



OFFICIAL REPORT
AITHISG OIFIGEIL

Rural Economy and Connectivity Committee

Wednesday 13 May 2020

Session 5



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RURAL ECONOMY AND CONNECTIVITY COMMITTEE

11th Meeting 2020, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

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

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)

*John Finnie (Highlands and Islands) (Green)

*Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con)

*Emma Harper (South Scotland) (SNP)

Richard Lyle (Uddingston and Bellshill) (SNP)

*Angus MacDonald (Falkirk East) (SNP)

*Mike Rumbles (North East Scotland) (LD)

*Colin Smyth (South Scotland) (Lab)

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

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fergus Ewing (Cabinet Secretary for Rural Economy and Tourism)

Allan Gibb (Scottish Government)

Michael Matheson (Cabinet Secretary for Transport, Infrastructure and Connectivity)

Professor Gerry Saddler (Scottish Government)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

Committee Room 5

Scottish Parliament
Rural Economy and Connectivity
Committee

Wednesday 13 May 2020

[The Convener opened the meeting at 09:00]

Decision on Taking Business in
Private

The Convener (Edward Mountain): I welcome everyone to the 11th meeting in 2020 of the Rural Economy and Connectivity Committee. I thank all members, and both cabinet secretaries and their officials, for their remote attendance. I also thank our parliamentary staff, and the broadcasting office in particular, for all their hard work to ensure that this remote committee meeting could happen. The committee recognises the very challenging times in which we are living, and we pay tribute to all the individuals and organisations in the transport and rural economy sectors who continue to provide services to support the Scottish economy.

Item 1 is to decide whether to take item 12 in private, to allow for a discussion on the committee's approach to its call for views on the impact of Covid-19 on the rural economy and connectivity. Given the complexities of a group videoconference discussion, I will assume that everyone agrees that we should do so unless a member indicates otherwise.

As no member has indicated otherwise, the committee agrees to take item 12 in private.

Covid-19
(Scottish Government Response)

09:01

The Convener: Item 2 is an evidence session on the impact of Covid-19 on the transport sector. I welcome our witnesses: the Cabinet Secretary for Transport, Infrastructure and Connectivity, Michael Matheson, and from Transport Scotland Roy Brannen, who is chief executive, and Alison Irvine, who is director of strategy and analysis. I expect that the evidence session will last for approximately one hour. I ask all members to keep their questions succinct, and I ask the cabinet secretary to do the same with his answers. I invite him to make a short opening statement of up to three minutes.

The Cabinet Secretary for Transport, Infrastructure and Connectivity (Michael Matheson): Good morning, convener. Since the lockdown restrictions were put in place, demand for public transport has fallen by between 85 and 90 per cent of normal demand. In tandem with that fall, there has been an increase in walking and cycling trips as people opt to stay in their local area for services and exercise—a positive change that we want to lock in.

As a result of the fall in demand, operators have significantly reduced services across all modes of transport. Bus and rail services have been reduced to, respectively, 30 and 43 per cent of normal levels; Loganair has implemented a skeleton service, supported by Transport Scotland, to maintain island connectivity; and ferry operators have reduced their timetables.

In looking forward as we transition to a new normal for transport, we are considering a range of issues. The level of physical distancing will obviously affect the supply of public transport; operators estimate that the 2m rule could mean that capacity will be between 10 and 25 per cent of normal levels. As a result, the transport system, which typically saw 1.5 million journeys per day with peaks in demand at 100 per cent capacity, will be substantially constrained.

As Government considers how and when to ease lockdown measures, it is obvious that we will need careful management of demand on the transport system. Over the coming weeks, I will set out how our transport transition plan will support people and businesses on our journey to the new normal.

The plan will set out the steps that public transport operators will take to make our buses, trains and ferries as safe as possible. It will provide the public and businesses with guidance

on how and when to use public transport in a way that reinforces the importance of continuing to work from home, staying local and walking and cycling. The plan will also set out how we engage with local authorities, regional transport partnerships and operators to operationalise the measures across Scotland. Finally, it will support clear arrangements for communication in respect of travel demand.

The Scottish Government's plan for transport will be well thought out, and it will be linked with key sectors and connect across Government to improve people's lives and protect our climate.

Colin Smyth (South Scotland) (Lab): I echo the convener's thanks to all the fantastic transport staff who are keeping Scotland moving. I also thank the cabinet secretary for his opening statement. He highlighted that the number of people using public transport has fallen significantly. However, there is likely to be an increase in demand in the coming weeks. What guidance has the Scottish Government already issued to rail, bus and ferry operators on social distancing? For example, what does social distancing look like on buses? If guidance has not been issued already, when is that likely to happen?

Michael Matheson: Colin Smyth raises an important point about existing arrangements for the public transport sector. I will go through the different modes of transport. On rail, we already have in place arrangements to facilitate social distancing, and capacity has been increased on key routes to support passengers in that regard. In some cases, that means an increase in the frequency of services or the provision of additional carriages to support physical distancing. ScotRail has also implemented arrangements at its stations to ensure that staff who can social distance appropriately are able to do so, and to address situations in which the 2m rule may be compromised.

Guidance in that respect was issued a number of weeks ago and applied across the United Kingdom rail network. It is being applied in Scotland in the same way as it is in other parts of the UK. ScotRail has made personal protective equipment available to staff as appropriate where it believes that the 2m rule could be compromised. Network Rail has applied the same approach in areas where it is undertaking engineering work and staff could potentially be compromised as a result of being unable to maintain physical distance of 2m.

Bus operators have already implemented the guidance from Health Protection Scotland on the 2m distancing rule. In some cases, they have sealed off seats to keep passengers apart or used indicators to show that people should not sit on

certain seats. They have put in place enhanced cleaning regimes—as have rail operators—in particular for touch points that passengers might use. They have also enhanced their deep cleaning of vehicles and rolling stock.

Where bus operators have seen an increase in patronage on specific routes, they have sought to change the bus that is used. For example, on some routes they have moved to using double-deckers rather than single-deckers, or increased the service frequency, to try to support people in maintaining physical distancing.

With regard to ferries, CalMac Ferries and Serco, on its northern isles services, have implemented arrangements that remove the need for staff to interact with passengers directly. For example, shops and retail sections have been closed and there are arrangements in place in passageways to enable staff to manage the 2m rule as best they can. The ferry operators have instigated a range of arrangements, taking into account the advice that Health Protection Scotland has provided, to minimise the risk to which staff and the passengers who use the services may be exposed.

Colin Smyth: Cabinet secretary, you rightly referred to the safety of staff and their access to PPE. Has agreement been reached with the trade unions, and are they satisfied with the level of support that is being provided to staff? Can you comment on the concerns that have been raised as a result of Transport Scotland asking rail operators to increase services from Monday 18 May?

Michael Matheson: The guidance that was issued to Network Rail and train operators relates partly to PPE. We have been in dialogue with train operators, including ScotRail and Caledonian Sleeper, to ensure that they have appropriate stocks of PPE, which they have been procuring as and when they require it. The Scottish Government has also made available advice for them, if that is necessary, on securing PPE.

Nonetheless, further work on PPE will need to be taken forward. As members will recognise, the numbers of passengers who are using the rail network and the transport network as a whole are very low just now. As services start to ramp up, further arrangements will be put in place. Our transition plan will set out the arrangements that we expect operators to put in place, which will include guidance on what the public should expect to be put in place to minimise the risk to them as well as to staff.

There are arrangements in place at present, but further changes will have to be made as demand will potentially increase once some of the lockdown arrangements start to be eased in the

weeks and months ahead. That is what the transition plan will seek to address.

