OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Affairs and Islands Committee

Wednesday 22 February 2023

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

Wednesday 22 February 2023

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RURAL AFFAIRS AND ISLANDS COMMITTEE
5th 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)
*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)
*Jenni Minto (Argyll and Bute) (SNP)
*Mercedes Villalba (North East Scotland) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Douglas Bell (Scottish Tenant Farmers Association)
Gareth Hateley (British Veterinary Association)
Donald MacKinnon (Scottish Crofting Federation)
Chloe McCulloch (Farm Advisory Service)
Dr Andrew Midgley (Scottish Environment LINK)
Ian Muirhead (Agricultural Industries Confederation Scotland)
Ross Paton (Scottish Organic Stakeholders Group)
Pete Ritchie (Nourish Scotland)
Susan Robertson (Unite the Union)
Denise Walton (Nature Friendly Farming Network)
Dr Tara Wight (Landworkers Alliance)
Stephen Young (Scottish Land & Estates)

CLERK TO THE COMMITTEE

Emma Johnston

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Affairs and Islands Committee

Wednesday 22 February 2023

[The Convener opened the meeting at 09:05]

Decision on Taking Business in Private

The Convener (Finlay Carson): Good morning, everyone, and welcome to the fifth meeting in 2023 of the Rural Affairs, Islands and Natural Environment Committee. That is the first mistake of the day: we are no longer the Rural Affairs, Islands and Natural Environment Committee. Well done to those who spotted it. We are now the Rural Affairs and Islands Committee. I ask all those using electronic devices to ensure that they are switched to silent.

Our first agenda item is a decision on whether to consider the evidence heard as part of our scrutiny of future agriculture policy in private at this and further meetings. Do members agree to do so?

Members *indicated agreement.*

Future Agriculture Policy

09:05

The Convener: Our next item is a round-table session on Scotland's future agriculture policy. This is our first session on the topic. We have a number of sessions organised and visits planned to inform us ahead of our scrutiny of the agriculture bill, which is expected to be introduced after the summer.

I will start by inviting all participants to introduce themselves and to set out their view of the key challenges and vision for the future of agriculture policy. I ask that you do so in less than three minutes. I know that that is a big ask, but we have plenty of opportunity to explore your concerns further during the session. Once all participants have spoken, I will ask members to pose some questions and to pick out some of the key themes that we have identified in our papers.

I will start on my right and ask Donald MacKinnon to kick off.

Donald MacKinnon (Scottish Crofting Federation): I am a crofter from the Isle of Lewis and chair of the Scottish Crofting Federation. Obviously, crofting is a unique system in Scottish agriculture. That unique system of land tenure has its own set of challenges, but it also has a lot of opportunities. Crofters are already delivering for biodiversity, on climate and, importantly, on maintaining the rural economy in some of the most fragile and peripheral areas of the country. We want to see that supported through the agriculture bill and as agricultural policy is developed.

We want to have in place a support system that is accessible to crofters and other small-scale producers, and where conditions are brought in, we want those to be proportionate to the scale of the business and to give access to those businesses to participate in what will be a changing process. We are not saying that all crofters are perfect at the moment. However, where change is required, we want that change to be supported and to be done fairly.

In the past few months and years, we and many other organisations have called for more detail from the Government on its proposals. It was good to see the route map published last week, but there are still some omissions that are particularly relevant to crofting. That includes detail on how common grazings will fit in and detail around payment structures, particularly on support to less favoured areas and on successors to the less favoured area support scheme.

I will leave it there just now.

The Convener: Thank you. That was a good example of time keeping to kick off.

Stephen Young (Scottish Land & Estates): Thank you for having me. Donald MacKinnon has covered quite a lot of the points that I was going to make. I would echo a lot of what he said.

Our members carry out a range of land management activities across Scotland. Future agricultural policy is crucial for rural Scotland as a whole. It is not just about agriculture; it is about all the things that we want to see happen, including support for jobs and rural communities.

If land is also to play its full part in dealing with climate and biodiversity issues, we need really clear signals and values to come from future legislation. An integrated approach to land management is key. If we deal with things in silos, with agriculture, biodiversity and forestry in different boxes, we will get nowhere, so we must have an overarching view of how things will work.

We must also have businesses that are able to be agile and have the confidence to invest in what is required to deliver those benefits at the required scale, particularly for biodiversity and climate change, so that we can meet the targets that have been set for us in those areas. We need clarity of thought as well as long-term opinions and views on how things will be, which will give businesses the confidence to invest.

Food production is hugely important. We are dealing with very competitive markets, so we have to make sure that Scotland is in a position to compete and that production is on a scale that will allow critical mass. We also need added value in Scotland and as much of that value as possible to be retained within Scotland, because that will get fed back to rural communities and benefit everyone in rural areas.

Finally, on the theme of silo thinking, a plethora of different policy areas cover land management. Having a clear programme of the hierarchy of those plans and how they all fit together would be hugely beneficial for land managers across Scotland and would bring that clarity to bear.

Pete Ritchie (Nourish Scotland): Nourish Scotland is a food organisation that looks across the whole food system, and we are very involved with the Good Food Nation (Scotland) Act 2022. We think that agricultural policy has two main functions: first, to provide healthy, sustainable food for the Scottish population and, secondly, to restore climate and nature. We want to see a Scotland where we eat more of what we produce and we produce more of what we eat. We are clear that the proposed agriculture bill has to be joined up. The committee has a big job to do in joining up agricultural policy with food policy as well as with policies on the natural environment, the circular economy, community wealth and public health. The Parliament also needs to do a big exercise to join up those policies in the context of the proposed agriculture bill.

We want to see greater diversity of crops growing in Scotland: we want more stuff growing in glasshouses and a wider variety of crops growing on our farms. We also want a greater variety of foodstuffs to be made in Scotland from Scottish ingredients. At the moment, about 5 per cent of the brands that are on Scottish shelves come from Scotland. Could we do better on that in terms of processing, and could we have greater diversity among producers? We could have more urban farming, more diversity in our rural areas and more new entrants, women and new Scots. A wider range of people coming into farming should be part of our objectives in the agricultural policy.

We want a much stronger local food economy, and we have argued that some of the money from the agricultural policy should go to local authorities so that they can support their local food economies, which would indirectly support farmers by creating a greater demand for local produce. For example, under the US Agriculture Improvement Act of 2018, 80 per cent of the money goes to nutrition programmes in cities, not to farmers, but that potentially sucks in demand for local produce.

We want a much greater emphasis on circularity in the Scottish food system. We have a linear food system with inputs and outputs. We need to close the loops on nitrogen and feed—waste feed from our whisky industry needs to go to our pigs, chickens and salmon, not for anaerobic digestion. We need to close the circular loop on resources.

We want low opportunity cost livestock approaches in Scotland. That would mean our livestock eating the things that humans cannot eat. That could include pigs and chickens eating waste food and by-products, and cattle eating grass and trees, which is what they are good at. We want an approach in which we have some livestock, but they must be efficient in circular economy terms.

We want emissions from agriculture to be halved while production is maintained. That does not mean producing the same as we already do, but it does mean producing the same amount of human nutrition. That would probably mean some of the crops that are currently used to feed cattle being diverted to feed humans. That would involve a return to a grass-fed approach.

The other witnesses have covered some of the other things that we want. We want organics to be seen as normal and to have a lot more trees in the right place. We want the landscape to change in the next 10 or 20 years so that trees and farming are much more integrated. We want positive

animal welfare to be an explicit objective of agriculture policy, moving beyond the negative approach to animals towards a positive one in which we consider not doing things to them and provide a good life for them.

Most of all, we want all our resources, including research, training and advice, to refocus on the new paradigm in agriculture—that is, the new type of agriculture. That would involve a real shift in the way that our universities and advisers work. It would also mean a real investment in knowledge exchange between farmers. At Nourish Scotland, we have seen that farmers want to do that and are willing to make changes, but they need support to do so.

09:15

Gareth Hateley (British Veterinary Association): Good morning. I am the incoming president of the British Veterinary Association's Scottish branch.

Obviously, livestock is the focus, today. Following on from what Pete Ritchie said, the British Veterinary Association's perspective is that livestock is very much in the frame and part of our concern. The focus on climate change and a just transition is also key, and all sectors have a responsibility to respond to that.

Our organisation is very pleased to have more clarity on the importance of animal health and welfare, which are very important to us professionally. The relationship between vet and farmer is key to that working properly, so it is good to see that that aspect is included, and our profession is ready and willing to help. Similar to farmers, we have concerns about food, food-chain resilience and trade. Although Scotland is a small country, trade is a huge part of what happens here, and we want to ensure that it happens effectively and that vets are involved, too.

I will not say any more at this stage, but I will during the discussion.

Ross Paton (Scottish Organic Stakeholders Group): Hello. I am a working dairy farmer from the south-west, with 200 dairy cows. Our farm has been organic for more than 20 years, and I have come here to represent the Scottish Organic Stakeholders Group, of which I am currently the chair. You will have read our submission.

Oscar Wilde spoke about the

"Love that dare not speak its name".

It sometimes feels like we cannot talk about organics without causing controversy, but we want to mainstream organic farming in Scotland, and we welcome the increase in and the continuation of the support schemes. We also welcome the lift in the area cap.

We want organics to be mentioned in documents that come out. The Scottish Government has to realise that organics tick the boxes of the targets that it wants to reach on climate change and biodiversity, under a legally binding framework. Organics are not like regenerative or grass-fed farming, which do not have any certification bodies behind them.

We feel that we—myself included—have been pioneering the things that the Government wants for a long time, including zero antibiotic use in the dairy herd at the Organic Milk Suppliers Co-operative—Omsco. The conventional sector is following on with things such as that, so we are looking to get movement across the board.

Fruit and vegetables are one of the biggest growth sectors, and we would like more time to be spent talking about organic fruit and vegetables as part of mainstream agriculture.

Douglas Bell (Scottish Tenant Farmers Association): Good morning. I am the managing director of the Scottish Tenant Farmers Association. We are a membership organisation that is dedicated to representing and advising tenant farmers in Scotland. There are around 6,000 agricultural tenancies in Scotland, which cover just under 20 per cent of the farmed area. That excludes seasonal lets, so it is a sizeable proportion of the farmed area in Scotland.

