularly in an area where there are dark winters and very little to bring people together, and there is social isolation. That is hitting quite a lot of objectives beyond anything to do with economic development. It is bringing social cohesion in many ways. I feel strongly that the CLLD fund is important.

Jamie Langan: I welcomed the minister’s comments earlier about livestock numbers. I do not want to rehash that issue, as he has made it clear that he does not want to speak about it again. However, that seemed slightly at odds with reported comments from the cabinet secretary at the Climate Action Committee in September. My question is more for the cabinet secretary. Given your title and brief, how can you reassure farmers that, to you, agriculture is not just a tool for the climate change and environmental agenda but is a separate stand-alone priority for you and the Government?

Gillian Martin: First, I do want to talk about livestock numbers. I have wanted to talk about livestock numbers every time I have been asked about that. I feel very annoyed that I was

misrepresented in the way that I was. As soon as the Climate Change Committee gave advice to the Scottish Government that we should have policies in place to reduce livestock numbers as part of our climate change plan and our carbon budgets, I, along with the former cabinet secretary, Mairi Gougeon, and the First Minister, immediately said that that was not an option for Scotland.

First, that is because we do not want to offshore our emissions and import food that we could grow here. There are many other ways in which we can reduce emissions on farms that have nothing to do with livestock numbers coming down but are about how we farm, feed and look after the animals.

I want to get this on the record once again: we have no policies in place to actively reduce livestock numbers. This will not be the last time that someone tries to get me to say otherwise. I accept that people will be political about the issue but, when people are political about it and put out misinformation on what I or anyone else has said on the issue, that damages the confidence of farmers and affects people's mental health. That was what I was hearing. I had to refute that point in talking to farmers in my area, who knew that I had not said it but who thought that it might be a prospect.

I am on the record countless times on that issue. There is no mutual exclusivity between farming well to produce food and doing so in a way that can reduce greenhouse gas emissions and improve biodiversity. In fact, that is the key to those objectives.

The Convener: Time is tight, so I will move on.

Cabinet secretary, you will be aware that, in the previous session of Parliament, our predecessor committee found it difficult to scrutinise the climate change plan, because there was no certainty on plans or programmes and what they would deliver for the agriculture sector. We now have the rural support plan in front of us, but many stakeholders have told the committee that they still lack certainty on what individual programmes will deliver, not just between now and 2030 but beyond that, when we will be in the middle of making what I imagine will be pretty challenging decisions on how we cut emissions leading to net zero. Do you have reflections on what certainty can be provided now on what the Government's spend will do to help achieve the climate change plan?

Gillian Martin: My reflection would be that the climate change plan sits at the top and is underpinned by a number of strategies across lots of portfolios and sectors. Obviously, the climate change plan draws on the wider agriculture reform programme and the rural support plan, which you have heard a lot about today, as well as other strategies such as the land use strategy. As they

are combined, they provide a coherent structure in which we can see that we will have sustainable regenerative agriculture and deliver on the policy objectives in the climate change plan. We also have woodland creation and peatland restoration strategies as well as the biodiversity strategy. In effect, all those strategies underpin the climate change plan. Land use more generally—not just agriculture—has a huge part to play in a number of streams of work.

10:15

From memory, we made a couple of changes to the climate change plan as a result of some of the predecessor committee's recommendations. We expanded some information on the support that is available for various workstreams, such as woodland creation and agroforestry. Wider land use diversification was one of the committee's asks. We provided more detail on agricultural reform and we have been through quite a lot of that information today. Once again, we clarified our position on livestock policy and we added more detail about agriculture mitigation measures and the associated emissions reductions.

The Convener: Why are stakeholders saying that there is still no clarity about whether the plans and policies add up? You are describing the tiered nature of the climate change plan, the rural support plan, and the stuff at the bottom, which is about achieving things, but does that all add up? Where is the transparency on what spend delivers in the reduction in climate emissions?

Gillian Martin: We will do that analysis year on year. The Government's delivery group will look at how effective our spend is and what it is delivering in every portfolio. There are a number of workstreams that will do the analysis. I wanted to strike a balance in making the climate change plan readable and usable without being unwieldy and having too much information, which is why we included sectoral annexes. Your predecessor committee suggested that some parts of it could have included more detail. The climate change plan is a large document, but it is underpinned by a series of other policies and work that is being done throughout the Government and by sectors. I hope that it provides clarity but, if it does not, you can write to me and ask for that.

Jim Fairlie: As an example, we introduced a 410-day calf scheme. I do not know whether we have written to the committee about that, but we will provide it with a copy of our analysis report, which shows that the policy has reduced emissions in year 1. We might go further, but there will be ongoing benefits from the policy. We are looking at the genetics of the cattle that produce less methane, how we feed cattle to reduce

methane, and how we can reduce emissions from agricultural machinery.

The cabinet secretary has described the overall picture, but every portfolio across Government is looking at individual areas to consider what can be done. We are doing a number of things in the agriculture sector. For example, peatland restoration will help us to sequester carbon, and we will still be able to allow farmers to graze the land, because we know that there are systems in place. The name has gone right out of my head, but some farmers are grazing peatland that has been restored.

At this stage, I do not think that it is possible to say, "This and this makes that, which will add up," because those are all projections and models, and the work is ongoing. We can see how each scheme functions and we will continue to do that.

Gillian Martin: Can I come back in on that point?

The Convener: We are a little short for time.

Gillian Martin: I have one sentence to add. The whole farm plan will give individual farms an assessment of how they are contributing.

Laura Mitchell: Much of what we have talked about is about delivering a just transition for farmers and crofters and ensuring that they are not left behind. I am interested in the Government's views on how the rural support plan will ensure that there is a just transition and what a successful just transition would look like in five or 10 years' time.

Jim Fairlie: I hope that what we have been talking about this morning will have provided an understanding of what the just transition will look like from our point of view. Things will not change dramatically between now and 2030, but I say to anyone who is out there listening to this, "Please pay attention to what is happening, because these changes are coming and you need to be aware of them and be prepared." We will deliver as much information as we can, so farmers need to know what is coming and be prepared for it. Farmers should do the whole farm plan, understand what their farm needs and get the ineffective cows out of their system. They should do the things that they need to now in order to get their baseline to where it needs to be so that they can take advantage of all the other funding streams that will be available in tiers 1 to 4 when we get to 2030.

That is what a just transition will look like in practice. It will deliver a long-term and resilient agricultural sector that keeps rural communities in Scotland producing food, delivering for biodiversity and sequestering the emissions that we produce while growing food—that is the panacea and the golden ticket that we are aiming for. I encourage our farming community to pay attention to where

we are right now and to get engaged in the process.

The Convener: Thank you. We will now take a short comfort break and allow for a changeover of officials. We will resume as near as we can to 10.30.

10:21

Meeting suspended.

10:30

On resuming—

Pre-budget Scrutiny 2027-28 and Programme for Government

The Convener: Item 3 is an evidence session with the Scottish Government regarding pre-budget scrutiny and the programme for government. We have about an hour and a half for the discussion, so, as always, I would be grateful if questions and answers could be succinct. The committee agreed to conduct our pre-budget scrutiny throughout the introductory sessions that we have held over the past few weeks on the different topics within the committee's remit. This is our first chance to discuss with the Scottish Government the announcements that were made in the programme for government regarding the rural affairs remit.

We still have with us Gillian Martin, the Cabinet Secretary for Climate Action and Rural Affairs, and Jim Fairlie, the Minister for Agriculture, Marine and the Islands. For this evidence session, they are supported by the following Scottish Government officials: Sean Neill, director of energy and climate change; John Kerr, head of agriculture policy; and Clare Morley, climate action and rural affairs portfolio finance lead.