The development of the transition plan will include engaging with the trade unions, as Colin Smyth rightly suggested. Their help in shaping the plan will ensure that they are content with the management arrangements that are put in place.

With regard to an increase in services, the committee will be aware that, as things stand, the lockdown arrangements in Scotland remain broadly the same, with the exception that people are now able to go out for physical exercise more than once a day. As a result, from what I can see and the data that I have considered, there is currently no significant increase in demand for rail services. Therefore, I am not of the view that there is a need for us to increase rail services, as will happen in England from Monday.

Although ScotRail has, under the direction of officials at Transport Scotland, undertaken a significant amount of preparation for increasing services, that has partly involved working up consideration of how to meet demand if lockdown arrangements start to alter. In my view, where we are now does not merit a change in the timetabling arrangements from Monday. However, we need to make sure that we work ahead of changes to the lockdown arrangements as they start to ease. Any significant changes to the existing restrictions could result in an even greater demand on our public transport—rail or bus—so we need to think ahead and start to plan for such an increase.

For rail, it can take three to four weeks to get such changes in place; it is a bit like trying to move an oil tanker. Some lockdown arrangements could change on a very short timeline, so we need to plan ahead. In the weeks ahead, we will be required to start to increase rail services in anticipation of potential changes in the lockdown arrangements. That will provide extra capacity in the system should some of the arrangements start to be eased in such a way that it drives further demand in the transport sector. That capacity will help to support people, when they start to make use of public transport—whether rail or bus—to maintain physical distancing.

I am very mindful of the concerns that trade unions in England have expressed about what they feel is a lack of capacity in the public transport system to meet the sudden increase in demand that has occurred in recent days. I want to try to minimise the risk of such concerns arising in Scotland. That means that, at some point, we will have to start to increase public transport provision in anticipation of potential changes to the lockdown arrangements. We need to make sure that the capacity is there to meet any increase in demand.

09:15

The Convener: The cabinet secretary has given very full answers, for which I appreciate the need, but we will have to keep things moving to allow all members to get their questions in. Colin Smyth has one more question.

Colin Smyth: Can the cabinet secretary clarify whether the transition plan to which he referred will be published before we see an increase in public transport provision? Will the plan include consideration of whether wearing face coverings will become mandatory, rather than advisory as currently appears to be the case?

Michael Matheson: On the latter point, the plan will cover that type of detail, which public transport operators will have to operationalise. That is the sort of issue that we will explore and consider, and we will take clinical advice on any arrangements for using facial coverings on public transport before we make any changes to the existing guidance.

In response to your other question, the transition plan will deal with a much wider range of issues than the small steps that have been considered so far. For example, the increase in services that was being considered for Monday next week was very small. It was for only about an extra 100 services—a 4 per cent increase. That was in anticipation of any potential small increase in demand that we might have seen as a result of any changes to the lockdown arrangements.

Very small changes might take place over the next couple of weeks, ahead of the publication of the transition plan, but they will be made only to meet any small increases in demand that we might see in the public transport system. I would expect the transition plan to be in place before the bigger, more significant changes that might be required in the weeks and months ahead start to be implemented.

The Convener: Mike Rumbles has a brief supplementary.

Mike Rumbles (North East Scotland) (LD): If the Government makes face coverings compulsory on trains, will you think about an operation such as that which exists in Spain, where—you see this on the television—masks are handed out to people who do not have them? If you go down the route of making it compulsory to wear face coverings on trains, it could cause a lot of problems.

Michael Matheson: If we go down a route of making it mandatory for individuals to wear a face covering, we will have to look at how that will be policed and enforced. I should stress that any decision relating to face coverings on public transport will be guided by clinical advice from

Health Protection Scotland. It is important that we take an evidence-based approach to any arrangements that we put in place. Our current guidance is that if you are in an enclosed space, such as on public transport, you should consider wearing a facial covering. If we go beyond that, it will have to be based on clinical advice.

I assure Mr Rumbles that that is the type of issue that we will consider in the transition plan. Any changes to the existing arrangements will be set out in the transition plan and appropriate measures will be put in place to support their enforcement.

Rachael Hamilton (Ettrick, Roxburgh and Berwickshire) (Con): The Caledonian sleeper service is still operating six nights a week. Rupert Soames, the chief executive of Serco, said that it is a good way to maintain social distance while travelling between England and Scotland. How much is the service costing the taxpayer during the lockdown? How long might such support be necessary? When might you expect the franchise holders to resume financial responsibility for the service provision? Do you have any figures on the usage of the service?

Michael Matheson: On your final question, I do not have those details to hand but I am more than happy to try to get hold of them for you.

As you will be aware, we have put in place emergency arrangements in the franchise agreements for the Caledonian sleeper and ScotRail for the next six months. The position will be reviewed in September. It is the same arrangement that has been put in place for train operating companies across the UK as a result of the big drop-off in passenger numbers and the impact of that on companies' revenue.

The estimated cost across both franchises is about £258 million. I cannot give you a figure for the final cost, because that will depend on how long we have to extend the existing waiver in the contracts.

Rachael Hamilton: The management fee will still be paid on the premise that ScotRail and the Caledonian sleeper reach service benchmarks. How are those being measured?

Michael Matheson: Some of the franchise measures continue to be in place. However, the emergency arrangements in the contracts include a fixed management fee payable to the operator for providing the level of service that we have specified that they should provide at present.

The Convener: Rachael Hamilton may ask one more question, after which I need to move on.

Rachael Hamilton: Transport Scotland is paying bus operators concessionary fares reimbursement and bus service operators grant at

levels based on historical payments. How long do you expect such payments to continue, and are you confident that they are enough to allow bus operators to remain solvent? On that basis, will the operators continue to be able to supply services following the pandemic?

Michael Matheson: We put in place those arrangements to support the bus sector because of the big drop-off in patronage. We moved early to support the industry, recognising its important value in the public transport sector; we also needed to make sure that a level of service was available for key workers to use during the past weeks.

The arrangements have initially been put in place for a three-month period, and they will be reviewed in June, when we will consider whether they should be extended. The decision will be based on patronage levels and the physical distancing restrictions that the bus sector faces.

Even with those arrangements in place, I am in no doubt that the sector will continue to face challenges. Operators in the bus sector are providing the level of service that we have agreed with them, and they are prioritising routes for key workers. However, even if they start to step up services, patronage on buses will still potentially be as low as 25 per cent.

This is a problem faced by the bus industry throughout the UK, and we are in dialogue with partners across the four nations on what further financial measures might need to be put in place to support the bus industry to deliver further services in future. The farebox income will just not be there while physical distancing arrangements remain in place and passenger levels on buses are as low as 25 per cent. That will have to be addressed. The outcome of that process is still to be agreed, but there is no doubt that we will have to consider providing further financial support in some shape or form.

The Convener: Christine Grahame, I think that you wanted to ask a supplementary question, and that you had a further question.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): The further question was about financial support for transport services now and in future and has probably already been answered.

I ask the cabinet secretary to focus on rural buses. I agree entirely that cycling and walking are to be encouraged and that we can perhaps reconfigure our streets. However, although that is fine in urban areas, in rural areas, such as my constituency and the Highlands and Islands, the bus provides a service, albeit one that is run by private companies. Is the cabinet secretary giving particular attention to the need in rural areas to

keep bus services running that might never have carried lots of passengers but are essential for connectivity for work and medical reasons and so on?

Michael Matheson: Part of the arrangement that we have put in place with bus operators is to ensure that they provide as broad a service as they reasonably can—while prioritising key routes for key workers—and that they maintain as broad a timetable as they can in their respective areas. As Ms Grahame highlights, that includes rural areas such as the Borders and the Highlands.