Our members cover a full range of farming types, but tenant farmers predominantly tend to be livestock farmers in less favoured areas, which presents challenges.

The STFA's priority is to ensure that we have a dynamic and profitable tenanted farm sector. We must always remember that farming tenants are people first and foremost. They are running businesses in rural Scotland, and they are playing their part in delivering objectives on quality food production and the other public goods that farmers deliver.

Today, we are determined to ensure that the specific circumstances of tenant farmers are catered for in the new legislation, as there is scope for potential exclusion depending on the detail of its design. We also want to ensure that tenants are part of the just transition.

You will be aware that there is a section in the consultation about modernisation of agricultural tenancies. We need to make sure that agricultural tenancy legislation is fit for purpose to help us to deliver the previous two priorities.

As other organisations have said, we welcome the route map and the clarity that we have received in that. However, we are still frustrated on

two fronts. The first is the lack of detail and the other is our ability or opportunity to engage with the policy-making process. That co-design and co-development process is something that we have been talking about for quite some time. As an organisation, we are struggling to engage. I hope that we can sort that.

We have specific concerns that the conditionality that is coming will be too onerous and expensive. The uptake might be very low, which is poor in terms of delivering Scottish Government objectives, disastrous from an individual point of view, because livestock farmers, in particular, are very reliant on the support payments, and it is potentially catastrophic for the Scottish economy, going forward.

I will leave it there just now.

Chloe McCulloch (Farm Advisory Service): I am the principal consultant for programmes at SAC Consulting, which is part of Scotland's Rural College—SRUC. SAC Consulting delivers the Farm Advisory Service on behalf of the Scottish Government and I am the programme leader.

I see the challenges for industry, and the opportunities, from climate change, greenhouse gas emissions, biodiversity, food production and so on. There are clearly chunky challenges in those aspects, but I suppose that my focus is on the people. I have no doubt that our industry is fit for those challenges. We have resilience, enthusiasm, skill and a committed group of people.

I have no doubt that we have the capacity to meet those challenges and to seize the opportunities that they provide, but it is vital that we have a strong and well-resourced advisory programme to support that. That will make the difference for individuals. Instead of feeling that the changes that are coming are something that they are not in control of and are potential opportunities that they are not able to take, such support will turn them into opportunities for businesses to progress and thrive and for individuals to feel that they have control over the process.

It is not just about giving individuals that control; there is a generational aspect to this. We have the opportunity to make a generation feel that there was a change that they were in control of and that they took the opportunity versus their feeling that it is something that has happened to them that will stifle innovation.

A strong advisory programme will also support the pace of change that is required. We talk about the need for certainty. I agree that we need certainty for and confidence in long-term planning. We need to support people, but a strong advisory programme will underpin all that.

Ian Muirhead (Agricultural Industries Confederation Scotland): I am the AIC Scotland policy manager. AIC Scotland represents the agrisupply industry in Scotland, which covers the sectors of livestock feeds, fertilisers, seeds, crop protection products and arable marketing. Our members are a crucial part of the agrisupply chain, providing farmers with key inputs and, importantly, advice for efficient crop and livestock production, and contributing directly to the underpinning of food production and food security.

For my opening remarks, it is probably really important to set our discussion of future agricultural policy in the context in which we are discussing it. As, I am sure, everybody will be aware, this Friday marks a year since Russia's invasion of Ukraine. The impacts from last February on the global supply chain continue to be felt. One of the things that those events highlighted is the necessity and importance of investing in our domestic agricultural industry, from a food security perspective, alongside the many other goals and measures that future policy seeks to address.

I guess that I am trying to say that food production is no longer an optional extra when we talk about agripolicy—it is absolutely central, and it must be central to policy considerations going forward.

Another reason for that is that, when we look at other policy goals and aspirations, we can see that the delivery mechanism for everything—for emissions reductions, biodiversity improvements, nature restoration, the wider food processing sector and our members and their businesses—is farmers. They have to be on the ground to deliver the objectives that are decided on and agreed by yourselves and the Government.

Those are some of the key points that we wanted to highlight, convener.

Dr Andrew Midgley (Scottish Environment LINK): Although I am senior land use policy officer at RSPB Scotland, I am here today to represent Scottish Environment LINK, which is a collection of more than 40 member bodies that work together towards the common goal of improving environmental sustainability in Scotland.

We want sustainable land use in Scotland. At the moment, it is unsustainable; the land itself is a huge source of greenhouse gas emissions, and agriculture, which is a separate category, is the third largest source of emissions. At the same time, we have a biodiversity crisis. Under a metric called the biodiversity intactness index, Scotland is 28th from the bottom of 240 countries across the globe, and it tells us that we have lost nearly half of our biodiversity—

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): I am sorry, but can you turn your microphone more towards you and repeat that last bit about the biodiversity intactness index?

Dr Midgley: The index was created by scientists at the Natural History Museum. They scored 240 countries around the world and recorded the degree to which they have maintained some of their historic biodiversity; Scotland was 28th from the bottom, with a score of 56 per cent, meaning that we have lost nearly half of our historic biodiversity.

Agricultural policy has a huge role to play in this. We want the Government to continue to invest in and support farming, but we also want it to change how it does that. We believe that the policy needs to change so that there is an increased emphasis on climate and nature and that we are able to move forward in such a way that there is no apparent contradiction between food production and nature and climate. Those things can be addressed at the same time.

A key part of that policy will be a strategic approach to land use change that embeds agricultural policy within wider land use policies such as forestry and which allows us to think about how the whole picture fits together. Another is just transition and ensuring that we think about how we accommodate change over time and support the industry through that process.

The Convener: Thank you. We also have three participants joining us remotely. First, I call Susan Robertson.

Susan Robertson (Unite the Union): I am the regional officer for Unite the union.

With regard to social conditionality, obviously there are obligations on those who receive direct payments. If, under the Scottish National Party, independence were to be achieved and an independent trading relationship were to be set up, it would have to abide by the common agricultural policy; however, without independence and with Scotland still being part of the United Kingdom, there is an as-yet-unanswered question about UK divergence. Will UK farm employers have an advantage over European Union farm employers, given that UK employers will not be subject to the same explicit link made between subsidies and compliance with labour rights?

We think that it would be wholly possible to add something at this point to the forthcoming agriculture bill to make the connection between taxpayer money and fair work. However, it is really disappointing that the Government's very long document "Delivering our Vision for Scottish Agriculture: Proposals for a new Agriculture Bill" contains very little on workers, and the section on the Scottish Agricultural Wages Board and fair work first has little detail.

We would like the distribution of direct payments to be fairer. With the way it is now, smaller farm enterprises are struggling and are at risk of going under, yet they exist cheek by jowl with some of the richest farming enterprises in the country, which benefit from lucrative diversification such as shooting and fishing. Wealth in farming is unevenly spread and very little drips down.

09:30

We fully endorse the report by Caroline Robinson entitled "Assessment of the risks of human trafficking for forced labour on the UK seasonal workers pilot", which I can comment on further. A lot of her findings are the types of cases that Unite hears regularly from migrant workers who are employed on farms.

Denise Walton (Nature Friendly Farming Network): Thank you for inviting the Nature Friendly Farming Network to give evidence. I am the Scotland chair, and I farm in south-east Berwickshire. Our vision is that Scottish farming becomes a force of recovery and repair, with the production of nutritious food through the adoption of agri-ecological principles and by working with nature on every farm, and that that is supported quickly and rewarded with a just transition.

We have eight principal asks. We welcome the shift to a four-tier support system, but we would like area-based subsidies to be phased out within a transition period and for that to start as soon as possible.

With other signees of the Climate Emergency Response Group, we call for £200 million to be spent over the next 10 years on a co-designed, industry-led partnership for regenerative and agri-ecological learning, research and development, and regional peer-to-peer knowledge transfer.

We call for targeted support for the farmers and crofters who farm the 40 per cent of our valuable landscapes that are high nature value.

We want equity through a small farms scheme for small-scale farmers who farm 1 hectare or possibly even less. That would bring greater diversity to our industry.

We want whole-farm plans to be rewarded, to be ambitious and to become tools for revealing the link between profitability, biodiversity and working with nature.

We want forestry to be integrated with farming much more clearly, and we want tree planting within whole-farm plans to be part of the national target for agroforestry and for that and hedgerow creation to be supported under tiers 2 and 3.

We must have food and farming policy coherence to realise the ambition of our good food nation. We need to have regional and local procurement from farmers who practise established nature-based farming processes.

Finally, the bill must support an incentivised reduction in reliance on high-emission petrochemical inputs. Reduction targets for that should be time bound.

The Convener: We move to Dr Tara Wight. I know that she is having some connection problems—fingers crossed that we can keep you online, Tara.

Dr Tara Wight (Landworkers Alliance): I think that the connection is a bit better today.

Hi, everyone, and thank you, convener. I am from the Landworkers Alliance, which represents farmers and crofters who use agri-ecological and more sustainable practices on their farms, as well as land workers and workers on farms who are interested in sustainable transitions.

Many of our members have already begun the process of transitioning to a more regenerative and agri-ecological farming system, often without or with very little Government support and in the face of quite serious challenges. They have really led the way and shown what can be done in the Scottish context.

I will first focus on transition and the need for a large-scale transformation of our farming system. We advocate focusing that transition on changing agriculture practices on farm, so that we do not see it as nature versus farming any more but, instead, look at ways of farming that support nature and ways of farming with nature on all our farms. That could include how we can reduce inputs, improve agrobiodiversity and implement agroforestry and regenerative grazing practices, which can support biodiversity and sequester carbon without reducing food production.

That might involve shifts in what we produce and how we produce it, but we believe very strongly that farming and nature can go together, and that farming can support nature. That transition will require a strong advisory service and support system, including peer-to-peer—[*Inaudible*.]—sharing and training to realise the scale of change that we need to see.

I also want to talk about the justice element of the just transition. A transition to a more sustainable food system needs to be just for everybody, and I echo some of what we have heard about the huge inequality that exists in the farming sector. There is wealth in farming, but it is not equally distributed. The current payment system is making that worse, not better. We welcome the inclusion of provisions around workers' rights in the agriculture bill, but that could be strengthened further with the addition of social conditionality as well as environmental conditionality to conditions on receiving payments.

