



OFFICIAL REPORT  
AITHISG OIFIGEIL

# Rural Affairs and Islands Committee

Wednesday 13 December 2023

Session 6



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**Wednesday 13 December 2023**

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**RURAL AFFAIRS AND ISLANDS COMMITTEE**

**33<sup>rd</sup> Meeting 2023, Session 6**

**CONVENER**

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

**DEPUTY CONVENER**

\*Beatrice Wishart (Shetland Islands) (LD)

**COMMITTEE MEMBERS**

\*Karen Adam (Banffshire and Buchan Coast) (SNP)

\*Alasdair Allan (Na h-Eileanan an Iar) (SNP)

\*Ariane Burgess (Highlands and Islands) (Green)

\*Jim Fairlie (Perthshire South and Kinross-shire) (SNP)

\*Kate Forbes (Skye, Lochaber and Badenoch) (SNP)

\*Rhoda Grant (Highlands and Islands) (Lab)

\*Rachael Hamilton (Etrick, Roxburgh and Berwickshire) (Con)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

Tim Bailey (Scottish Agricultural Organisation Society)

Judith Brown (Scottish Government)

Mairi Gougeon (Cabinet Secretary for Rural Affairs, Land Reform and Islands)

Jonnie Hall (National Farmers Union Scotland)

Joe Hind (Scotland Food & Drink)

Professor Jennie Macdiarmid (Rowett Institute)

Kevin Matheson (Scottish Government)

Sarah Millar (Quality Meat Scotland)

Lesley Mitchell (Sustainable Food Trust)

Pete Ritchie (Nourish Scotland)

David Thomson (Food and Drink Federation Scotland)

**CLERK TO THE COMMITTEE**

Emma Johnston

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



# Scottish Parliament

## Rural Affairs and Islands Committee

Wednesday 13 December 2023

[The Convener opened the meeting at 09:01]

### Subordinate Legislation

#### Wine (Miscellaneous Amendment) (Scotland) Regulations 2024

**The Convener (Finlay Carson):** Good morning, and welcome to the 33rd meeting in 2023 of the Rural Affairs and Islands Committee. Before we begin, I remind anyone using electronic devices to switch them to silent.

Our first item of business is consideration of an affirmative instrument. I welcome to the meeting Mairi Gougeon, the Cabinet Secretary for Rural Affairs, Land Reform and Islands, and I invite her to make an opening statement.

**The Cabinet Secretary for Rural Affairs, Land Reform and Islands (Mairi Gougeon):** Thank you, convener, for inviting me to talk about the regulations.

The purpose of the instrument is to amend legislation relating to the marketing and production of wine and wine products. First, it will introduce rules that will regulate how products that are marketed as “ice wine” must be produced, with the rules including a definition of ice wine. Secondly, it will update the lists of approved oenological practices that can be used to produce and conserve wine and wine products that are marketed in Scotland.

The relevant existing legislation happens to be European Union retained law, which, from 1 January, will be known as assimilated law. The ice wine provision in the instrument is required because the United Kingdom is acceding to the comprehensive and progressive agreement for trans-Pacific partnership, and the provision is required for compliance with the terms of the CPTPP. Although ice wine is not produced in the UK, it is imported, and a definition of it is required to ensure that consumers can identify products that are made according to specified criteria that apply to its production.

The provision in question amends regulation EU 2019/33 to provide that products may only be marketed in Scotland as “ice wine” or similar terms if they have been produced

“exclusively from grapes naturally frozen on the vine.”

The same provision is being made across Great Britain.

Also included in the instrument are changes to approved oenological practices. Regulation EU 2019/934 authorises specified oenological practices that can be used to produce and conserve wine. The instrument amends the regulation to update those practices to reflect updates to the International Organisation of Vine and Wine’s—or OIV’s—approved methods, which largely already exist in EU law.

The UK is a member of the OIV, and its recommendations form the basis of domestic, EU and many third countries’ wine production rules. The instrument will ultimately ensure that wine producers and importers have access to the latest technological developments and wine-making practices, in line with EU law. The UK and Welsh Governments are making the same changes for England and Wales.

Before laying the instrument, the Scottish Government carried out a consultation through Citizen Space and directly contacted major stakeholders. The consultation ran from 31 August to 8 October. Although major stakeholders such as Wine GB and the Wine and Spirit Trade Association did not respond, they had previously responded to the UK Government’s consultation on the proposals, and the response to that was generally positive. There were five respondents in total to the Scottish consultation, which came from individual members of the public, and their responses advised that there would be either a positive impact or no impact from the proposed regulatory changes. The instrument was also notified to the World Trade Organization technical barriers to trade committee, but no comments were received.

I hope that my comments have been helpful in outlining what the instrument is for. I am, of course, happy to take any questions that the committee might have.

**The Convener:** Do members have any questions?

**Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con):** This is a new one to me, cabinet secretary. You have mentioned the oenological practices and restrictions that will be brought in through the regulations. Will you explain what they are? You have also said that, according to some of the consultation responses, there would be no impact at all from the regulations. Is that because there is no real data on the amount of ice wine that is consumed in Scotland?

**Mairi Gougeon:** I will give a bit more detail on that. As I outlined in my opening comments, the instrument is, in essence, split into two parts. The definition of ice wine will not really have an impact

on producers here, because it is not made in Scotland. It is quite a niche product that is, I think, largely produced in countries such as Canada and Germany.

From the consultation responses that we have received, it seems that there will be no impact in relation to the definition. Obviously there will be an impact on producers that use artificially frozen grapes, as they will no longer come under that definition, but, again, that will not affect our industry in Great Britain as far as I am aware. Perhaps Kevin Matheson has more to add on that.

The changes that are being proposed to oenological practices have been broadly welcomed, and there has been a positive reaction to them. They have already been implemented in the EU, where they have been seen as benefiting exporters and bottlers and encouraging innovation. Again, I do not know whether Kevin Matheson wants to add to that or whether I have adequately covered it.

**Kevin Matheson (Scottish Government):** No, I think that you have adequately covered it. That summary set out exactly what this is about—the changes are about oenological processes, practices and restrictions that we need to look at.

**Rachael Hamilton:** What are they? That is what I am asking.

**Kevin Matheson:** They are quite technical in nature—there is an annex in the Scottish statutory instrument. Basically, they are about improving standards and regulation. The OIV meets annually and makes such changes after consulting the industry, but first it has to go through a seven-step process before it agrees anything. As I have said, the changes are quite technical in nature—there is a list in the SSI itself. Perhaps Judith Brown would like to expand on that.

**Judith Brown (Scottish Government):** As Kevin Matheson has said, they are set out in the SSI, which inserts some new provisions, slightly tweaks others in regulation 2019/934 and updates it with the most recent resolutions that the OIV has passed. The UK, too, votes as part of the OIV. The technical detail of what the changes will do is set out in the SSI.

**The Convener:** Do you have further questions?

**Rachael Hamilton:** No.

**The Convener:** We now move to the formal consideration of the motion to approve the instrument.

*Motion moved,*

That the Rural Affairs and Islands Committee recommends that the Wine (Miscellaneous Amendment) (Scotland) Regulations 2024 [draft] be approved.—[*Mairi Gougeon*]

*Motion agreed to.*

**The Convener:** Is the committee content to delegate authority to me to sign off the report on our deliberations of this affirmative SSI?

**Members indicated agreement.**

**The Convener:** Thank you. We will now suspend for 10 minutes for a changeover of witnesses.

09:08

*Meeting suspended.*

09:15

*On resuming—*

## **Agriculture and Rural Communities (Scotland) Bill: Stage 1**

**The Convener:** The next agenda item is our second round-table evidence session on the Agriculture and Rural Communities (Scotland) Bill. Today's session will focus on the production of high-quality food, which is one of the bill's objectives, but we will also discuss the bill more broadly. We have up to three hours scheduled for the discussion.

I welcome to the meeting Lesley Mitchell, policy director, Sustainable Food Trust; Tim Bailey, chief executive, Scottish Agricultural Organisation Society; Professor Jennie Macdiarmid, director, Interdisciplinary Centre for Health, Wellbeing and Nutrition at the Rowett institute; Joe Hind, policy manager, Scotland Food & Drink; Jonnie Hall, director of policy, National Farmers Union Scotland; Pete Ritchie, director, Nourish Scotland; Sarah Millar, chief executive, Quality Meat Scotland; and—last but not least—David Thomson, chief executive, Food and Drink Federation Scotland.

I will kick off by asking you all a question about one of the bill's four main objectives—that is, “the production of high-quality food”.

What is meant by that? Do we need to define it? If so, how should we?

**Joe Hind (Scotland Food & Drink):** Do I need to press the button?

**The Convener:** You do not need to operate your microphone.

**Joe Hind:** The question of how we define high-quality food is a really important one, which it is difficult to answer simply. From our point of view, there are different lenses, and one of the lenses that we use at Scotland Food & Drink is that of the customer. The customer is a broad entity. There is the domestic market—that is, the local markets of the communities in Scotland—which we would say are best served by short, transparent supply chains that move produce as directly as possible from farm to fork. The food that farmers produce—we would all recognise the food and ingredients that they produce as being “high-quality”—can go into those communities directly through things such as box schemes or farm-gate sales.

We also have the customers in the public sector, such as schools and hospitals, that can be well served through high-quality food. “High-quality” does not necessarily mean perfectly

shaped carrots or other vegetables; it could cover all manner of things. It could mean food that is full of nutrition, food that serves the local economy or food that is provided by producers for processes that transform it into a state in which it can be taken in by schools. School kitchens, by and large, cannot take dirty vegetables, for example; they need them to be processed to some degree. Similarly, produce that has been processed in that way can be used by hospitals, too.

There are also the hospitality and retail markets across Scotland, which will have their own specification. I would say that there is an argument for that specification to be widened with regard to what can be accepted as high quality.

On top of those markets, we have the global markets. Going back to my comment about being customer led, I would say that we would look at, for example, the demand for lamb, specifically halal lamb, in Dubai. For that market, “high-quality” is defined by certain standards that would require to be met in the production process. With Scotch whisky, “high-quality” might involve a requirement around single malt.

Therefore, the question is a difficult one to answer but, as a broad principle, we would say that what is meant by “high-quality” should be led by the quality that particular customers or particular markets want; we would hope that there would also be some agreement from the production side as to what the production standards were. We want Scotland as a whole to be recognised as a place for good, high-quality food and drink that is nutritious, that supports the economy, that provides value for the farmers and producers in the supply chain, and that has environmental sustainability embedded within it.

**The Convener:** But does it need to be defined in the bill itself?

**Jonnie Hall (National Farmers Union Scotland):** I do not think that it is possible to define it in the bill. High-quality food production is fundamental to the bill's purpose, as one of its four key themes and one of its objectives. I do not think that we can separate high-quality food production from the other themes of climate, biodiversity and underpinning rural communities.

I would echo everything that Joe Hind has just said, but I would take it a bit further. First and foremost, a high-quality product has to have integrity at its core, with absolute certainty about its safety, its provenance and its traceability. We are already incredibly well served in that respect, given the role and function of the legal and quality assurance standards to which we operate in every sector of Scottish agricultural production.

I have no issue with the fact that we are already operating to extremely high standards. After all, it

is all about integrity. More important—and I would like to see this coming out of the bill and the policy flowing from it—there is a recognition that high-quality food production is a significant component of what we are trying to achieve for the climate through sequestration, emissions reduction and adaptation to climate change. We are also seeking to deliver for nature and biodiversity and, indeed, for rural communities by underpinning them with a vibrant, viable and profitable agricultural sector in both farming and crofting. I do not think that it is at all useful to separate high-quality food from the other things that we are trying to attain—they must be integrated. That is my plea.

If we try to define lots of things within the bill in a too-hard and too-fast way, we will paint ourselves into lots of corners, and we might tie ourselves in knots for no particular gain. I say that in the context of high-quality food production, but there are other things in the bill that I would also refer to and which we might come to later. The term “regenerative” is bound to come up in conversation. If we try to nail that down to some defined process or concept, we could make ourselves hostages to fortune.

**The Convener:** The only concern that I have is that we now have the bill before us, which means that we are at the business end of the process—that is, where proposals become legislation. Ultimately, there will be a framework for agricultural payments. If there is no clear indication of what high-quality food actually is, where will the payments and support go? If that is left to secondary legislation, it will be accompanied by very little scrutiny.

You talked about defining things “too fast”. Quite some time has passed since we decided to leave the common agricultural policy, so why would it be moving too fast to introduce a clearer definition of “high-quality food” and to consider how that might support payments?

**Jonnie Hall:** As I have said, I do not think that we need a clearer definition of “high-quality” in the context of what we are talking about. Because the standards are already embedded in what we do—and have been so in every sector for decades—the integrity of what we produce is not in doubt, and we do not require the bill to build further integrity into that.

In the context of the phrase “high-quality food”, then, the key thing for the bill is to embrace that to deliver on the other outcomes. We should remember that the bill’s fundamental purpose is to deliver support that underpins an activity and/or an outcome. I do not think that the phrase “high-quality” needs to be nailed down in the text of the bill—that will come with other things.

I note that the bill also refers to a code of practice for sustainable and regenerative agriculture; it does not say what that will be, but it says that there will be a code as part of the process. Moreover, it does not say what the rural support plan will be, but it does say that there will be one. That is what we are following, and some time should be taken to get it right. If we paint ourselves into a corner too far and too fast, we will just be storing up problems.

This is a framework bill, as we all know, and there are some who would say that such a bill is not good enough and that we need absolute precision in the primary legislation. I disagree: we need to use the powers to best effect to tackle the issues that we have. In that sense, we need a framework bill that is flexible and adaptable as we go forward.

**The Convener:** I think that we have general consensus that a framework bill is the way forward.

**Pete Ritchie (Nourish Scotland):** I think that it is bad law to put “high-quality food” on the face of the bill if there is no intention to define it. There are two things that we need to think about in relation to high-quality food; the first is what nutrients are in it—I will leave Jennie Macdiarmid to talk about that—and the other is how it is made. We know that we cannot have high-quality food that is made with poor animal welfare or labour standards and, in our view, we cannot have high-quality food that is made in a way that damages the environment, whether through pesticides, nutrient pollution or producing more emissions and using more resources than is best in class.

If we are talking about high-quality food in Scotland, the beef and lamb that we produce—and which provide high-quality protein—must be best in class when it comes to animal welfare, greenhouse gas emissions, contributions to nature and all that stuff. If we are going to refer to “high-quality food” in the bill, we will need to define it really clearly in the rural support plan and set out the indicators in that respect and the targets that we want in order to deliver it.

**Sarah Millar (Quality Meat Scotland):** Pete Ritchie hit the nail on the head when he said that the rural support plan is the place for defining “high-quality food”. From memory, I think that the rural support plan is due to be reviewed every five years, which aligns with how the CAP rural development plan used to be delivered. That time period is long enough to give certainty, while still being agile enough to respond to any challenges that come down the wind.

I would define “high-quality food” as food that is good for the economy and does good things for local environments. We have to remember that



Scotland is a very broad church with regard to its resource base for producing food. After all, what is right in Lanarkshire will not be right in the Orkney Islands, so regional flexibility, which can be delivered through the rural support plan rather than on the face of a framework bill, would be the right mechanism to use. Embedding co-design principles in the rural support plan would ensure that it has been designed from the bottom up—from farmers, crofters and those in the supply chain—to make sure that it is right for businesses.

**Lesley Mitchell (Sustainable Food Trust):** The lens that I find useful in this discussion is that of sustainable nutrition in the sense that you have, as I think that we have already heard, sustainably and regeneratively produced food that delivers the right kinds of foods for healthy diets that are available to all. That becomes the overarching goal.

However—and this comes back to Pete Ritchie's point—there are, within that, key outcomes that reflect the attributes of high-quality food. That will require a definition, because they are the signposts of what you will be paying for and the guiding lights of your food system within Scotland. Obviously greenhouse gas emissions and so on will be part of that, but we need a set of holistic outcomes that covers the different attributes of sustainably and regeneratively produced food.

**Tim Bailey (Scottish Agricultural Organisation Society):** From my point of view, there is almost a subtext that what we are talking about here is food production as we do it now. There is a degree of custom and practice in this respect. We are a heavily legislated and regulated country; in Scotland, there are huge levels of quality assurance. At the end of the day, we are already sitting with primary production that is traceable and meets customer expectations, as Joe Hind was saying, and food that is legally produced and quality assured, so the bill will be very much building on that.

As for where we are with regard to what the sector needs to address in respect of climate and where it needs to get to with nature, I think that we are at a really good level already. I would certainly support previous comments that we should not put something into the bill if we cannot define it, unless we are going to define it in terms of where we are already.

**Alasdair Allan (Na h-Eileanan an Iar) (SNP):** Jonnie Hall, on your point about the importance of producing food, you have highlighted to us in the past the importance of the connection between support and production. Can you say a bit more about that with regard to producing quality food for the country? Other places have gone down a different route and broken that connection. In the

past, you have mentioned the need to ensure that the Subsidy Control Act 2022 does not frustrate us in pursuing a different path or ploughing a different furrow. Will you say a bit more about the connection between support and production and what scope there is for Scotland to do something different?

09:30

**Jonnie Hall:** I think that where we are in Scotland is where we need to be, because we have not broken the link between food production and delivering on our objectives and aspirations on the climate, biodiversity and underpinning rural communities. That is what is important about what is in the bill.