We will continue to engage with the bus sector on that. Although it is important that people are able to choose active travel when they start travelling to work again, there are roads where that just will not be feasible. That is why we will try to ensure that we have as broad an approach as possible, with as many options as possible available for individuals in rural areas, including the option to make use of public transport as and when that is appropriate.

Christine Grahame: May I ask a supplementary question, convener?

The Convener: You are almost halfway through it, so off you go.

Christine Grahame: I just want to emphasise that, although it is laudable to get people walking and cycling, in rural areas there can be huge distances involved. To ensure that people are 2m apart on buses, we might need to increase bus services in rural areas. Strangely, a very different change in balance might happen in rural areas compared to urban areas.

Michael Matheson: That might well be the case but, as I said in my opening statement, if people are able to continue to work from home or to work locally in a remote way, we need to encourage them to do so, to manage demand on the public transport system. The reality is that things will not return to normal at the flick of a switch. Physical distancing will constrain capacity, and the new normal will involve people looking at different arrangements, including their work arrangements, to help to reduce demand on the public transport system in rural and urban areas.

09:30

Peter Chapman (North East Scotland) (Con): We know that the numbers of travellers have plummeted and that the industry is under huge financial pressure. What, if any, contingency plans does Transport Scotland have in place to deal with the possible financial collapse of a major public transport operator?

As a side matter, we know that the privately owned coach industry—the folk who deliver

holidays and meet cruise liner arrivals—is under huge pressure and that little or no support has been announced for that part of the industry.

Michael Matheson: On the first point, the operator-of-last-resort provision is in place on the rail side, whereby if an operator failed, we could step in and take over arrangements for the running of its services. I emphasise that the action that we took at an early stage with the emergency variation to the contract was to prevent that from occurring in the first place. It was clear that there was a risk of train operating companies collapsing financially, given that patronage levels had dropped so quickly in the rail service. That is why we moved quickly to put those arrangements in place.

Of course, if a major bus operator were to collapse, the gap in the market could be filled by competitors, because it is a deregulated market, or local authorities could step in and take over bus operations in their areas, if they thought the approach appropriate.

On your second point, Mr Chapman, the coach industry does not sit with me; it sits with my colleague Fergus Ewing, because it is largely tourism based and works with the cruise sector, hotels and so on—it does not sit on the public transport side. I know that engagement is taking place with coach operators and my officials are engaging with Fergus Ewing's, to see whether we can provide any assistance.

The coach operators that provide any form of public transport will be able to benefit from the concessionary travel and bus service operators grant arrangements that we put in place. They could of course also benefit from some of the other grant arrangements that are in place, including the relaxations around business rates.

Some operators might benefit from measures and others are still experiencing difficulty, so there have also been direct engagements with coach operators to consider whether anything further could be done to help to support the sector.

The Convener: Before we move on, I have a supplementary question. You indicated that the cost for Transport Scotland of taking on the risk and reward, as it were, for the railway network is around £250 million—I think that that is what you said—for six months. However, it could be for a longer period. My concern is that social distancing on railway carriages might mean that only eight to 10—maybe 15—people are in a carriage, and so, in the short term, the rail industry will never come back to financial balance. How does the Scottish Government propose to finance what could possibly be up to £1 billion for running the rail network while social distancing is in place?

Michael Matheson: You are right to highlight the real restrictions that physical distancing will put on the rail network. To give a practical illustration, the 385 Hitachi train service that operates with eight carriages between Glasgow Queen Street and Edinburgh Waverley stations can carry in excess of 500 passengers. With physical distancing, it will be able to carry probably fewer than 100 passengers.

We will potentially have to continue with the existing arrangements for an extended period, beyond the initial six months. We will have to look at the financial provisions that we would need to put in place to manage that. However, the difficulties that we face in Scotland are no different from the challenges that other parts of the UK face and the associated financial cost will apply in other parts of the UK.

In our dialogue with the Department for Transport and UK ministers, we look at the wider financial impact on the rail network of physical distancing through the existing arrangements. Decisions will have to be made about providing any further financial support once we get to a point of looking at whether we extend the arrangements beyond the September timetable.

The Convener: Thank you, cabinet secretary. We are talking about considerable costs. There are concerns that, if the cost is £1 billion, a third of which relates to ScotRail staff costs and the payment of wages, continued funding will have to be made available. We will have to wait to see where that money comes from.

Maureen Watt (Aberdeen South and North Kincardine) (SNP): Good morning, cabinet secretary.

We saw, even before the pandemic, that the aviation sector was in a state of flux in terms of income from routes. What impact do you expect the pandemic to have on the aviation sector, and how might that influence any planned airport or route development?

Michael Matheson: As you rightly say, there has been a massive drop-off in the aviation sector over a very short period of time. For example, Edinburgh airport, which deals with around 15 million passengers in the course of a year, is now dealing at times with fewer than 1,000 passengers per day, given the rapid drop-off in the aviation sector. As a result of that, we have seen airlines getting into financial distress very quickly. You will be aware of the decisions that have been made by companies such as British Airways to make significant numbers of staff redundant.

The initial expectations of the aviation industry were that the sector would bounce back quite quickly from the pandemic. However, judging from the discussions that I have been having with it, its

view has moved: it thinks that the recovery will take longer—that it will take several years to return to the normal numbers of passengers that it had prior to the pandemic. As a result, airlines are making decisions about what future connectivity they will provide to different parts of the world. For example, we are now seeing airlines starting to decrease aircraft numbers—they are no longer holding the number of aircraft that they would have held previously—and that, too, will have an impact on the range of flights that they will be able to provide. We have therefore put in place arrangements to support the aviation sector financially—for example, through business rates relief for our airports and for ground handling organisations and operators that are based in our airports.

We have also put in place arrangements to support Loganair, because the critical island connectivity that we have through Loganair is the result of a direct contract with it to deliver those flights. The flights are restricted to essential and key workers, and they carry essential medical supplies, mail deliveries, and other supplies that are essential for the islands. That contract extends to the end of this month, but we will keep it under review.

We have been engaging with the island authorities, and the general view is that those services have been operating well. We have amended parts of the timetable to make sure that it aligns with the islands' requirements for mail and medical supplies. Aviation will be challenging for an extended period, but we have taken action to protect air connectivity to our islands.

We are now undertaking a piece of work with our airports to identify the key routes to international hubs, North America and other parts of the world that we would like to reintroduce when we can do that. That work will help to inform our route development work post Covid-19. It will identify the routes that we see as a priority for business and tourism, with the aim of helping to get those routes re-established as quickly as possible. However, given the downturn in the industry, establishing routes will be much more challenging than it has been in the past, as we have had relative success in improving air connectivity between Scotland and international hubs in recent years.

Maureen Watt: Your comments about connectivity for the islands should be reassuring to people.

How much consultation did the UK Government have with the Scottish Government in relation to the 14-day isolation period for people coming into Scottish airports from other countries?

Michael Matheson: Do you mean the 14-day quarantine arrangements that the UK Government plans to introduce?

Maureen Watt: Yes.

Michael Matheson: There was no formal consultation with us on the UK Government's plans. We were made aware of those plans just a few days ahead of the announcement. Obviously, we have raised a number of issues with the UK Government, including the impact on Scottish travellers. For example, if someone comes into Heathrow and is going on to a connecting flight to Aberdeen, would any quarantine apply at Heathrow or at Aberdeen? We want to understand such issues, so we are pursuing them with the UK Government in order to get clarity for Scots who are travelling and so that airports in Scotland have a clear understanding of the arrangements that they should put in place.