We also emphasise that a lot of our members are small-scale farmers and crofters who produce large amounts of food for local food systems. They pioneer sustainable practices and help with community development in rural areas but, under the current system, they receive very little support to do that.

We would first like to see a shift away from an area-based payment system, particularly in relation to the income support tier of the proposed agriculture bill. We emphasise that having more land should not mean that you have a higher income, because that is discriminatory against smaller-scale farmers. There should be a shift away over time from an area-based payment system, beginning with a mandatory redistributive payment, as we see in the new CAP system, and a capping of payments at a certain hectarage.

We would also like to see a removal of the minimum hectarage for receiving funding and grants, because we have a lot of members whose farms are much smaller than three hectares. One or two hectares provides fruit and veg for 100 families all year round, so there should be support for people who deliver that kind of public good.

We welcome Innovation for Agriculture's focus on improving diversity and supporting new entrants, and we would like to see more commitment in the agriculture bill to supporting new entrants and improving diversity in the farming network. A very high proportion of our members are women, and a high proportion are new entrants, so we have a good understanding of the challenges that they face, but we need to speak more about how they can be supported.

I echo what various others have said about the need for more joined-up thinking about food, agriculture, land use and the environment, because there are currently a lot of separate pieces of legislation, and it would be good to have an understanding of how those will come together.

The Convener: We have been round everybody. I put on record that there is a significant absentee today, which you will have noticed—NFU Scotland does not have a representative here. That is unfortunately due to a diary clash. We will make efforts to get NFUS here in the future, because its part in this discussion is obviously significant.

We will move on to a more open discussion. The idea is to hear from stakeholders and, for once, not from elected members. Our role is to stimulate and be the catalyst for discussion on

various topics that we think will be of significance as we move forward.

Please raise your hand if you wish to be involved in the discussion at any point and I will bring you in. To those who are joining us remotely, please put an R in the chat box and the clerks will ensure that I am aware that you want to speak. We will kick off by looking at basic payments and other income support mechanisms. Jim Fairlie has the first question.

Jim Fairlie (Perthshire South and Kinross-shire) (SNP): Good morning. Well done to the clerks for bringing such a diverse range of voices to the table today—this should be interesting.

I will turn first to Ian Muirhead. I will not ask you to answer right away, Ian—I am just going to put this in your head, because I want to go to one or two other witnesses as well. I hope that the conversation will just spark from there. Given your membership, you are probably one of the key barometers of the profitability and, possibly, the mental health of the farming community right now, given that you trade with them daily. That buying and selling of product is vital with regard to the resilience of the industry. Bear that thought in mind at the moment.

Ross Paton said that the organic sector should become more mainstream. I can remember the days when loads of guys went into organic production because it was easy to do. They got a five-year payment and they dropped out immediately after the organic process was finished because they could not find a market for it. Therefore, should we be producing organic produce without a premium or should there still be a premium and, if so, will people pay it? Hold that thought and we will come back to it, if that is okay.

Douglas Bell said that the tenant farming community accounts for 6,000 tenants covering 20 per cent of the land. They are not taking up the opportunities that are available, and yet you are sitting beside Chloe McCulloch, who is there to provide that support. There is a £600 million pot of money every year that everybody wants a piece of, and I am just trying to work out how it will be divvied up, starting with the agricultural community as it stands.

I ask Ian Muirhead to kick off.

Ian Muirhead: You mentioned mental health in the agricultural industry. There is general consensus that there is a major issue there. There are a lot of depressed farmers and there is a lot of anxiety and loneliness. We are working with RSABI, which is developing a training course for mental health first aid. As you rightly highlighted, our members are out on farms daily or weekly, so they are a good barometer to pick up any problems and refer individuals to various sources of help, which is very important. When we discuss that issue, we need to be cognisant of the fact that the lack of clarity about what happens next for people and their businesses causes real worry and concern.

I want to rewind a wee bit. In many ways, there are lots of good things about agriculture as it stands in Scotland and the wider UK with regard to our sustainability credentials. If you think about it, we are talking about the circular economy and, in many ways, agriculture is the original circular economy. For example, upland production is underpinned by direct payments for suckle calves that are then finished on lowland arable farms. The manure is essential for soil health to produce malting barley, which produces malt, which produces whisky, which produces a massive amount of revenue for Scotland and the UK. That is a great export success story.

As Pete Ritchie mentioned, the by-product of that whisky-making process is sustainable protein in the form of draff for livestock, so there is a good loop there that we do not want to disrupt, because it is a success story for Scotland and for our members.

One of the problems, which is an unintended consequence of policy, is that, because of renewable support for anaerobic digestion, massive amounts of historically sustainable protein that would go to feed livestock that then became human food now goes as a waste product into AD plants. That means higher feed costs for Scottish and indeed other UK farmers, and we have to import or look for other sources of sustainable protein. That is an example of why we need to get the detail right and ensure that we do not create more problems.

Jim Fairlie: What does profitability look like in the farming community right now? Mental health is directly linked to profitability.

09:45

Ian Muirhead: Others will want to comment on that. How it looks will vary between individual farm businesses, because of their circumstances. For example, the dairy sector was enjoying higher milk prices, but it looks like global markets are softening. At the same time, there is a cost-price squeeze with increased cost for inputs.

We have to be careful what we say here but, from a positive perspective, when we look at crop nutrition—fertiliser—and the gas futures markets, which are an indication of the costs of fertiliser, we find that costs are significantly reducing from their peak in 2022. There are reasons for optimism about that.

However, there is general volatility. Back in early 2022, there was extreme volatility in the grain market, which made it difficult for farmers and feed companies to lock in a set price. Likewise, in a falling market, fertiliser manufacturers take a high risk when they lock in to buy their gas to run their plant and produce fertiliser. If they do so at the wrong time, the price is uneconomic for the producer and, if farmers cannot afford to buy fertiliser, that has a knock-on impact on their ability to continue to produce. Then there is the issue with the scaling back of the production of malting barley and the impact that that has.

I hope that that answered your question.

Jim Fairlie: It went broader than I thought it would, but anyway.

Ian Muirhead: Sorry.

The Convener: Let us go back a bit and focus on direct payments and income support. What are your views on the proposed retention of an element of direct payments? Ross Paton, you were asked about direct payments for organic production. Could you give us your views on that? I would like to open up the discussion on future support and direct payments.

Ross Paton: Jim Fairlie's question was very pertinent, because the Government-supported expansion of organics 20-odd years ago resulted in oversupply in the market—of sheep, especially. That happened in Wales, as well. Wales made a right mess of things by promoting organic production. A lot of hill farmers thought that it would be quite easy—as it is—to convert to organic, because they do not use a lot of inputs. When the payments ended, the market was not very good, so they gave up.

There has to be joined-up thinking. We are at a completely different stage from where we were 20 years ago; climate change and biodiversity loss are a whole different thing. We want the Government to take on board the idea of an organic action plan so that everything is joined up.

Payments are not a panacea; the market has to change. There is no right to a premium in the milk sector or anywhere else. There has not been a premium for organic milk for the past two years. That is a market-driven thing; the Government cannot do anything about that. It is true that it is difficult to persuade people to convert if there is no premium.

On the other hand, smaller-scale farmers, such as those in the Landworkers Alliance, have shown that they are quite profitable with box schemes and vegetable schemes. I forget what the figure was, but someone said that one farm was feeding 100 families from a hectare of land, or something like that.

We do not want the Scottish Government to just throw subsidies at increasing land area; we do not want it to just have land-based targets. Land-based targets are easy to measure, but they are not always the best measure. Funding supply chains also needs to be thought about, as does helping with local procurement, because one must follow the other. There is no use in having local procurement if the supply is not there, because it cannot work like that—there must be guaranteed supply.

On the other hand, there is no use in promoting organic agriculture if the market is not there; the market has to be there. Governments cannot build abattoirs or whatever, but they can put support in the right places. For example, the Scottish Government provided support for abattoirs a while ago, for the 2 Sisters Food Group, and the pig industry also got quite a lot of support. We now find that there are no abattoirs that slaughter organic in Scotland. That is a chicken and egg situation, because if there are no abattoirs doing that, people will not produce organic beef. If the Government is going to support abattoirs, they should at least be asked to keep their organic certification because, that way, when demand increases, the abattoirs will be there to meet it. It would not cost a lot to keep that option on the table when they get support for other reasons.

We are looking for targeted, thought-out support, rather than just area targets. Area targets are great but, as the Scottish Land & Estates folk will know, there is a huge difference in the quality of land. The system of area-based payments has to be looked at alongside the market and supply chains—for example, the change in people's eating habits and the export market. Where are we headed in that regard? Organics has huge potential for export; the consumption of organic food on the continent is double what it is in Britain. Over there, organic food is taken as a given—it is simply out there, and everybody knows about it and uses it.

The Convener: I see that Jim Fairlie wants to come back in, but others have indicated that they want to come in, so—if you do not mind, Jim—I will bring in Gareth Hateley and then Andrew Midgley.

Gareth Hateley: I have a couple of comments to make on that subject. The basic point is that area-based payments patently do not work. What we would consider useful is outcome-based payments, so that there is a drive towards what farmers do and the outcomes from that.

From the BVA's perspective, given that animal health and welfare is key to what we do, such an

approach would link in with a lot of other things that we have been hearing about. One aspect might relate to farmers' mental health. Profitability is literally the bottom line, but if, for a variety of reasons, farmers cannot do what they perceive that they ought to be doing—which includes looking after livestock; farmers are hugely driven by looking after animals—that is a potential mental health issue.

When I was in practice, a million years ago in Oxfordshire, about a third of our clients, at one time, were organic, including the current chief executive officer of the Soil Association. We had a spectrum of clients, from those who were highly driven and highly motivated through to those who were motivated by the premium.

The issue is that, if people want to go into the organic sector for the wrong reasons, it will not work. They have to be bonded to the principles. I am absolutely not knocking organic principles—I see and hear those—but, if people do not do it for the right reasons, the wheels will literally fall off. We saw that happen multiple times.

The Convener: I will bring in Ross Paton briefly to respond to that.