I remind everyone that they do not need to operate their microphones, because the broadcasting team will do that for them. I understand that the cabinet secretary wants to make a brief opening statement.

Gillian Martin: Thank you for your indulgence. I want to set out some of the things in the programme for government and our priorities. We are focused on ensuring that our rural and island communities thrive by supporting sustainable growth, tackling climate change and nature loss and creating opportunities for future generations across Scotland. That is demonstrated through our delivery of the 100-year programme—sorry, the 100-day programme. Well, people were asking for certainty.

The Convener: That would certainly be ambitious.

Gillian Martin: We have delivered the first phase of the £10 million islands resilience fund, which supports economic resilience and investment in our island communities. We are progressing our new national islands plan, which supports population retention and sustainable growth and ensures that islander voices are heard and understood across the Government.

We are committed to implementing the Land Reform (Scotland) Act 2025, starting with the

appointment of a new land and communities commissioner to support a fairer, more transparent and inclusive system of land ownership and use. We have started work on a rural renewal bill to enable economic growth in rural areas. As we heard in the earlier evidence session, we will support active farming and food production through direct payments.

Over the next four years, we will invest £110 million in peatland restoration in order to increase biodiversity, store carbon, strengthen resilience to wildfires, floods and drought, and support jobs in rural and island communities.

We are continuing to invest in forest and woodland expansion. This year, we have a woodland creation target of 12,000 hectares, and the target will increase annually until we reach 18,000 hectares by 2029-30. We are committed to achieving 21 per cent woodland cover in Scotland by 2032.

We are maintaining support for organisations that tackle rural mental ill health and youth loneliness. We will continue to support Scotland's valuable fishing, seafood processing and coastal communities through the marine fund Scotland. We will take action to support wild salmon populations, consult on fisheries management measures for marine protected areas, support local food producers to strengthen food resilience, support sustainable agriculture, restore our peatlands and help rural businesses to grow.

We aim to ensure that rural and island areas remain vibrant places to live, work, invest in and retain young people. Over the coming year, we will continue to work closely with our community stakeholders, local government and this committee. Rural and island proofing is central to our approach, which will ensure that policy and investment decisions reflect the needs of Scotland's diverse rural and island communities.

I look forward to questions on all the above issues and more.

The Convener: Public sector reform is a major theme of this parliamentary session. A number of the proposed reforms sit under your portfolio, and one of them is the potential merger of Scottish Forestry with environmental bodies. How certain is the Government on that direction of travel? Has the Government considered the experience of similar mergers in Wales?

Gillian Martin: I will be honest with the committee: I have not yet come to a decision on Scottish Forestry. In the programme for government, we committed to bringing together NatureScot, the Scottish Environment Protection Agency and Zero Waste Scotland into an overarching body. The word "environmental" does

not preclude all those agencies and organisations from doing the other work that they do. For example, there is a huge commercial and economic growth aspect to the work of Zero Waste Scotland, and none of that will be diluted. In fact, I hope that that work will be enhanced, because the savings on back-room functions as a result of bringing together the organisations could be diverted to improving outcomes, with funding released for the core functions of all three bodies. I hope that they will be able to do more and collaborate more closely.

You referred to Natural Resources Wales. We will not follow a blueprint that has not been as successful as was hoped. Why would we not learn the lessons from that?

I reiterate that I have not made up my mind on Scottish Forestry, because that particular body is operating very well. Through its work, it is crowding in a lot of private investment—in the same way that Zero Waste Scotland does—in woodland creation.

I am looking at how Scottish Forestry operates. I am becoming a bit predictable in setting out three tests for me, my officials and those with whom I am working on public sector reform. First, will the change improve the bodies' operations and deliver better outcomes? That covers the retention of skills, because that is part and parcel of the first outcome. The tests are all equally important, but if the answer to whether the change will improve outcomes is no, we have a problem.

The second test is whether the change will reduce duplication of effort or enable back-room functions to be shared, resulting in money being saved to be spent on the first objective. I am asking my officials and those from whom I am taking advice to answer that question.

The third test is public facing. Will the change make it simpler for clients, members of the public and those outwith those organisations to access their services? One of the criticisms of the public body landscape—this applies not only to my portfolio but across the Government—is that there are too many public bodies and that members of the public are confused about where to go. If they are confused, that is inefficient, because more effort is required to find the right place—the one front door.

I am applying all those tests. I did not feel ready to commit in the programme for government to anything regarding Scottish Forestry, because I have not been able to satisfy myself on those three points.

The Convener: When representatives of the industry, including the Woodland Trust and the Community Woodlands Association, were in front of the committee the other week, it was quite

striking that there was unanimity on the concerns about a potential merger. One of the witnesses said that they did not believe that any of the key tests that you have laid out could be answered right now.

I am interested in how you will progress the work. In the earlier evidence session, we talked about the need for certainty, for us to take sectors with us and for the pace of change to be right. It feels as though the pace of change in this area is alarming the industry, and the message that we are getting from Confor and others is that the change could affect investor certainty. As you know, the forestry sector involves massive capital investments, so certainty is needed if investors are to make their investments. I am interested in your reflections on the pace of change and whether you believe that, at this point, the sectors support the move.

Gillian Martin: Yesterday, Mr Fairlie and I had a really good round-table meeting with some of the organisations that gave evidence to the committee. Confor, the Woodland Trust and the Institute of Chartered Foresters were at the meeting. We had a very good discussion on their concerns about whether the change in structure would deter investment. I have asked my officials to reflect on some of the points that they made and to do some further work.

I have read last week's *Official Report*. I have spoken to many people in the sector, and a lot of people have written to me about the issue. We have very stretching and ambitious woodland planting targets that will be fundamental to delivering our climate change plan and biodiversity strategy, as well as providing a huge economic growth opportunity for rural Scotland. I do not take any of those things lightly.

This is about outcomes. I need to be satisfied that, when I go back to the Cabinet or have discussions with the Cabinet Secretary for Public Sector Reform, I can justify whatever decision I make about the environmental body. I have my own three tests to meet, but I must also be able to say that, if we do not go down a certain route, we can still achieve good outcomes in relation to public sector reform and the sustainability of the public finances, and that what we are doing will improve economic outcomes, particularly for Scotland.

Mr Fairlie wants to come in. Are you happy that he does so, convener?

Jim Fairlie: I will be very brief.

The Convener: Yes.

Jim Fairlie: I just want to emphasise the point that the cabinet secretary and I had a really good, robust discussion. We pushed them really hard,

and they pushed back. This was not a nice, cosy chat. It was a proper debate about what this would look like. It has certainly given the cabinet secretary a lot to think about because of the back and forth. It was a nice discussion, but it was also very robust.

Gillian Martin: The people who were represented in the room said that they were fully on board with public sector reform. They saw opportunities for reform in forestry that would be helpful in that regard.

Effectively, I am voicing the thoughts that are in my head. I am not ready to make a decision on this yet. I do not think—

The Convener: When will you be ready to make a decision? It will not come down to annual budget negotiations again, will it?

Gillian Martin: Sorry, what was that?

The Convener: It will not come down to budget negotiations or year-to-year negotiations on issues.

Gillian Martin: I am not sure where you are going with that. It will be down to my three tests, and that is where I must satisfy myself.

To be very serious about this, the outcomes are the most important thing. There is no point in doing something if it will have adverse outcomes. I need to reflect on the information that I am getting from lots of different people.

The public sector reform discussion is interesting. When you put forward proposals, you do so from a certain starting point. It has been interesting, because a lot of people have said that I should not include this particular body but that I should include this other one that I have not considered. The marine directorate was even mentioned. Some people asked why we were not removing the marine directorate from Government and putting it into the environmental body. That is why we must set out our initial position and have detailed conversations with those working in the sector and those affected by the functions of all those bodies. We cannot go into this with a fixed view; we must be able to listen.