There was no formal consultation with us on the arrangements that the UK Government announced. We were made aware of the plans just ahead of the public announcement of them.

Maureen Watt: No thought was given to workers coming in to work in the oil and gas sector—that is for sure.

I understand that, during the pandemic, there has been a lot more activity at Prestwick, with a lot more freight flights to and from the airport. How will that affect future plans for the airport? Is it being used as a parking space for aircraft that are not flying at the moment?

Michael Matheson: Prestwick airport has been relatively busy, which is largely due to air freight. The airport has continued to provide an important air freight hub for the domestic market and internationally.

Alongside that, given that the airport has two runways and a significant amount of additional space around the terminal building, it has been used extensively by airlines for parking aircraft. The Prestwick airport management team has maximised the potential for aircraft to be parked there. It is being used as a holding place for unused aircraft.

The airport has continued to provide support for freight and other services and is being used as a site for locating unused aircraft.

09:45

Maureen Watt: Given that, is the management looking at whether that can continue post the pandemic [*Temporary loss of sound*] for getting to markets more quickly, rather than having to go down to Heathrow?

Michael Matheson: The management team at Prestwick has been working hard to build increased freight capacity. Prestwick is recognised as an important freight hub, and it is well used by the industry. The management team has been keen to grow that area in recent years.

On the point about parked-up aircraft, that situation is largely dependent on the downturn in the industry. I suspect that airlines will start moving them when they restart their flight services.

The Prestwick management team has been trying to identify areas in which it could offer extra services during the pandemic, and it is working to identify additional capacity that it could provide to freight operators to support the movement of goods.

The Convener: Maureen, if you are satisfied with those answers, I would quite like to ask a quick supplementary question.

Maureen Watt: I am, thank you.

The Convener: The sale of Prestwick airport has been put on hold, and I assume the downturn in fuel trading with the US Air Force is because it is not using the airport to the same extent. In the past, the cost of running Prestwick airport has been estimated at £10 million. There was nothing in the budget for that. Is the Scottish Government confident that it will be able to continue to fund Prestwick airport to the tune of £10 million to £12 million every year until it is sold?

Michael Matheson: On your point about the sale, work with the preferred bidder continues. The management team is engaging with the preferred bidder and is looking to make progress on that. However, given the overall downturn in the aviation industry, the timeline for the sale has had to be extended, so it will take longer. Nevertheless, the management team continues to make progress with the preferred bidder.

As things stand, the indications are that Prestwick will continue to meet the costs of operating the airport from within its existing means. Although there has been a reduction in military activity, there has also been an increase in the parking up of aircraft, which has brought in an additional revenue stream that did not previously exist. Some additional revenue has been brought in as a result of the changes to the aviation industry that the airport has been able to capitalise on to support the business into the future.

The Convener: I am going to bring Mike Rumbles in. Because quite a few members want to come in, can we have short questions and short answers? That would be very much appreciated, although I do not want to sacrifice the information that we are getting from the cabinet secretary.

Mike Rumbles: Cabinet secretary, has the preferred bidder pulled out or are they still interested? Could you confirm that please?

Michael Matheson: Work with the preferred bidder continues and discussions about the sale and the preferred bidder's interest in it continues.

The Convener: Thank you for that. The next question is from Emma Harper.

Emma Harper (South Scotland) (SNP): Good morning, cabinet secretary. I have a couple of questions about street design and pavement spaces.

The Scottish Government has already committed £10 million of existing active travel investment to creating the spaces for everyone scheme, which will support local authorities to temporarily widen pavements, alter street patterns and create segregated cycle lanes so that we can continue with social distancing and so that key workers can travel safely. Transport Scotland has published guidance for local authorities on how to use existing temporary traffic regulation orders and the notice system to authorise the temporary changes.

Will you give us a wee update on the roll-out of the places for everyone programme? Does the Scottish Government support local authorities in reallocating road space away from the purposes of parking or general traffic, so that pedestrians and cyclists are encouraged to use the facilities as they are transferred?

Michael Matheson: As you will be aware, we announced the £10 million fund for the places for everyone programme to support local authorities to put in place what are, in effect, pop-up cycleways and walkways to assist people with social distancing when walking, cycling or wheeling and to ensure that we provide additional space for people who use wheelchairs.

I asked local authorities to look at how they can use the opportunity of the fund to get additional infrastructure in place and provide facilities to support people to use active travel options, whether they are moving around for their daily exercise or to commute to work. We have put in place a range of measures to support local authorities to do that. Much of the work that they need to do to create facilities is low cost—it might only involve putting down road markings or cones.

We have given local authorities guidance on how to use the existing legislative framework to put arrangements in place quickly. You might be aware that Glasgow and Edinburgh councils have been quick off the mark and have already closed off roads. I saw just yesterday that Glasgow City Council has started to put down road markings for its Clyde walkway and cycle route, which is a

temporary cycle route that is operating across the city from east to west. The route is now in place, as the council used the legislative framework that already exists for temporary structures of that nature.

Those two local authorities have moved quickly to implement facilities; it might be helpful if I provide up-to-date information on local authorities overall. Of the 32 local authorities, 25 have been in direct contact with Sustrans to discuss funding arrangements, and four of the regional transport partnerships have been in touch to look at taking measures forward. A number of other organisations, including Scottish Canals and the national parks—

The Convener: Cabinet secretary, I do not want to cut you short while you are giving a fulsome answer, but we are quite pushed for time and I would like Emma Harper to get her second question in before we move on to the next member. If you want to expand on your answer, please write to the committee. I am sorry for cutting you short.

Emma Harper: The cabinet secretary said that 25 of the 32 local authorities have been in direct contact with Sustrans, and I am interested to know whether any local authorities in the south of Scotland are participating. However, I will follow that up with them myself.

Cabinet secretary, do you intend to revise the traffic regulation and redetermination orders so that local authorities can make temporarily widened pavements a permanent feature in the future? I would like to hear your feedback on the long-term approach.

Michael Matheson: There is existing legislative provision for local authorities to put temporary structures in place and we have given them guidance on that.

You are correct in saying that we are looking to review the TRO process. We have been engaging with local authorities and other partners to identify whether they are experiencing any particular areas of difficulty with the existing regulations. We will then address those challenges. We are already doing that, and we will continue to progress that piece of work with stakeholders to ensure that we streamline the process in an appropriate way while ensuring that communities get the opportunity to be consulted on any changes that local authorities plan to implement.

Angus MacDonald (Falkirk East) (SNP): Good morning, cabinet secretary. I turn to climate change. We know that there was a surge in transport-related greenhouse gas emissions following the financial crash in 2008-09. I am keen to hear what action you might take to ensure that, unlike in the period following the financial crash,

there is no surge in transport-related greenhouse gas emissions in the coming years.

Michael Matheson: I think that around 37 per cent of our greenhouse gas emissions come from the transport sector, so it is a major challenge for us.

I refer to my response to Emma Harper's question. We are trying to lock in what has been a significant increase in walking and cycling. We are encouraging local authorities to put in place temporary infrastructure that can benefit communities, and they may wish to consider putting that infrastructure in place permanently to support people who have taken up walking and cycling. We need to support people as best we can to make the transition to using active travel for short journeys wherever possible.

There is another important piece of work that we are taking forward. Along with my colleague Roseanna Cunningham, I am looking at further measures in the transport sector, as we move out of the lockdown restrictions, to support the industry to move to low-carbon or zero-carbon technology more quickly than had been planned. We are taking forward a stream of work with the bus sector, including bus manufacturers, on how we can support greater provision of electric buses. That work, which is being done in partnership with the Scottish National Investment Bank, will support the part of our economic recovery plan that has a green recovery element to it. We intend to take forward that work over the next couple of months, during which we will engage with the industry and look at the options available to it as part of the recovery plan.