Ross Paton: Yes—I want to pick up on that briefly. We have seen that happen in the dairy sector. There was one farmer—who shall remain nameless—who, the last time the price was low in organic dairy, bailed out and went back to conventional farming, just in time for the price to collapse in the conventional sector. He had to reconvert his farm and go back to organic farming.

You have to take a much longer view than that—farming is a long-term job anyway, and that is especially true for organics. You have to be committed to it, but not blindly, like some ideologue who will say that black is white when the evidence is against them. You have to go with the science.

Omsco has shown that we can produce milk without antibiotics in the dairy herd—without increasing replacement rates, I hasten to add, because that is normally what people say will happen. We have proven that we can do it, and the conventional sector is coming in behind us; there is a lot of talk in the mainstream farming press about reducing the use of antibiotics.

Yes, you have to be committed to it, and there should probably be something in the payments system to show at least a level of commitment. Usually, it would be for at least five years, but we should go further than that—there should be outcomes as well. You cannot dictate the market—that is impossible. You cannot say, "You must have a premium," although some organic farmers would say, "If you don't get a premium, what's the point?"

The milk sector is a case in point. The conventional sector has been really buoyant in the past few years, simply because of global markets. Organics does not operate in global markets like that; it tends to operate at a UK and European level. Some of us are selling cheese into America, but organics is not a big global market that depends on the Chinese and whatnot. It is a different product.

Likewise—as I keep on saying—there is not a guaranteed premium. You have to convince people that the product is worth the premium and explain what organics is: no fertiliser. We have shown what can be done without nitrogen. Hugh McClymont, at the Crichton Royal farm, has shown very well what can be done in conventional farming with a lot less nitrogen. Half as much research and development goes into organic farming as goes into conventional farming. The idea that, with organic, we would get only half the yield and we could not feed the world and all that kind of stuff is nonsense. We have been farming for 20 years and more, and we can grow silage the same as our neighbours, with clover and slurry and no nitrogen—zilch.

The Convener: Thank you, Ross. I will bring in Andrew Midgley and Pete Ritchie.

Jim Fairlie: Just a wee second, convener. I specifically asked the questions that I asked in the way that I asked them so that I could get a baseline with regard to the people who will be affected by all of this. That is why I went to Douglas Bell and Chloe McCulloch. If we are talking about basic payments and income support, a lot of these guys will be getting those payments, but the system is not working. Can we go back to that first, before we take a wider view?

The Convener: People have indicated that they want to comment on what they heard before—

Jim Fairlie: But I had asked both—

The Convener: Jim, can you let me try to bring everybody in? I am sure that Douglas Bell will get the opportunity to speak.

People have indicated that they want to come into the discussion. I will bring in Andrew Midgley first—and I should make it clear that we are trying to stick to the topic of basic payments and income support.

Dr Midgley: Clearly, direct support—basic payments—is really important to the industry, and we have to start from that position. However, it is not a great place to be, because of the high dependency and the fact that the industry is to a large extent dependent on that on-going support. Because of that, wherever we go, we have to move carefully, but we also have to recognise that we need to reduce that dependency.

Scottish Environment LINK's broad position on direct payments is that they are a poor policy tool. In 2001, we spent £473 million—or 77 per cent of the budget—on direct support, and there was relatively little environmental conditionality associated with that. In the context of what the Government has acknowledged is a climate and nature emergency, we have to think about how we are spending public money, and we need that money to do more. We acknowledge how important it is for farming, but we need to change how that money is spent to ensure that it delivers more—in other words, to ensure that it supports farmers but delivers more on nature and climate.

In effect, I disagree with Ian Muirhead's comment that supporting food was an optional extra. In the year that I have highlighted, direct payments made up 77 per cent of the budget, while the agri-environment climate scheme got 4 per cent. That is the optional extra at the moment, and we need to turn that situation around.

Pete Ritchie: I will follow on from Andrew Midgley's point, but first I should say that we should not use the term "income support". As Ian Muirhead has said, some farms are profitable without subsidy, while others are loss making with subsidy; this is not a targeted payment to support farmer incomes.

I absolutely agree that some farmers are under a lot of pressure. Indeed, one suggestion that was made in the consultation workshops that we ran in the autumn was that we should have an occupational health service for farmers, which is something that Sweden has had for many years. We should absolutely support farmers' mental health, but we should also give everybody a cheque based on the amount of land that they own.

The system was set up 20 years ago to replace the previous production-based system. It has no intervention logic at all; it is just a poor use of public money, and we need to phase it out, scale it down and target payments where farmer incomes need to be supported, particularly in marginal areas where there are good social or environmental reasons to keep people on the land. In any case, we need a much more targeted scheme.

Douglas Bell: To go back to Jim Fairlie's question, I have to say that I am sorry if I misled the committee. There is no reluctance on the part of tenant farmers or any other farmers to engage with support payments to the agricultural industry; however, I am concerned about the design of policy measures as we move forward, particularly under tier 2, if people have had a look at that. I think that there is potential for those measures to be, as we have heard, output based, with any reward possibly based on income foregone.

The bottom line is this: if it does not stack up financially for a farmer, they are not going to do it. Given the reliance on support payments that we have heard about, I think that a potential major dilemma is that farmers will not engage, because it will not make sense for their bank accounts. That will not help to deliver objectives on any front. It will be potentially catastrophic for a business, as it will lose a chunk of its support payment, and it will have the knock-on effects on the economy that we have heard about.

I would therefore say to Jim Fairlie that this is not a matter of farmers being reluctant. There is just a concern that, if the design is not appropriate, the farming sector's engagement might be too low as we move forward.

The Convener: I call Tara Wight and then Stephen Young.

10:00

Dr Wight: Our perspective on basic payments is that we are certainly very much in favour of there being some level of income support. Obviously, with regard to profitability, farmers are reliant on volatile markets. There is a huge amount of risk associated with farming and it is very hard work, and that combination means that income support is vital, particularly in mitigating the risk of trying out new practices as we go through the transition to more sustainable practice. There are risks involved with that transition to more sustainable practice, and we need to make sure that everyone has an income to support them through that.

What we are seeing at the moment under the basic payments system is not an income support system. It is just based on how much land someone owns, so it is not income support. Someone is given a cheque based on how much land they have. That does not support the people who need it most; it supports those who have the most assets.

On the large percentage of money that currently goes into direct payments, the reason that that has been an inefficient practice is that the area-based way of dividing up the money means that it will go not to the people who need it most but to the people who own large amounts of land and have large-scale businesses. We need either more of a universal basic income system for active farmers that specifically looks at income, or, as Pete Ritchie suggested, a much more targeted approach that looks at where that income support is actually needed. That would be far more efficient, and it would also be a much fairer system.

The Convener: I am not sure whether your audio stopped or you had completed what you were saying. I think that you had finished.

Stephen Young: On area-based payments, conditionality will hopefully deal with a lot of that. People will receive a payment that is based not just on area but on what can be delivered from that.

To come back to Gareth Hateley's point on outcomes versus practice, the ideal scenario is that people are paid for outcomes—what actually happens—but there are a lot of shades of grey within that, and a lot of work that we need to do, particularly around biodiversity and climate. Outcomes are fairly long-term things and they are fairly movable, so there will be a requirement to reward outcomes, but there will also be some areas where we will need to reward practice that we know will eventually lead to an outcome, although that could be a longer-term scenario.

A lot of the conversation that we have had this morning comes down to identifying what is a market good. What can gain a return from the market and what are the things that we want to see happen that do not have a natural market appeal? How are we going to sort that? It is quite a complex issue and there are a lot of shades of grey in there, but the steps that we have taken so far have helped.

On Doug Bell's point about hesitance to take up schemes, we have seen in the past year that there is a real vacuum of information. People have been hearing rumours and innuendo as to what is coming and have been trying to make decisions based on that, which makes them very hesitant. Once they have that clarity and a clear picture of what will happen, people will engage more strongly, but at the moment they are hesitant to do so because of the lack of knowledge and information.

Denise Walton: Jim Fairlie raised the issue of mental wellbeing and Ian Muirhead responded to that. There is growing evidence of the relationship between low-input, low-cost regenerative farming practices and those practices improving the health and wellbeing of farmers. We all know the impact of farm debt on mental health. The committee needs to consider the capacity of farmers who are weighed down by considerable debt to change. There is growing evidence of the relationship between mental wellbeing and agro-ecological practices.

If it is appropriate, convener, I will respond to the question about direct payments. Direct area-based payments do not incentivise change. We are talking about a monumental alignment of our industry to build consensus for the need to respond to the climate and biodiversity emergencies. If we have a farming community that is weighed down by debt and that feels incapacitated because there is insufficient communication of the need to change, we need to do a lot more. The issue with direct payments and area-based payments is that they tend to embed and enforce farming by rote. We need to incentivise change. In that respect, the transition period needs to start at pace—it needs to start right now—and it needs to support us in our industry to make the change that we all know that we need to make.

Chloe McCulloch: I want to add a little to what Stephen Young said. Clarity will be very important. It is also important that farmers, crofters and other land managers have confidence that those early adopters of practices will not be disadvantaged by having gone early as opposed to waiting for support in order to make a change. There are lots of farmers who are ready to start making changes, but they are just not sure when to start making them.

Donald MacKinnon: I will pick up on the point about the basic payments scheme and area-based payments. From our perspective, there is a lot wrong with area-based payments in the way that they are calculated and how they deliver support. Without a viable option to replace those, in our consultation response to proposals for a new agriculture bill and our evidence that we submitted to the committee, we have focused on how we can make that system work better for crofters and smaller producers, based on addressing a lot of the negatives around area-based payments and the flaws in that system.

In particular, redistribution should be brought in. The Scottish Government is committed to EU alignment. As I think that Tara Wight mentioned, in the EU, as part of the new CAP, 10 per cent of the total basic payment budget should be redistributed to smaller producers. We are not seeing any suggestion of that here at the moment, and it is something that needs to be explored further. It is really important to consider that front-loading approach, so that smaller producers are better supported and in order to acknowledge that costs that all farming and crofting businesses have place a disproportionate burden on smaller producers. They do not have the economies of scale that larger businesses have. On that point, it is also important that we explore capping and whether payments can be capped for those very large businesses that receive the most support.