Jamie Langan: There is a proposal to

“Investigate consolidation of all public bodies involved in the management of public land assets.”

That is quite a broad proposal. Can the minister or the cabinet secretary expand on what the proposed ambitions and gains would be, what bodies might be included and what the timeline for the process might be?

10:45

Gillian Martin: That particular line in the programme for government goes well beyond my portfolio. It is not only about climate action and rural affairs bodies. The wording is:

“involved in the management of public land assets.”

My officials will correct me if I have misquoted that. That includes local authorities, the national health service and some of the bodies that fall within my portfolio. NatureScot and Forestry and Land Scotland both manage a lot of land. We also have bodies in other portfolios that provide support and advice on land management but do not own or manage any land.

I am not trying to pass this on and move the matter off of my desk, but responsibility sits with Ivan McKee because it cuts across sectors. I cannot give you any more information than that. That question on public sector reform is really for him, more generally. I cannot give you the detail that you are asking for.

Jamie Langan: Obviously, a lot of the land assets that we are talking about fall within your remit. Can you at least explain the process that you and Mr McKee will follow, and how you will interact, given that it will have significant impacts on your portfolio and on the work of the committee?

Gillian Martin: It remains to be seen whether there will be significant impacts on my portfolio. I am already bringing together three public bodies into a single agency. NatureScot and SEPA are particularly large organisations, and Zero Waste Scotland will merge with them. NatureScot is a body that owns and manages land.

I guess that this is a discussion for the whole of Government. It will take place between Mr McKee and all the cabinet secretaries who have responsibility for organisations that manage public land assets, as well as those organisations themselves. What happens will be born out of the discussions across the Cabinet involving Mr McKee and the relevant cabinet secretaries, including me. I have set out quite clearly, and at an early stage, the three public bodies that I want to bring into a single environmental agency.

Jamie Langan: I appreciate that explanation. However, as I mentioned, the proposal will affect areas that fall within the committee’s remit. It will be good to have a timeline—that might be one for you and Mr McKee—so that there is clarity about the ambitions and when we might see the resulting measures. However, I appreciate your point that that is not entirely within your purview or remit.

Gillian Martin: Yes. I do not know what to say, other than that Ivan McKee has responsibility for public sector reform as a whole. He is overseeing

this, and there are negotiations and discussions involving every member of the Government and Mr McKee, and the Cabinet as a whole. Ministers will represent the sectors and the bodies that sit within all our portfolios as part of that process, but he has ultimate responsibility for managing things that cut across portfolios.

Andrew Baxter: Last week, we asked witnesses from quite different sides of the marine debate about the capacity of the marine directorate. The degree of agreement was striking. Fishing representatives told us that resources were increasingly thinly spread, while environmental representatives identified reduced monitoring and data-gathering capacity, as well as a general sense of a lack of Government capacity. After three consecutive real-terms reductions in the marine directorate budget, is there any part of that evidence that you disagree with?

Gillian Martin: At the moment, the marine directorate is undertaking a five-year delivery planning exercise, which is looking at the transformation of its service delivery in a changing marine landscape, with particular pressures in certain areas.

When I was the Minister for Energy, Just Transition and Fair Work in the previous parliamentary session, I had responsibility for the consents that are associated with offshore wind. At the time—I cannot remember the exact year—there was a recruitment freeze in the Scottish Government. I made the argument that the marine directorate licensing operations team, which is associated with the licensing of offshore wind and other marine activity, needed more capacity. I got agreement on that from the Scottish Government, which put in place recruitment to augment and enhance the capacity of that team by doubling its size, because there was a recognition that we had to be agile in dealing with the number of applications that were coming through from offshore wind. It was a burgeoning part of the economy, and we were able to adapt. I was able to make that argument, and as a result we have increased capacity. We had a dialogue about how those applying for licences could be better supported, and things were put in place to streamline that process.

In the planning exercise that we are undertaking, we will ensure that the short-term delivery priorities align with the support that is required now. However, we are also taking a longer-term view, because there is going to be a lot of change. The Minister for Agriculture, Marine and the Islands can come in and talk about some of the things that are happening in the marine space that mean that we have to be agile in the marine directorate with regard to where we put the expertise. We might have to recruit additional expertise in various

places. However, in other parts of the marine directorate, the expertise might not be being used as much as it was, say, 10 years ago. That is part of why we are engaging in that process.

In the round, I understand why people are saying what they are saying. We are alive to it, we are listening and we are trying to adapt the marine directorate to be able to function not just today but in the longer term. The minister might want to come in on that.

Jim Fairlie: On marine funding, there is £45 million in the marine fund Scotland and £150 million is being provided over the next four years towards the replacement of the two existing marine protection and research vessels.

The budget is always constrained. What makes that worse is the situation with the coastal growth fund, which was created by the UK Government. We have the most significant fishing communities in the UK in terms of the volume of catch, but we have gone from 47 per cent of the previous funding that came to the UK under the EU to 7.9 per cent of the UK spending. The fishing industry and coastal communities are absolutely up in arms about that. There is much more that we could have done and achieved, and we want to do it.

The marine directorate is absolutely fantastic. The work that it does and the connection that it has to the communities that it works with is phenomenal. I am hugely impressed by it, but we could have done a hell of a lot more had that coastal growth fund allocated money in the way that money was allocated before we left the EU. I do not mean to make a political point, but that is just a fact.

Andrew Baxter: I am sure that none of us around this table would disagree with your points on the coastal growth fund, but that was a neat pivot away from my substantive question. I want to return to it, because the marine directorate's budget is unchanged in cash terms, which means that it is £1.7 million lower in real terms, and that is the third successive real-terms reduction. In your opinion, cabinet secretary, does the marine directorate's budget have sufficient resources and capacity to deliver its existing commitments effectively, and what areas are under greatest pressure?

Gillian Martin: I understand why you are asking that question. It is the question that we are asking ourselves within Government. What areas require more capacity? How can we move capacity around to be able to service the needs of those who are interacting with the marine directorate?

The director general net zero is looking at the areas of corporate functions to see how we can work across other directorates under his remit to

see whether we can deploy resources from other directorates where there is overcapacity.

During my time as energy minister, I found that there was quite a lot of churn of staff going through the marine directorate—the licensing operations team was a particular concern—because the knowledge and expertise that they had was very marketable. Offshore wind companies and others were recruiting and offering salary raises to those very experienced people. We made the point that this is a growth area in which people can have a long career, because of the amount of activity that is associated with marine spatial planning, for example. We were able to increase the capacity and put in apprenticeships, so that we could hothouse our own talent.

The director general net zero is looking across the whole portfolio at the head count that is associated with all the directorates. That exercise is happening now. I have alluded to the fact that the marine directorate is undertaking a five-year delivery planning exercise to feed into the decisions that the director general net zero will make on staffing and capacity. Everything that you have heard from stakeholders is feeding into that discussion.

Andrew Baxter: I am afraid that I am going to labour this point. I will draw you back to the scientific capacity, which was the biggest criticism from all the stakeholders. How much has the marine directorate's scientific capacity changed over the past five years, not just in staff numbers but in vessel days and research effort? Has it declined? Has it stood still? Is it matching the increased capacity that the sector needs?

Gillian Martin: If you are asking for particular numbers, I do not have a spreadsheet of who is where in the marine directorate right now. I am going to be honest with you: I do not have that level of detail in front of me. I do not think that you would really expect me to have that level of detail.

The fundamental point is that, where capacity is needed, we will look at where we need to increase capacity and where that capacity can come from. That will be based on the discussions that you are having here with stakeholders, but that is also happening in Government. Fundamentally, the marine directorate is there to serve the Scottish people and the people who interact with it.