Angus MacDonald: You are probably aware that the Committee on Climate Change wrote to the Cabinet Secretary for Environment, Climate Change and Land Reform on 6 May to make a number of recommendations aimed at locking in the recent switch from car travel to walking and cycling. How do you intend to act on the CCC's recommendations?

Michael Matheson: I agree with those recommendations. In the week before we received that letter, I announced that we would make £10 million available for pop-up active travel infrastructure. I am keen to ensure that, when we have exhausted that £10 million, we look at whether we can provide further financial support to local authorities to assist them in making further pop-up infrastructure available.

I am also keen to look at what we can do to support people to move to active travel and whether there is more that we can do to assist people through grants and the various schemes that support people to purchase bikes. I want to look at how that could link to any phased

reintroduction of a return to work. That would involve working with employers to look at the impact that a return to work might have on the public transport system. We want employers to encourage their workforce to consider active travel, and we are looking at whether there are grants that we could put in place to support that.

I agree with the Committee on Climate Change's recommendations, and the work that we have already done is helping to deliver some them.

I am conscious that the convener is getting increasingly agitated by my speaking for so long, so I will leave it there.

10:10

The Convener: You have not seen anything if you think that that was agitation.

Colin Smyth: The spaces for people funding obviously comes from the existing places for everyone funding, which is for permanent schemes. Will you make sure that the budget for permanent active travel schemes does not involve less money than was planned? Lots of communities will not necessarily use temporary spaces for people funding, but will want to deliver permanent schemes to make a long-term difference in active travel.

Michael Matheson: I do not want us to do anything that will undermine permanent active travel infrastructure being put into place, but the reality is that I have freed up that money on the basis that local authorities are not able to implement permanent schemes at the moment anyway. They are not able to put in permanent infrastructure because of the constraints around physical distancing in taking forward such projects. I reassure Mr Smyth that the funding has been freed up in the system purely to help implementation over a very short timeframe. We will then look at what further action we can take to support local authorities. We have already provided them with an additional £15 million in this year's financial settlement to assist them with cycling, walking and wheeling infrastructure. Therefore, they have additional money over and above what they had in previous years to support them with other permanent infrastructure that they want to put in place, and that money will sit alongside additional moneys that we will provide them with.

John Finnie (Highlands and Islands) (Green): When you are the 20-somethingth to ask a question, a lot of the issues have already been covered. I will pick up on two important initiatives: the national transport strategy review and the second strategic transport projects review. Both

were created in a different time and were predicated on entirely different circumstances.

On 28 April, you said:

“we need to consider the new normal”.—[*Official Report*, 28 April 2020; c 33.]

You have repeated that today, and you have alluded to many things that I want to touch on.

There has been significantly improved air quality and an increase in active travel. You said that providing additional space does not involve costly measures. You also said that we need to have a grown-up conversation. Following on from the very disappointing announcement about the abandonment, albeit temporarily, of low-emission zones, will you give a flavour of what that conversation will sound like? Surely it cannot be more of the same.

Michael Matheson: I am sorry, Mr Finnie, I missed the name of the second document that you mentioned. You mentioned the NTS, but the sound dropped off on the second document.

John Finnie: It was possibly my stuttering—it was STPR2.

Michael Matheson: You are correct that the NTS remains relevant; nonetheless, our starting point is different from where we were two or three months ago. The changes that we are seeing will be fed into the delivery plan that you will recall I am developing for the implementation of the NTS. I acknowledge and recognise that the starting point has changed, and that will influence the development of our delivery plan, which is an inclusive process that engages with a range of stakeholders in the sector in shaping how the delivery plan should be taken forward.

STPR2 will be influenced by the transport hierarchy and by the investment hierarchy, which are set out in the NTS. We have set out the priorities in the NTS, so that will have a direct bearing on our priorities in STPR2. The committee will no doubt see our shift in approach reflected in STPR2 when it is completed, as it reflects that change in priority.

I challenge John Finnie’s comment on LEZ postponement. I understand that he is disappointed about that. The decision was not taken lightly, but there are practical issues; it is not the case that we are stepping back from tackling air pollution. The first issue is that bus operators in particular are unable to have carried out on their vehicles the work that is necessary to comply with the regulations. The second issue is that, because of the downturn in the bus manufacturing sector, the operators are no longer able to access the new rolling stock that they require.

The decision was not about simply postponing LEZs for the sake of it. There are practical challenges in meeting the standards that would apply, particularly for the bus sector. We had to be pragmatic about that and recognise that bus operators were simply unable to undertake the work that was necessary because of the restrictions that are being applied, which have a direct impact on their ability to meet those standards. I hope that that gives John Finnie reassurance around LEZs. The decision was not taken lightly; it was taken because of those practical difficulties in complying with the regulations.

The Convener: If John Finnie would like to come back in with another question on that, I am happy to allow him to ask one more.

John Finnie: Thank you, convener. I will be very brief. We were in one place, and we are in a unique position at the moment. The transition process is key to getting us to where we might all want to go. Can the cabinet secretary assure the committee that there will be full engagement from the Scottish Government on that important transition, given that it seems that there will be an impact on a significant number of transport-related decisions?

Michael Matheson: I assure the committee that we are engaging with the trade unions. Part of the transition plan will be developed with trade unions, operators and passenger representatives; Transport Focus, for example, will be involved in that process to make sure that we capture and understand as broad a range of opinion as possible in shaping the transport transition plan. I will, of course, try to keep the Parliament and the committee up to date as we make progress.

The Convener: I thank the cabinet secretary for his answers, and I thank him and his officials for coming to the committee meeting.

I will briefly suspend the meeting. I ask committee members to be back in their seats and ready to start the next session with the Cabinet Secretary for Rural Economy and Tourism, Fergus Ewing, at 10.15.

10:08

Meeting suspended.

10:15

On resuming—

The Convener: Agenda item 3 is an evidence session on how Covid-19 has impacted on the rural economy. We are slightly behind schedule, but I am afraid that working remotely brings its

difficulties. This item is planned to take approximately an hour.

I welcome Fergus Ewing, the Cabinet Secretary for Rural Economy and Tourism; Allan Gibb, the acting deputy director of sea fisheries in the Scottish Government; and Gerry Saddler, the chief plant health officer for Scotland and the head of science and advice for Scottish agriculture in the Scottish Government. I invite the cabinet secretary to make a brief opening statement of up to three minutes.

The Cabinet Secretary for Rural Economy and Tourism (Fergus Ewing): Good morning. The crisis that has been caused by Covid-19 has exposed just how fragile the global food supply chain is. We need to produce our own food and we need to ensure an equitable and regular food supply across Scotland. That need has never been clearer or more manifest.

To help all aspects of the food supply chain, we have, over the past eight weeks, introduced more than 30 measures. We have provided £2.3 billion of support for business, including the rural economy. That support includes £100 million for self-employed people and viable micro and small and medium-sized businesses.

We have put in place specific support schemes for seafood and fishing. To date, they have paid out more than £11.5 million, which is the largest amount that has been paid out to fishing anywhere in the UK.

For farming, we are ensuring that farmers, crofters and land managers get the support payments to which they are entitled and have earned on schedule. To date, we have made £357 million-worth of basic and greening payments, and we have paid out £86 million in historical convergence payments. In addition to that, we have started making payments under the less favoured areas scheme, the beef suckler support scheme and, now, the sheep support scheme. Further, the Farm Advisory Service is offering webinars as well as online advice and support.