I suppose that that is a bit of a defence of area-based support. It is not perfect, but we can make it work better for producers, because, at the end of the day, we must somehow calculate how these payments are delivered. Where we would make the change is on the enhanced conditionality that would be added.

The Convener: Thanks, Donald. It is interesting that you mentioned the CAP, as the next question was going to be about that. As soon as you

mentioned it, I could see hands and eyebrows being raised. Basic payments are such a big topic that we could probably spend two hours discussing that alone. Before we move on, I would like to get stakeholders' views on capping. Please do not feel that you need to make a comment if you do not have anything to add, because time is limited, but Stephen Young and Ian Muirhead would like to come in on that specifically.

Stephen Young: If payments are purely area based, there is an argument for capping. If we are moving to conditionality—outcomes-based and practice-based payments—and we want to achieve a scale of benefit for biodiversity, wildlife and the environment, capping payments does not make sense because we want to achieve that. We want to move faster, go larger and have that landscape-scale benefit, and the only way in which we can do that is by allowing people to develop projects at scale. Therefore, capping would be counterproductive by those metrics. If we move to an outcomes-based and practice-based payment scheme, along with conditionality, there should be no need for capping, because you would be rewarding benefit that benefits society as a whole.

Ian Muirhead: I largely agree with Stephen Young's specific points on capping.

I will slightly rewind to support Donald MacKinnon on direct payments. Our view is very much in line with that of the NFUS—it is about evolution rather than revolution. The existing system directs money to active and productive farmers through the use of conditionalities, which we have talked about. That is how we can continue to ensure stability in the industry in the short term and the medium term, ensure that support gets to where it needs to be, and develop the outcome and action-based strings that are attached to those payments.

When you speak to people from the Scottish Government rural payments and inspections division who deliver the subsidy system on the ground, you find that it is about deliverability. If we went to a completely different system, there would be the cost of a new software system to deliver payments reliably. If that did not work, cash flow issues would affect the whole supply chain. There are big issues there.

Pete Ritchie: We would argue for immediate capping as soon as possible to free up funds to invest in the transition that colleagues have talked about and move money into what are now called tiers 3 and 4 in order to accelerate the change programme at scale. We cannot run the next 20 years of agriculture policy on the basis that the computer system knows how to do the old system. We cannot allow the computer system to determine how we run agriculture policy in Scotland.

On Stephen Young's point about climate and nature benefits, there are also private markets for carbon and, increasingly, for nature and ecosystems services, which larger businesses can tap into. We need a finance model in which private finance and public finance are blended to deliver some of those public goods.

We also need to sharpen up regulation, particularly on things such as degraded peatland. In the long term, it is a nonsense that we are spending public money on restoring land that has been degraded by private neglect.

Dr Midgley: There is an active conversation about capping within Scottish Environment LINK at the moment. I cannot give the committee the definitive position, but there is strong enthusiasm for it.

The key issue among Scottish Environment LINK members is the context. In the context of the nature and climate emergency, we have to move quickly. A large amount of money is being spent in a particular way at the moment. We have a timetable for change in which we are looking at something like an enhanced payment being brought in in 2026, but we have climate emissions reductions targets for 2030. We are trying to reduce agricultural emissions by 30 per cent from 2019 levels by 2030. Therefore, we have to act now, and capping is one mechanism for freeing up funds to help industry to transition and reduce emissions.

Ross Paton: Maybe I am going outwith my remit for my organisation here, but there are dangers on the flipside of that. There is anecdotal evidence of very large businesses forgoing single farm payments, because they are a stick as well as a carrot. If someone causes environmental pollution or damage, their single farm payment can be withdrawn. Some large farmers are therefore saying, "We won't take the single farm payment, so, in effect, we cannot be punished." I ask the Scottish Government to look at a polluter-pays approach or legislation that picks people up on environmental damage that is not attached to the single farm payment system.

The Convener: Our final contribution in this section comes from Tara Wight.

Dr Wight: We support the immediate introduction of capping, so that we can free up money for the transition process. It might be worth noting in this discussion that direct payments include tier 1 and tier 2. Tier 2 is about supporting practices that deliver for nature and climate, whereas tier 1 is very much described as an income support tier. To me, those feel like quite different things.

Capping on income support might be more stringent or more rigorous than on, for example,

the funding under tier 2, which is for changing practices on farm. It is worth making that distinction on where that capping is coming in. We advocate for capping on income support payments to be brought in immediately.

The Convener: We will now move on to our next topic, which covers food production, profitability and resilience in the supply chain.

10:15

Rachael Hamilton: This is a broad question. From looking at tier 1 of the framework, how achievable is it to retain high-quality food production to feed the country while ensuring fair work, animal health and equality, protecting the climate, environment and nature, and producing a land management plan and a carbon audit? On tier 1, will the proposal in the framework improve the position of farmers in the food chain?

Ian Muirhead: I will probably be a bit of a politician and not answer the question.

From our point of view, having joined-up policy is important. Various people have touched on that. It is partly about the regulatory environment in which agriculture operates as opposed to just support payments.

One of the things that we are trying to say is that the whole supply chain needs to have access to new and emerging technologies that can help to meet many of the policy objectives that will be set on sustainability and reducing emissions. We are looking at things such as plant reading techniques.

A couple of weeks ago, we were at the cross-party group on food. Colin Campbell from the James Hutton Institute gave an interesting presentation about some of the future challenges and opportunities when it comes to climate change and emissions reductions. One of the things that came out of that was the need to consider gene editing.

There is education to be done about the difference between genetic modification and GE, but it is one of the tools that it will be essential to have in the toolbox to deal with a more extreme climate, especially if we have less access to a wide range of crop-protection products and more pest and disease pressures depending on the season or year, particularly for economically important crops such as malt and barley. Also, if we are talking about a more diverse range of crops being grown in Scotland, GE allows plant breeders to press the fast forward button. We do not have 10 years to create new varieties; we need them sooner rather than later. That is a necessity.

We need to have the right support and policy, but we also need some of those tools in the toolbox to allow Scottish agriculture to flourish, basically.

I hope that that helps.

Dr Midgley: The Scottish Environment LINK position on tier 1 is that it mirrors the current approach to basic payment, which we dislike. However, the Government is committed to taking that approach. The commitment to try to increase the conditionality in relationship to tier 1 is an improvement on the status quo, so we support the suggestion of including whole-farm plans. We think that that process is important for trying to weave environmental considerations into business planning.

However, the key issue around tier 1 is the budget. That is what we do not know. As we go forward, if the vast majority of the budget goes into tier 1, we will have a big problem because we will not be delivering much of the money in the same way as we do now. If, over time, that goes down and more goes into the tier 2 enhanced payments and across the whole funding scheme to provide more money for advice, tree planting on farms and agri-environment funding, that will be a positive move.

The key issue in relation to tier 1 is, ultimately, the budget and then whether we can put in a little bit more conditionality. If lots of money stays in tier 1, we need to do more for that, and we need greater conditionality.

Rachael Hamilton: For clarity, do you support tier 1 having the most money because it has the most conditionality and so that we can retain the food production that we are currently outputting?

Dr Midgley: No.

Rachael Hamilton: So, you do not want the largest amount in tier 1.

Dr Midgley: No.

Rachael Hamilton: My question, then, would be: do you think that the tier 1 proposal would improve farmers' current position in the food chain and sustain the amount of food production that we need to supply to the country?

Dr Midgley: No. In effect, tier 1 will do what it does now. If we are trying to improve things, we need to change the payments and target them at making those improvements—in other words, at providing support in the supply chain, enhancing business change and so on. At the moment, it is just an area-based payment, which will not necessarily improve anything.

As others have highlighted, there is the question of how we maintain people on the land. If we want environmental delivery, we need people to be farming. After all, farming will deliver those things, if we change how we do it. There is an element of

maintaining people on the land, but that does not necessarily need the sort of large area-based payment that we currently have.

Donald MacKinnon: We think that tier 1 is a really important part of the support structure. As Andrew Midgley has just outlined, the Government has made its position on this clear: tier 1 was not to have enhanced conditionality placed on it.

All of that changed with the introduction of the whole-farm plan, which was floated in the agriculture bill consultation. The Scottish Crofting Federation is opposed to the introduction of such plans. There might be a place for them in other parts of the structure or in other tiers, but for us, this is a proportionality issue, and we feel that the plans would place a disproportionate amount of bureaucracy on smaller businesses for little gain.

Tier 1 is really important in ensuring that we have a transition and that agricultural businesses and crofters are able to carry on functioning and can take up the enhanced conditionality that will be attached to tier 2. Keeping those businesses going and that activity happening in some of our most peripheral areas, such as the crofting counties, is absolutely key, so we are nervous about additional enhanced conditionality in the form of whole-farm plans and more conditions creeping into that part of the structure.

Denise Walton: We would emphasise that we would like to see a transition to tiers 2, 3 and 4, because we are confident that such a movement will provide the outcomes that Rachael Hamilton has listed—not least high-quality food, the lowering of emissions, and responses to biodiversity and climate issues.

As for the influences on our industry, I wonder whether I can bring in the role of lenders. We have the global Taskforce on Nature-related Financial Disclosures and, equally, the global Task Force on Climate-related Financial Disclosures. Both are made up of key financial global institutions, including many of our banks. They are looking at the whole food chain from farm to plate, and they are asking questions about contentious inputs. Indeed, I am aware that many farmers in Scotland are being asked about such inputs by their bank managers. Therefore, it is very important that we have the right legislation to drive the right change in our industry.

Let me rephrase: this represents a monumental change and a monumental alignment to make good the position that we have been in. We can do this, but the lenders are influencing us, too. That said, I am absolutely confident that Scottish farming can deliver on those issues.

Finally, I would also point out that genetic engineering or genetic modification is not going to provide us with the answers that we need. Actually, we already have, on our farms, the answers at our fingertips and at our feet, and we can make the changes without deferring responsibility to outside influences such as GE and GM. In any case, I think that the committee needs to consider the impact of lenders on how we respond as an industry within a food chain.

Rachael Hamilton: Denise Walton, on the genetic technology point, do you agree that plant breeders should be allowed to create varieties using genetic technology, so that we can keep abreast of disease resistance?