There are four inseparables in the bill. If we were to strip out the objective of high-quality food production, we would be in danger of losing the main tool that we have for delivering the other outcomes. High-quality food production should drive farming and crofting across Scotland, and it should be underpinned financially in a sustainable way, as that will enable us to have the land management required to deliver on outcomes such as capturing more carbon in our soils and woodland, diversification of what we do in the rural economy and, of course, addressing the challenges around nature restoration.

Those things are inseparable, but if we did not have the kernel of high-quality food production at the heart of active farming and crofting, that would make the other things really challenging to do. Given that 70 per cent of our landmass is under some form of agricultural management, we need to focus our attention on how we manage that land in an agricultural context in such a way that we can get all the outcomes that we want to get simultaneously.

I will paraphrase what the cabinet secretary said last November—not the November just gone, but the previous one. She said that there is no contradiction between our aspirations on food, the climate, biodiversity and underpinning rural communities. We would absolutely endorse that; for us, the key thing is to ensure that those aspirations are stitched together through active farming and crofting. That is where the focus of the support must be.

In relation to the second part of your question, we have always been conscious of the fact that agriculture and rural development policy is devolved—it is quite right that it is.

**The Convener:** I will stop you there. We will stick to the four objectives at the moment. We can come on to that—

**Jonnie Hall:** I was asked about subsidy control, but I will come back to that.

**The Convener:** The issue of subsidy control is not relevant to the topic that we are discussing at the moment.

Ariane Burgess has a question.

**Ariane Burgess (Highlands and Islands) (Green):** I actually have a couple of questions: the first is about animal welfare and the second is about nutrition, both of which are issues that have been raised.

It is interesting that Pete Ritchie is the only witness who has talked about animal welfare. Last week, the subject came up extensively. Do you think that the issue of animal welfare falls under the objective of producing high-quality food?

Last week, Kirsty Jenkins from OneKind said that other countries were moving away from using colony cages and farrowing crates, and Cathy Dwyer from the Scottish Animal Welfare Commission talked about the fact that we still allow surgical procedures to be carried out on young animals without anaesthetic. If such practices are continuing, can we call the food that is produced in that way “high-quality food”? If not, how can the bill, the rural support plan or the payment schemes ensure that high-quality food meets high animal welfare standards?

**Lesley Mitchell:** I speak as someone with a background as an animal welfare scientist—I have a PhD in animal welfare science. I would simply say that food that is produced in systems that are designed in such a way that animals suffer cannot be high-quality food. That says to me that there are specific red lines—that might be too harsh; there are things that we need to point away from and things that we need to point towards.

In the past 20 to 30 years, the concept of animal welfare has shifted significantly from being about reducing suffering or enriching environments to being about providing animals with a good life. I would argue that caged systems do not and cannot provide a good life to animals that are complex beings with brains.

Secondly, I would argue that we have fantastic pasture-based systems that are very capable of enabling animals to live good lives while producing good-quality food. Indeed, I would argue that, in some cases—for example, in ruminant production—those systems are capable of providing much more complex nutrient availability to people through longer-lived and pasture-reared animals.

If it were my choice, I would say that the bill should get rid of the cages, but I am aware that the bill is a framework bill.

**Ariane Burgess:** Are you saying that there needs to be a clearer definition of what we mean by high-quality food?

**Lesley Mitchell:** Yes, and I do not think that we should be rewarding poor welfare systems in any kind of payment.

**Sarah Millar:** There is a really good example of some of the complexities involved in what we are trying to do around the food system and the rural support elements of the bill. Lesley Mitchell mentioned the issue of animals living longer. One of the key ways to reduce our emissions, particularly from the ruminant sector, is to reduce the days to slaughter—that is evidence based. However, things are different for animals that live longer. That is really important in relation to this discussion. This is not a clear-cut case of, “Do this and the outcome will be that.” There are trade-offs and intricacies.

To go back to what Jonnie Hall said, we need to remember that, at the end of the day, we are dealing with businesses. How do we enable businesses to provide high animal welfare systems? How do we make that easy? Some of the other elements of the bill include continuing professional development and how we support businesses to remain viable in parts of the world that are really difficult to run businesses in. For example, in parts of the outer Hebrides, getting animals off the island to go to auction markets has animal welfare implications. Making sure that we have a holistic policy that enables a high standard of welfare to become the priority is really important, but it is not always as easy as it looks.

**Joe Hind:** As has been touched on, there are various elements to the issue of what we mean by high quality. Welfare is clearly one of those elements, but, because there are so many elements, it is tricky to define it up front, as Jonnie Hall has touched on. We could almost ask the question: would failing to define it now present a risk to our ability to define it later in a way that is implementable? If that is a risk, perhaps more work needs to be done at this stage. However, if not, I imagine that the delivery plans that come out of the framework bill could serve to define high quality in a way that captures welfare, which we all recognise is a really important part of the issue, because welfare links to not only quality and markets but integrity, which is really important in production.

**Pete Ritchie:** Just to add to the point about markets, animal welfare is really important for animals but it is also really important for farmers, because, increasingly, people are looking for demonstrable high animal welfare standards. Whether that is getting pigs off slats, giving all cattle access to pasture or getting cow-with-calf dairies going, producers in Scotland will need

support to transition their systems, because that is an expensive business.

If we are going to go for animal welfare being part of the definition of high quality, we have to support producers to be best in class on animal welfare. We cannot rest on our laurels and say that we are quite good; we have to be the best.

**The Convener:** Why would animal welfare not be in the bill, given that the bill outlines what we want to achieve? Why would secondary legislation be a better place for it? If we know what the animal welfare concerns are just now, why do we need to wait until secondary legislation, which we do not have the same ability to scrutinise as we do primary legislation?

**Joe Hind:** It is a fair point, but there would be a delay because you would have to define it across all those different areas, not just welfare. You would have to do all the work that will need to be done at some point to define it and have some form of assessment ability linked to those criteria.

Objectives are meant to be quite specific and measurable and that is not the case as things currently stand. However, by keeping it more general, you allow it to be defined at a later date, after that extra work and dialogue. Dialogue like today's discussion with you is important, but it would certainly take time to come up with those definitions, spell them out and write them into the bill. I am not enough of an expert on the parliamentary process to understand whether that is better done now or later, but I sense from other people that they feel that it would be better to do it later.

**Rachael Hamilton:** What is the panel's view on animal welfare and health being missed out of the list of objectives? It is not in the best interests of farmers to practise bad animal welfare, but it is in their best interests to ensure that they make savings, produce the best food, adopt technology and use preventative health measures such as vaccination or, I suppose, gene technology. However, that is not on the face of the bill. Some people say that the approach is too prescriptive, but others say that we need more detail. We should not be afraid of ensuring that, in Scotland, we have some of the best-quality produce. That is really a point for Sarah Millar to comment on, because she talked about CPD.

**Sarah Millar:** Yes. To go back to the rural delivery plan, if you can link those objectives to how that plan will be delivered over the five years—in terms of funding support and grant aid that helps to achieve the objectives—that will allow you to align with things such as CPD and innovation. We know that, in the space around data, technology and transition, things are incredibly fast moving, so having that in the rural

delivery plan rather than the bill allows you to be a lot more focused and nimble and also allows businesses to move with the most modern science, technology and evidence that they have. With a framework bill, it is about how we frame at a higher level what we are looking to deliver and provide the powers to deliver the rural support plan that links to businesses.

Animal welfare is incredibly important when we talk about high-quality food. There is a lot of evidence to show that animals that are produced in high-welfare systems have lower greenhouse gas emissions and are more productive, so that is better business. There is that triple bottom line and triple win, which we should not be afraid of. However, given that things are moving so quickly in this space, we want to give businesses the best chance to stay ahead of the pack and to deliver through that aligned rural delivery plan.

**The Convener:** Jim Fairlie has a supplementary question. Do you want to ask it now, Jim?

**Jim Fairlie (Perthshire South and Kinross-shire) (SNP):** I will wait until I hear what Jonnie Hall has to say, and then I will come back in.

**The Convener:** Okay.

**Jonnie Hall:** I support everything that the other members of the panel have said, but I want to go back to the convener's question about why we do not have a definition of animal health and welfare in the bill. That would pose significant questions about ensuring that the definition was compatible with every other piece of legislation that covers animal health and welfare. We have significant legislation in place that requires certain standards, and rightly so.

That takes me on to Rachael Hamilton's point about why animal health and welfare are not covered in the bill. To go into the secondary legislation phase and how we distribute support, one of the key elements that we are discussing now—others are involved in this—is the production of something called a whole-farm plan. That plan will insist that we have things such as animal health and welfare built in, as a requirement to attain the support that farmers need.

We have to build from a statutory base but, over and above that, we need to build in standards to ensure that what we are producing in Scotland is recognised as being of the highest standard. It is not just about doing our best; to use Pete Ritchie's phrase, it is about being best in class. Ultimately, that is what will differentiate Scottish produce from produce that comes from the rest of the UK and other parts of the world.

It is in our best interests to have a baseline standard of regulatory requirement, and an awful

lot of that is already in place. It is then about how we build on top of that. I think that animal health and welfare issues are compatible with the other objectives of the bill. For example, we need to ensure that we have ruminant livestock systems that underpin our habitats and grazing and that sort of thing. There is a connection between all those things all the time.

**Jim Fairlie:** On all the points that have been made, nobody will deny that we absolutely require the best animal welfare standards. We already have them, and our farming community does extensive work to ensure that there are the right welfare standards. However, I want to go back to the first thing that Joe Hind said, which was about what we define as quality food. It will be what the customer is prepared to pay for. I hate to bring money into the discussion when we are talking about animal welfare but ultimately, if you put a £10 steak and a £4 steak in front of a consumer who is facing a cost of living crisis, they will buy the £4 steak, by and large. They will do the same thing with milk: we have had programmes in which 10p extra went to the farmer. There was a litre of milk at £1.20 or one at £1.30, and consumers bought the one at £1.20 before the one at £1.30.

That is not to put a barrier in the way of anything; I am simply pointing out that we need to find the answer so that people who are cash-strapped are able to say that all those other things are important and are prepared to pay for them out of their pockets. I do not know how you do that in a bill. If anyone has any answers, I would be delighted to hear them.

09:45

**Lesley Mitchell:** Pete Ritchie is in a better position to answer that question from a Scottish perspective, but I will bring to bear the extensive amount of citizen engagement and polling on what people want from their food systems that the Food, Farming and Countryside Commission did recently. That data is from the ground up and the engagement was designed to be broad and representative of a range of different regions.

In answer to your important point, the key finding of that work was that everybody wants good-quality food—everybody wants food that is produced sustainably and delivers healthy outcomes—but people who are poorer face barriers in being able to achieve that. That says something about market failure and the food system, not about whether people will make different choices about what they will spend their money on versus what they actually want to buy.

We hear from those citizens that, within the UK context—particularly looking towards the UK's next election—they want to have in place the

structures, leadership, infrastructure and design that will enable them to make those choices. Unfortunately, in the UK and England specifically, we have a fundamental market failure, in which people cannot afford to buy food and farmers cannot afford to produce it.

**Jim Fairlie:** You are absolutely right in everything that you say.

Pete Ritchie, I know that you have done extensive work on the matter. How do we make those higher costs that are part of producing the kind of food that we want to produce affordable for the people who want to buy it?

**The Convener:** I will bring in David Thomson first and then Pete Ritchie.

**David Thomson (Food and Drink Federation Scotland):** This is not a direct answer to Jim Fairlie's second question. I represent food and drink manufacturers, who buy primary produce and make things out of it. To pick up on the commercial side, large United Kingdom and Scottish food and drink manufacturers are in Scotland because we have high-quality food and high-quality primary produce that they want to process and manufacture into products, whether that is in the dairy fields of the south-west or in our oat production. They recognise and invest in production facilities where they can get the best-quality agricultural produce, and they come to Scotland for that.

Multiple companies have done that. They are looking for a few things from agriculture in Scotland. Those things are probably how they would define high-quality food and a lot of them align with what Joe Hind said. He talked about the end consumer, but I am talking about the manufacturer in the middle. They want resilient agriculture—agriculture that can be relied on. That is really important to them. If they are going to build a massive factory in Scotland, they need to make sure that they can get their raw materials regularly and to the specification that they need. They want agriculture to be productive so that they can get as much as they need from Scotland and do not have to bring materials into Scotland or the UK from other parts of the world. They also need it to meet all the criteria that they will increasingly need to meet over the years.

That is why rushing to a definition of high-quality food or trying to be too prescriptive in such a definition is one of the problems. There are things that you can do that are not prescriptive. As Sarah Millar said, we do not yet know the responsibilities that companies and farmers will have with regard to net zero in a form that is sensible, commercially workable and can be delivered for as low a cost as possible.

That is why we would be a little bit nervous about being too prescriptive in the bill. The definition would be stuck in law and much harder to change. There are things that you can do to expand the definition of high-quality food but, when you begin to get prescriptive, you reduce the Government's flexibility to respond to changing circumstances and, to an extent, the Parliament's flexibility to reflect that in the work that it is doing.

**Jim Fairlie:** You talked about the issue of long-term investment in relation to companies locating in Scotland. Do you agree that that will require a critical mass to ensure that long-term production stays in place?

**David Thomson:** Yes, it will.

**The Convener:** I will bring in Pete Ritchie and Jennie Macdiarmid, then we will move on.

**Pete Ritchie:** The bill cannot solve income inequalities in Scotland. I agree with Lesley Mitchell's earlier point. All our work suggests that although people value the same factors they cannot always afford them.

It is also really important to pick up on Sarah Millar's point that maintaining high animal welfare standards represents not a cost but a benefit to farmers. In general terms, they can produce food more efficiently and at a lower price if they look after their animals better. The Government's job is to raise standards, so that when everyone buys food they know that it has been produced from happy, healthy animals. That involves the same reason that we do not let companies sell sofas that burn people, even if those sofas are cheap.

We must keep raising those minimum standards and, as Jonnie Hall said, keep pushing towards the high end and moving that graph along so that the best producers are the best in class. That means investing in advice, CPD and kit and helping farmers to change their systems. We will never completely close the gap between the best and the average, but we can narrow it and ensure that even the lowest-priced food on our shelves has been produced without animal suffering.

**The Convener:** Tim Bailey has indicated that he wants to come in, but we will move first to Jennie Macdiarmid. We need to focus a little bit more if we are to make progress.

**Professor Jennie Macdiarmid (Rowett Institute):** I am Jennie Macdiarmid. My background is in sustainability, nutrition and food systems.

On reading the bill, I see that there is mention of nutritious food, but that is not defined in any detail. Nutrition needs to be covered, because we want to produce food that will lead to healthy outcomes. We know that we have huge health inequalities, and we need to take action on those.

I agree with others' comments on the cost of living crisis. We must ensure that what is being produced is affordable and that we do not end up with much deeper inequalities.

When discussing high-quality food, one of my questions concerns the stage in the food chain at which we should define that. We might produce something that is very nutritious at the farm gate, but, by the time it has gone through processing, it is less so. At what point should we define good quality, particularly around nutrition? That can change as we move across the food chain. That approach might be ranging more widely, but it is important to think about where nutrition fits into the entire food system. We can end up with unintended consequences if we do not consider that during those steps.

I also want to pick up on the point about everyone wanting certain types of food, and that it should be of high quality and so on. Research shows that, for most people, price is the most important factor. Taste, preference and enjoyability are next, and health and environment tend to be lower down the chain. Again, in discussing high-quality food, we need to consider those factors. People want high quality, but it is perhaps not at the very top of their list.

Then there is a conflict between price and production costs. As I have said, one of the main aims is not to increase health inequalities. Without being prescriptive, it needs to be really clear what the framework for that is. Earlier, Sarah Millar said that there are going to be trade-offs. That is what you get with any food system. When we start to bring all those aspects together, such as climate and nutrition, we must look at the balance between them.

I prefer to use the word "balance" rather than the word "trade-off", which suggests that we have to get rid of something. We need to talk about what the balance should be. We need all those things to be central to the bill, in particular nutrition, which sits predominantly in other bills, such as the health aspects of the Good Food Nation (Scotland) Act 2022. There must be a recognition of how the Agriculture and Rural Communities (Scotland) Bill relates to such legislation.

That is my feeling. I would like to see a bit more on what is meant by nutrition. The issue of nutrition is difficult in the sense that—as I said previously—the situation at the farm gate might be different from what ends up the plate. There could be a focus on certain nutrients, but the question has to be how the concept fits into the whole diet and what people are eating. Where does nutrition sit within that, given that it is not just a single entity?

**The Convener:** I will bring in Tim Bailey briefly.

**Tim Bailey:** We all strive for optimum animal welfare, and we have to look at mechanisms to make that happen. The rural support plan and the priorities are a good way of doing that.

However, to give a purely practical example, we have talked about sectors that have historically been highly intensive, but although the Agriculture and Rural Communities (Scotland) Bill talks about rural support programmes, a lot of those sectors fall outwith the scope of the bill with regard to the provision of financial support.

In general, egg and poultry producers have not had access to that support previously, and they will not have access as a result of the bill. We need to consider what is in the scope of the bill and the levers to do that.

On the flipside, the market is driving quite a lot of that already. In the egg, poultry and pig sectors, there are a lot of standards expected of producers that are greater than what legislation and regulations require anyway.

**The Convener:** We will move on to some of the other objectives of the agricultural policy, with questions from Kate Forbes.

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** Convener, will we come back to rural payments later?

**The Convener:** Yes.

**Kate Forbes:** Thank you. My question is about some of the other objectives. We are talking about a bill that is called the Agriculture and Rural Communities (Scotland) Bill. We have focused extensively on a number of objectives so far, some of which are already in the bill and some of which are not.