We are also contributing to the recently announced marketing campaign by the Agriculture and Horticulture Development Board and Dairy UK. The campaign encourages more people across these islands to buy more dairy products, notably milk.

Mairi Gougeon—the Minister for Rural Affairs and the Natural Environment—and I regularly meet key stakeholders. We are listening and we are responding. Government officials are working with the horticulture, fruit and vegetable and livestock sectors to develop specific social distancing guidelines.

This crisis has exposed the rural economy's resilience, creativity and innovation. Officials are engaging every day with our island communities, rural communities and the private sector to monitor and address emerging issues, particularly in relation to food supply.

Scotland Food & Drink has created an online hub connecting more than 260 Scottish food and drink suppliers directly to consumers. Supermarkets and retailers are promoting and providing more shelf space for Scottish produce, which we welcome. Further, we are seeing local promotion of locally caught seafood and fish through the Fish on Friday initiative and harbourside sales.

The negative impact for Scotland's rural economy is significant, deep and long term, but the challenges that are created by this crisis are being addressed head on. As the rural economy secretary, I am doing all that I can, together with my officials, to provide support and help throughout these most difficult times.

I am happy to answer questions.

The Convener: Members have quite a few questions for you to answer, cabinet secretary. However, before they do so, I want to check whether anyone has any declarations of interest. As you know, I have an interest in a family farming partnership. I believe that Peter Chapman might want to make a declaration, too.

Peter Chapman: Absolutely. I, too, would like to declare that I am a member of a family farming partnership.

The Convener: I think that Stewart Stevenson might want to make a declaration, as well, before he asks the first question. I assume that no one else wants to—I am not seeing any nods or notifications.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): I declare that I am currently sitting 10m away from a small agricultural holding from which I derive no income.

Cabinet secretary, how much emergency funding has been allocated to the rural economy, in broad terms, and where have those funds come from? In particular, has some existing rural funding that might not currently have been being called down been reallocated?

Fergus Ewing: There is a range of business recovery and hardship funds. That funding comes from a range of sources. Plainly, we received finance from the UK Government but, in addition, some of our own resources have been—correctly, I believe—deployed to address the crisis that we face.

I have before me a long list of the wide range of funds that are available and I am happy to go through them. However, I think that there is a fundamental thread running through them, and it might make more sense to talk about that than to read out a long list of the support that we are quite rightly providing.

The support is designed to help address hardship and to help businesses and individuals navigate this period of crisis. It cannot and does not seek to match all the profits or income that a business might have earned were it not for Covid; rather, it seeks to provide businesses with sufficient financial compensation to enable them to get through this crisis. The challenge that we have in that regard is the scale and the uncertainty of the duration of the crisis. That makes that task challenging for all Governments. However, as I say, we have developed more than 30 measures in the past eight weeks. I am proud of the hard work that many public servants have done, working hard to help people who are, in many cases, under real strain and stress because of Covid affecting their lives, families and businesses.

The Convener: Stewart Stevenson has some supplementary questions, but I would like to bring in Colin Smyth briefly at this stage.

Colin Smyth: The cabinet secretary has referred to the long list of 30 national measures that are available to businesses and communities right across Scotland. Can he also tell us a bit about the specific tailored support that has been provided by South of Scotland Enterprise, the newly formed enterprise agency, to businesses in Dumfries and Galloway and the Borders?

Fergus Ewing: I am in regular contact with South of Scotland Enterprise. I had a conference call with it yesterday morning, as I did with Highlands and Islands Enterprise. The board is meeting regularly and has received a substantial number of applications, both for the pivotal enterprise resilience fund—which is £90 million nationally—and for the £20 million creative or tourism and hospitality enterprises hardship fund.

In addition, I am aware that SSE has reached out to and engaged with sectors that have been particularly hard hit. It has, for example, had conference calls with tourism interests in the south of Scotland. The board, which was appointed just before the onset of lockdown, has been working day and daily specifically to address the needs of the south of Scotland.

SSE's executives and senior staff, most of whom I know reasonably well, are addressing exactly the task that you wish them to address, as well as administering the funds that we have set up that are so important to alleviate hardship. The

pivotal enterprise resilience fund was set up, in part, because we recognise that there was no grant assistance available for businesses with a rateable value of more than £51,000 that, despite no income coming in in the tourism sector, still have oncosts to meet. Many hotels in the south of Scotland, whether in the borders or Dumfries and Galloway, have a value in excess of that figure, and I believe that that fund will provide lifeline support to those businesses.

As I think Mr Smyth knows, we take a particular interest in areas of strength in the south of Scotland economy: not just in the traditional areas of farming, fishing and forestry but in renewable energy, logistics, transportation and distribution. South of Scotland Enterprise, as a new body, is absolutely up for the task and is getting on with it day and daily.

The Convener: We go back to Stewart Stevenson for his follow-up questions.

Stewart Stevenson: It makes sense to amalgamate my remaining questions into one jumbo question. Cabinet secretary, in your opening remarks you talked about the fragile supply chain. You also said that the sector is demonstrating resilience, creativity and innovation, and you have just talked about some of the areas of strength. Taking all that in the round, on which sectors of the rural economy will you focus particular support to keep them going? In the context of the opportunity that the fragile supply chain presents, in which sectors is there an opportunity for the Government to support the creation of new economic activity in rural areas that might not have existed before, as we come out of lockdown? As part of all that, how will you use that to prepare for our being out of lockdown in due course?

The Convener: That is a huge question, and a shorter answer would be grand.

Fergus Ewing: I was going to say—it is not just a jumbo question but a whole herd.

Seriously, though, every traditional and new area of the rural economy has within it men and women who have ambition, drive, entrepreneurial flair and the ability to do things differently. The general public may not be aware of the extent to which digital technologies feature in farming. They ensure efficiency and the correct application of fertiliser, they avoid overuse of fertiliser, and they help to get the best yield from arable crops. It is similar for forestry and fishing. The rural industries are no longer rustic and simple; they are highly complex.

There are enormous opportunities in every area, but there are particular challenges at the moment, especially for the beef sector. Many farmers in that sector were sustaining losses before Covid-19, but

that has been exacerbated by the loss of the hospitality sector and the cafe trade. The milk sector is also facing some pressures, and we will no doubt come on to discuss those.

10:30

To answer the question as briefly as I can, I think that there are tremendous opportunities in Scotland post-Covid. The resilience of people in rural Scotland is an enormous asset to this country, and it is one that we will fully deploy and seek to support as best we can in the enterprise network and elsewhere.

Peter Chapman: Good morning, cabinet secretary. I will speak a wee bit about the fishing industry. You have mentioned the various schemes that have been put in place to support the industry—both catchers and processors—and I certainly welcome that. First, is that money flowing into the bank accounts of the various folk who are hoping to receive that cash? Secondly, I recognise that fishing boats in the white-fish sector have had no real support for their part of the industry, and I am wondering why that is.

Fergus Ewing: I do not know that I would accept the characterisation of that question, but I will do my best to answer it. To date, more than £4.5 million has been paid out for the under-12m scheme, and the majority of applicants should have been processed by the end of this week. We will then focus on those who have not yet applied, for whatever reason. Bear in mind that the over-12m scheme and the under-12m scheme were worked out in collaboration with fishing stakeholders including the Scottish Fishermen's Federation. The over-12m scheme was announced more recently, it is progressing well, and more than half the eligible vessels have already been paid, with £1.7 million paid out to date. Larger pelagic vessels—for example, those fishing for mackerel and herring—are not covered but, due to the seasonal nature of their fishing activity, they would not be fishing at present in any event.