The Convener: May I intervene there? That is a really good question, but we could spend a whole evidence session discussing genetic technology and we need to focus on the forthcoming agriculture bill and what might be included in that.

Rachael Hamilton: I will pick that up with Denise Walton another day.

The Convener: Yes, we will touch on that in the future. I apologise, but we really need to move on.

Pete Ritchie: I will balance what Colin Campbell said at the cross-party group on food. It was also said that the James Hutton Institute is shifting the emphasis away from high-input, high-output breeding towards more resilient, sustainable models of agriculture. The James Hutton Institute made a really important point about the need to have research and development—for organics, as Ross Paton said, but more generally for the sustainable and resilient breeds that we need in Scotland.

There are lots of technological innovations coming down the track, which we can talk about another day, but we must also recognise that some technological innovations are happening in agro-ecology at the moment. There are farmers at the cutting edge of trying new things, but they are also trying old things that people have stopped doing, such as putting clover in their grass. In Scotland, 55 per cent of nitrogen goes on grassland. We waste half the nitrogen in Scotland—it goes into the water and into the air—so we are very inefficient in some ways.

On Rachael Hamilton's point about what could support productivity and profitability, what is needed is advice and support—and sometimes funding. There is a huge gap between the farmers who are making money from the same farm and the same sort of situation and the farmers who are not making money. Sometimes, that is about reducing rather than increasing inputs in order to become more profitable. Advice and support are crucial to profitability, and that is where the whole-farm plan comes in, because it gives farmers an opportunity to take stock, get some advice, look at where they are going, look at the numbers and

think, "How can we deliver for climate and nature but also make a living?"

Douglas Bell: From the STFA's point of view, I echo Donald MacKinnon's comments on the importance of tier 1 payments, particularly if we are looking at this as a transition. The last thing that we need is a cliff edge for our farmers, and the continuation of tier 1 payments will soften that edge.

I also want to bring in the concept of the less favoured area support, which is very important to our members. A lot of their less favoured area support will exceed their single farm payment. The four-tier model does not really deal with what will happen to LFASS, in the same way that it does not really deal with what will happen to voluntary coupled support. All that is crucial support for farming in order to keep businesses viable in the short to medium term. That is not strictly under tier 1, convener—I apologise for that—but it is very important income support, if I can use that terminology, which we are not really discussing.

Stephen Young: I will go back to the whole-farm plan. We are broadly supportive of it, provided that it has a very clear reason to be there—namely, as a business improvement tool. There is a danger that it will become overly bureaucratic and that it will have too many regulatory elements—that it becomes a monster and we lose focus on what it is. If it became a regulatory tick-box exercise, its value would be lost and the time of advisers, which could be spent driving improvement in the industry, would be spent filling in forms for people. That would be wasted effort, time and money, so we would appeal for the whole-farm plan to be a really focused tool that is all about driving the improvements that we are all talking about in relation to efficiency and wider benefits.

I will pick up on Denise Walton's point about lenders. That is happening already, and it is a really good point—lenders are looking at how sustainable business models are, how forward thinking people are and whether the approaches are fit for the future.

On Pete Ritchie's point, we have a real issue around formal farm trials, because they are largely paid for by companies that manufacture chemicals and fertiliser. Therefore, we have to look at those formal trials, who pays for them and how we get the benefits, including the replicated benefits, so that we drive improvement through low-input systems as well as the higher-input systems that have a large commercial benefit.

Gareth Hateley: I will follow on from what Stephen Young said. I would counsel a bit of caution. Although we broadly support the whole-farm plan, the key to things like that working is that they are dynamic. I wrote my first farm health plan, which is to do with animal health and welfare, back in 1986, and it sat in a drawer. A plan has to involve an active, dynamic process in which the farm works with experts—which might be the vet, SAC Consulting or others—in a whole-team approach to drive the business forward. The British Veterinary Association has plenty of experience in that area, and we would be very happy to offer support and help where it is needed.

10:30

Chloe McCulloch: On the whole-farm plan, I agree with Stephen Young that it is important that we are clear that it is not a bureaucratic box-ticking exercise.

The question that I would raise is whether tier 1 is the place to put the plan. We know that, if people actively choose to embark on that type of planning process, they are far more likely to take action and do something with the information that they have. We could include those plans as part of the baseline conditionality for everybody, but would the actions that were identified in the plan then be taken up? It might be a more effective exercise if the plans were included in one of the other tiers rather than in the one relating to conditionality.

Gareth Hateley: I would support that.

Denise Walton: While we are still on—[*Inaudible*.]—tier 1, if we are talking about 2030 as the point at which we start delivering, with the FAS reforms delayed perhaps until 2027, that will give us only three years in which to make the necessary changes. We all know that that will not happen—it cannot happen on that timescale.

Tier 1 is the beginning of the process, and it needs to start immediately with supporting transition. We need to move away from an area-based system that embeds the status quo and move immediately to transition. What we would advocate for—because we are currently involved in this—is a rapid three-year national farmer and crofter-led peer-to-peer knowledge exchange on regenerative agro-ecological principles. As an organisation, we are already taking part, with Nourish Scotland and other partnership organisations, in rolling out KTIF—knowledge transfer and innovation fund—supported, peer-to-peer knowledge programmes, which are having very beneficial results.

That sort of support needs to start immediately. We have to start now with supporting transition and supporting farmers in order to engender confidence in the monumental alignment that we are having to face.

The Convener: We are rapidly running out of time. I know that three members would like to address other issues. Rather than have three separate questions, I ask Jenni Minto to open on the issue of tenants; Alasdair Allan to follow with a question on crofting; and Mercedes Villalba to cover workers' rights. We will try to get those three areas covered so that we can get one response from each of the stakeholders. I hope that that will work. If the witnesses could try to keep their responses down to their key asks, concerns and aspirations for the future, that would be most helpful.

Jenni Minto (Argyll and Bute) (SNP): I thank everyone who is here—it has been a really informative discussion so far.

I will keep my question, which I will direct to Doug Bell, very short. Ross Paton said that

"farming is a long-term job".

I hear that all the time in Argyll and Bute. Doug, in your introductory statement, you talked about making tenant farming a "dynamic" sector. How can the new legislation support tenant farmers specifically in food production and a just transition? Thank you for your earlier comments on LFASS, because that would have been part of my question as well.

The Convener: I will get Alasdair Allan to pose his question, followed by Mercedes Villalba. Douglas, if you have a view on the three points, you can cover them at that point, because there will no doubt be supplementary questions on the back of your response. Alasdair, can you give us a rough idea of what you want to touch on with regard to crofting? We will try to get each stakeholder to address the points that are applicable to them.

Alasdair Allan (Na h-Eileanan an Iar) (SNP): I will address my question to Donald MacKinnon. One thing that often gets lost in the debate is how modest crofter incomes are. Could you say a bit about making crofter incomes more viable through a new form of agriculture, where that balance would lie and what we should be doing to recognise the environmental benefits of crofting?

On the back of that, Pete Ritchie raised an interesting point, which you might want to talk about, about prioritising grass-fed livestock. How practical would such a policy be in large parts of the crofting counties?

Mercedes Villalba (North East Scotland) (Lab): Thanks, everyone, for coming today. The evidence session has been really helpful.

At the start of the meeting, Susan Robertson, the Unite regional organiser, mentioned the need for strong workers' rights and said that that should be a condition for any public funding for agriculture. I am interested in hearing a bit more from Susan and anyone else who would like to contribute on how we make that conditionality work in the new bill in relation to the different tiers.

Douglas Bell: On keeping the tenant sector vibrant and dynamic, it is about ensuring business viability. Tenant farmers are faced with paying the rent twice a year, which focuses the mind. Financial viability is paramount in relation to the rest of the delivery of public good.

At the moment, our main focus is making sure that whatever policy measures are introduced are feasible for the tenant sector. We have a raft of issues that we do not have time to get into, but generally speaking, we have an issue with definitions. A typical agricultural lease specifies that the land is let for the purposes of agriculture. It is bound by the conditions of the rules of good husbandry. As we move to a more environment-oriented set of policy measures, there are concerns that, by moving in that direction, tenants might be in breach of their lease.

We need to consider the dilemma relating to definitions and the new measures that might be introduced. We need to make sure that we can sense check new measures against the existing definitions. If a definition does not work, we should change the definition or go back and look at the measures. That is our real focus.

We would like the bill to address a heap of tenancy-specific issues. I will not go into the detail of those, but I flag up that we are part of the tenant farming advisory forum, which is an excellent forum for discussing such things with landowners and other interested parties. We think that we are probably ahead of the game in relation to engagement and getting voices heard. That goes back to Jenni Minto's question.

The core thing to remember is that we are talking about business viability. That is why I talked about cliff edges and support for tier 1, making sure that the conditionality does not turn people off and ensuring that businesses continue to be viable. That is perhaps more pertinent for tenants because of the focus on paying the rent. They do not have the flexibility that landowners have, so we need to make sure that we get it right for tenant farmers.

Donald MacKinnon: Alasdair Allan raised an important point about the actual income levels of crofters. Crofting is a difficult sector to make money in—profitability is very low, and it is difficult to make a profit.

It is important to point out the level of support for crofting. Fifty per cent of crofting businesses receive less than £1,400 in support, so we are talking about the recipients of some of the very smallest amounts of agricultural support. As I

outlined in my other answers, there are ways that we can address that and get more money to those businesses to support them and reward them for the work that they are already doing, and to drive the change that is required to get those businesses to deliver more.

On the point about biodiversity, there is a link between that and crofting because a lot of crofting areas marry up very closely with what we call the high-nature-value farming areas of the country. That is not to say that all crofting businesses produce their products in that way, but a lot of them do. It is important that we support that and that we look at how we can ensure that it continues. In a lot of cases, that involves livestock grazing in a managed and well-structured way, which crofting is very good at delivering because of the relevant legislation and because we have regulated land.

Most crofting areas are common grazings, with the land being managed in common by grazings committees that have a set of regulations, which can be amended. Some common grazings have found it quite useful to engage in environmental schemes, but some have found it difficult because the bar has been set a bit too high for them to get in. There is definitely an opportunity to manage and support a significant proportion of Scotland's land that is under common grazings. That includes a huge amount of peatland, which is important, too.