I have two questions. The first is on the point about rural communities thriving. Jonnie Hall quoted the cabinet secretary as saying that there was no inherent tension between all the various objectives on biodiversity, climate change and so on. However, looking specifically at enabling rural communities to thrive, do you see any inherent tension between the objectives that are there already and rural communities thriving, or maybe not thriving?

My second question is specific, and I would value a specific answer to it. Inevitably, in a round-table session such as this, everybody will have ideas about the additional objectives that we need. However, if we have too many, we do not have a very focused bill. What is the optimum number of objectives? Is four the right number, or is it too many or too few?

**Jonnie Hall:** Thank you. The first question seems to be aimed at me a wee bit.

**Kate Forbes:** Well, just in terms of tensions—

**Jonnie Hall:** No, no—I am quite happy. I will be very candid about this. When the bill was published on 29 September as the Agriculture and Rural Communities (Scotland) Bill, that obviously raised a few eyebrows because we had anticipated that it would be an agriculture bill. However, I think that it is absolutely right to include rural communities in the bill's title, because it underlines that, if we support agriculture to deliver on food, climate and biodiversity and we focus on active farming and crofting, the value of that support does not simply go into farms and crofts, but permeates throughout rural communities. We have argued that for a long time. That is critical, particularly as we get into more remote parts of Scotland and especially into our less favoured areas.

One of the bill's key objectives must be to sustain active farming and crofting to underpin the socioeconomic dimension of what happens in rural Scotland. That has always been a key aspect of agricultural policy through the CAP and it has been utilised in the Scottish context to very good effect with the tools at our disposal, but it is now important that we fundamentally ensure that the rural communities aspect is front and centre, alongside climate and biodiversity and food production. There is a multiplier effect upstream. Think of all the tens of hundreds and then tens of thousands of jobs and incomes and livelihoods that are dependent on farming and crofting upstream in our rural areas. In addition, what leaves the farm gate underpins jobs in all sorts of communities in our agri-food sectors.

10:00

Farming and crofting are linchpins in a socioeconomic context as much as anything else. I have no difficulty whatsoever with rural communities sitting alongside agriculture. The key will be to ensure that the support underpins active farming and crofting specifically—not just production, but active land management that builds resilience and a flourishing and thriving environment. On the back of that, you get thriving rural communities. If you do not have that, you will certainly start to see a decline in rural populations in certain locations as well as a decline in rural services in certain regions, which we absolutely need to avoid. The bill can and will provide the means of ensuring some of that, so I 100 per cent support rural communities being included in the bill.

**Kate Forbes:** What about the number of objectives?

**Jonnie Hall:** I think that the number of objectives is right. We have been quite clear for

some time that, as an agricultural industry and as an agricultural community, we have challenges around climate and biodiversity, and we certainly have challenges around ensuring the sustainability of our rural communities. Agriculture—that is, farming and crofting—is at the heart of all that, so farmers and crofters are uniquely placed to deliver on those things. It is about linking food production, that inherent aspect of what agriculture is all about, with the delivery of those other objectives that are so important to the national interest, not just the interests of agriculture. Linking food, climate, biodiversity and people is absolutely right.

**David Thomson:** I will declare a history here because, as a civil servant, I was responsible for both food processing, marketing and collaboration grants and the LEADER programme once upon a while. Both of those were the grant programmes that sat underneath the common agricultural policy to support food processing and communities. I will not talk about communities, because that has nothing to do with my current job. However, the objectives are in the bill because it is a direct replacement for what sat under the EU framework. You could, absolutely, argue that each of them should have been treated separately, but that is not where we are.

From our perspective, one of the key elements is the support for food and drink production and processing in part 4 of schedule 1 to the bill. That is a way to allow the Government to support small and medium-sized food and drink processors to make the best use of Scottish high-quality food. For us, that is a really important part of the bill. If it was not in the bill, we would be seeking another mechanism through which the Scottish ministers could support those elements.

On the definition of high-quality food and drink, Jennie Macdiarmid spoke about when nutrition should be considered. If you use a definition of nutrition that means that support is not available for biscuits, for example, you will cut out quite a lot of Scotland's high-quality small and medium-sized enterprises from using Scottish produce. If you are aiming for nutritional benefits in everything that you do, you will lose the flexibility to support a small biscuit producer.

**Joe Hind:** I echo what Jonnie Hall said about rural communities. Scotland Food & Drink is interested in taking a holistic view across the landscape. We are also interested in looking at how the economic, social and environmental goals can be achieved.

The social element is very much bound up in how good food that is grown and produced in Scotland serves the communities within which it is produced. Having rural communities as a headline is probably no bad way to achieve that. We see, for example, as CAP is evolving, that even the

2023 to 2027 strategic plans produced by member states reference the rural communities that agriculture serves. That is a foundation that underpins a lot of agricultural support and policy around Europe. From our perspective, it does not hurt to have that front and centre.

The number of objectives is less relevant than what each of the objectives delivers. The only one that we feel could have been added or included is around value. We see that the European Union recognises the value in the supply chain and value at the production end with regard to farmers and growers. That could have been included.

**Sarah Millar:** I want to come back in again, because a useful point was made that threads together quite a lot of the discussion this morning. It comes back to rural communities and critical mass, particularly of livestock production.

I am here representing Quality Meat Scotland. In the supply chain, we are worth about £2.8 billion to the Scottish economy, £839 million of which is gross value added. Activity in our supply chain is taking place in every single parish across Scotland; there is not a parish that does not have crofting, farming or manufacturing within it. That is important as a driver of the wider economy and the wider supply chain. The red meat sector is very much interlinked in that wider value chain, from the producer through to the consumer.

We spoke earlier about animal welfare. One of the biggest current challenges that we see with regard to the ability to deliver sustained, positive animal welfare is the availability of vets in some areas, such as the Highlands and Islands. If we do not maintain a critical mass of livestock production in those areas, some of the other objectives on which we want to focus will become very difficult to deliver.

At the heart of all that, there are crofting and farming businesses. If they do not have the support to enable them to provide high-quality food and high animal welfare outcomes—if they do not have vets or other support mechanisms that are able to reach them in certain parts of the country because there are not enough livestock there to maintain a service—those businesses will potentially disappear. That happens again and again, and we suddenly find that there are parts of the country with no agricultural production. We then do not have enough critical mass to sustain the businesses downstream, which are a critical part of our manufacturing sector and of the wider economy.

I want to highlight that. It is sometimes difficult to bring to life what we are actually talking about. That is how little things, particularly in our livestock value chain, can have an effect. Whether it is beef, sheep, cattle or pigs—whatever we are talking

about—we need to have a critical mass of numbers that enables us to deliver those services in order to enjoy and make the most of that strong value chain.

**Tim Bailey:** From a SAOS point of view, we were delighted to see that the bill was entitled the Agriculture and Rural Communities (Scotland) Bill. For too long, there has been an element of perceiving that it should be either/or. At the end of the day, farming and agriculture are the beating heart of rural communities, just as fishing and so on are at the heart of maritime communities.

As I said, we were delighted on that front. We represent all the agricultural co-ops in Scotland. There are multiple co-ops in every constituency that is represented by members around this table, and they are all rural employers. They are farmer-owned businesses that employ people in those communities.

That brings me to our views on a fifth objective, which the committee will no doubt be aware of through our bill consultation feedback. From our point of view, the elephant in the room is that we will not get high-quality food production, we cannot have sustainable agriculture, we will not get climate-mitigated and nature-restored agriculture and we will not have rural communities if we do not have viable and resilient farming. That is the missing element—it is the elephant in the room with regard to a fifth objective.

Jim Fairlie talked about critical mass, and David Thomson talked about manufacturers' need to have resilient agriculture and a resilient production base. If that is not an overarching objective of the bill, everything else could potentially become worthless.

Faced with the reality of an environment in which there is unlikely to be more direct public support for farming, the farming sector will have to rely more on the market for its returns in order to become, and remain, viable. Unless we have that as an objective in the bill, and unless it becomes one of the key drivers—a fifth driver—in the rural support plans, everything else is potentially worthless.

**The Convener:** Should there be other objectives in the text of the bill? You talked about a fifth objective. We have only four objectives, but the common agricultural policy has 10. Should there be more objectives in the bill?

**Tim Bailey:** From our point of view, an objective about the viability and profitability of farming would be the key underpinning objective. We have no other asks beyond that. I can see that there is a risk that the bill could become all things to all people and lose focus, but that would be our ask for a fifth objective, which would help to support the success of all the other objectives.

**Jonnie Hall:** I echo what Tim Bailey has just said; I hope that I conveyed that in my response to Kate Forbes. We have to have viable, sustainable and—I will use the word—profitable agricultural businesses of all sizes, types and shapes in every quarter of Scotland if we want to underpin the socioeconomic aspect, which is so important, and to be able to deliver on climate and biodiversity.

To answer the convener's question on whether we should have more objectives in the text of the bill, the bill does not sit in isolation; it is part of a collection of policy objectives that run through other pieces of legislation and strategies that the Scottish Government is pursuing. We know that there will be a land reform bill coming forward in the early part of next year, and that in the next session of Parliament, there will be a natural environment bill to deliver on the Scottish biodiversity strategy. There are a lot of pieces of existing and forthcoming legislation that map out what the Scottish Government is trying to achieve not only across rural Scotland but across the whole of Scotland—

**The Convener:** That is all very well, but we have in front of us the Agriculture and Rural Communities (Scotland) Bill. Is there any indication in the bill as it is currently drafted that all the things to which you aspire, and which you suggest are going to be delivered, will be delivered? Where in the bill does it suggest that that is going to happen?

Do we simply have to rely on the Government coming forward with secondary legislation that fulfils all your ambitions? I do not see those things that you are describing in the text of the bill. I do not see a link to land reform, the biodiversity strategy or the climate change plan. Where do you get your confidence that the bill will deliver everything to which you aspire and which you believe that it will deliver?

**Jonnie Hall:** The bill will be the vehicle to deliver the outcomes that we want. The secondary legislation that will follow from the bill will be tasked with delivering on existing targets around climate and forthcoming targets around biodiversity, and certainly around how we underpin our rural communities.

I see the bill as—we have used this phrase often—doing the heavy lifting. The key question is how we transpose the powers in the bill into actions and deliverables in secondary legislation. That is not in the text of the bill itself—it is what will have to come next. What we need in the bill are broad-ranging powers that we can adapt and utilise to deliver the outcomes that we want.

At the moment, I think that there is, in part 2 of the bill, sufficient scope, flexibility and necessity in the powers to support activities and outcomes.



**Pete Ritchie:** As a general point, there is a tension in this discussion, and in the bill, about whether, in Scotland, we are pretty much good enough or whether we need to change quite a lot. That is at the heart of the conversation. I do not think that we are good enough, in respect of not only our obligations on climate and nature, but what the market will increasingly want us to deliver. We have to make some pretty significant changes, and telling ourselves that we are doing well is not enough.

That is a general point, but I also want to respond to the specific points that Kate Forbes made about the rural communities element of the bill. I think that rural communities are short-changed by the bill. As Jonnie Hall said, that aspect is very much an afterthought and we were surprised to see it in the bill.

When we look into the bill, we see that there is actually very little about rural communities. There is not even a commitment to spending 5 per cent of the budget on the LEADER programme, which is a CAP commitment. LEADER was one of the best things about the CAP, to be honest, because it got local people involved in working together and adding value to farm produce, generating local food economies and doing useful things in the communities. We would like that to be reinstated in the bill as a commitment to local, community-led development.

We would also like it to be extended to urban authorities. Just down the road, we have Lauriston Farm, which is 130 acres of urban farm. Rural is not agriculture and agriculture is not rural, so every local authority should be getting some money from that programme to support what Joe Hind described: short food chains, community growing and making that food accessible to more people, not just those in rural areas. We also need a big glasshouse sector in Scotland. We could be doing a lot of things, through local authority-led and community-led local development, to enhance our food sector.

There are a lot of other things that rural communities need that are not addressed in the bill. It may be that they are addressed in other legislation, but the problems and challenges for rural communities will not be sorted out by this bill alone. There is a danger that we think, “Rural—done” because we have put it in the Agriculture and Rural Communities (Scotland) Bill.

In shaping the objectives, I would commend the Agriculture (Wales) Act 2023—not all of it, but significant elements of it—because it sets out four high-level objectives on the face of the bill covering food, nature, the climate and helping rural communities, including the Welsh language and culture and landscapes.

10:15

The Welsh act then has 15 objectives further down the track, and the nice thing about it is that it requires the Government to come forward with targets and indicators on those 15 objectives, including what is meant by those terms, whether that is high-quality food or animal welfare. The Government will have to take advice on that, including from the Future Generations Commissioner for Wales, and it will have to come back to the Welsh Parliament and say, “Here is our plan.” There is a date in the act by which the Government has to do that. There is also a date by which it needs to produce its equivalent of the rural support plan, with budget envelopes, uptake estimates and estimates of how well that will deliver on the objectives that are in the act. It is a much more joined-up approach to holding the Government to account on what the Parliament and the people want our agriculture system to look like.

**The Convener:** I will bring in Rhoda Grant on the code of practice for sustainable and regenerative agriculture.

**Rhoda Grant (Highlands and Islands) (Lab):** I fear that this conversation will be a wee bit like the last one in that some people are telling us that they want the wording in the bill because they need to know what to expect and others are telling us to leave it for the code of practice because that can be changed over time. Secondary to that, does the bill provide the right level of scrutiny for the code of practice?

**The Convener:** Who would like to kick off?

**Jonnie Hall:** I am happy to pick that up. The bill, in part 4, sets out the requirement to produce a code of practice for sustainable and regenerative agriculture. We have absolutely no difficulty with that, given that the vision for Scottish agriculture is to be a world leader in sustainable and regenerative agriculture. The obvious question that has been raised is that those terms are not defined in the bill. Instead, the bill requires ministers to come up with a code of practice through consultation and consideration of what that might mean and how it would work in practice. The code of practice for sustainable and regenerative agriculture will be one of the tests—although maybe “test” is not the right word—for how we distribute support and how people become eligible for support, because they will have to adhere to that code of practice. I have no difficulty with that whatsoever.

I would have significant difficulty if we tried to define those terms very tightly in the bill. In October, I was at the European Commission, talking to the directorate-general for agriculture and rural development about regenerative

agriculture. Officials from the European Commission seriously advised not to try to define regenerative agriculture. It is more a set of principles than anything else and their advice was not to define it tightly, because it might box us in when we want to adapt and develop. All codes of practice need to be flexible, adaptable and changeable over time.

A really important aspect of what happens beyond the bill is the creation of that code of practice. How it is consulted upon, what that means, how it is deployed and how we allocate support will be a litmus test. However, I do not think that tight definitions in the bill are required.

**Sarah Millar:** I am fresh off the plane from the 28th UN climate change conference of the parties, and “regenerative farming” was the phrase of the conference over the past few days. Interestingly, this morning, with the latest global stocktake text, there is now specific reference to regenerative farming coming out of the high-level COP28 negotiations. There is a clear level of alignment in terms of global policy filtering down into Scotland.

We have spoken about how important it is to define regenerative farming. It is important that we, as a supply chain and as an industry, define what regenerative farming means to Scotland, because what is right for Scotland could be very different from what other people are talking about in terms of regenerative farming.

Going back to the principle of co-design with industry, there is a great opportunity to have that conversation and ensure that we have a strong definition of regenerative farming that we can own, build through our rural support plans and enable producers to embed into their farming practices. That also comes back to Pete Ritchie’s point about enabling the production systems that we want to see.

Most importantly, we must ask how we can link that to the marketplace. QMS does that by providing a brand to ensure that consumers have the opportunity to buy food, the producers of which are investing in the supply chains, which is what they want to see. Getting that definition right for Scotland is so important.

If I might go back to another point that I made earlier, Scotland is a broad church. What is right in one part of the country might not be right in another. We must enable producers, which, as we discussed earlier, are at the heart of our communities, to produce the right products in the right places.

**The Convener:** Given the importance of sustainable and regenerative agriculture for the future, where is that defined so as to give people clarity?

**Sarah Millar:** We can find a number of definitions that various organisations have provided. I ask that question quite regularly at any conference, event or seminar that I go to. It is important that we define that for Scotland instead of simply picking something more general. It should work for the Scottish context and Scottish businesses.

**The Convener:** Where should it be, though? It is named in the bill as an overarching objective. Where should we put that definition? Who should decide it and where should it sit?

**Sarah Millar:** I would say that it should be done through co-design between businesses and Government. Going back to the co-design principle, it is right that the design process involves businesses that will deliver, regardless of whether the definition sits in the rural support plan or in the bill. I probably would not want to give an answer on where it would be right to do that. What is important is the core principle of ensuring that businesses that are delivering it are involved in its definition.

**Jonnie Hall:** I would argue that that is implicit in part 4 of the bill, which covers the code of practice on sustainable and regenerative agriculture. It is not set out in the bill, but the elements of that part of the bill mention engagement with the sector and so on.

I will build on Sarah Millar’s point. Even within any definition that we might have for a Scottish context, what would constitute regenerative agriculture for, say, our soft fruit sector would be very different from that for our extensive hill farming sector on the west coast, where different aspects of regenerative work are in play. That is why we need a code of practice rather than a hard and fast definition.

**Pete Ritchie:** The code of practice is given a lot of prominence in the bill, but my question is why that should be. If it is just a nice-to-have bit of advice for farmers that says, “Here are some good things to do,” we do not need it to be in the bill; we can hear it from the advisory services. If it is in the bill, it must have some legal power and must do something. The question is whether, as Jonnie Hall says, compliance with the code is to be used as a ticket or what we might call an entry point to either tier 2 or tier 1 payments, just as people must comply with the muirburn code. Should we say that they have to comply with the code if they undertake farming business in Scotland? The question for the committee is, what work is the code doing in the bill on holding the Government to account and moving the objectives forward? If it has no legal impact, or no effect on how much money farmers get, there is really no point in having it in the bill. It might be nice to have, but it will not achieve anything.