Vessels targeting white fish such as haddock and cod are currently not covered. As Mr Chapman will know, markets remain open, and significant fishing activity continues, albeit at very reduced levels. The Scottish Government has supported the sector by agreeing to a request to introduce some effort limitations in order to regularise supply to market, so as to maximise price and avoid the market being flooded with vessels all landing at the one time. The producers organisations have worked well on that.

Further discussions are taking place on Thursday of this week. I regularly meet representatives of the SFF by conference call. If

Mr Chapman or the convener wishes more information, my lead official, Allan Gibb, can readily provide more detail about the disbursement of the funds.

Peter Chapman: I am glad to hear that the funds are flowing. That is excellent news. I reiterate, however, that the white-fish sector has had very little support in comparison with others. There are other mechanisms in place, however.

To what extent will the UK Government's business support schemes and its scheme to support the self-employed help the fishing industry?

Fergus Ewing: The self-employed scheme, which I believe is open for applications today—as I heard earlier this morning on the radio—will be open to all who are self-employed. Most fishermen are self-employed, so that is a scheme from which I would expect them to benefit.

The Scottish Government set up a self-employed scheme of its own, which allows more newly self-employed people to qualify, because the UK scheme has a number of strings and limitations. I think that there is a three-year rule, which obviously cuts out those who are more newly self-employed.

I am conscious that I may have missed out some important matters, so perhaps I can pass over to Mr Gibb.

Allan Gibb (Scottish Government): It might be helpful—particularly in relation to the point that was made about the white-fish sector—to provide members with the most up-to-date information.

The most up-to-date information that I have is that landings in the under-12m sector are down by more than 80 per cent; landings in that sector have been down by as much as 94 per cent. In the over-12m sector that we are supporting—the shellfish sector—landings are down by more than 70 per cent; landings in that sector have been down by more than 80 per cent. In the white-fish sector, which Mr Chapman asked about, landings are down by 35 per cent, on average. There is a marked difference between the sectors that we have targeted with support and the white-fish sector, although, as the cabinet secretary said, we are reviewing the matter regularly—I will meet representatives tomorrow, and they will have discussions with the cabinet secretary again next week—to make sure that no businesses fall between the cracks, because every business is different. The situation with regard to white fish is very different from that in other sectors.

Mr Ewing mentioned the scheme for the self-employed, which is open for applications. The fact that floating businesses such as boats were not eligible for the UK Government's business scheme

was one of the key drivers for the Scottish Government intervening and setting up its scheme.

I hope that those figures help.

The Convener: Thank you very much for that, Allan.

Maureen Watt: What discussions have you had with the fishing industry about its employees? Many of the workers on the larger vessels are not UK based. Have they gone home or are they being supported?

Fergus Ewing: I have had discussions with the Scottish Fishermen's Federation and others with regard to the plight of the crew on vessels and a number of other aspects. We had a conference call with the people from the Fishermen's Mission, who do a great job on the human side in looking after the mental welfare of those who fish in the sea, particularly workers who have come from far-distant places such as the Philippines. I am afraid that there is the lingering issue of the restrictions on Filipino crew, who are particularly skilled in seamanship and fishing. The rules make it very difficult for them to be treated humanely. We have raised that issue with the UK Government, and I hope that it will take the matter on board.

Ms Watt is quite right to raise such an important issue. Mr Gibb could probably provide a bit more information, if the opportunity is available for him to do so. [*Interruption.*] That is a shame—never mind.

The Convener: I am sorry, cabinet secretary, but I am conscious of the time, and we still have legislative matters to deal with.

John Finnie: What regulatory changes have been made in the aquaculture sector? Has the degree of additional risk been assessed? How will the impact of those changes be monitored?

Fergus Ewing: Obviously, the aquaculture sector is extremely important to our economy and to the lives of individuals. It employs people in far-flung parts of the Highlands and Islands region that Mr Finnie represents. Therefore, I hope that we all cherish and value it.

The standards that the sector has to meet are extremely high. The impact of Covid-19 is such that the fin-fish sector faced the prospect of having fish in pens for longer periods of time. That is partly as a result of a lack of markets; I could explain the market situation, but I do not think that I have the time to do so. Another factor is the lack of personnel to tend the fish. Those practical factors mean that, for the welfare of the fish, it is necessary for there to be an element of flexibility. Therefore, there has been engagement between the industry and the Scottish Environment Protection Agency, under the auspices of

Roseanna Cunningham, as the portfolio minister who is responsible for SEPA, and temporary relaxations in the use of certain medicines have been introduced, simply to provide the flexibility that is required at this time to prevent any welfare issues from arising.

I have a large amount of detail that I do not have time to go into, but I hope that everyone agrees that those are commonsense measures that have been properly discussed and considered and assessed as appropriate in the circumstances and in the time available. The aim is to ensure that we continue to enjoy high-quality Scottish salmon and trout and that the high standards that we rightly have in place continue to be applied, but with an element of flexibility for the good of everyone.

John Finnie: Given the less robust regulatory regime that is in place, and that we have heard from you previously that the precautionary principle must apply to the sector, as it applies to everyone else, have you given or will you give consideration to a temporary moratorium on expansion, given the challenges that the industry faces?

Fergus Ewing: I am not sure that I caught the first sub-clause of that question but, if Mr Finnie is suggesting that we have a less robust regime, I do not accept that. If we use international comparisons, we find that some of the regulations here, particularly those that relate to medicines and feed, are more robust than those in other regimes. Therefore, I do not accept that premise. The industry needs flexibility. It provides high-quality nutritious protein, and I am sure that we all value and cherish the fact that it has one of the lowest carbon footprints of any sector in the food industry.

If people are to continue to enjoy salmon, and more people are to do so, we need to continue the sustainable expansion of the industry. A temporary moratorium would serve no purpose at all. We need flexibility for the industry so that producers can move to different sites, adapt and respond to the needs of the wild fish sector, and so that they can continue to do the numerous things that are being done to ensure maximum fish health and welfare. A number of companies in Scotland are taking a huge range of technical measures and making massive investment in a sustainable industry. We should all be proud of that and cherish it.

John Finnie: Views on the sector are often polarised and many people are either for it or agin it, but I am neither. I recognise the value that the sector provides, particularly in the Highlands and Islands. I know that you have not been able to talk about the market challenges, but I am aware of those and the role of the far east as a consumer. With the reduced regulatory regime and the

capacity issues that you talked about, is it not irresponsible not to give some consideration to a moratorium on expansion, albeit a temporary one?

Fergus Ewing: No—that does not follow logically in any way whatever. At the moment, the main challenge for fish farming is simply to ensure the operation of the existing sites and pens. As I mentioned, companies are operating with reduced staffing. For the next few months, huge and rapid expansion will not be on the minds of many of the leading companies that are involved. They are focused more on meeting the severe challenges of a reduced market and the sheer difficulties of operating with fewer people. I suspect that, in the short term, there might de facto not be much new expansion. However, I certainly do not think that we should have a moratorium and nor is there any case for that.

10:45

We must continue the work to review all aspects of the regulatory regime, while responding to the criticisms that were made by parliamentary committees and others. I have already announced measures that will tighten up on infractions concerning sea lice. We are also very close to finalising work on the interactions between aquaculture and the wild fish sector, principally salmon. We have also announced a consultation on the regulation of wrasse, which, as Mr Finnie well knows, is a fish that preys on sea lice and therefore helps to control that problem naturally.

I would argue that we are doing all sorts of things, and I would have thought that Mr Finnie would be deliriously happy with the Government's concern to pursue all those matters as diligently and swiftly as possible.

The Convener: One of the problems with holding remote meetings is that my normal method of attracting people's attention by wagging my pen to get them to come to the end of an answer is not possible.