On the point that Alasdair Allan raised about prioritising grass-fed livestock, it is difficult to do that in our part of the world—as, I am sure, he knows—but it is not impossible; people are achieving it. However, crofting does not operate in a vacuum; we are part of the agricultural sector. A lot of what our members produce is store lambs and store cattle that go out to the businesses that other witnesses represent. Therefore, it is really important for crofting that those businesses are supported to improve what they do, so that we have a sustainable agriculture sector across the country that is able to meet all the ambitions that we want to achieve.

Jim Fairlie: Something that you said sparked a question: how are common grazing funds distributed? If environmental payments come in to a common grazing, how are they split up among the crofters?

Donald MacKinnon: That question could have quite a lot of different answers, so it is challenging. When payments come in to common grazings—for example, from the agri-environment climate scheme—they belong to shareholders. However, in practice, shareholders tend to opt for their money to remain in the communal pot for the common grazings, so that it can be used to support improvements to the common grazings.

A linked point is that it is important to note that crofters will put their portion of the common grazings share on their single application form and will claim for that under the basic payments scheme, so that it comes directly to them. Therefore, they get direct support in relation to their share of the common grazings. However, with environmental schemes—such as AECS at the moment and things that fall under tier 3 in future—the money goes into the communal pot. That is really important to allow us to keep making permanent improvements to common grazings to keep them in a good state and so that we can manage them. That includes having a good fank and good fencing, which are important communal aspects of common grazings.

Susan Robertson: [*Inaudible*.]—then you are looking at organised workplaces, and that means collective bargaining among other things. We need a workers' voice in the workplace, and I do not feel that there is one in this industry.

On the whole, the food industry is worth billions, but agricultural workers—

The Convener: Susan, I am sorry, but we did not hear the start of your contribution. Could you start again?

Susan Robertson: To truly enhance workers' rights, we need organised workplaces, and that means sectoral collective bargaining. We need a stronger workers' voice in the workplace.

The food industry is worth billions of pounds, but agricultural workers are among the lowest paid. Employers in the sector continually complain about labour shortages, but at the same time they resist any pay increases beyond the absolute minimum. For example, just the other day—yesterday, I think—Asda and Tesco announced an increase in their rates. Why would you choose to work on a farm, which is difficult manual work with long hours, when you can get more money in a supermarket?

10:45

On health and safety, we need things to be safer for workers. That would form part of collective bargaining. I refer back to Caroline Robinson's report, which I hope you will read and which was done in conjunction with Fife Migrants Forum.

Workers are reporting that they are being put in unsafe housing and caravans, living in degrading accommodation and working under a piece-rate system—I am sure that you all understand what that is. If they do not achieve their piece-rate targets, they risk losing their jobs. The Scottish Government does not regulate the calculation of piece rates. All that it does is set a floor for wages

through the Scottish Agricultural Wages Board. Many workers are on zero-hours contracts, despite the Scottish Government stating that that should not be the case.

Rachael Hamilton: How many Unite members work in farming or are farmers?

Susan Robertson: I cannot give that figure off the top of my head.

Rachael Hamilton: Perhaps you could let the committee know.

Susan Robertson: Yes.

Rachael Hamilton: Thanks.

Dr Wight: Susan Robertson covered many of the things that I was going to say. I echo the point about the importance of organised workplaces. As I said earlier, I welcome the focus in the agriculture bill consultation on introducing the real living wage for agricultural workers, for example.

We advocate for social conditionality on all payments so that, under the agriculture bill, people would not receive any money unless their workers had a certain level of rights, which would include a real living wage and an end to zero-hours contracts.

It is also important to look at the specifics of the fair work framework and how it could be applied in an agricultural context, as well as the issues faced by migrant workers in particular on farms in Scotland. The report to which Susan Robertson referred has a lot of good recommendations to cope with the issue of workers being denied work in retaliation for not meeting targets, for example.

There also needs to be a system for communicating to workers what their rights are and how they can raise—[*Inaudible*.]—for example, if they are not working in the conditions that they should be working in. At the moment, that is all unclear. That level of social conditionality should be included in the agriculture bill, as it now is to be included in EU agricultural policy.

It is really important that we encourage more employment in rural areas and that the jobs are good. One way that we can do that is by supporting horticulture. As well as providing a lot of food for the area of land, small-scale horticulture provides a lot of jobs. They can be good and meaningful jobs that support better wellbeing. By supporting that sector—small-scale horticulture and other forms of small-scale agriculture—we, in turn, support employment with a level of conditionality on the funding that means that the employment is fair and upholds good workers' rights.

Dr Midgley: Scottish Environment LINK recognises that it is critical that crofters are supported adequately. We need to ensure that farming activity continues in the north and west, in the crofting counties, and that farmers and crofters are adequately rewarded for what they deliver.

LFASS does not do that. As a policy, it needs radical reform and replacement. One issue is that LFASS suffers from the same distributional problems as direct payments in that the highest payments go to the biggest recipients. The ability to help farmers and crofters is therefore limited, and the rationale for LFASS, which is all about disadvantage, is not necessarily focused on the beneficial things that the activity delivers.

Scottish Environment LINK would encourage the Scottish Government to explore the concept of high nature value farming systems and how they can be supported proactively, recognising the system whereby farming is delivering high nature value and rewarding that.

Gareth Hateley: One of the key things in my world is animal health and welfare management. If we do that right, we improve animals' response to greenhouse gas emissions. If we control endemic disease, we improve productivity and reduce replacement rates and so on. Animal health and welfare management is key and embedded in all of this, and I reiterate that it is part of the equation. We would like to continue to be involved in that.

On the point about grass-fed livestock, the issue is that it is appropriate in some places but not in all places. My response on that is that it depends on the individual farm situation. That goes back to the point about developing the health plan and the farm plan.

Denise Walton: I will pick up on a point that Donald MacKinnon made, as well as following on from what Gareth Hateley has just said. Forage-based livestock systems are the most profitable, they produce the least emissions and they are low cost. Here at Peelham, we run a pasture for life system as part of the pasture for life certification process, and we can demonstrate higher biodiversity and the high nutritional density of our meat. There is a strong argument that our cattle benefit from a welfare point of view—and other pasture for life farmers would attest to that, too.

I wonder whether I might invite Rachael Hamilton here to Peelham or to another venue to discuss the issues of GE and GM.

Jim Fairlie: I have a brief question for Susan Robertson. Do you know the difference in rates between what the current agricultural wages order delivers and the real living wage?

Susan Robertson: Sorry—I do not know that off the top of my head, but I can find out.

Jim Fairlie: Thank you.

The Convener: That concludes that section. I am conscious of the time. With your approval, stakeholders, we may run past 11 o'clock somewhat—we will see how it goes.

Ariane Burgess (Highlands and Islands) (Green): I have been given the task of opening the theme of nature and climate. You have all touched on that to a degree, and it is heartening to hear the enthusiasm and keenness to move in that direction. The issue lies in the detail of how we get there.

I will open with two questions. Please come in even if you do not feel that these questions frame what you want to say. The first is about the landscape-scale approach, which Andrew Midgley spoke about. The other is more about organics, which Ross Paton spoke about. Let me frame those points.

It is clear that we need to consider the landscape-scale approach. I recently had a conversation with a young farmer who is working on 70 acres of upland, and they were saying that the farmers there are now working together as a group. Lots of farmers around the farm are coming together and considering that approach, from the top of the mountain all the way down to the river and the riparian edge. They are considering the importance of that, but also the difficulties of co-ordination and time. I wanted to articulate that, because we need to think about landscape scale not just as one large estate doing its own landscape scale but with regard to how we get collaboration. I will throw that question to Andrew Midgley first.

After that, I would love to hear more from Ross Paton, who talked about the fact that organics need to be mainstreamed and said that those are the criteria through which the Government can meet climate targets and provide a biodiversity response. However, I see that different targets are being proposed. LINK is calling for a target of 10 per cent, and Nourish Scotland is talking about the EU average of 25 per cent. Is there a likelihood that we can reach that? I know that we cannot do it in this parliamentary session, which is why we have only the small doubling of organics—it is because there is not enough in the pipeline, so to speak. However, looking to the next parliamentary session, what do we need to do now with farms and farmers so that, in session 7, we have a much bigger commitment to organics?

Please can we start with landscape scale and then move on to organics? I welcome comments from anyone else on that. We might go quite a bit over time, but please keep your answers succinct.

The Convener: Yes—make them more succinct than the question, please. Thank you.

Dr Midgley: On why we need landscape scale, the bottom line is the widespread depletion of nature. Our response to it has been to create agri-environment schemes. One of the challenges around agri-environment schemes is the potentially piecemeal approach in which individual holdings get into schemes. That limits the ability to deliver the outcome, because those individual holdings might be surrounded by activity that does not complement that outcome. Some of the thinking to try to deliver that landscape-scale approach has been built into current support mechanisms but, as we go forward, it will be really important that we do everything that we can to develop a landscape-scale approach.

A key aspect of that will be how the schemes are designed and then how the activity is supported. There are a couple of elements to that. One would be that, in the proposed tier 2, under which farmers would be asked to take certain measures, there is potential benefit for a sort of collaboration whereby measures complement each other. That would require communication and co-ordination, because it would still be done on an individual applicant basis. However, there is potential in tier 2 for delivering something additional that is about more than just the individual.

When we get into tier 3—whatever replaces the agri-environment climate scheme—there will clearly be an important place for being able to deliver co-ordinated action. However, there are examples in other parts of the country where there are slightly different innovative approaches, such as creating clusters of people working together and providing funding in a different way so that they work collectively towards a vision at the landscape scale. That might require a slightly more innovative approach.

The key to all of this is advice, facilitation and the support that is provided to the infrastructure that supports the industry. At the moment, a very small amount of money goes on advice. In future, if we are to deliver against the outcomes that we want—improving nature and reducing emissions—we need to devote a bigger proportion of the budget to advice, facilitation, co-ordination, training and those sorts of activities.

Ariane Burgess: Can you give a sense of what that bigger proportion of the budget should be, just so that we can have clarity on that?

Dr Midgley: I do not have a concrete answer, so I will pick something out of the air. At the moment, the figure is down at 2 per cent but, if you increased it to 10 per cent, you would see a significant increase in the ability of the industry to deliver. I am making that up, but I can give it more thought.