Then there is Sarah Millar's point about how a definition should be drawn up. She is absolutely right that it would be really difficult. For example, I love eggs, which I had for breakfast this morning. If a poultry farmer imports soya that is not identity preserved or guaranteed free from deforestation, how could they show that they undertake regenerative agriculture? That would be really hard for them. We would still need eggs, though. We must be careful about having a definition that would exclude some people from business areas that we want to support. We should take our time about finding a definition. If it is so important, then we should make it part of the tier system eventually, but in the process we should involve many people so that we all move forward together.

As, I am sure, David Thomson would confirm, the supply chain loves regenerative agriculture because it covers so many different elements. We keep coming back to the point that, in the next few years, much of the heavy lifting will have to be done by supply chains. The Government needs to be ahead of that by considering what the perverse and potential consequences will be for small and marginal producers and those who do not have the money to invest in change. How can the Government ensure that the impact on the market is beneficial to all farmers and crofters, not just some of them?

**Jim Fairlie:** I have a minor point. We have been talking about how we define the terms in the bill. I was looking recently at the Hill Farming Act 1946 in order to discover things about muirburn. The 1946 act prescribed that only specific types of tups could be used, as defined by the minister. How many ministers know what a good hill tup looks like and what its function should be? There is a danger that if we are very prescriptive, we will send farming in a particular direction. We surely have to look at something that allows ministers to let the industry develop the objectives in the bill.

**Jonnie Hall:** I would argue that that is what is set out in part 4 of the bill. It talks about developing a code of practice; it does not say that there will be a definition of sustainable regenerative agriculture. It outlines implicitly how that needs to be brought about, with regard to the points that Sarah Millar and Pete Ritchie made about the need for a co-designed approach to ensure that the code fits with different farming systems and different contexts.

Scottish agriculture is remarkably diverse—as you know, Mr Fairlie—and we need to ensure that, whether someone is crofting on the west coast or operating a large arable unit in Berwickshire, the code is equally applicable to the context in which they find themselves.

**The Convener:** Why does the bill not simply refer to the adoption of a code of practice, rather than saying that

“the adoption and use of sustainable and regenerative” agriculture is one of the objectives?

**Jonnie Hall:** I would argue—as the Scottish Government probably would—that it is because the Government's vision is for Scottish agriculture to be a world leader in sustainable and regenerative agriculture. That is there in black and white—it is clearly part of the agricultural reform route map that the Government has published over the past 18 months, and the objective in the bill will be the link to that.

**The Convener:** With regard to the parliamentary process, should the code of practice be scrutinised by the committee before it is activated?

**Jonnie Hall:** I endorse the point that Pete Ritchie made. If the code is of any worth and value, and if it is going to be used as some sort of leverage, either to access support payments or as the baseline for not only what we would regard as good practice, but getting to best-in-class, as we would want—if it has that legal status and influence—I would have thought that the committee would have to undertake some scrutiny of it. Again, however, that will come further down the track in secondary legislation.

**The Convener:** Well, not necessarily. The question is whether the committee has a role in scrutinising the code of practice and future farm plans. There is a suggestion that the Government has to bring forward a plan on which it will consult, but there is nothing in the bill that suggests that this committee, or the Parliament, has any role in that regard. Are you suggesting that there should be an obligation in the text of the bill for the code of practice, or for a future plan, to come before the Parliament?

**Jonnie Hall:** If the code is part of the conditionality of receipt of payment, there certainly should be such an obligation.

**Joe Hind:** A lot of the debate around that particular question seems to be process based. From Scotland Food & Drink's perspective, we are concerned with the outcome and what we achieve.

At some point, we will have to define those terms and understand what they mean, and we will have to assess and measure whether they are being implemented across all the different sectors and geographical areas. In order to do that, the process itself is less relevant than the fact that it is achieved.

We do not necessarily have a strong view about what happens up front. I guess the people who

say that the code should be scrutinised up front are probably those who are concerned about it being watered down, or about there being less scrutiny of the bits that come about subsequently.

As Jonnie Hall has touched on, however, that need not be the case if the plans are there to be measured and the objectives are there to be reviewed, and if the processes are in place to review them. It is vital that they are, because the brand and reputation of Scottish food and drink underpins our ability to sell it to the world, and that will allow us to meet our strategic objectives of sustaining Scotland and supplying the world.

We have to get it right, but I do not know that it is critical that we get it right now, rather than through the other mechanisms further down the line.

10:30

**David Thomson:** I have a small point to make about the commercial side of things. Lots and lots of people who buy primary produce have specifications, audit processes and assurance schemes that I imagine will be well above anything that can be put in a code of practice. The commercial reality is that farmers and producers are, in any case, dealing with independent audits and codes of practice in order to supply a business such as Tesco or a manufacturer.

Pete Ritchie asked where the market failure is, where the Scottish Government needs to step in to give support and which areas the Scottish Parliament should have its eye on. From our perspective, those elements are critical, because the danger is that you might set standards that are not commercially viable.

**Rhoda Grant:** We should be clear that the code of practice will be subject to the negative procedure. The Government will devise the code, which means that, although the Government can consult on it, it will simply be laid before Parliament; if the Parliament does not like it, we will have to lodge a motion to annul. It is my understanding, because it is one of the bill's objectives, that the whole funding package for farming depends on the code of practice being in place. That would make it very difficult for a committee to annul it, because doing so might delay support for farming.

There are other procedures that can be used. There is the affirmative procedure, under which the legislation is laid and voted on by Parliament, again on a take-it-or-leave-it basis, while other pieces of legislation have been subject to what we call a super-affirmative procedure. Under that, a draft is laid before Parliament; the committee scrutinises it and then makes comments back to the Government; and the Government either takes

or does not take the committee's comments on board before we vote on it.

Those are what you might call the different tests. I suppose that I am asking you whether the negative process, which can involve a move to annul, is sufficient for any legislation on which farming payments depend. Should we look at using the super-affirmative procedure for those parts of the legislation, the codes and so on that are coming through via subordinate legislation if farming payments are dependent on them?

**The Convener:** Just for clarification, Scottish ministers may make regulations on guidance but the guidance itself will not come under any form of parliamentary scrutiny. We must be clear that those are two different things.

**Tim Bailey:** What Rhoda Grant has just said reinforces what I was going to say about what Pete Ritchie said. What is the purpose of the code and how will it be deployed? If, as Jonnie Hall said, the code might be linked to conditional support, that should be made clearer in the bill and—to go back to Rhoda's point—there should be an affirmative process behind it. If that is not the case, and the code is aspirational, that is less of an issue. However, if it is aspirational, that takes us back to Pete's question: what is the point of it? So what?

**The Convener:** We have to be clear about this. As I have said before, this is the business end of the bill. We can talk about aspirations, but if something is not written into the bill about how we ensure that our aspirations are realised, there is little point in talking about it.

I will bring in Jonnie Hall, to be followed by Lesley Mitchell.

**Alasdair Allan:** Before you do, convener, I just want to come in, as that point of view could go unchallenged. As we have heard, it is quite useful to put many things into secondary, rather than primary, legislation. The point is not a statement that should go unchallenged.

**The Convener:** No—it is my opinion. Thanks, Alasdair.

**Jonnie Hall:** As we all know, this is a framework bill. It is primary legislation, and much of it is about creating powers, but the way in which those powers are then used will come through secondary legislation. Therefore, throughout the bill—and particularly in part 2, which is about support payments—there is a whole raft of clauses that talk about either affirmative or negative procedures.

Clearly, we need scrutiny, as, otherwise, there is no counterbalance to what the Scottish Government might pursue. This committee, and the Parliament, are the means of scrutinising the

secondary legislation—they are the checks and balances.

**The Convener:** Where in the primary legislation is there anything to suggest what the role of Parliament will be on important aspects such as the guidance and the code of practice?

**Jonnie Hall:** The support elements, by which I mean the types of support that might be created by the powers—particularly in part 2 of the bill, which, for me, is the key part—are all underwritten in subclauses, or whatever they are called, about regulations that are subject to affirmative or negative procedure.

That takes me back to Rhoda Grant's point. We could argue quite strongly for ensuring that we do not have a situation in which provisions have to be passed to prevent others from being stopped or delayed. We would want full and proper scrutiny of the secondary legislation. The key point would be to ensure that, at stage 2, amendments are lodged to the bill to ensure that such checks and balances are in place.

**The Convener:** That is exactly my point.

**Jonnie Hall:** That is not to say what the secondary legislation should be. Instead, when such legislation is introduced, it should be subject to the affirmative—or even super-affirmative—procedure if that is better in ensuring proper checks and balances.

However, that is also not to say that the bill itself should set out how those powers should be used, as that has to come in the secondary legislation. The scrutiny bit has to happen with the primary legislation, if that makes sense.

**The Convener:** It absolutely does.

That leads us on to how the code of practice is to be measured, monitored and evaluated, which is currently unclear on the face of the bill. There needs to be provision in the primary legislation to ensure that monitoring and evaluation are covered in the secondary legislation.

**Lesley Mitchell:** The question that I ask myself on that point is: which mechanisms need to be in the framework to enable it to deliver those outcomes? For example, does it need to ensure that value chains are fair and viable? What features will we need? Equally, what do we need with regard to requiring the code of practice, and the mechanisms that will deliver the bill and the outcomes, to measure and monitor outcomes across those holistic requirements?

On the definition of regenerative agriculture, it feels strange to create a bill that is about sustainable and regenerative agriculture without including such a definition, or at least a set of key outcomes and deliverables that it will achieve.

That might be in your objectives, but it has no formal recognition anywhere in the world. The closest example is in the United Nations Food and Agriculture Organization's definition of agroecology, which we might say that some people are allergic to. It basically says the same—that people, incomes, environment and so on are the key deliverables.

There might be something to Pete Ritchie's point about putting the objectives and outcomes that the bill will achieve up front, so that they effectively form your definition of the aims that your new regenerative and sustainable agriculture system will achieve. Otherwise, I just think you would be leaving Scottish farming flapping in the wind, with anyone being able to push it in a different direction. If this approach is the future of Scottish agriculture, it will have to be scrutinised.

There are already mechanisms out there that have started to consider what we need to put in place to deliver and scale up regenerative agriculture. I would simply point to the Sustainable Markets Initiative's agribusiness task force, which delivered a plan for action across finance, markets, food companies and policy that was released at COP28, and mechanisms such as Regen10 and the Global Farm Metric, which have already done much of the multi-stakeholder work that will allow you to say how such mechanisms are relevant to practice in Scotland.

My question was going to be about timing. In England, we have seen policy makers kicking the can down the road; as a result, farmers are suffering from confusion and inertia over their ability to invest in transition, because they do not know what they will be asked to do. They are also being asked to carry the risk for that transition.

I would simply say that surety and clarity need to come sooner rather than later, to enable people to know which direction they are going in and whether they will even have viable businesses. If I might speak to the effects of the current English legislation, I would just point out that, once basic payments go, hill farmers will have limited or no income, because the market does not work for them. People need to know what they are investing in and where they are going. My concern is that if important provisions were to be in secondary legislation, farmers could end up having years of not knowing that.

**The Convener:** I will bring in Pete Ritchie, and then we will move to supplementaries from Rachael Hamilton and Jim Fairlie.

**Pete Ritchie:** We are all agreed that this is a framework bill. The bit that will translate the framework into action is the rural support plan. As it stands, the bill is very weak on defining such a

plan. Indeed, I have already mentioned the act in Wales, which has more definition.

We want the Scottish bill to provide a plan that is much more like the CAP strategic plan. We want to stay aligned with the CAP, because its strategic plan is really clear about setting obligations on what should be in a support plan. For example, we would need budget envelopes and uptake estimates; we would also need estimates of the impact of the various measures not just on climate and nature, but on food production and farm incomes. As Lesley Mitchell has said, we must consider the differential impacts. At the moment, most of the money goes to the people with the most or the best land, not to hill farmers who are struggling.

The rural support plan has to set up all that. How will we translate the bill's broad framework into provisions for spending public money in a way that will do the best job for Scotland? The Parliament must consider that plan with some time and effort, and ideally with external advice, otherwise there is a danger that we will just look parochial.

Lesley Mitchell has given good examples of how other places are handling the situation. We must consider those in detail, because they illustrate the engine of change. As I have said, the Wales act specifies a date for when a plan has to be produced and laid before Parliament. As we have seen happen with other framework bills, the difficulty for the committee is that such bills leave it to the Government to make a plan, then the plan takes a while to come back, by which time Parliament has moved on to other things. We must strengthen this bill's provisions, particularly those on the rural support plan.

**The Convener:** We will have brief supplementaries from Rachael Hamilton and Jim Fairlie.

**Rachael Hamilton:** My question is for Lesley Mitchell. You are absolutely right that our approach should be about viable farming within the objectives. The bill talks about thriving rural communities, but not about the viability of farms. The committee recently visited a progressive arable unit in the Borders, at Colin McGregor's place at Coldstream Mains. He described to us what he had been doing over the years on low tillage and low inputs. He described his approach as regenerative.

My point is that if we do not have an objective to ensure that we de-risk farming and that there are viable farming units, the term "regenerative" means nothing. It is just a label that allows a Government to describe farming in a certain way because it wants to meet a net zero target; there is no meat on those bones. That is what we are

missing here. Without farmers actually being sustainable, we cannot achieve net zero.

**Lesley Mitchell:** Absolutely. The key question concerns not only how they continue to be viable in the future, but how we can create the conditions for them to make any transitions that they need to.

There is another point about the economic arrangements, which is that if farmers and rural communities are to continue to thrive they must be the stewards of that land, and they are also the producers of food. Therefore the issue is about land sharing and not land sparing, so to speak.

For me, the important point is that we do not want to create a situation in which we reward restoration from degradation, but we do not reward people who have already been investing in making this approach work. However, we cannot simply leave that to the market; we need to create the conditions for the market to work effectively.

**The Convener:** Joe Hind wants to come in on that.

**Joe Hind:** I have a quick point on Pete Ritchie's reference to the CAP strategic plan. I know that we might talk about the CAP later, but I mention here that the strategic plans for each member state come from a toolkit or a template that they have to follow. The top line, or one of the first pages, of the CAP strategic plan mentions the need to protect people who work in agriculture, because, on average, they still earn less than those in other sectors. That point has to be fundamental to our rural support plan.

**Jim Fairlie:** David Thomson might want to listen to this question. You are talking about how retailers and the processors are looking for specific requirements from producers to have in their systems. Scope 3 emissions are absolutely going to be taken into account as the approach develops. We have had retailers at the committee saying that they are prepared and are already doing some retail risk share. If a farmer gets flooded out and loses 30 acres of tatties or neeps, they will pick up some of that share. That is not the same across the board. The risk is all on the farmer's plate. If we are talking about having sustainable agriculture, farmers cannot carry all that load at all times. Is there an appetite among the retailers to say that they will support agriculture and that they need farmers to be there, so they will take on some of that risk? If there is not, should there be something in the bill that pushes them in that direction?

10:45

**David Thomson:** I do not speak for retailers directly, thankfully. You are right to say that each retailer will have a different relationship with its

suppliers. In fact, retailers and suppliers will have a different relationship across different sectors. That is part of the issue. Manufacturers will be the same: some of them will have very good and productive relationships with their suppliers and for others the relationships will be on a more commercial basis.

We have seen what risk sharing looks like over the past few years, with the amount of inflation in the supply chain. Depending on which element of the supply chain you are talking to, you will get a different answer as to where that risk sharing has happened. Retailers will say that they are protecting consumers and paying as well as they can, manufacturers will say that they are getting cut to the bone by the farmer and the retailer, and farmers will say that they are at the end of the chain and have to deal with all the costs. There is a bit of truth in all of those things.

There is nothing in the bill that puts that risk sharing in place. My members have not sanctioned me to say that there would be a desire for risk sharing among manufacturers. It is a supply chain. The best and most productive relationships are those where there is mutual respect, standards are in place and manufacturers and retailers support their producers. However, there is nothing in the bill that guarantees that.

**Jonnie Hall:** I agree with Jim Fairlie's comments about the need for risk sharing to be built in somewhere. The bill provides powers for the Scottish ministers to make payments in extreme circumstances, such as when there is a flooding situation and a crop gets washed out. However, that is closing the stable door after the horse has bolted. That is not necessarily the most effective use of taxpayer funding. What we need to do through our agricultural policy is build greater resilience into the whole system. Tim Bailey touched on that earlier. We would all recognise that.

In principle, we would support building in an element of risk sharing for the whole supply chain, however, I am not 100 per cent sure how that would work in practice. It definitely bears thinking about. If we are to have a resilient and robust supply chain, we need to have risk built into it so that different links within the supply chain share different elements of risk appropriately, rather than all that risk being passed down to the primary producer.

**Tim Bailey:** Earlier, I spoke about ensuring resilience and, following on from Jonnie Hall's comments, you would expect me to say that. Supporting producers to co-operate in various guises is a good way to do that. It is good to get retailer commitments, even if they are not comprehensive or long-lasting—they might float around a bit in the wind. If you provide the

mechanisms and have it within the objective of increasing the resilience of farming first and foremost, and then, in secondary legislation, have programmes in place to support producers to co-operate, that helps producers to minimise risk or pool the risk, as it were.