I alluded to one example where capacity was not sufficient and we took action, which was in MD-LOT in relation to the capacity to deliver licence decisions and consents. We doubled that capacity. That exercise is now going throughout the whole directorate to make sure that it is fit for purpose for now and into the future. Although I cannot give you numbers on who is where and who does what, that exercise is happening now.

Laura Mitchell: I want to come back to the fishing and coastal growth fund and that 83 per cent reduction compared with what we got historically in the EU, because it is really important. What does that reduction mean in reality for our coastal communities? Do the Scottish Government ministers continue to raise that with the UK Government? It is a major issue that is raised with me all the time in my constituency.

Gillian Martin: I am not surprised that that is raised with you. Moray is a coastal constituency with a large coastline and a vibrant marine economy. That is one of the things that we raise with the UK Government and have been raising for some time.

Mr Fairlie can give you detail on that negotiation, because he has been front and centre of that. I will hand over to him to give a bit more detail.

Jim Fairlie: The engagement at an official level gets to the point where officials have to say, "Okay, we have made the point." At a political level, we will absolutely not be letting this go. I will continue to raise the issue, because it is scandalous that the fishing community has been let down on numerous occasions. The big promise of Brexit was that fishing communities would be protected. Since I came into this job in marine, I have been asking fishing communities for their assessment of where we are, and it really is not great.

11:00

What is the upside that we could have achieved? We could have put in the right kind of protections in the marine environment. We need to put protections in place, but how do we do that? We have to make sure that we consult properly and that mitigations are put in place for fishing communities that might be affected. We could have been doing things around changing gear or getting new entrants into the system, because we need the next generation of fishermen to come in.

We have a world-class fishing sector and an unbelievable global reputation for the quality of the fish that we produce, yet that budget has been slashed to the bone by a UK Government that clearly either does not care or does not understand what Scottish fishing does for Scotland. We could have been doing a range of things and making great progress in Scotland, but all that has been taken away by the reduction in the amount of money that we get from the coastal growth fund. I think that the announcements are now out on the funding that we have issued this year, and we had an additional £2 million. That could have been, and should have been, a hell of a lot more. We will continue to press the UK Government to get that funding back to its right level.

Jamie Langan: I will jump in on the back of Andrew Baxter's question. The minister touched on this issue. Would it be fair to say that, for both of you, the stakeholder opinions that we have heard on the marine directorate are incorrect and that, in the mind of the Scottish Government, it is doing a good job?

Gillian Martin: I do not think that I said that.

Jamie Langan: I believe that the minister said that the directorate is doing a lot of good work.

Gillian Martin: It is doing a lot of good work. It is doing very good work.

Jamie Langan: In its current form, is it doing a good job?

Gillian Martin: I ask you to reflect on my point that we are looking at capacity in the various functions of the marine directorate, where the expertise is, and where the capacity is currently not meeting the demand. There are changing pressures on the marine directorate and we need to be fleet of foot in addressing those.

The situation is not black and white. I certainly did not hear the minister say anything about the marine directorate that suggested that the stakeholders who you spoke to were "incorrect", which I think was the word that you used. We are alive to the fact that there are pressures on parts of the marine directorate where we need to look at capacity. I alluded to the fact that the director general net zero is looking across all directorates to see where there are capacity issues—where there is overcapacity or undercapacity, and where we need to get additional expertise into the Scottish Government to address the demand that exists for all our directorates.

The Convener: Jamie, do you want to come back in?

Jamie Langan: That was a simple question for the Government. I will happily move on.

The Convener: The consultation on the inshore fisheries management improvement programme was due early this year, but it has been delayed. What is the current timescale for that?

Jim Fairlie: I took the decision to delay that consultation because I wanted to get everybody's focus on the marine protected areas consultation, which is vital. That issue was a new one on me, and I had to dig deep to get all the details on it. There has been a long ongoing process on that. There have been 10 years of consultation and discussion, although I do not mean a formal consultation process. There are very difficult, challenging and complex issues to be considered. Therefore, to allow us to properly focus and make those decisions with full clarity, I decided to delay

the other consultation until after the MPA one is done and delivered.

We have talked about certainty on a number of occasions. The one thing that I hear from the fishing community in particular is that people just want to know what is coming next. That is what this process will help us to give them: certainty that we know where we are.

The Convener: So it is similar to the situation with farmers, then.

Jim Fairlie: Exactly. During the process of learning about marine, I have discovered that it is very similar to farming. We need to have on-the-ground or in-the-sea engagement and an understanding of the reality for the people who we are asking to deliver.

The Convener: What is the timescale?

Jim Fairlie: I will not give you a date, but I can say that, once we have given clarity on MPAs and we have the understanding of that, we will do the next one.

The Convener: Okay—that is coming next.

Section 44 of the Natural Environment (Scotland) Act 2026 requires ministers to report within two years of commencement on the effectiveness of penalties for breaches of sea fisheries legislation. The cabinet secretary will remember that that issue came up during stage 2 consideration of the bill. However, it looks as if that section of the 2026 act is not being commenced through the forthcoming regulations. Why are commencement regulations not being brought forward on that? Is it just about capacity, as the minister has alluded to, or is there another reason?

Gillian Martin: A number of regulations associated with the Natural Environment (Scotland) Act 2026 are being worked on so that they can be delivered to Parliament. Mr Fairlie has responsibility for the provisions in the act that you have alluded to. I am also looking at nature restoration targets and secondary legislation that will be associated with that. All that work is happening.

The act was passed only just before the end of the previous session of Parliament, so it will take time to deliver many of its elements, particularly ones that were a result of amendments. I do not have the detail on that issue. I would like to take it away and write to the committee, as that is a very specific point.

The Convener: It is.

Gillian Martin: I like to think that I am across my brief, but I do not have the detail on that particular point in front of me, because I had hoped to talk

more about pre-budget scrutiny and the programme for government.

The Convener: We would appreciate your writing to the committee to give some certainty.

Gillian Martin: I am happy to take that away and write to you.

The Convener: You have written to us about the commencement of other aspects of that act, but that was one area where we did not get certainty.

Gillian Martin: I am happy to give you the information that you need.

The Convener: Thank you.

Andrew Baxter: We have been on marine issues, and we are going to move back to forestry. Cabinet secretary, your planting target for next year is 14,000 hectares. How much does the Government calculate the forestry grant scheme needs in the next financial year to deliver those 14,000 hectares?

Gillian Martin: The convener will not like me saying this, but I will be negotiating the budget in the coming weeks. However, the 2026-27 budget committed record funding of £5 billion to activities that have a positive impact on the delivery of our climate change plan, including those that deliver woodland planting. This year, we have allocated £58.7 million to woodland creation, which breaks down into, I think, about £36.7 million for capital—I am looking at Sean Neill, who has the numbers—and £22 million for resource.

However, the forestry grant scheme is not the only lever that is associated with woodland creation. The woodland creation ambitions and targets are an interesting area of work in which public money will provide a sort of seed funding—I do not want to be punning away—that crowds in additional private investment as a result. Our ambitions on woodland planting cannot be achieved with public money alone, but it is an important prompt for crowding in private investment.

We talked about Scottish Forestry, which has been excellent at bringing in private resource. You have given me the opportunity to talk about the work that has been done in Scotland on the public finance that goes into woodland creation and how that crowds in or brings in private finance. The woodland carbon code has been internationally recognised—at last year's conference of the parties in Brazil, it won an award for the good work that it is doing, particularly because it provides a model for other countries to show how, if you put in public money at the right level, that can bring in private finance to help achieve woodland creation. The same is true with regard to nature restoration. There is only a certain amount of public money that

we can commit to putting into those objectives, but that funding can leverage in quite impressive amounts of private finance.