Ariane Burgess: That is helpful.

Ross Paton: You asked about mainstreaming and targets. As I said, the idea of land targets is less about the actual target and more about showing ambition. We always contrast ourselves with Europe, which has an ambition of growing the figure to 25 per cent by 2030. Whether or not that is a good benchmark, it shows ambition, and we would like the Scottish Government to be as ambitious as that for the organic sector. We are still a very small part of farming, and we have a huge amount to offer. Under IFOAM—Organics International, all of Europe is now adopting organic action plans. To be fair, Scotland is ahead of England, which is absolutely nowhere on this yet.

11:00

An organic action plan would not be led by the Government, but I think that the Government fears that we want it to do so. Organisations such as ours can do the legwork and help the Government, but we want it to take ownership and say, "This is our organic action plan and we want to do this, this and this."

Jim Fairlie talked about pulling everything together so that it all works, rather than just saying, "Here's a land target." It has to all be thought through carefully. There is plenty of advice and stuff out there. For example, Christine Watson works with us a lot, and she points out that we do not need more money for more research. There is loads of research out there, but it is all over the place; it needs to be pulled together and fed to the right places.

Talking about organic farming more and bringing it into the mainstream is important, as is recognising that it ticks a lot of the environmental boxes, but it is not a panacea. There are all sorts of issues with it. People talk about organic farming, but it is a standard to be adhered to, and it brings results across the globe—not only that, it is viable and economic, too.

We run a profitable business at home; we are reasonably big, but the smallest businesses can do that, too. Organic farming can bring huge benefits to the Scottish economy. There is massive potential for exports. I know that we are talking about local issues and feeding ourselves first, but they are not mutually exclusive.

The Convener: Stephen Young and Chloe McCulloch want to come in. Do you want to look forward to the bill's introduction and how much of the frameworks for these schemes need to be in the bill? We can talk about how we aspire to this, that and whatever, but, ultimately, we will have a bill that will take agriculture and rural affairs forward. Can you reflect in your responses on how we can ensure that that happens through the legislation?

Stephen Young: I will deal with the first point quickly: in terms of what is in the bill, the more, the better. A framework bill would create more of a frustration in the industry and more of a vacuum of information, which would delay things further. The more detail we can have in there that allows people to plan and negotiate around that, the better.

I come back to Ariane Burgess's point on the landscape-scale approach. Andrew Midgley mentioned a lot of the points that I was going to make on farmer clusters and co-operation, but, before I worked for Scottish Land & Estates, I spent eight years working with rural co-operatives in a development role, and the short answer is that it is very hard, because you are trying to bring together different businesses with different outcomes and mould them together.

A lot of it comes down to land sharing rather than land sparing, and asking, "What can we do with this piece of land?" rather than seeing it as having one specific purpose. How do we meld the different purposes together? We can create a lot of those benefits on the landscape scale. It is about building that kind of integration, but that involves trying to bring together businesses that have different outcomes, and there are different personalities and all those things in there, too. It can be done, but it is really difficult.

Previous group schemes and agri-environment schemes have been difficult to access, because of the binary scoring methods. Accessing them as a group has been difficult and pretty soul destroying, to be honest. However, there are ways of doing that, and it is about bringing like-minded people together, which ties up with the points that have been made on facilitation and advice. Our wildlife estates Scotland certification brought together a cluster in the Pentlands, which is working together to deliver real benefits there. That is an example of that work happening.

On the other point around organics, it was heartening to see the Scottish Government lift the cap on the amount of land that can go into organic conversion. That is a great help for the sector's ambition and will, I hope, help to drive more land into that style of management.

Chloe McCulloch: It has been pleasing to hear talk of the importance of peer-to-peer learning. The current Farm Advisory Service's programme delivers advice across Scotland on a range of things. We have established 40 peer-to-peer learning groups, and that was a pilot. We see the potential to do more. I am also pleased to hear agreement that spend on advisory services is good value.

On the organic point, I observe a continuum. We have talked about organic and non-organic practices. We see a continuum of organic practices; not everybody is ready to go the whole way to the end, secure the paperwork and market their business as organic. Some of them do nearly the whole journey. They might stop short because of some of the challenges that we have already discussed about markets. However, it is important that we recognise the things that the majority of farmers are or could be doing, which would involve the adoption of organic practices on a big scale if we are talking about significant numbers of farmers, as well as those who see the benefits of being 100 per cent organic and being certified.

Pete Ritchie: Organics is a route to market. Whether there is a premium or not at a particular point in time, organic farmers can, in general, get a better price for their products.

It is important to recognise that Germany set a target of 30 per cent organic land by 2030 and Ireland has already doubled its area of organic land since developing its organics from plan two years ago. Ireland is similar to Scotland with a similarly low level of productivity.

On whether organics should be in the bill, we would say that the key principles in the bill must reflect our international commitments. We have just signed up to the Kunming-Montreal global biodiversity framework, which calls for a massive reduction in nitrogen use and waste and damage caused by pesticides. Organics ticks those boxes, so, whether we put organics or the Kunming-Montreal framework in the agriculture bill or natural environment bill, organics is a way of delivering on those policy objectives for nature and climate.

Gareth Hateley: We recognise that the bill will establish standards for animal health and welfare and biosecurity. It is important that those are strengthened and made clear.

At the moment, there is a lack of data. The consultation also proposes powers to collect and share livestock health, welfare and biosecurity data. On the radio this morning, I heard William Hague and a former Labour Prime Minister talking about the importance of data and getting ahead. I cannot stress enough the importance of data, so it would be really helpful to frame that more and understand it.

We are willing to get involved. If there are things that we can do on the agriculture reform implementation oversight board—ARIOB—I think that we would be welcome to engage in that as well.

Dr Wight: I know that the bill will be a piece of framework legislation, but I echo the point that, the more detail we can see in it, the better. It will be better for farmers but, for driving ambition, adding some targets to the bill would be beneficial. What those targets end up being feels like a different conversation, but I echo the need for more ambition on organics.

It is worth noting that the agriculture sector is already constrained by targets in other legislation, such as the climate change legislation. It is important that the agriculture bill should include targets that will help us to achieve the targets that we are already on track for with other legislation. It is important to have some targets on such matters that push our ambition and that gave us a metric by which to measure the transition.

Ian Muirhead: More detail in the bill would be welcomed, but, at the same time, we would be keen to ensure that that was balanced against ensuring that the framework has sufficient flexibility for unseen circumstances. We have highlighted how the Ukraine situation has massively changed how people think about food and domestic agriculture.

On how the landscape-scale approach can be delivered, there is probably a case for sharing and learning from best practice between the jurisdictions within the UK. England went down the route of landscape-scale schemes and, as I understand it, has had to row back on some of that and put it into existing countryside stewardship, so there is probably an opportunity for us to learn and share what works or does not work between different parts of the UK.

As you would imagine, our view at AIC is that there is a place for organics but it is by no means the only way in which agriculture can reduce its emissions. Different things work for different businesses, and the approaches need to be market led as well.

From our point of view, there are lots of easy wins that can be incentivised in policy. We have talked about advice, and that is very important. There needs to be a greater diversity of advice providers, and we need to ensure that there is some sort of approved provider scheme so that farmers can buy in advice from a range of different sources. They might well get advice on the big picture from the SRUC, but that needs to be complemented with specialist technical advice to give farmers the tools to make changes. That could involve, for example, soil testing and analysis, or looking at climate-friendly rationing through precision livestock nutrition.

Finally, grass-fed livestock works for some systems, but we need to recognise that not all cereals that are grown in Scotland meet the spec for human consumption or malting. Therefore, there is a natural market for them as livestock feed to help fatten, for example, beef cattle.

Dr Midgley: On the point about what is in the bill, there is a tension around the flexibility. The Government's intention is that a framework will give it the powers to deliver future schemes, but it will not put it in the bill, because, if it did, that would make the bill inflexible and it would have to change the primary legislation.

There is a halfway-house solution, which is to put in the bill that the Government is required to do certain things. It would be interesting to explore whether the Government should be required to have a strategic plan. At the moment, there is a vague vision, which we broadly support because it is a move in the right direction, but it is still vague. If you have a vague vision and lots of flexibility, you can justify virtually any policy. However, if you have to write a strategic plan, you have to decide what your priorities are and what policy tools will deliver against those priorities.

Equally, you could think about including some kind of programming period, so that there is not chopping and changing between policy on an annual basis. For example, the Government has committed to remain aligned with the EU. That way of working has been embedded in the programming periods of the CAP. Having a five-year period might be a way of giving farmers some certainty about what is happening for the next few years, so they are able to plan.

Denise Walton: [*Inaudible*.]—in the bill, but I think that the big issue now is giving our industry confidence. The ambition of the bill is moving in the right direction and away from what, at times, looked like a wish list. We need more communication. Every farm holding needs to have a document put through its letterbox that advises on the direction of travel in relation to the bill in order to give our industry confidence.

I might add that the rural organic farmers—[*Inaudible*.] It works for us, it works for a wide range of farming systems, and certainly we need to be able to identify and target how much we can do organically. Our view is that we can do a lot. A land-sharing landscape approach is one way of doing it.

Douglas Bell: I will just come in on the point about what is in the bill. I agree with those who think that the more detail there is, the better. However, we have to balance that with the engagement that I think is necessary to get rigour in there within the timescales that we have. I hate to say it, but it is better to get this right than to get ourselves hamstrung.

Although I echo the calls for clarity for individual businesses that you could deliver in the bill, I think that I would vote for a little bit more rigour and engagement with organisations that have a lot of expertise and are very willing to give their time to try to make sure that we get this right.

The Convener: Thank you. On that point, as a committee, we can give the commitment that we will engage as much as possible, scrutinise what comes before us and continue the work that we have done today.

That concludes our morning session. Thank you all very much for your time, particularly those of you have travelled some substantial distance to be in Edinburgh this morning. It is very much appreciated.

I think that we have kicked off our pre-legislative scrutiny of the agriculture bill in a very good way. We will reflect on the discussions that we have heard this morning and consider how we take things forward at a later meeting.

11:14

Meeting continued in private until 12:05.

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