For example, four or five years ago, there were some potato growers in the east of Scotland who had one customer. Their relationship had worked well for quite a number of years then, over two or three years, the growers were put under severe pressure on pricing and then they were told that one third of their tonnage was being taken away. The rug was pulled from underneath those growers but, to their credit, they ended up saying that enough was enough and they established the Scottish Potato Co-op, which now has a 15 per cent market share of UK production, supplying nearly 100,000 tonnes of potatoes to six customers. This year, which has been a terrible year for people selling potatoes, every potato has been sold at either standard or premium value. That is only because they have done it together. If those 25 producers had not worked together, some of them would have gone to the wall by now. There are mechanisms in the bill to enable that sort of co-operation.

**Sarah Millar:** I want to pick up on some of the points that David Thomson made about the wider supply chain of retailers and processors. It is important to remember that the primary objective for a manufacturer and a retailer is to supply product through the supply chain. For a retailer to have product on the shelf, a manufacturer or a processor needs to have raw material coming in that they can make into the final product.

That leads into a wider discussion that we have not quite touched on today. We are talking today about the Agriculture and Rural Communities (Scotland) Bill, but we have to remember that the bill is set in a context of global food security. The onset of war in Ukraine about 18 months ago gave us a flash-forward of what climate change will do to our food systems over the next few years and in generations to come. Therefore, it becomes an absolute priority for us as a food-producing nation to remember that producing calories in Scotland that move through our supply chains on to retail shelves and manufacturers in Scotland reduces our reliance on other parts of the world that will also be looking for those calories produced from food that cannot be produced in certain places. That is really important, because, if we reduce our ability to produce food and calories in Scotland, we will be looking for those calories to be brought in from somewhere else. The more that we can encourage short, local, transparent supply chains, the more it benefits our society, our economy and our environment, but it also benefits the world.

There is a real opportunity for us to be global leaders by focusing on food production at home.

**Jonnie Hall:** I fully endorse what Sarah Millar has just said. I also recommend that the committee review the UK Parliament Environmental Audit Committee's report, which was published just last week. It says in a much more long-winded way what Sarah just said. Climate, biodiversity and food security—not food production, but food security—are all inherently linked. That committee is calling on the UK Government, in particular, to look at food security as a public good. In an economist's head, it is not technically a public good, but it should be put alongside the likes of tackling climate change and biodiversity.

Remember that food security is all about affordability and availability, so it goes back to some of the points that we discussed earlier about ensuring that everyone in our society has access to nutritious, healthy and affordable food. We will not be able to do that if we run down our ability to do it here in Scotland or, indeed, in the UK and become more reliant on other parts of the world, which are also facing their own socioeconomic challenges around producing food.

**Jim Fairlie:** You said that food security is a public good. My understanding has always been that food production and food security have never been regarded as a public good on the basis of public support.

**Jonnie Hall:** I will stick an economist's hat on and say that, for an economist, food is not a public good, because it is bought and sold, so it has a price. The thinking in this day and age, however, is that it should be regarded as a public good because doing so is so much in the public interest. If we have market failure there will need to be market intervention, and Governments across the world will need to step in on food security and food production as a consequence.

Technically, food is not a public good, but it is absolutely in the public interest that it is affordable, safe and nutritious—all the other things that we touched on earlier. That is why Governments need to step in to ensure that there is continuity of supply at the right price, at the right standard and that it also delivers in a way that is beneficial for our environment and so on.

**The Convener:** I am very conscious of the time, but I will bring in Jennie Macdiarmid first, and then Pete Ritchie and, very briefly, Joe Hind.

**Professor Macdiarmid:** I will pick up briefly on the idea of food security. Sarah Millar talked about calories. We need to be clear that the definition of food security includes nutrition, and what we are trying to achieve is food and nutrition security. We have seen lots of examples where the focus has

only been on calories, and then down the line there have been consequences for health because of nutrients and so on. When we talk about food security, we either talk about nutrition security or we are very clear that we are not just talking about calories.

**The Convener:** Can we try to frame our discussion within what is in the bill? Nothing in the bill addresses food security or that it is a public good. Can you frame your responses within what is in the bill or what needs to be in the bill to address your concerns? We are at the business end here and we are legislating for this stuff so, if something is important, we need to know where it comes into the legislative process. That is what we want to look at.

**Pete Ritchie:** We absolutely support food production being part of the bill's central objectives. The difficulty is that that does not mean that we should keep producing the same things in the same way forever. Scotland eats less than 1 per cent of the barley that it grows. It is our main crop but we do not eat it. Barley is one of the most nutritious things that people can eat and we do not eat it. We do not eat very much of our wheat. A very small portion of the wheat that we grow is fed to humans in Scotland. It is fed to lots of other people or is used to make drinks, but it is not fed to humans in Scotland.

Jennie Macdiarmid is absolutely right. The issue is about how we nourish the people of Scotland well from our land. Some of that will mean continuing to produce red meat for export. We are well set up for that, but we cannot assume that the job is to maximise red meat production. It is not; it is to optimise red meat production. We need to increase the production and consumption of vegetables and other high-fibre foods that we can grow in Scotland really well.

We absolutely support food production as a core part of the bill, but let us not take that to mean that we carry on doing exactly what we are doing now in exactly the same way in exactly the same places.

**Joe Hind:** Similarly, I would say that we are not arguing or advocating for the status quo. The objectives and policy alignment need to make changes. If there was anything in this bill that could probably achieve some food security, it would be making sure that it syncs with good food nation plans and that we do not end up with siloed policies that almost compete with each other. The good food nation policy can deliver a lot on food security, depending on what the plans look like when they come forward, and it could synchronise with the agriculture bill to make sure that, when we talk about food, we are talking about what we eat and drink.



**Jonnie Hall:** I echo entirely what Pete Ritchie said about the fact that we cannot continue to do what we have always done, with the same outcomes and the same results. We need to change the way in which we support agriculture to enable it to deliver on the challenges that we face. However, I disagree slightly with Pete Ritchie on the production of grain, because, although he did not say the word “alcohol”, it goes into an alcohol industry that is really important to the economy of Scotland. Many jobs, incomes, livelihoods and rural communities depend on our whisky and other drinks sectors, and I do not think that we should downplay that. Yes, we need to produce high-quality nutritious food, but we also need to sustain a whisky industry that is important to the prosperity of the country.

We could get into all sorts of debates about producing the feedstock for producing renewable energy, such as biomass and all the rest of it. That does not go into the food chain, but it is part of the balance that we might have to find between producing food and producing energy and so on.

**The Convener:** Thank you. I am going to suspend the meeting until 11:10 to allow for a top-up of coffee and a comfort break.

10:59

*Meeting suspended.*

11:12

*On resuming—*

**The Convener:** We reconvene and move on to our third theme with a question from Beatrice Wishart.

**Beatrice Wishart (Shetland Islands) (LD):** Scottish Government officials stated that the rural support plan would be a summation of how rural support delivers against the four objectives and that it would be co-developed with industry and stakeholders. What level of detail is needed in the bill on producing the plan and on its the content?

**Pete Ritchie:** I will elaborate on what I said earlier. The key thing is that the plan sets out how spending public money will deliver the objectives that we need to deliver. At the moment, as the convener said earlier, there is a bit of a danger that the climate plan says “see agriculture”, the biodiversity plan says “see agriculture” and the agriculture plan says “see biodiversity”, and that we never nail down the jelly and say what we will deliver.

Therefore, it is really important that the rural support plan sets out clearly how, over a five-year period, the £700 million of public money will deliver on food production, climate and nature—

and nutrition, if we want that in there. It needs to set out what difference it will make and the evidence for that. If we are spending X amount on tier 1, what is the intervention logic? What does that deliver? What does Y amount on tier 2 deliver? If we have specific schemes, how many farmers do we think will take up those schemes? What difference will that make?

It needs to be granular at that level to say: this is a plan for spending quite a lot of public money over five years; this is why we are spending it in this way; these are the alternatives that we have considered for spending it; and this is why we have chosen this way to spend it. It needs to be really granular or it will not give Parliament the opportunity to say that it will approve the secondary legislation for all those tiers and schemes, because you will not be able to see the whole picture.

In our book, the danger is that MSPs will be asked to approve, possibly in quite a rushed timetable, instruments that set out tier 1, tier 2, tier 3 and tier 4 one at a time, without being able to see the whole picture. It is really important that we have a detailed and granular rural support plan that has an independent environmental assessment, says what we think it will deliver and comes to Parliament before you approve the secondary legislation.

11:15

**Jonnie Hall:** I largely agree with what Pete Ritchie just said. The rural support plan sounds more like a big, strategic, high-level thing at the moment. Pete Ritchie used the word “delivery” several times, and what we really need is something about delivery. How does the plan translate into delivery actions, and how will we use the support framework around tiers 1, 2 and 3 in particular, which will be underpinned by tier 4, to deliver on those actions? In a sense, a rural support plan is a high-level thing, but we will need delivery plans underneath that, just as you do with any plan, whether it is a business plan or when trying to deliver a broader policy objective.

The fundamental point about the rural support plan is that, although there is a five-year commitment on ministers to produce one, it will be worthless unless it is backed by a five-year rural funding plan—if that is the right expression—to go alongside it. You need a funding framework that says what commitments, in aggregate terms, will underpin that rural support plan. Then there can be debate and discussion about how those funds are allocated to the delivery aspects that Pete Ritchie referred to. As well as placing an obligation on ministers to produce a rural support plan, the bill should place an obligation on ministers to have in place a rural financial framework to underpin it.

**The Convener:** I will bring in Jennie Macdiarmid to give her perspective on the health, wellbeing and nutrition aspects that should be in the plan.

**Professor Macdiarmid:** The first thing is to join up the plan with the good food nation plan and ensure that they are complementary. If you want the plan to include nutritious food, there must be more in the bill about what that means. We spoke briefly about the supply chain aspect, but, if we are talking about health, nutrition and wellbeing, is that of the population of Scotland? If you are talking about what is being produced and where it goes, the plan needs to look at that whole system.

If one of the end points is to get a healthier nation, you have to think about whether high-quality food means that it will be more expensive. How do you reach parts of the population that most need some of the nutrition—that may be particularly relevant in the horticultural sector—and is it ending up at the intended point in relation to health? That needs to be thought through within the bill. There cannot be an assumption that, because it is produced in Scotland, people in Scotland benefit from it.

If you are talking about healthy and nutritious food, a bit more detail is needed. That is mentioned in the top line, but there is very little detail once you go further down the bill to say what that is or how it will be delivered. There needs to be either more detail or a real think about what it means to include healthy and nutritious food as part of the bill, as opposed to it just being a term that sounds like something that we should be doing.

**Karen Adam (Banffshire and Buchan Coast) (SNP):** I find that quite interesting. A lot of the feedback was about noting plans—in particular, the good food nation plan—but the proposed natural environment bill was also mentioned. A whole list of things came up, including land reform. My question is about how we tie all that in. Jennie Macdiarmid is saying that we need to look at how we fit good nutrition and a healthy nation into the bill. Would that not just tie into the good food nation plan? If the bill was overarching and encompasses all those things, that would be quite a full and fulfilling document in itself.

**Professor Macdiarmid:** Yes—it would be fabulous if the bill was overarching and covered all those different areas, because there are trade-offs in, for example, having to look at which land is used for what, given that we have a finite amount of land in Scotland.

Having something overarching that speaks to all the different sectors would mean that we do not end up with unintended consequences such as, for example, exporting a lot of our best food

without thinking about our aims for a healthy nation and where some of it should go.

A human rights bill is currently being discussed, including a right to food, so that needs to be part of it, too. Using the bill that is before us as a piece of umbrella legislation through which we draw in some of those things to ensure that they do not contradict things in other bills would be a significant step forwards.

**Karen Adam:** One of the interesting points for me concerns the food security aspect of the bill and how that fits in. Lately, there has been upset in the markets and in deliveries to people and to supermarkets, which is quite concerning. How can we ensure that that aspect is included in the bill? Does that require something specific? Should payments be tied to production?

**Jonnie Hall:** That is probably a question for me. No, I do not believe that payments should be tied to production. It does not necessarily drive efficiency, which is one of our key ways of meeting a number of challenges simultaneously. Tying payments to production would be a step backwards rather than a step forwards, and bodies such as the WTO would probably have a view on such things.

However, you make a valid point about how we build resilience into our whole food system. That goes back to Jennie Macdiarmid's point about land use and how we utilise our land to best effect. I note that she talked about trade-offs rather than balance. It is vital that we use this legislation in the right way. It has to relate to other things in our climate change update plan, our just transition plan for land use and agriculture and the Scottish biodiversity strategy. All those things have to connect, because the common denominator, in so many ways, is land use, and, within that, the serious common denominator is agricultural land use.

We cannot base payments on a blunt measure such as the area of land that is occupied as the current model does. That does not work, because it incentivises inertia if nothing else. We cannot base payments purely on production or volume of production, because it needs to be about quality rather than quantity; I think that we have all agreed on that. Importantly, therefore, this piece of legislation has to be the pathway to supporting farmers and crofters to produce in a way that delivers not only high-quality food but all the other outcomes that we seek at the same time.

That is the intention behind the new tiered framework, whereby farmers and crofters will still get direct support payments, but they will get less just for occupying land. It is more about how they manage the land and their farming enterprises to produce high-quality food while delivering the

outcomes that we want. The support will remain vital, but the means of delivering that support must change, and this bill has to be the initial step in that process.

**Pete Ritchie:** To pick up on that point, the Government's vision for agriculture, which came out last year, says that we want to produce more of our own food sustainably from our own resources. That is a worthy intention in the context of food insecurity. At the moment, however, there is not much overlap—it is the same with fishing—between what we produce and what we eat. If we look back in 10 years' time, one of the successes of this bill will be, I hope, that there is more of an overlap in that regard.

Joe Hind talked earlier about short food chains and more vegetables being produced, and more value added in Scotland to primary produce to create high-value nutritional products that are affordable to the wider population. That is a worthy goal.

**Joe Hind:** There is an entire landscape to look at within food and drink. The bill feels as if it is aimed more at the production end or the supply chain of the food and drink landscape. Our concern is as much about the demand end: what people are eating and drinking. In Scotland, we currently have a challenge in that some of the things that we produce are unaffordable and inaccessible. I would struggle to see how the bill would address that issue, which is possibly more about inequalities or poverty than it is about the food and drink that we produce.

Our strategy "Sustaining Scotland. Supplying the World" cannot address the challenge of getting nutritious, high-quality food into communities of high deprivation to the extent that we would love it to. It is too much to expect the bill to achieve that outcome. It should link to the Good Food Nation (Scotland) Act 2022. That act has some hope of addressing local community distribution activity, as well as the critical role of the public sector in purchasing locally, even if it costs a bit more. The act also looks at other things that are to do with local and sustainable food and so on. However, there is a limit to what any legislation can do to address deprivation, which, unfortunately, underpins a lot of the inequalities.

**The Convener:** Again, I will bring the focus back to the rural support plan. Currently, the legislation suggests that agricultural, forestry, rural land use, the environment and the climate change plan need to be considered within the rural support plan, but it does not mention the cost of food or the good food nation approach. It would appear that you are suggesting that that should be mentioned in it.

**Joe Hind:** We would want to ensure that the rural support plan links to the Good Food Nation (Scotland) Act 2022 and that it does not try to override it or sit above it. There is need to be mindful of that work. That sentiment probably relates to other policy areas as well, but I would imagine that joining it all together is quite complicated.

**Rachael Hamilton:** The NFUS is calling for a funded commitment to accompany the rural support plan. Before I ask my question, is that correct?

**Jonnie Hall:** Yes.

**Rachael Hamilton:** Considering the recent cuts to the agricultural budget, would you be confident that the rural support plan will be accompanied by the resources that you need to achieve the four objectives that have been laid out in the bill?

**Jonnie Hall:** I do not think that anybody can be confident about the funding settlements that either Westminster or Holyrood will provide for rural Scotland in delivering the outcomes that we want from the bill and what will follow from it. Right now, it is of paramount importance to seek a multi-annual, ring-fenced commitment from the Westminster Government, whichever party will lead it, from 2025 onwards or the middle of 2024 onwards, whichever is relevant, for at least that parliamentary term to 2029. In addition, we would need funding to be significantly increased as the value of support has eroded in real terms at the same time as the farming and land management sector across the UK is being asked to do more. That is the first ask. We need that commitment on a UK-wide basis.

If that ring-fenced, multi-annual funding commitment is secured for Scotland, we would want to ensure that the Scottish Government adds to that so that the sector can deliver on the outcomes and expectations that the Scottish Government has placed on farming and crofting. We are being asked, through the bill, to deliver on a multitude of outcomes, which will come at a cost. If we are to meet our aspirations for all the things that we have talked about, fundamentally, that will come at cost. You cannot expect the delivery of a public good—we have talked about public goods quite a lot—at private cost on a sustainable basis. If the market returns are not there to cover those costs, the Government must intervene if we want to ensure that there is no market failure.

There is an obligation on two Governments. First, the Westminster Government has to commit to continuing to provide Scotland with the funding that we have just received but that will end in 2024. We need continuity in that respect. Secondly, we also need the Scottish Government to add to that and to allocate the funding to best

effect in order to get the outcomes that we want to achieve.

**Rachael Hamilton:** In the situation that I referred to, in which the agricultural budget was increased and that money was subsequently taken away, are you saying that the Scottish Government should ring fence that money?

**Jonnie Hall:** The funding that the Scottish Government currently gets from Westminster is ring fenced, and that has been allocated to Scottish agriculture.