We are reviewing the grant scheme that you talked about—I am looking at the minister responsible for forestry to confirm that. Some £282 million has been allocated to Scottish Forestry over the next three years to maintain and expand the woodland grants programme, but the issue is much bigger than just Government money. We are always talking about the fact that certainty is required for long-term projects, such as growing trees, and I am giving certainty that, in the next three years, £282 million will be allocated to Scottish Forestry to maintain and build on the woodland grants programme. However, we are also using the expertise of Scottish Forestry, Forestry and Land Scotland and others to crowd more money into that. For example, Forestry and Land Scotland can do things commercially that will bring in additional money to help it achieve its planting targets as well.

There is a picture that goes beyond the woodland grants scheme, and there is a lot of activity happening across the whole of Scotland, which means that we can be really ambitious in that area.

Laura Mitchell: You touched on the fact that Scotland is leading the way in woodland creation. Ultimately, if the UK is to reach net zero by 2050, that relies on land use in Scotland creating a disproportionate amount of woodland. Given the disproportionate contribution that Scotland is making to those targets, is there an argument that the Scottish Government should get additional funding to help deliver that? Ultimately, the UK Government is not going to reach its targets without us.

Gillian Martin: That is a point that I made repeatedly in my previous role. Within everything that is associated with the UK and Scotland reaching our net zero targets, there are certain areas in which Scotland is shouldering a lot of the burden and taking a lot of the action. Peatland restoration is one such area, and woodland creation is another. I think that Scotland has about 80 per cent of applications relating to the woodland carbon code—my officials will tell me if I am wrong about that. Scotland accounts for 54 per cent of the whole of the UK's tree planting. I have made the argument to successive counterparts in the UK Government that it is a good idea for the UK Government to give us more money, because we could use it to do even more, which would make a difference to the UK's ability to achieve its net zero targets.

It is a symbiotic relationship. If the UK does not act on certain areas with regard to emissions

reduction, particularly around the cost of electricity, Scotland is in difficulty. If Scotland can do more peatland restoration and woodland creation, and can get additional resources into that, with a model that is really working and could help to create a huge area of economic growth, that will help the UK meet its net zero targets, as well as sequestering carbon and stemming biodiversity loss. It will also create a tremendous amount of rural jobs.

Laura Mitchell: On the issue of rural jobs, you will not be surprised to learn that a key theme during the forestry and marine evidence sessions that we had was workforce and recruitment. I know that that is an important issue in my constituency, as it will be in yours. What more can both Governments do to ensure that we have the workforce in rural communities that we need to enable us to grow these sectors and ensure that they are sustainable?

11:15

Gillian Martin: Certainty is becoming the slogan of this session. We want to give certainty about our ambition as we set out the targets, and create a market for those who want to invest in woodland creation. As I have mentioned, we are giving out grants to people who want to be involved in that.

Mr Fairlie is doing things in his rural brief to encourage more on-farm planting. We want to make it easier for people to plant on a small scale, but we also want to make it attractive for people from outwith the borders of Scotland and the UK to come and invest in woodland creation in Scotland. That forms part of a conversation that I had yesterday with Confor about the amount of money out there that people want to invest. They want certainty of ambition so that they can invest in woodland creation in Scotland.

That will create more jobs, and it is very important that our educational institutions are alive to the fact that this is a growth area, so that young people can envision a future in forestry that will last their entire career. The same is true of peatland restoration. We want to give certainty about our ambition.

Woodland creation and peatland restoration are key tenets of the climate change plan and the first carbon budget. I have set out what the next three carbon budgets will look like and the areas of ambition in all of them. That will provide certainty to academic institutions and young people who want to get involved in work of this kind, and it will create jobs. That will provide a big boost to the area that Laura Mitchell represents.

The Convener: It is good to hear about the ambition, cabinet secretary. You spoke about being ambitious in the UK and about Scotland

being able to do more than the rest of the UK can on woodland planting and forestry creation. However, is a natural consequence of that that there will be some land use change? Although you might not want to talk about livestock reduction, if farmers and land managers are looking to increase forestry on their land or even to move out of agriculture, inevitably there will be a reduction in livestock, but it will be driven by farmers' decisions rather than national Government targets.

Gillian Martin: I have a couple of reflections on that, and the minister is keen to come in on it as well. We rightly talk an awful lot about diversification of income streams for land managers, farmers and crofters. However, I keep coming back to what the minister said: we want active farming and we want food production, which is important, because we want to reduce the amount of food that is imported for the public to eat. Local food production is a good thing, and we want more of it for reasons of food security and economic security.

I have been to many farms during my time in Parliament—in my constituency and as part of my role in the Government—where there is already diversification and livestock grazing in woodland areas. I have seen it with cattle and pigs, and it has been very successful. Where such things are already happening, we need to unlock the potential for more of it.

Of course there will be land use change, but it will be positive, because we will see a mix in what is on our farms and our other land. We want native woodland creation, and not only for commercial purposes; the planting back of indigenous species is also very important. All those things in the mix will sustain our economy, improve our water, build flood resilience—and that is a pressure—mitigate the impact of wildfires and provide jobs. Land use has to change to allow us to adapt to climate change, first of all, and it will allow us to adapt to some of the pressures that we have on our food at the same time, which is critical.

The Convener: Minister, do you want to come in briefly on that?

Jim Fairlie: Yes. We are touching on some issues that are very close to my line of thought. The convener raised a point that I was thinking about—there will be tension because of land use change. I can hear the shepherds and the hill farmers saying, “Aye, but you’re swallowing up all of our land for trees.” I know that that tension exists, so you are absolutely right to bring it up.

I want to go back to the issue of the budget. What the cabinet secretary was talking about was largely about confidence in the sector. A huge amount of money is available to invest in forestry, and that can give the impression that people are

greenwashing, but I want to dispel that notion right now. These investors are not looking to come in and greenwash. There is a massive opportunity for Scotland's timber sector to do far more economically.

In my early days in this role, I heard that the timber that we produce in Scotland is no use, that we cannot build houses with it and so on. However, engineering has changed beyond all recognition. There are companies now using C16 timber rather than C24 timber, and we need to get architects and designers thinking far more about C16 if we are to build more houses.

We have ambitious house-building targets, but we need to plant more trees to replace those that will be used over the next 20, 30 or 40 years. That will immediately lead to the tension that you mentioned, convener. We need to give the sector the confidence to continue to invest in Scotland and plant trees, not simply because it is an environmentally good thing to do but because it is an economically literate thing to do. It will create jobs and do the biodiversity stuff while creating rural opportunities and allowing us to be far more self-sufficient when it comes to the timber that we need in the years ahead.

That, to me, is a good vision to have, but how do we get over that tension? That is where we need to start talking about integrated land management and what the benefits of that are. We have received a lot of criticism for what was happening in Glen Prosen, but we have just created a new 70-hectare grazing tenancy up there for new entrants. I am well aware that no one will make a living from that—I know how you make a living from hill farming and 70 hectares of hill land up in Glen Prosen will not give you that. If we add into that deer management and the skills that could be learned about peatland restoration and land management in general, that will deliver that integrated land management thinking in the next generation.

That does not require someone to think entirely about sheep or cattle. This is about what other opportunities we can create here. Some of it will involve planting and some of it will involve harvesting. It is about creating the opportunities and the mindset that allow us to make that land use change in a way that brings people with us.

That, to me, is an exciting prospect. We are only taking the first steps but, as we move forward, I can see the farming opportunities for new entrants group bringing people forward and saying, "Yes, I can buy into that." That means that we will have to create the deer larders in the natural environment that we have talked about. We are going to have to get venison on to plates. We will have to get

people thinking differently about what Scotland can deliver. It cannot be monocultural thinking.

Whatever action is taken, it must always be taken with the understanding that, where there is economic activity, it builds resilience in rural communities. That is probably what this bigger picture is about.