**Rachael Hamilton:** But it has not been used for agriculture.

**Jonnie Hall:** All the funding that has come from the UK Government to the Scottish Government—£620 million—has been allocated through the basic payment scheme, the less favoured area support scheme and so on. Treasury and the Scotland Office have assured us of that, as has the Scottish Government. The bit that has not been allocated is the additional funding that the Scottish Government put into that budget.

**Rachael Hamilton:** To go back to the rural support plan, are you saying that, to achieve the four objectives, the money that the Scottish Government puts in should be ring fenced for agriculture?

11:30

**Jonnie Hall:** To achieve what it is trying to achieve for the rural economy and rural communities, the bill should have a ring-fenced multi-annual budget. Only then can you plan with best effect, not only from a farming, crofting, land use and communities point of view, but from the point of view of the administrators of the schemes and the support payments. A clear plan that says what the financial profile will be over the next five years needs to be in place to match what you are trying to achieve with the rural support plan.

**Rachael Hamilton:** Given the importance that you place on the future of agriculture, should there be a consent mechanism to ensure that the Parliament can maintain those funds rather than divert or defer them?

**Jonnie Hall:** Yes. In the same way, there should be a mechanism in place to ensure that secondary legislation is properly scrutinised and agreed not just by the Scottish Government but by the Parliament, because you need checks and balances.

**Rachael Hamilton:** I have a couple of questions for the witnesses more broadly. When would you like to see a draft rural support plan? Should there be a statutory requirement to consult on it? What role do you see for parliamentary scrutiny of the

support plan, including monitoring and reporting on the plan's effectiveness?

**Pete Ritchie:** Perhaps 1 January 2025 would be a good time for a draft plan to come to the Parliament. There is a difficulty because of the sunset clause in the Agriculture (Retained EU Law and Data) (Scotland) Act 2020. The last thing that we want is any more delay in starting to make the changes to the payments, but that does not mean that we should get things wrong because we are in a hurry. We have been a bit slow getting to this point, and there are lots of reasons for that. We need to get that rural support plan into Parliament.

On a requirement to consult externally, the example of the Future Generations Commissioner for Wales is a good one. We certainly need to consult with the UK Climate Change Committee and with nature bodies to ensure that the plan is robust.

There is a question about monitoring and evaluation throughout the process. The European Court of Auditors externally evaluates the CAP. We are not sure what the external evaluation will be for the Scottish rural support plan, but will Audit Scotland have a role in it? Will somebody else have a look at the plan and say whether it is value for money? That is really important to Parliament.

Another element in the plan needs to be—I think that Jonnie Hall will agree with this—the work that Kate Forbes and others did on the principles for responsible investment in natural capital. Some of the change can be made through private finance investment. Scotland is looking at a major carbon and nature bonus coming our way, as well as renewable energy, because of the way that our land is. We have to ensure that we do not use public money to do things that private money could do, but, equally, we need to compensate for the negative effects of private finance flooding in. At the moment, the rural support plan is a little bit isolated from what private finance will do. It is reasonable for it to set out where the contribution of private finance and public finance might sit together.

We also want the plan to contain clear targets on how much progress we are going to make and how we will measure that. Sarah Millar mentioned COP28. The United Nations Food and Agriculture Organization just put out a road map for food systems in a 1.5°C world. It involves big global numbers, but we need really clear targets about where we want to be by when to deliver that.

**Rhoda Grant:** I have a tiny supplementary question on that. You talked about the sunset clause and when the support plan has to be put in place. Should we use the bill to remove the sunset clause to give more time to ensure that we do not end up with unintended consequences?

**Pete Ritchie:** That is above my pay grade. I am not a lawyer.

**Jonnie Hall:** My understanding is that there is a provision in the bill that allows an extension of the sunset clause.

**Pete Ritchie:** The main thing is not to delay change because we are waiting for the rural support plan. I think that everybody would agree on that.

**Sarah Millar:** I agree with Pete Ritchie that 1 January 2025 would be a compromise on both sides. It is important to remember that livestock production systems are long term. If you are looking for producers to make changes to how they produce food, it is worth remembering that farmers might buy a bull only once every five years so, within the timeline of the rural support plan, there is potentially only that one chance to influence their decision making. Farming and crofting businesses are biological businesses that are impacted by things such as the weather. It is not a closed-loop system where you can just pull a lever and the production system changes. It is good to have as long a run-in time as possible to give businesses the chance to prepare.

It is also important that we consult. Consultation is good, because it helps to explain the why—what we are trying to do to bring people with us. It also allows the wider industry ecosystem around farmers to place themselves in the best way to help that transition. That is why it is worth while putting time into consultation, explaining the why and making sure that we understand how businesses will react to different parts of the rural support plan. There is no point in putting something in there if a business cannot make a change within that timeframe.

**Ariane Burgess:** I thank Jonnie Hall for giving us that clarity around multiyear funding. One of my questions was about how that is possible if the UK Government is not coming forward with that funding. I think that you have been in conversation with the UK Government, Jonnie. How are you getting on with that?

I have another simple question, which is for Pete Ritchie. Can you expand on the call in the Nourish written evidence for support plans that are longer than five years?

Let us start with Jonnie Hall.

**Jonnie Hall:** We are dealing with the current UK Government on the funding, but, in all likelihood, that Government has only got 12 more months to go as a maximum. Therefore, we are looking at who will or might form the next UK Government. Our responsibility, on behalf of our members, is to lobby all the political parties in Westminster so that, ideally, we would have cross-party support on

such commitments. I will certainly talk to all the leading parties in Westminster to seek a multi-annual, ring-fenced and increased budget for the whole of the UK, so that Scotland's share is safeguarded for at least the 2025-29 period. That would give the Scottish Government a foundation to build on as the core budget, to ensure that there are sufficient resources.

As I have said many times, we could come up with the best agriculture bill in the world, the best schemes and measures and all the rest of it, but it is a house of cards if we have no funding behind it. That is always the elephant in the room. If the resources are not there, we are really going to be struggling, because farming and crofting and the entire agri-food supply chain are being asked to do more, but with less. I echo what Pete Ritchie said: we have to get a bit more ambitious and a bit more creative about how we lever in private sector finance. We cannot simply keep relying on the public purse, which is already under significant pressure.

**The Convener:** Pete Ritchie, do you want to address the question on the longer-term plan?

**Pete Ritchie:** I suggested in our written evidence that we should have a 20-year horizon, so that, from the beginning, we are setting out a long-term ambition that the first five-year plan lays the groundwork for and contributes to. That will ensure that we have our eyes on the longer-term prize. As Sarah Millar said, 20 years in the life of a farming business is not very long, but it is the only 20 years that we have in which to get to net zero and restore nature and to get us on a more prosperous trajectory. We should have an eye to that 20-year timescale.

The evidence from Scotland's Rural College was interesting. It says—I do not know whether we can do this—that the plan should not be aligned too closely with the parliamentary sessions, so that there is no hold-up in election year.

**Alasdair Allan:** I want to ask Jonnie Hall to build on some of his earlier points about the link between production and support. I appreciate that it is a link, not a tie. However, we heard earlier from Lesley Mitchell about the regime that is likely to exist for, say, English hill farmers, so there is a distinction in policy being made, or likely to be made, in the two countries. How do we ensure that we can act in a way that meets Scottish needs on this and that we are not pressured into doing something that breaks that link completely in the way that may be happening in England?

**Jonnie Hall:** That is a really important issue in the context of how the powers in the bill will be used. As we are all aware, the Scottish Government's intention is to produce a four-tier system, with tier 1 and tier 2 being where the

heavy lifting is done. The difference between what we intend to do here, in Scotland, and what is happening in England is that we will retain a component of financial stability in tier 1, which is very much equivalent to what we have under the basic payment scheme and the less favoured area support scheme.

That is critical. If you look at the profile of Scottish agriculture, it is vital for so many farming and crofting interests in Scotland to have that financial underpinning—that financial stability component. There is no doubt that there are businesses and enterprises that can stand on their own two feet—traditionally, there have been relatively unsupported sectors, such as pigs and poultry, soft fruit and the vegetable sector—but, with livestock on permanent grass and upland areas, an element of direct support is critical.

We are clear, however, that, given the need to tackle new challenges, simply occupying an area of land to receive a support payment and doing the same old things that we have always done will not cut it. Therefore, the difference with the system that we want to move to and where we are today is that we need to ensure that the tier 2 element of management options—the enhanced payment—is not about occupying land but is about how you manage the land and your agricultural enterprises. You need to be doing that in an efficient and effective way that delivers on environmental needs, as well as the bottom line of the agricultural business. That is the big departure.

The difference between ourselves and England—if we can make that comparison—is that England's direct payments will have been phased out completely by 2027. I have spoken to National Farmers Union colleagues in England, and upland producers in the north of England and down in the south-west are—to use a phrase that is being used a lot—on something of a cliff edge because they do not have the options, such as environmental measures, to make their businesses stack up as viable.

It goes back to a number of points that have been made. Unless you have that underpinning of financial viability, you do not have the people on the ground to carry out the types of land management and high-quality food production that we want to achieve simultaneously. That is the fundamental difference between what is happening in Scotland and what is happening in England. As our president, Martin Kennedy, often says, with that trajectory, he would far rather be on this side of the border than on the other side of the border and facing some really stark choices.

It is one thing if you are a big market-focused agri-business in the south-east of England. You can say, "I don't need that. I'll just farm, and I'll farm hard." I think that we will see some perverse

consequences in certain parts of England that will be counterproductive to environmental delivery, whereas, if you are a hill farmer on the Isle of Mull, you absolutely need that underpinning to ensure that you can continue to deliver an environmental and social contribution to such areas. That goes back to Kate Forbes's point about underpinning rural communities.

**The Convener:** We sort of jumped ahead there. Does any member have further questions on rural support plans?

**Jim Fairlie:** Jonnie Hall, you mentioned that you would like an increase in funding, largely because of inflation. What justifies farming getting an increase in funding, when every other sector across the country is looking for an increase in funding, largely because of inflation? Where is the justification for farming to get an increase?

**Jonnie Hall:** I did not say "largely because of inflation"; I said that funding has been eroded in real terms because of inflationary pressures.

**Jim Fairlie:** My apologies.

**Jonnie Hall:** The real reason why we need an uplift in funding is that farming and crofting are being asked to do more. Delivery of the outcomes that we all want does not come without a cost and, as I said, we cannot deliver those public goods—whether it is addressing food security, climate or biodiversity—at private expense. Doing so is the quickest way to run down the viability of agricultural businesses.

**Jim Fairlie:** I think that I am correct in saying that Scotland gets about 17 per cent of the agriculture budget. Do you have any indication of whether that level of funding will continue to come to Scotland at that percentage rate, or is there a need for that to increase, too?

**Jonnie Hall:** That is why we are on record as asking for the future UK Government to provide a further £1 billion at least for the whole of the UK, which means that the total would go up from about £3.5 billion to about £4.5 billion. Of that, Scotland currently gets 17 per cent. I am also clear that there is a strong justification for Scotland getting a bigger share of the budget.

11:45

In the Bew review of 2020, Lord Bew's recommendation was not only that Scotland should get an additional £25.7 million per year during the current spending review period; in fact, he recommended to the UK Government that there should be a review of how the funding allocations were made across the UK. Those funding allocations were based on historical production levels, not on what we are doing on delivering climate biodiversity and other things.

Given Scotland's landmass and its comparative strength in things such as peatland restoration, woodland creation and biodiversity, there is a strong case for Scotland to receive more than 17 per cent. I could not put a figure on it, but I would say that at least a quarter of the budget—25 per cent—should come to Scotland.

**Jim Fairlie:** Michael Gove gave a commitment some time ago that, on the basis of what you have just said, under no circumstances would agriculture be Barnettised. Do you have any concerns about that happening in the future?

**Jonnie Hall:** If it was not ring fenced on a multi-annual basis but became part of the block grant, I am pretty sure that it would become Barnettised and would fall from 17 per cent of whatever that commitment would be to 9 per cent, or whatever it might be. That would, in effect, halve what we get. That is an additional reason why we need the funding to be separated out. It is clear that the UK Government can give ring-fenced multi-annual commitments to certain sectors. A component of funding comes from the UK Government to the fisheries sector, for example. Indeed, some funding components go to different parts of the UK—to different departments.

If the funding is ring fenced so that the funds can be used only for specific purposes, it does not have to be Barnettised; it is not part of the block grant. That does not prevent the Scottish Government from utilising what comes in the block grant to add to that, but, in essence, it is a separate budget. Retaining that to maintain the share of at least 17 per cent—as I said, there is an argument for it to be higher—is really important for all of us, if we are to achieve the outcomes that we want.

**Rachael Hamilton:** One of the civil servants, John Kerr, told the committee that it was a “semantic point” with regard to whether the UK Government had promised multi-annual funding until the end of the current Parliament. Would you say that it is multi-annual funding?

**Jonnie Hall:** The commitment that George Eustice made in November 2020, which was basically a reiteration of the Tory party manifesto commitment of 2019, used the term “multi-annual funding”. In the 2020-21 budget, when Rishi Sunak was Chancellor of the Exchequer, his spending review made it multi-annual funding. In effect, it was three-year funding to the end of the Parliament in 2025. Therefore, in my opinion, it is multi-annual funding, and we want to see that repeated by the next UK Government.

**Rachael Hamilton:** Okay. One area has been missed on the rural support plan, but you might want to skip over that, convener.

**The Convener:** Yes, we will stick to this topic.

Until now, we have had ring-fenced multiyear funding. I am going to ask you about that again. With regard to when it is ring fenced and when it is not ring fenced, you talked about unallocated money, but £61 million was taken out of what most people regarded as ring-fenced money. As you said, the Bew review identified that Scotland did not get enough money, but the Scottish Government decided to remove that from the agriculture budget. Was that part of the 17 per cent that you mentioned or was it over and above?

**Jonnie Hall:** No, it was over and above. Let us be very clear: the Scottish Government receives £620 million per year from the UK Government, as a ring-fenced contribution as part of the UK delivery of agriculture and rural development spending. We have it on record from the UK Treasury and from the Scotland Office that that £620 million has been spent. The uncommitted piece is additional funding that the Scottish Government provided to that rural economy budget. Therefore, it has not been taken out of the ring-fenced element.

**The Convener:** So, what happened to the Bew money? The £61 million additional—

**Jonnie Hall:** That is part of what is ring fenced—it is in there.

**The Convener:** It was part of the £620 million.

**Jonnie Hall:** Yes. It was £595 million of direct support and other support. The Bew money is the extra £25 million in that £620 million.

**The Convener:** I want to get this clear in my head. The ring-fenced money was all spent on agriculture.

**Jonnie Hall:** Yes.

**The Convener:** But how much did the Scottish Government remove from the contribution?

**Jonnie Hall:** It was £33 million in September 2022 and £28 million in November 2023, which amounts to £61 million.

**The Convener:** Despite the inflationary pressures.

**Jonnie Hall:** I am just stating facts, convener—you are obviously trying to draw me into something of a political discussion.

**The Convener:** I am not—you are asking for guarantees on ring-fenced funding and for funding that was allocated to agriculture to be spent on agriculture, but that has not happened in the past couple of years.

**Jonnie Hall:** The ring-fenced money has been spent. What has not been spent is the additional funding that the Scottish Government has put in. NFU Scotland is clearly on record as calling on the

Scottish Government to return that. We have had meetings with the Deputy First Minister, and last week we wrote to the First Minister seeking that that should be urgently addressed, and that the money should be fully returned and allocated to appropriate use in the budget.

**The Convener:** Okay. With regard to the five-year funding plan that we would like to see alongside the future rural plan, the current expectation is that future farming funding should still be UK money and should not come via the block grant. Is that correct? It would be UK Government money for agriculture. However, the bill seems to suggest that that money could then be diverted wherever—as a saving, say—so it is not actually ring fenced in the legislation in front of us. Is that right?

**Jonnie Hall:** If it comes through the existing process, it will be ring fenced, and it has to be spent on the elements—or the purposes—for which it was intended. That is exactly what the UK Treasury will be looking for. While “ring fencing” is not a legally binding term, it is a commitment in the sense that any devolved Administration that receives ring-fenced funding from Westminster cannot then shovel that sideways into other parts of spending.

**The Convener:** Okay. Thank you. I call Kate Forbes.

**Jim Fairlie:** I am sorry, convener, but can I ask a question? Going on the premise of the points that Jonnie Hall has just made, is there not a danger that, if the UK Government does not ring fence the money, it could then Barnettise it?

**Jonnie Hall:** It could simply allocate it through the block grant, and therefore it would not be ring fenced.

**Jim Fairlie:** Okay. Thank you.

**Jonnie Hall:** That is why our ask of whoever forms the next UK Government is, effectively, to cut and paste the settlement that we have just had over the past five years but with additional funding in it, so it is ring fenced and Scotland gets 17 per cent. Actually, the argument is that we should get more, as that was a recommendation of the Bew review.

**Jim Fairlie:** That will be up to you guys.

**The Convener:** I call Kate Forbes.

**Kate Forbes:** I want to touch briefly on that point—that is, the distinction between ring fencing and non-ring fencing. I would assume that the agricultural sector is more interested in what is ring fenced over the next five years, because it provides a basic minimum guarantee. Notwithstanding that future devolved Governments might wish to top that up as additional

commitments become available, the real focus would be on ring fencing and extending that as much as possible.

**Jonnie Hall:** I think that your assumption is spot on.

**Kate Forbes:** My second point, for the record, is that my understanding with regard to budget movements is that, notwithstanding your understandable concerns, the budget will be returned in subsequent budgets, according to the Cabinet Secretary for Rural Affairs, Land Reform and Islands. However, again, the point is that you would clearly prefer ring-fenced budgets that ultimately come from the UK Government, so the five-year plan is more important than anything else.

**Jonnie Hall:** Yes. We have had it verbally and in writing that that funding will be returned, but our continual request of the Scottish Government is for it to say when and what it will be used for. That issue remains outstanding.

**The Convener:** I call Ariane Burgess.

**Ariane Burgess:** I know that we have started to get into this already, but I want to move on to the provisions in part 2 of the bill, which give Scottish ministers powers to provide support and additional powers on support in relation to conditions, eligibility requirements, guidance, capping, refusing or recovering support and exceptional market conditions.

I am interested in hearing—not from Pete Ritchie and Jonnie Hall for a wee while, although it will be good to hear from them too, but from some other people first—the panel’s thoughts on the level of detail in the bill and your views on powers to cap the agricultural payments, the potential for redistribution and the idea of tapering. We began to touch on the kind of detail that we might want to have in the tier system, and I am also interested in levels of parliamentary scrutiny.

We can start with all of that and then I have a special question for Professor Macdiarmid.

**The Convener:** Sarah, do you want to kick off on that?

**Sarah Millar:** I will kick off by saying that we are fundamentally opposed to the concept of capping. We do not see any evidence that it has worked in any other support scheme. There are different ways of delivering the outcome, and one of the best that we have seen in recent years is front loading.

There is often a cost to doing business, no matter whether a farm is large or small, and front loading would help the smaller producers that we know are more exposed to market volatility and the cost of doing business and that are often in



more geographically challenging locations. They need more holistic support. I would just reiterate that as part of our evidence.

Providing support in exceptional market conditions should be a strong part of the bill. We are in a climate and biodiversity crisis and know that different parts of the globe, including here, are being affected by weather events that are impacting the ability to produce food. As a result, it is important that there are mechanisms within the bill to support businesses, including those that provide protection from disease. The big worry at the moment is whether African swine fever will reach our shores, what ability we have to protect our businesses and how we can mitigate that market challenge. It is really important, in a very uncertain geopolitical landscape, to have the ability to intervene rapidly to deal with the different challenges our producers might face so that they can maintain the viability of their businesses.

We are asking a lot of our businesses at the moment. We want them to change production methods, reduce emissions and invest in new technology. If we are asking them to invest in the long term, there should be something in the legislation to say that we have their back if something unforeseen happens. That is risk mitigation, and taking such an approach would say very clearly to businesses, "If you invest, we will be there for you at a really basic level, should something happen."

**Jonnie Hall:** I apologise—I appreciate that you do not really want to hear from me any more—but what we find encouraging in part 2 of the bill is that there is clearly a lot of scope and flexibility within the powers. The bill creates the powers but, as I have said time and time again and as I will continue to say, what ultimately matters is how the powers are used. That will be key.

The flexibility is important. There are powers to provide support on a regional basis, or support that is based on land quality or type. That is good, because it will create the opportunity for disadvantaged area support and for giving support to traditionally less-favoured areas. There are powers to support particular enterprises. Coupled support in our suckler beef sector is important, and the bill would allow us still to do that in some form, although we might want to attach more conditions to what we are trying to achieve with that support. I think the scope of the powers is right, because we need that flexibility and coverage. However, the big questions will be about how the powers are then used, and they will come when we step away from primary into secondary legislation.

I entirely endorse what Sarah Millar has just said about capping. Front loading would be a far smarter way of doing things. We have a history of front loading, such as with the previous iteration of

the coupled support scheme in the suckler beef sector. The old beef calf scheme had a significantly higher payment rate per calf for the first 10 calves, which skewed things towards smaller producers, particularly in the crofting counties, where there are no economies of scale and the cost of production per unit is therefore high. It is really important to do that. Capping is a very blunt measure, but there are different ways of doing things. The concept of tapering payments, which is also referred to in the bill, merits a look, too.

12:00

**Pete Ritchie:** On the rural support plan, as Jim Fairlie said, what is the justification for how we spend these different bits of money? The Parliament needs to consider that and say, "Why are we spending money here rather than there?" If you look at the base budget, as set out in the financial memorandum, you will see that, at the moment, around 89 per cent of the budget is for tier 1 and tier 2 measures, with only 11 per cent for tiers 3 and 4, which have to do a lot of the change management, heavy lifting, advice, training, support for co-operation, support for organics, support for agroforestry and capital investment. A lot is expected from tiers 3 and 4, and, at the moment, the base budget will not allow much for those.

**Jim Fairlie:** Can I ask a question? My understanding of it—

**The Convener:** Jim, I am sorry, but please go through the convener.

**Jim Fairlie:** My apologies, convener. My understanding is that tier 1 and tier 2 might well get the vast majority of the funding, but additional conditionality will be added to that, which will pave the way for tiers 3 and 4 to be able to do their work. If I am wrong—

**Pete Ritchie:** Absolutely. As Jonnie Hall has said, tier 2 will make a change to what farmers get paid to do. All I am saying is that the Parliament needs to look at this in the round. How will that budget deliver on things? Looking at how we spend that money now, I think that we probably need to move more money to support supply chains rather than individual farms, particularly to support the vulnerable areas that Sarah Millar has talked about. How can that bit of the rural economy be supported? After all, it is about not just individual farms, but supply chains.

At the moment, egregiously large payments are going to wealthy businesses, which, as Jonnie Hall has said, could stand on their own two feet. Very large payments going to businesses that are already very prosperous is not a good use of public money, and we must scrutinise that when

the rural support plan comes forward and consider whether we are spending public money wisely. Whether we call it capping, tapering or degressivity, it is important that we say that giving businesses very large sums of money that they do not need is not a good use of public money. Ireland, which is not the most unsuccessful livestock producer, has introduced very sharp degressivity; €66,000 in base payments is as good as it gets if you are an Irish farmer, but that is how Ireland is managing to run its livestock industry. We have to scrutinise such things really carefully and not just assume that the way in which we spend the money at the moment is the way that we will continue to spend it.

**Lesley Mitchell:** One of my key concerns is about transition. If we had the time, I would ask Jonnie Hall what he thinks it will cost his members to enable the transition to happen, whether those costs arise from buying new equipment, setting up new organisations, building new infrastructures for local networks and so on. That said, what strikes me in this whole conversation is that, whatever powers we have, we need to be able to support the transition and, potentially, the yield gap that we get when people move to more regenerative systems. My point, simply, is that that must be considered when you look at developing the support plans.

**Ariane Burgess:** I asked this question last week, too, but it would be interesting to hear Jennie Macdiarmid's perspective on it. You have mentioned the cost of living crisis and people's ability to access nutritious food, but what are your thoughts on the Scottish Government's having powers to subsidise not just the production side but the sale price of certain foods such as fruit and veg in order to support more people to afford healthy and sustainable food?

**Professor Macdiarmid:** I think that it should be able to do that. I know that we are talking about an agricultural bill, but there has to be support all the way through the supply chain if such food is to be affordable and to make a difference to health. When subsidising or giving payments to horticulture, for example, the Government needs to provide a product that is affordable to people during a cost of living crisis. We know that people on a very low income tend not to purchase fruit and vegetables, which are expensive relative to other foods—that is where they do not have a choice. People talk about food choice, but, when that is your level of income, there is really no choice. Support needs to come at both ends of the spectrum if you are going to draw in health. I know that this is an agricultural bill, but, as Karen Adam has said, can we ensure a food systems approach? That sort of thing has to come from both directions.

**Ariane Burgess:** With regard to food systems, have you done any work on how the Government could subsidise customers through the sale price, ensuring that that works for Scottish farmers by keeping things local? Are you aware of any mechanisms that are in place in that respect?

**Professor Macdiarmid:** I am not aware of any, but others might be. It is a question of messaging. There is a strong view that fruit and vegetables should be local and fresh, but a fresh product is not necessarily the most nutritious product. After all, frozen vegetables can often be nutritious and might be more affordable. I am not sure how much has been made of this, but there needs to be a link through the food system and the supply chain so that we can see what comes out the other end. Things should be beneficial at both ends as far as production is concerned, while ensuring that the link goes all the way through to the consumer.

**Tim Bailey:** I just want to draw a few of these bits together. Jonnie Hall talked about food production being a public good with regard to nutrition, environmental change and affordability, but—and this comes back to Lesley Mitchell's point—do we know the cost of these things?

It is fair to say that, in the dairy sector, milk fits into a lot of these brackets as something that we can produce well in Scotland, that is very nutritious and on which there has been environmental progress. It has been estimated that, to achieve net zero, it would have to be 15p a litre. To put that in context—and I cannot guarantee that this is exactly the right price this week—farmers have been getting roughly 35p a litre. At the height of the cost of living crisis and after Ukraine, they got 50p a litre. In other words, the price that has come back is the amount of money that would be needed to hit net zero.

**Jim Fairlie:** How much does it need to be to get to net zero?

**Tim Bailey:** Fifteen pence a litre.

**Jim Fairlie:** Fifteen?

**Jonnie Hall:** An additional 15p.

**Tim Bailey:** Well, yes.

**Jim Fairlie:** An additional 15p?

**Jonnie Hall:** If we are talking about the costs of production.

**Tim Bailey:** It brings us back to the point about public good and good use of taxpayers' money to help contain things. That is the quantification of it.

**Jonnie Hall:** It does not come free—there is a cost associated with delivering those outcomes.

**The Convener:** Absolutely. I call Rachael Hamilton.

**Rachael Hamilton:** I want to challenge Professor Macdiarmid on the concept that vegetables could be cheaper if horticulturalists were supported. Seasonal vegetables such as kale, turnips, potatoes and cabbage are very affordable right now. What mechanism do you believe could be implemented under the bill to allow horticulturalists ultimately to produce those things for free for customers? That is what would happen through the lens of the bill.

**Professor Macdiarmid:** I guess that it comes down to where you decide to put subsidies. If we are talking about certain local produce and looking at the consumer end of things, we must also consider what is desirable, and the fact is that local might not always be desirable. If you are trying to make such produce more affordable, I would say, from a lay perspective, that that is where some of the subsidies will have to come in, if it is not affordable to produce things at the moment.

**Rachael Hamilton:** How do you determine what is and is not affordable? Going back to the things that I was talking about—the cauliflower, the kale, the cabbage, the potatoes, the carrots and so on—I am just trying to work out what, through the lens of the bill, you are suggesting can be achieved, given that, say, a bag of carrots currently costs 19p.

**Professor Macdiarmid:** Even if carrots could cost that, and even if producing them were profitable at that price, consumers would not necessarily want to buy them all. It gives rise to all sorts of complex issues, which Pete Ritchie could probably go into a bit more. It is not just about making such things cheap. The question is: what do we then do with them? How can you form them into meals? After all, we do not just eat individual foods. How can such things be made desirable as food, compared with something else? People might be able to buy kale at a very low price; however, for those on a very low income, they cannot afford to throw it away, and because children might not eat it, other things are safer to buy. We must look at the bigger picture.

Perhaps I am not answering your question.

**Rachael Hamilton:** You absolutely are. Are you saying that, through the lens of the bill, you are trying to achieve a change of culture or attitude towards food?

**Professor Macdiarmid:** A change is needed in society's attitude to food and in what people across the population eat. We have not had a lot of success in changing diets over the past several decades—apart from making them worse, probably. We need to look at the culture of why people are not changing diets and tie that up with what is being produced.

**Rachael Hamilton:** Thank you. I see the convener giving me the eye.

**The Convener:** We are probably entering into asking about the good food nation, rather than what the bill is capable of delivering.

**Pete Ritchie:** To follow on from that point, I note that we cannot expect the bill to do everything—the good food nation has to join up with it. However, it is worth saying that we all want to get to the end point where we support a stronger local food economy in which Scottish people eat more Scottish veg and more Scottish high-quality food.

We already have mechanisms to achieve that. We provide the best start foods scheme, which could have a higher Scottish content. We have public procurement, although we are still wrestling with getting more direct short food supply chains from Scottish farmers to the public plate in schools, hospitals and prisons. We are still struggling with that, but we need to build on innovative stuff that is happening, some of which is in the third sector.

Last night, we were at Empty Kitchens Full Hearts, in Granton, which is just about to produce its two millionth meal and supports people in the community. We were told that what people like most about its meals is the vegetables. That is the feedback that the organisation gets from its customers, who it supports with free freshly cooked meals over a number of weeks when they are going through a difficult time. Uist also has a fantastic project that supplies vulnerable households with 500 meals on wheels, which use local Uist produce.

There are the beginnings of such work, and we need to join the dots. It is worth remembering that, back in the 1930s, the original US farm bill was all about supporting consumers to eat farm produce from the United States. Ninety years on, 80 per cent of the budget under the farm bill goes to consumers and not to producers. There are all sorts of problems with the US supplemental nutrition assistance programme and how it has turned out, but it is worth saying that the US joined up those aspects a long time ago. In Scotland, we need to think about how we join up elements so that we do not put money in at one end but do not get the results that we want at the other.

**Tim Bailey:** I come back to the convener's terminology about the business end of the bill. Part 3 contains the welcome power to modify CAP legislation on the fruit and vegetables aid scheme. The scheme and the funding that is behind it have enabled continued production of affordable fruit and vegetables.

There are three producer organisations in Scotland, which produce 7 or 8 per cent of UK vining peas, 15 per cent of UK strawberries and 20

per cent of UK broccoli for £3 million a year. For 0.5 per cent of the overall agriculture budget, we have affordable food, high-quality environmental improvements and investment in technology. We should be looking to extend that mechanism—not to all sectors but to sectors where there are supply chain challenges and there is a lack of price discovery.

**Rhoda Grant:** Section 10 is entitled “Refusal or recovery of support where in the public interest”. What does that include? When would funding be refused or recovered?

**Sarah Millar:** That relates to the cross-compliance ecosystem that we have, in which rural payments and services staff audit farmers, in effect—they check what farmers have claimed versus what they have delivered. Quite a comprehensive piece of work was done under Fergus Ewing around 2017 on how to deliver good public services and good value for public money. When we are asking new things of farmers, we do not want to go in with a blunt instrument when a farmer claimed a payment for establishing 10 hectares of wild flowers but established only 8 hectares, possibly because of a slug or bird issue.

That work proposed a penalty system, like a yellow card and red card system, that would enable farmers, instead of just being a blunt instrument for recovery. I suggest that that work be looked at again, because it included a lot of stakeholder collaboration and it provided a lot of the potential building blocks. Brian Pack also did quite a comprehensive review of the issue. How long ago was that, Jonnie?

12:15

**Jonnie Hall:** It was 2011.

**Sarah Millar:** There are still a lot of unactioned bits of that work that we could use to build a better system than the one that is in place.

**Jonnie Hall:** I will comment on what Sarah said. I was part of the simplification task force that Fergus Ewing established. It looked at how we could create a bit more flexibility and simplicity within the CAP’s rules and regulations around compliance.

I will put up my hand and say, as I think Pete Ritchie said earlier, that we absolutely must have some sort of verification and audit process to ensure that we are not just throwing away taxpayer money and that the system is accountable. We will also have to ensure that the process is light and proportionate and, equally, that it is effective. We removed for many farmers and crofters the fear factor around breaching rules and regulations on receipt of support, so I think that we have an opportunity.

I am not surprised that there is a section that provides the ability to refuse or recover payments; I would have been surprised if there was not. I think that the key question in rural areas is what the compliance framework and the ability to recover will look like in practice. What will the inspection regime be like? At the moment, we are still 90-odd per cent governed by the rules and regulations of Europe; we cut and pasted them into Scots law under the Agriculture (Retained EU Law and Data) (Scotland) Act 2020.

An additional side benefit of the bill is that it gives us a chance to put in place a compliance and audit mechanism that is more suited to our needs and does not put the fear of God into farmers and crofters or, indeed, into those who are carrying out the inspections.

I will make one point about carrots, broccoli and other things. We need to be mindful of farmers’ risk—this goes back to the conversation that we had about sharing risk. The cost of establishing a field of, say, 10 hectares of carrots or broccoli runs into hundreds of thousands of pounds. That is an investment that farmers have to make up front. When there are extreme weather events, as we have had recently in Angus, Perthshire and southern Aberdeenshire, or when a supermarket says, “That product is out of spec, so we’re not having it,” all the risk is carried by the primary producer. Availability of seasonal labour has been a big challenge and concern over recent years as well.

Plenty of people are currently producing high-quality fruit and veg in Scotland, but if we let the risks escalate any further, it will be easier and much simpler for them to say, “I’m not taking that risk—I’ll just plant some grain, and then I’ll really irritate Pete Ritchie and sell it to a distiller.” [*Laughter.*] That is the choice that farmers often face, and the issue is important. One per cent of Scotland’s land mass is under some sort of fruit and veg production, but it accounts for 16 per cent of agricultural output, so the fruit and veg sector punches way above its weight. We need to nurture and nourish it in many ways so that we can grow that production. We need to reduce the elements of risk—there are lots of risks. Issues with labour, capital investment, energy costs and all the other things that have impacted on the sector are making people wobble right now. That is the last thing that we want.

**The Convener:** I have one more question before we move on to the last theme. The bill has a wide scope; there is very little limitation on it. NFU Scotland thinks that it is a great bill and RSPB Scotland thinks it is a great bill, so it will all come down to the secondary legislation, which will deliver either for NFUS or for RSPB, or it might be somewhere in between.