The Convener: I guess that I was expecting some of those answers in the previous evidence session on the rural support plan. It feels as though there is an artificial divide between forestry and agriculture and that the RSP is a way of bringing them together. Do you have any further reflections on how the tiers work and how forestry and woodland creation fit into that?

Jim Fairlie: Planting trees on farms—that is what the integrated trees network is about. I continually pump out on Scottish Government social media the need for farmers to think about putting trees on farms. If every farmer in the country planted trees on 2 per cent of their land, our planting targets would be done and dusted. Those trees would then become assets to the farm, as the cabinet secretary mentioned, including for shelter. The planting could take place on areas of land that are currently not that productive.

There are things that people can do differently. Unfortunately, we got into the mindset that trees are bad and sheep are good, or vice versa. It became very polarised. We are trying to move people's thinking away from that.

In terms of what we can do about the tiers, of course we will look at integrating trees on farms. That is part of the thinking as we go forward. How do we get more people to plant the 2, 3, 4 or 5 hectares of trees that gives them a benefit that will not affect their productivity but gives us that biodiversity?

A lot of the stuff that we are doing has unintended consequences. The stuff that we do will put something in one place, but the unintended consequence will be something else. It is a wee bit like predator control. I hear many people hammering grouse moors because of predator control, but the result is that you see far more red-listed birds in areas where predator control is taking place, and we have seen the numbers that prove that.

It is about taking our siloed thinking and asking, "How do we bring all that together to have an integrated land management plan across the country?" There will be bits that we will disagree on, bits that we will get right and bits that we will try. We will have to work together to get through this and make sure that it all works.

Jamie Langan: I am coming back somewhat more narrowly to Andrew Baxter's question. We talked quite a lot about broad ambitions, which the minister touched on. I would be interested to know from either the minister or the cabinet secretary why you feel that we failed to meet those planting ambitions in recent years.

Gillian Martin: I have some of the numbers. In 2024-25, there were 8,470 hectares of woodland creation in Scotland, and of that, there were 5,300 hectares of new native woodlands, which surpassed the commitment of 4,000 hectares. We surpassed that target. Scottish Forestry is currently working on a pipeline of 35,800 hectares of new woodland, with 14,200 hectares already approved, of which 5,900 hectares are for planting in 2026-27.

You may be alluding to when there was a dip a few years ago. The money has come back into the portfolio, and the planting target has been surpassed in the past year, which is very encouraging. I can only see that going up.

I come back to the point that we were told very clearly by industry representatives that there is an awful lot of interest in more woodland planting by the private sector, carefully managed by our agencies. We want native woodland to be planted as well. We want economic growth in the commercial sector, but alongside that we want there to be trees for decades—hundreds of years—starting now, and there for generations of the future. That will be critical for all the outcomes that we have mentioned, whether it is stemming biodiversity loss or providing shelter.

I know that this is the Rural Affairs Committee, but we also want urban tree cover. We have an ambition in the manifesto on urban tree cover. We saw over the summer the importance of trees in keeping temperatures down in urban areas, so we are looking at that area of work as well.

Jamie Langan: I would be interested to see those most up-to-date statistics. They seem to differ from what I have seen before, but it is obviously good that you feel that tree planting is now moving in a positive direction. When it has dipped previously, was that a funding issue?

Gillian Martin: It was due to certain pressures in the Government, but that money was brought back into the portfolio. The trajectory looks very positive. If the committee wants, we can give more detail on some of those numbers. I realise that I have thrown out a lot of numbers, which I do not normally do, but you asked specifically.

Jamie Langan: That would be great to see.

Gillian Martin: I appreciate that you probably want them written down.

The Convener: Thank you, cabinet secretary. I see that your official is scribbling some more numbers down.

Gillian Martin: I will not read out any more numbers.

The Convener: We will take all the numbers that you have. We have people to look at numbers.

Dawn, shall we move on to another area?

Dawn Black: I will move on to peatlands. Cabinet secretary, you have mentioned peatlands a lot already, but I would like to get into the detail. One of the things that came up from speaking to stakeholders was that the costs relating to peatland restoration have increased substantially. Budgets and targets have been put forward for the coming years. Will that budget manage to fund the full peatland action plan target for the years ahead?

11:30

Gillian Martin: The commitment in the climate change plan is to restore—more numbers—400,000 hectares of degraded peatland by 2040, which is a highly ambitious and highly exciting target. That will have dual advantages, because degraded peatland results in greenhouse gases leaking into the atmosphere, whereas, once it is rewetted and brought back into health, peatland sequesters a great deal of carbon. Therefore, peatland restoration almost provides a double bonus.

As the convener will remember, peatland restoration is one of the reasons why we could set our net zero target for 2045 rather than 2050, given the volume of degraded peatland that we are able to restore. We are probably one of the countries that have the most potential in that area.

We want to increase peatland restoration by 10 per cent each year up until 2030. We want to give that certainty, because, as has been alluded to, it takes a long time to bring degraded peatland back into health. The Government needs to set out its ambitions, and funding needs to follow those ambitions, so that there is certainty in recruiting the workforce and in training people who own and manage land to do that work on their landholding, whatever it might be.

Over the four-year period of the spending review, we are planning to invest £110 million in peatland restoration and £93 million on top of that in wider nature restoration. I am pleased to say that we exceeded our programme for government target last year. A lot of that was down to the amount of learning on the issue. The peatland action project has been innovative in the work that it has been doing.

I cannot remember exactly where it was, but I visited a project near Livingston that had restored peatland in a completely different way from traditional peatland restoration—the mechanics of how it had been done were completely different. The project was able to work really quickly and, within a year, degraded peatland had been restored to productive peatland that was sequestering and soaking up water. Innovations are taking place all the time.

Over the past year, we invested £28 million in restoring 10,000 hectares of peatland. We published the new peatland action skills plan and the peatland standard, and project agreements are in place for restoration projects covering more than 10,000 hectares, with partners managing that delivery.

We have a number of partners, but we want more—I am looking at the minister. There is so much capacity for those who manage land to carry out small-scale peatland restoration in a way that will make their communities more resilient to flooding. I am looking at the member for Angus North and Mearns in that regard. What is done upstream is so important in protecting our communities from flooding. Everyone is playing their part. For example, our national parks have been able to restore an incredible amount of peatland with the people they work with.

Peatland restoration provides an economic opportunity for rural Scotland. As the minister keeps pointing out, it also provides a way of diversifying income streams for farms and crofts. We need to share knowledge about how to do that, and those who have already carried out peatland restoration on their farms should communicate the benefits in relation to their practice or the outcomes that there have been.

I do not know whether the minister is allowed to come in on that point.

Jim Fairlie: I will be very brief.

There is a tension, because people think that, if they carry out peatland restoration, they will need to get rid of all their sheep, but they will not. Cora and David Cooper have demonstrated effectively that their restored peatland is still used for grazing, and they have even increased their stock numbers—they just do things differently. That is why peer-to-peer discussion is so important. People need to talk to one another. If someone says, “If I am going to do peatland restoration, I think that it will mean this,” there are people who can say, “Actually, it won’t. This is how we did things differently, but we still have restored peatland in place.”

There are ways for us to get more done. We have a crofting estate where we can do more. We

need to ensure that crofters get the money for restoring peatland in the first place, so that they buy into it. A number of workstreams are ongoing, and we are thinking about the gains that we can make in the future. We are just starting to get our teeth into the issue and move things along.

Gillian Martin: I have found the numbers that I wanted to give in relation to the target. Peatland action has confirmed that, last year, 15,000 hectares of degraded peatland were restored—that exceeded our target of 12,000 hectares—and it would be lovely to think that we will build on that this year. I am sure that we will.

Dawn Black: You have already partly answered my follow-up question, but it would be good if you could expand on what you have said. Stakeholders told us that, once peatland is restored, resulting in clear environmental and resilience benefits, landowners cannot necessarily monetise that land. Once they have received funding to restore peatland, what can they do with it? How do we ensure that landowners do not then do something on the peatland that will be detrimental to the environment or our resilience because they want to monetise the land?

Jim Fairlie: I go back to the example that I have already given. In the previous parliamentary session, I visited Cora and David Cooper. What they have done in restoring peatland is phenomenal—absolutely incredible—so there are ways for people to do that. I accept that it will not work everywhere, but, where it does, it works incredibly well. People can continue to graze sheep on their land.

The science is evolving all the time. We will find different ways of doing things, and we will continue to explore how we can ensure that people can continue to make a living off the land, whether the peatland has been restored or not. Some things might work; others might not. We will have to go on a learning journey together to find out how we can make things happen.

The Convener: The restoration of 15,000 hectares last year was pretty impressive, but our predecessor committee heard some criticism about the setting of area-based targets. There was a feeling that we need to consider multiple benefits in relation to prioritising land that can deliver for nature and result in the biggest carbon reduction. What is your thinking on that? It is great to have a big area-based target, but that might not explain exactly what the priorities need to be.

Gillian Martin: I guess that we need to have a metric—in our climate change plan, there has to be a metric that we stick to.

However, I understand your point and have massive sympathy with it. There are some areas

where peatland is really degraded, and that was one of the things that were identified through the land light detection and ranging—LiDAR—programme. We now have a picture, which we did not have three years ago, of where the most degraded areas are. Once we have that data, I can see people being fleet of foot in applying for money to restore that peatland.

There is an issue in how we report back in relation to our carbon budgets. The reporting and accounting for that is outwith our control; that has to be standardised. However, work is ongoing on how we can take account of particular interventions that have resulted in very badly degraded peatland being brought back into health, which will have a bigger impact on the associated carbon accounting.

At the moment, I am using hectares as the metric, but I have sympathy with your point. It is not straightforward, and we need to be agile in reflecting that.

The Convener: Yes, it is about getting the best bang for your buck.

Laura Mitchell: My question will be short. You mentioned earlier that the public sector cannot do it all. How do we encourage more private finance investment into peatland restoration? Is that something that the Government is actively engaged with and pursuing?

Gillian Martin: We are actively doing that, and the peatland code is helpful in that regard. There are several reasons why people might want to invest in peat, and there are obviously carbon credits that are associated with that. However, we need people to work under the peatland code to ensure that such investment is done in a sustainable way.

Peatland restoration is a big area of investment. We kicked off a lot of discussions in the previous parliamentary session—those discussions are not just happening with the Scottish Government; they are happening in international forums as well—about how responsible private investment can be crowded into nature restoration more widely.

We are in the foothills of those discussions. Every country that has ambitions in this area is considering how it can use public money to leverage in responsible private finance to be able to deliver more. Scotland is quite far forward in some of its thinking on the issue. For example, I have the figure in front of me that Scotland accounts for 85 per cent of the UK's peatland code projects—I thought that it was 80 per cent, but it is 85 per cent. However, there is more money out there, and philanthropy funds and pension funds are also looking to invest in peatland restoration.

We are actively working on the issue, and my director general net zero, Andy Kerr, is really exercised about it. He has a background in the area and is looking at where we could have the expertise within the Government to get better mechanisms. Another exciting thing—apart from the fact that we will be able to do more in Scotland—is that, once we get the mechanisms figured out, we will be able to share knowledge with the international community on how they work.

There is ambition in a lot of countries, and there is a lot of money out there that does not know where to go—we also mentioned that with regard to woodland. If we do not get a mechanism in place that people want to invest in, other countries will. We can share the learning if we get that right. There is huge potential in this area, and I am very excited about it.

There is already a lot of private investment in peatland and nature restoration. For example, Scottish and Southern Electricity Networks has pledged something like £100 million towards nature restoration. Those who spend a lot of money doing various things in Scotland that require land have a corporate social responsibility, and we very much need to hold them to account on that.

To jump to the topic of marine restoration, you can look at what we are doing with the marine recovery fund. That came out of an agreement between the Scottish and UK Governments that allowed us to look at some of the money that is flowing as a result of the environmental impacts that are associated with offshore wind, which has enabled us to have a strategic marine restoration fund. That is another example of where we can corral private capital that would have been spent quite piecemeal on projects into large-scale restoration projects.

Jim Fairlie: In the previous evidence session—apologies for coming in again, convener—with the cabinet secretary, me and senior members of the team, we gave several examples of where we know that private equity wants to invest in Scotland, and we are looking at novel ways of bringing that money in.

That is not about greenwashing. I mentioned earlier that there is a lot of fear in the countryside that greenwashing will become a big thing in Scotland, but it is not about that; it is about looking at novel ways to bring in private investment so that there will be savings or returns. That does not necessarily mean selling carbon credits at some future, as yet undescribed date.

There is a lot of thinking going into the issue, and there is definitely the potential for serious investment to come in from private investment, as

long as those investments are done in a way that suits the people of Scotland.

The Convener: Jamie Langan wants to go back to something that we discussed earlier.

11:45

Jamie Langan: The cabinet secretary has nicely anticipated this, as I want to briefly go back to marine policy. This is pertinent, given what we will be discussing this afternoon. What assurances can the Government give that the fisheries management plans will definitely be published by the end of this year? There has been an initial delay from 2024, and there is now a statutory deadline. Will that be met? Do you recognise that the delay in those plans and the uncertainty have not always been helpful for industry?

Gillian Martin: I think that the minister answered that in a previous answer, although I might be wrong. We have set out that the fisheries management plans will be done after the consultation and work on inshore marine protected areas. The minister set out why we had to let that process happen first, to inform the fisheries plan.

The Convener: That is about inshore fisheries management. Mr Langan's question is about a different issue.

Gillian Martin: Are we talking about the MPAs?

Jamie Langan: Yes.

Gillian Martin: I will hand over to the minister because, obviously, the day-to-day marine functions of the portfolio sit with him.

Jim Fairlie: Mr Langan, ask me the question again so that we know exactly what we are talking about. We are talking about two different consultations here.

Jamie Langan: Sorry—I may have got us a bit mixed up. I was focusing on the fisheries management plans, which have been delayed and for which there is a statutory deadline of the end of this year. Obviously, that has created uncertainty. I want to check that that deadline will definitely be met. Also, if you could outline the timeline on the MPAs, that would be useful.

Jim Fairlie: I will cover the MPAs first, because they are the most critical thing that we are dealing with at the moment. A huge amount of resource is going into that. I think that there are 160 sites around the country, and extensive engagement is going on. We have extended the consultation period from the normal 12 weeks to 16 weeks to ensure that we get to those really hard-to-reach people who would not normally engage in consultation.

To be honest, one thing that I have heard from the fishing community and stakeholders is that they are a bit exhausted with consultations, because we keep going back and asking them more and more stuff. That is why we need certainty on the MPAs. That consultation will go into January of next year. We will then have to do the analysis and the work to see what we are going to come back with. There are two questions in the consultation, and we will need to see the results and come back on that.

The fisheries management plans consultation, which is what I think you are talking about, will follow, after the work has been done on the MPAs.

Andrew Baxter: We will move on to the awkwardly named rural renewal bill, which even the cabinet secretary stumbled on earlier, so please consider changing the name.

Gillian Martin: Please give me suggestions.

Andrew Baxter: We have had the headline announcement of the broad provisions in the bill, but what, in your mind, is the proposed scope of the bill? When will the Scottish Government publish proposals and a consultation on the bill?

Gillian Martin: Ever since I was given this portfolio, I have been trying to say the name of that bill. I would like to change the name, but I am calling it the RRB at the moment.