You have talked about capping. Pete Ritchie has views on capping—or front loading, as we might call it. We know that the Government already has the ability to cap but, before we leave all this to secondary legislation, can you tell us what safeguards you would like to be put in place with regard to where the bulk of the money goes? If you get 80 per cent of the funding in tier 1, what guarantees do you need in order to deliver on that? What confidence do you have that, under the bill as it stands, you will get what you want? Pete, what confidence do you have that you will get what you want, which is front loading or whatever? How can you have that confidence as the bill stands now?

**Jonnie Hall:** The bill is silent on funding allocations, and it is probably right that it is. We are very clear that we want at least 80 per cent—certainly the vast majority—to go into future direct support, which will be tier 1 and tier 2, but farmers and crofters will have to deliver the required outcomes if they are going to unlock that support.

If we were to put that 80 per cent provision in the bill, what would happen if the budget were to be cut from £700-odd million down to £300 million? Eighty per cent ain't gonna cut it. As a result, you would need flexibility in the budget shares going to the different tiers, because you would not know the absolute amount that you would be starting with. It would, overnight, create the cliff edge that we have all referred to and that everyone says we must avoid if we want a just transition out of this process.

Putting that figure in the bill or even in the explanatory notes would therefore not be helpful. Because of the unknowns, we need to be able to put that sort of thing into secondary legislation. There are so many unknowns that we cannot factor into the bill, because we just do not know what the funding settlement will be in absolute terms. Given that, why would we say, "Eighty per cent is what we need," when we might actually need 100 per cent, almost 100 per cent, or even just 60 per cent?

**The Convener:** Do you wish to comment, Pete?

**Pete Ritchie:** The main thing is to bring forward the rural support plan before the secondary legislation is introduced, because we need a logical setting out of why we are spending on certain schemes and what we will deliver, as a result. Some of the current schemes are dead weight—everyone agrees that they have led to inertia and have not been helpful. If we are going to keep spending that money in that way, we have to justify why we are spending it on those things and not on others.

From our point of view—and from the point of view of RSPB Scotland, too, if I can speak for it—

we need more money to go into the engines of change in tiers 3 and 4, particularly with regard to innovation. I note that there are now innovation grants for farmers in England. We do not spend nearly enough money on innovation, co-operation and supply chain support, farmer clusters or agroforestry. It is good that we have a commitment to organics, but we need to follow through on that. We do not spend nearly enough money on the sort of direct up-the-farm-track advice to farmers that we need in order to support a serious transition.

The main thing, therefore, is not to treat tiers 3 and 4 as residual budget—that is, whatever is left over once tiers 1 and 2 have had their say. We need to give them equal status, because we will not get the change that we need without investing at that end.

**Jim Fairlie:** Are you talking about having the mindset to deliver these things or having the volume of cash?

**Pete Ritchie:** I am talking about both, I think. We need a strategic approach to managing the transformation in food, climate and nature in Scottish agriculture over a 20-year period—initially, with the first five-year plan. It is a mindset thing, but the other engines of change are really important.

In the big consultation exercise that we did this time last year with support from the Scottish Government, people came up with all sorts of ideas about how to spend tier 3 and 4 money, and they wanted more cash to go into those tiers. We cannot decide how much cash is needed until we have the rural support plan, but that plan should set out what—if there is £10 million or £20 million a year for advisory services, £10 million for co-operation and so on—that money will deliver. We need those figures in the rural support plan so that Parliament can scrutinise them and say, "Okay—that's a good way of spending public money for the first five years."

**Jonnie Hall:** Can I come in, convener?

**The Convener:** Very briefly.

**Jonnie Hall:** The transition is critical. We might be talking about 80 per cent in direct support today, but the balances might have shifted in five years. If you put that sort of thing into primary legislation, you are locked into it. I go back to my earlier point. The fundamental question is this: 80 per cent and 20 per cent of what?

**The Convener:** I do not think anybody was suggesting a percentage, per se. The NFUS said that it wants 80 per cent at this point.

**Jonnie Hall:** But it is not asking for that to be put in the bill. This is about how we allocate funding.

**The Convener:** Absolutely, but we need to be clear about the direction of travel, rather than talk about specific amounts of money or percentages. You talked about transition, but there is very little about transition in the bill—it is simply not there. We might think that it should be part of the process but, currently, there is nothing to legislate for the transition.

Beatrice Wishart will ask questions on our final theme.

**Beatrice Wishart:** I am interested in hearing views on the power to provide for continuing professional development, which Sarah Millar touched on at the beginning of this evidence session. Are there any areas where you think that CPD should be required or particularly encouraged?

**Sarah Millar:** I am happy to start on that. Alongside capital grant funding and direct support, you need a really strong CPD system. CPD is not a new concept: it is used for almost every professional working environment.

However, what is important in relation to farming, crofting and the associated supply chain is that CPD is led by businesses. For example, for the past 20 years, Quality Meat Scotland has run the monitor farm programme, with Government funding. That has provided communities with the tools to share knowledge that already exists and to bring experts into communities to work with local farmers.

Farmers learn best from other farmers. It is important that we do not just use blunt instruments that work for the accountancy sector, but that we provide the toolbox from which businesses can take the tools that they need. It is also important that we enable there being time to be spent on that—we have a lot of single-operator businesses in our supply chain and the time that they spend on CPD is time that they will need to spend away from animals.

It is important that we get that style of CPD correct, but it is really important that any grant system or direct support is aligned with a comprehensive agricultural knowledge and innovation system that allows for knowledge transfer and innovation. We must not forget about the role of innovation.

**Joe Hind:** I agree with Sarah Millar. CPD is an important aspect of many professions, and farming is, absolutely, a profession—it takes a lot of expertise, skill and continual learning to do it well. There is a really exciting opportunity in the bill to join up the production side and the demand side of the supply chain, which is what we keep asking for. CPD could really help with that by helping farmers and agricultural workers to understand the market opportunities that exist for their products

and what is coming next. We try to do that with our manufacturing members, but we could be doing it with primary producers, too, and that could form part of the bill.

**Jonnie Hall:** I echo what has just been said by Sarah Millar and Joe Hind. The issue that the industry needs to wrestle with is managed change. The tier 4 element—CPD, advisory services and so on—that Pete Ritchie referred to will be critical in enabling change and in enabling us to do things differently. In that context I have, in principle, no difficulty with CPD being part of the bill.

However, we need to tread with extreme caution in respect of CPD being, in effect, made compulsory, and in respect of enforcement. If individuals are excluded from direct support—to go back to Rhoda Grant's point—because they are unable to or do not have the opportunity to do the right sort of CPD at the right time, we might lose them, and we do not want that to happen. Enforcement of CPD is what gives me concern, although the principle is absolutely right.

**The Convener:** In your view, does the bill need to change? Section 27, which is the part of the bill that you are referring to, says that persons must—actually, it says “may or must”, but let us just go with “must” for the moment—meet

“the minimum criteria for successful completion of CPD activities”.

Does that mean that you need to get a score of 20 out of 30 or whatever? It also says that the persons must record

“successful completion of CPD activities”,

engage in monitoring of CPD activities and undertake activity in relation to the charging of fees. A range of things must be done.

**Jonnie Hall:** For many, that might be an easy and accessible approach—I go back to Sarah Millar's point about monitoring farms and so on—but that might not be the case for certain individuals in certain circumstances, who may not be able to do CPD in a similar way to others. If CPD then becomes an eligibility requirement to unlock support, I think that that is wrong.

12:30

**The Convener:** So, in your view, that aspect may need to be amended in the bill because it suggests—as you say—that there might be a minimum requirement for farmers to milk cows or produce beef and that there might be issues if they do not come up to a certain standard. The legislation on that will be subject to negative procedure, which again gives the Parliament very little ability to scrutinise it. We might need to look at that in a bit more depth.

**Pete Ritchie:** I actually agree. Making something compulsory at this stage in the process will potentially generate resistance that we do not need. David Thomson will confirm that a lot of existing farms already have to do CPD as part of their contracts with retailers—that is common. It is better for QMS to put it in as an expectation for its farm-assured standards than to make it compulsory, because, if people want to sell their product, they have to do some CPD.

For a few years, we can sell people high-quality CPD that is interesting and engaging, and that they enjoy doing. If we get to 2030 and there are still some farmers who say, “No, I’m not learning anything,” we can then look at whether they can keep on getting public money. To us, it feels that the last thing that we want to do is sell a good thing by telling people that they have to do it.

**David Thomson:** I can confirm that. I agree with Joe Hind that there is an opportunity in the bill to support the broader supply chain as well.

**Lesley Mitchell:** On that exact point, first, I would say that incentives are better than compulsory measures, and secondly, I worry about barriers to entry around the cost of having to do things that are compulsory and what that does to smaller farmers.

From my experience of having looked at regenerative agriculture transformation across a number of countries, including India and the US, the biggest point has been that we have to look at the whole supply chain, because it is actors such as procurement managers in organisations who hold the power to make a difference and change things. In addition, businesses are oriented around those new requirements.

There is an organisation called the Future Food Movement that is doing exactly that. It is working with whole organisations to build that capacity and capability in supply chains and food companies.

**The Convener:** Are there any other points or comments?

**Jim Fairlie:** Something has just popped into my head—it may be absolute nonsense, so please feel free to shoot it down.

I go back to the point that David Thomson made about farmers having to meet particular requirements in order to supply whoever. We have QMS, Tesco and Marks and Spencer, all with different schemes that are asking for different things. If we want to make things as simple as possible for farmers, who are already fully stretched to the limit of their resilience with regard to being able to continue what they are doing, is there an opportunity in the bill for us to put in place one single scheme, which everybody accepts is the standard?

I am talking purely from the farmer’s point of view. Farmers may say, “Oh my god—here’s another layer of something that we have to deal with.” How do we take that burden off them and allow CPD to be something that they want to buy into?

**Sarah Millar:** In my experience of working with different retailers and processors, that would be very difficult to do, because different retailers are always looking to achieve different outcomes—

**Jim Fairlie:** On the basis of trying to get a market advantage.

**Sarah Millar:** Exactly. What is important is that there could be funding given through the mechanism in the bill to provide a suite of options that can then be tailored to different supply chains and to different processors and retailers.

The CPD scheme that the Royal Institution of Chartered Surveyors runs for land agents and others has a suite of different options that agents can access. That may involve things such as reading local papers such as *The Scottish Farmer* or *Farmers Weekly*, attending events or undertaking a longer-term training course, which all give different levels of points.

What also flashed through my head was whether we could use the bill as an opportunity to incentivise bringing in young people to businesses. For example, we could say that, if a business has a younger person working as part of the partnership, that would automatically put a tick in the CPD box, because they may have more recently been to agricultural college or university.

There are different ways to do it. The important thing is that the bill provides a mechanism for funding that then has input from industry to ensure that the courses and the suite of options available are suitable for what supply chains require.

**Jim Fairlie:** Does that not allow supermarkets or big retailers to put pressure back on the farmer to achieve something for them? They are looking for market differentiation. That approach would load the burden back on to the farming community.

**Sarah Millar:** You could see it like that, but you could also see it as if that retailer—

**Jim Fairlie:** I am sorry. I did not finish the point that was in my head—it stopped. It was about considering the whole market supply chain. Should we be looking at the situation from the perspective of the whole market? Earlier, we discussed how the supermarket adjudicator only stops at that door rather than going right through the whole supply chain. If we are going to put in a requirement for CPD, should we not consider that it is everybody’s responsibility and ensure that we

are not taking it to the point where it is all detrimental to the farmers?

**Sarah Millar:** Farmers' businesses will make the decision about whether they want to service a particular supply chain and what that chain's demands are. If one supply chain asks a farmer to do a higher amount of CPD than they are willing to do, they may choose to service another supply chain. That then represents a detriment to that retailer because they will not have the same options for suppliers.

It is important to have the core principle and a wide suite of options for CPD so that producers can make an informed choice based on their business, their capacity, and what they want to achieve through their own business outcomes. That is where flexibility is important. Going back to what should be in the bill, if we do not have such flexibility, we will not be able to tailor our approach to individual supply chains, retailers and processors.

**Jonnie Hall:** Jim, you have opened up a complete can of worms, and not just in respect of CPD. Fundamentally, we need to get to whatever the supply chain asks of the individual producer also being recognised by the Government through the support payments that might be associated with that business.

If a farmer is being asked to do a carbon audit, a nutrient management plan, a waste plan or an animal health and welfare plan—for example, because of their commitment to a contract, or in order to access a market—that must be recognised as being equivalent to completing their whole farm plan, which might be an eligibility requirement for their future tier 1 or tier 2 payments. The last thing that we want is a multitude of different asks for essentially the same things, which would send many farmers even more angst.

**Jim Fairlie:** Convener, is it okay for me to continue?

**The Convener:** As long as your question relates to the bill.

**Jim Fairlie:** It does. We have all talked about the need for scrutiny of how the Government spends money. If a farmer is meeting the standards that a supermarket such as Tesco or Marks and Spencer has told them are its requirements for supplying it, and the Government then says that that alone is acceptable, then there is no scrutiny other than that which is done by the supermarkets, so the Government would in fact be asking the supermarkets to be credit checkers. Do you see what I mean?

**Jonnie Hall:** Yes, but I do not think that the system works in that way. We have quality

assurance schemes in place. I would have thought that membership of those should be a sufficient safeguard for the Government. Production through all such schemes is verifiable, whether farmers are producing red meat or milk through the red tractor scheme or they subscribe to the Scottish Quality Crops scheme that covers our cereal sector. The vast majority of farm businesses are quality assured, and we want to ensure that they continue on that pathway.

**Jim Fairlie:** So, you are saying that as long as one of those schemes is in place that should be sufficient.

**Jonnie Hall:** To me, that should be sufficient for the Scottish Government to say that that individual is operating at a standard above the minimum regulatory requirement, but also that they are carrying out activities such as carbon audits, biodiversity plans and animal health and welfare plans. If we end up with a plethora of demands for different reasons, and they all vary slightly and do not align, that will be a recipe for disaster. It will just put people off.

Going back to Pete Ritchie's point, we need to engage with farmers and incentivise them to utilise measures such as carbon audits to understand where they can make good decisions on the tier 2 options that they might go into. It is about informing people rather than it being a compliance issue. We want to get people to think about decision-making tools rather than saying, "I have got to do this."

**The Convener:** On that point, what if a business's decision is not to take up single farm payments, or any payments?

**Jonnie Hall:** That is the business's decision—

**The Convener:** How do we then regulate for net zero?

**Jonnie Hall:** We have the backstop of regulation. All sorts of environmental standards and animal health and welfare standards are in existing regulations. Under cross-compliance, they are now called statutory management requirements. Regardless of whether a business gets a direct support payment, it has to adhere to those conditions.

**The Convener:** Is there a risk that the bill will result in what is referred to in some places as freedom farming? People could just say, "Actually, we can run a business without having to comply with all those things to get payments. We'll abide by the environmental rules, we'll listen to the Scottish Environment Protection Agency—we'll do all of that—but we're going to freedom farm." Is there a risk of businesses opting out of the support system?



**Jonnie Hall:** Yes. We are seeing it happen south of the border.

**The Convener:** Thank you.

**Jonnie Hall:** Can I explain a wee bit more?

**The Convener:** Yes.

**Jonnie Hall:** By opting out of the support system, people are no longer subject to things such as good agricultural and environmental conditions, which are a really important lever for the Government to use with farmers when it says, "We need you to do X, Y and Z." If someone does not take the payment, they are not under the obligation. We are then left with just the basic regulatory requirements, and it is very difficult to say what is in the public interest if there has been a breach of those.

The biggest deterrent, or the biggest incentive to comply, is the loss of direct support. We do not want to lose that. We should keep the direct support and the conditions that are attached to it, and we will then get the outcomes that we want from farmers and crofters.

**The Convener:** Okay. Thank you. I will give Tim Bailey the last word on that subject.

**Tim Bailey:** We certainly do not want to decouple the use of those levers. In reality, for most products and most supply chains, so-called freedom farming is probably less of a risk, because most market supply chains are miles ahead of where Government legislation and regulations are.

On Jim Fairlie's point, I think that it is really about smart collection of data and how we use data. It is not difficult to record whether someone is quality assured or whether they have done X number of courses with a supplier. Let us collect that data and report it back so that what the Government does has validated data beneath it.

**The Convener:** Pete, do you want to comment on that?

**Pete Ritchie:** Yes. I back up Tim Bailey's point that the supply chains are going to do a lot of this. However, enforcing environmental standards is still a challenge, and it is going to be a challenge as the bill goes forward in relation to people who end up straightening rivers or digging up rocky knolls because they could have a bigger field. Those things happen, but we do not have a hugely good track record of making sure that we get on top of them. What we need under the bill that we are discussing and the forthcoming natural environment bill is not a punitive compliance regime, but an effective one.

**The Convener:** Okay. Thank you. Rachael, I think that you have a question on a different topic.

I will bring you in as long as it is very brief and we get yes or no responses.

**Rachael Hamilton:** It is just an observation, convener. Yesterday, we received the response to a Government-initiated question on the timetable for the forthcoming land reform bill. A number of our witnesses today have mentioned cross-cutting legislative areas that minister should have regard to, one of them being land reform. Given that that bill has been delayed, I think that it is incumbent on the committee to seek clarification from the cabinet secretary, Mairi Gougeon, of when we will see a draft of it, so that we can consider that alongside the Agriculture and Rural Communities (Scotland) Bill.

**The Convener:** Okay. I do not know whether any of our witnesses want to respond to that. We can certainly write to the cabinet secretary and ask for a clearer idea of when the land reform bill will be laid.

This has been a mammoth session, but it has been fun filled. We have a lot of information to digest ahead of compiling our stage 1 report. Thank you all very much for your time commitment this morning. It is very much appreciated.

*Meeting closed at 12:43.*



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