I looked at some of the policy suggestions that were associated with the bill, and I thought that it could potentially do more. I want to use the bill to remove barriers to economic growth, particularly for small businesses and businesses that want to diversify into different areas. I want to look at the barriers to housing creation in rural areas, particularly where communities are using public money to create housing.

During the summer, when I was out and about in Scotland speaking to community groups, I heard about a lot of things in the planning system that are stemming economic growth and that mean that, in rural and island areas, it takes far more time for things to get done and there are additional costs. I have been working with my officials on that.

The bill is not in the programme for government; instead, the work on the bill is in the programme for government. I want it to be an enabling bill that will take on board some of the frustrations that I hear about from those who work in the rural economy and live in rural areas. The bill will look at the regulatory landscape and the situation in which we have things that work in an urban environment but not in rural areas. We will also consider things that I can put into law that will be able to unlock economic growth. By economic growth, I also mean stemming rural depopulation.

I am not looking at the things that I want to do; I am looking at the problems and thinking about how we can unlock things that make those problems worse, or remove barriers that prevent us from addressing some of those problems. I know that that sounds a little woolly, but I am working back from the problems and looking at the levers that are available in the powers that the Government has. I am also looking at the existing regulatory landscape, which is well meaning but has had unintended consequences in rural areas. I am looking to address some of those issues in the rural renewal bill.

I want the bill to be an economic unlocker. One big driver of that unlocking is giving businesses flexibility to do different things. It is also about providing housing in communities that struggle to get people to come and work there for service provision of any description. I am interested in feedback from all my rural counterparts on that. I want to hear about the things that, as I am speaking, you are hoping that I am going to address. I want to have cross-party discussion on the issues.

I have already had a lot of discussion with stakeholders in the rural portfolio. More importantly, I have been going out and listening to folk who have tried to do things and have then decided not to. I have heard from folk who have tried to diversify their business and have said that, if certain things had been in place, or if we did not have certain things in place, they could have got something done an awful lot better and could have created more jobs in their business as a result.

I am not just in listening mode; I am in problem-solving mode. I will not introduce the rural renewal bill until I have done that work and am satisfied that there are key levers. I am probably looking at about the middle of this session of Parliament for that.

Dawn Black: I have a quick follow-up question. We have the rural support plan and the rural renewal bill, as well as the Agriculture and Rural Communities (Scotland) Act 2024, which is where this all comes from and which was about supporting rural communities. How do those things marry together?

Gillian Martin: The rural renewal bill will marry together with more than just the rural support plan. It will go into areas that potentially will have an impact on many portfolios, which is another thing that I need to keep in mind. As I am formulating my plans for the rural renewal bill in consultation with stakeholders, I need to have discussions across portfolios in the Cabinet to get buy-in for some of the things that I want to do.

Jim Fairlie: Okay—nobody likes the name. I hear people sniggering when they say the name,

and I understand that. The name might be rubbish, but the intent and the genesis are absolutely bang on. We have to remind ourselves of that. We should not say that, because the name does not fit, the genesis and the purpose are not good.

We have issues in rural communities. There are challenges—more so in some areas than in others—with housing, transport and access to medical care and other things that people normally expect. We need to look at that in the round. As the cabinet secretary just said, there will be a cross-portfolio approach. I have responsibility for the islands. What do I do with the islands? I will have to speak to all the other ministers with responsibilities for health, education, housing, transport and so on. We will be speaking to Mr Flynn and Ms McAllan and saying that these are the issues that are coming up, and these are the areas where we need to find solutions. Housing is one of the biggest issues. How do we keep rural communities alive? We keep them alive by making sure that people can live in them, so we need to think about how to create more housing. There is a £37 million rural housing pot, so how do we get more funds coming into that in order to create a much more ambitious housing programme? We need other portfolios to work with us on that.

The bill that the cabinet secretary is going to take forward—hopefully we will get to change its name—has great intentions, but it requires us to think collectively about the issues that we can identify and the solutions to those problems, whether we can afford to do them in this session and whether there are things that we can do now to develop rural resilience. It is a really good idea and a really good plan, and we now need to make sure that we are implementing it together.

Gillian Martin: I will tell you what I am not interested in doing: creating more reports, reviews and strategies. I am not interested in any of that. I am looking at mechanisms and unlocking.

I will give you an example to illustrate what I am talking about. I was just outside Ullapool, in Andrew Baxter's constituency, and I was speaking to a community that had got public funding to create a small mixed-use development comprising eight houses. They had to pay developer contributions back to the council for the community, but they themselves were the community. Again, that is an example of a well-meaning regulation that is being applied in the wrong way. That does not really make sense. How is that creating community wealth? How is that allowing them to do more with the money?

There are lots of different things to think about in this area. Again, I am open to suggestions from MSPs, based on their experience of representing

rural areas, and I am also open to suggestions on a postcard regarding the name of the bill.

The Convener: Great. I am sure that your mailbag is going to fill up on both those fronts.

Emma Roddick: Cabinet secretary, I note that the programme for government is quiet on the issue of animal welfare. Obviously, 20 years on from the Animal Health and Welfare (Scotland) Act 2006, there is a lot of stakeholder conversation about the gaps that exist. Are there any issues on which you think that the Government might be looking to make progress?

Gillian Martin: I cannot put every single thing that we are doing in the programme for government, or else it would end up being like a 1980s telephone book. There is not a specific bill or piece of legislation that we are taking forward in that regard, but the minister will be able to talk about some of the animal welfare issues that he is dealing with, such as farrowing crates. There are a number of things that are being taken forward, and the fact that they do not appear in the programme for government does not mean that they are not happening.

If the convener's patience has not been stretched beyond belief, I can hand over to the minister.

The Convener: I have a list of ways in which my patience has been stretched.

Jim Fairlie: The point is well made, but it would not be feasible to include everything that is being done in the programme for government. The animal welfare team in my division—there is a specific team—is constantly doing forward planning as part of its work, including looking at reports that are produced by the Scottish Animal Welfare Commission. A number of issues will come forward over this parliamentary session, and we will bring them to the committee as and when we need to have a discussion about them.

Emma Roddick: I am aware that, 20 years after the act was passed, SAWC is looking at the gaps that exist, and, at first glance, it seems that a lot of those issues would need to be dealt with through legislation. There are gaps relating to cats and wild animals, for example, and we are still looking for welfare guidance on farmed fish. A lot of questions have been raised as a result of members' bills that have passed in the past couple of sessions with regard to what they mean for the animals that are not covered by those very targeted efforts.

If SAWC comes up with areas of policy that should be looked at and that would require legislative change, is the Government open to there being a new animal welfare bill?

Jim Fairlie: I am certainly open to looking at the issues that SAWC raises, but I am definitely not committing to introducing any legislation until I see what the outcomes of those reports are.

Emma Roddick: I understand that, but that was not the question. It was not whether you are committing to a bill; it was whether you are open to there being an animal welfare bill, given the issues that are being highlighted by stakeholders?

Jim Fairlie: I am going to reserve my answer on that until such time as I see what SAWC comes back to us with and what the issues are. There are a number of ongoing workstreams at the moment, so we need to make sure that we are prioritising the things that will have the most impact.

The Convener: It might be useful if you could give us a timescale for that. We know that SAWC is going to report by, hopefully, the end of this year. How quickly can the Government analyse the recommendations that come out from the three working groups and then inform the committee about what your intentions will be?

Jim Fairlie: Yes, we can do that.

The Convener: Sorry, when can you do that?

Jim Fairlie: We will take that away.

The Convener: Okay. Thank you all for your time this morning. It has been a long but productive session. That concludes the public part of our meeting.

12:01

Meeting continued in private until 12:23.

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