Fergus Ewing: I cannot see the pen.

The Convener: You cannot. My problem is managing the time. Thank you for that very full answer. I am conscious of the time constraints for everyone and of the number of questions that we still have to get through. I implore members and you, cabinet secretary, to give short, snappy questions and answers.

Maureen Watt: Cabinet secretary, one area of your portfolio that gets a lot of media attention is that of migrant labour, particularly in the fruit and veg sectors. Even before Covid-19, we heard that the number of migrants that would be allowed into the UK was woefully inadequate, and that they could all be employed in Scotland.

What discussions have you had with the industry about that? How many local people have taken up the possibility of working in the sector? I am concerned about the health and safety and employment rights of all farm workers, particularly migrant workers, in terms of social distancing and access to health care. Will you give us a snapshot of the work on that?

Fergus Ewing: There are two elements here. Regarding recruitment, we have been supporting the development of employment platforms. We have been working with Skills Development Scotland, Lantra Scotland and NFU Scotland to encourage more indigenous people to work in the fruit-picking sector.

Ms Watt is right that the welfare, particularly of migrant workers, is something that we have rightly spent a great deal of time on. We have worked with growers, with individual companies and with leaders in the sector. The NFUS has been working with Scottish Government colleagues to ensure that social distancing is being observed as fruit is picked and also in the habitation and transportation of staff.

My colleague Mairi Gougeon has taken the lead on that work. She has hosted most of the conference calls with the sector and is giving a strong lead. She represents a constituency where the sector is important, so she is familiar with it. Professor Gerry Saddler is also on the line and, as I am not directly dealing with the matter, if there are any further follow-up questions Professor Saddler may be able to provide more detail than I could.

Professor Gerry Saddler (Scottish Government): As the cabinet secretary said, the Minister for Rural Affairs and the Natural Environment convenes a weekly meeting with the horticulture and fruit and veg sector, at which we have discussed the requirement for seasonal labour and the development of guidance to ensure safe working on fruit farms. We have also discussed how we can support the recruitment of more indigenous labour; the industry recognises that it needs a blend of experienced migrant labour and locally recruited labour. We must ensure that we get the balance right and that the safety of the migrant labour and, indeed, all labour is of paramount importance.

Rachael Hamilton: Cabinet secretary, I agree with your earlier comment about the stress that businesses are under. Garden centres, in particular, have faced the perfect storm of seasonality and perishability, and that is having a significant effect on the supply chain.

Today, garden centres in England are opening and companies such as Dobbies and Klondyke, which have headquarters here in Scotland, cannot

open in Scotland even though they can now open in England. What are you doing to support the horticultural industry and to ensure that the supply chain and the companies that rely on it do not collapse?

Fergus Ewing: The public health measures that we have taken require people to stay at home to save lives and avoid pressure being put on the national health service. Therefore, as I understand it, up until now, across these islands, garden centres have not been operating as they were, particularly those that have cafes and restaurants. For some garden centres, a cafe or restaurant forms a major—sometimes the major—part of their business.

The member is absolutely right. It is a serious topic—there is a lot at stake here. This is the prime season for garden centres. Therefore, I was pleased that we were able to remove any doubt that might hitherto have existed about the fact that garden centres are free to continue trading by offering click and collect or deliveries of plants, flowers, shrubs and so on to their clients, and I know that some businesses have availed themselves of that option.

Professor Saddler has been dealing with the matter, so he could provide additional clarification.

The Convener: Before we hear from Professor Saddler, Rachael Hamilton has a follow-up question, and Christine Grahame has a question, too. It seems that garden centres are a topic of huge interest. I ask Christine Grahame to ask her question immediately after Rachael Hamilton has asked hers.

Rachael Hamilton: I want to challenge the cabinet secretary. Mairi Gougeon is in contact with the Horticultural Trades Association. The Scottish Government knows that the HTA has protocols and guidelines in place that do not allow cafes in garden centres to operate or the sale of items other than bedding plants. How is it that social distancing measures to protect the public and staff can be put in place in large DIY centres and supermarkets where plants are sold? There are supermarkets where the cafeteria area has been turned into a bedding plant sale area. Is the Scottish Government's position not completely illogical?

Christine Grahame: I strongly support what Rachael Hamilton says—I am a keen gardener. Many people are finding the lockdown very hard, both psychologically and in relation to their mental and physical wellbeing. Gardens are very good for the mental and physical health of those who are lucky enough to have them. Having seen how things can operate in England and Wales, by cordoning off those areas that have household goods and gifts and so on, and using directional

arrows to show people how to move to get their compost and plants, I hope that the Scottish Government will think again about opening garden centres. We are talking not just about garden centres, but also about plant suppliers and the health and wellbeing of many people, for whom gardening is their only outlet in lockdown.

Fergus Ewing: I sympathise with Rachael Hamilton and Christine Grahame on those points. I appreciate that gardening is a great source of pleasure for many people, particularly during lockdown. It would be great to see those people who have gardens getting out there and getting the benefits of the fresh air and physical exercise involved, as well as the sense of wellbeing that comes from that. In my constituency, many people have made those points very strongly.

The supply chain is also extremely important. Let me be clear: I want garden centres to be opened as soon as it is safe to do so, but the overriding question must be the extent to which we require continuing precautionary measures in order to address the main objective of saving lives and preventing there being overwhelming demand on our NHS acute medical services. Those are very difficult issues.

As the cabinet secretary responsible for rural affairs, I agree with the sentiments expressed. I would like to see garden centres opening as soon as it is safe to do so. I must respect the judgment and decisions that are made after we assess the overall medical evidence. Christine Grahame made the point about social distancing, which is an important part of all the plans for every sector. All sectors under the rural affairs department—some at my instigation—are preparing plans for recovery in order that they can provide confidence to those members of the public who are still extremely concerned about lifting restrictions of any kind so that, in every case where activity is revived, restored and recovered, it is done in full compliance with Covid-19 best practice.

Christine Grahame referred to garden centres specifically and she makes a good point, but at the moment, as the First Minister has set out, we need to be safe. I know that it is an extremely important issue.

Convener, you may feel that I have answered the questions fully enough, but if either of the lady questioners wishes it, I am sure that Professor Saddler could provide a lot more information either now, or later online.

The Convener: I will bring in Professor Saddler briefly.

Professor Saddler: We are in regular contact with the Horticultural Trades Association. We have the HTA protocol, which suggests a way that garden centres could reopen safely. That protocol

is currently being vetted by Health Protection Scotland. In some respects, all the building blocks to allow garden centres to reopen in Scotland at some stage in the future are in the process of being put together. All the preparation work is ongoing and we will be ready to go as soon as it is safe to open garden centres. All the preparation work is now in place.

Emma Harper: I have a question specifically about Covid-19's effect on the dairy industry. The cabinet secretary will know that south-west Scotland is home to 48 per cent of Scotland's dairy farms. We have seen a drop in demand from cafes and the hospitality sector. I am interested in the specific support, financial or other, that has been offered to the dairy sector. The cabinet secretary mentioned the AHDB marketing scheme. When will that go live? Guidance from SEPA says that uncollected milk can be used as an organic fertiliser, so I am keen to hear about that, too.

11:00

Fergus Ewing: Just yesterday, as it happens, I had a conference call with several leading farmers and others who hold senior positions in the dairy sector, some of whom were from the NFUS. We discussed in detail the complex situation that the sector faces across the UK. We are aware, of course, that some dairy producers have been impacted by the loss of the service sector. Most dairy farmers in Scotland are in the retail sector rather than the service sector, and most of those in the retail sector have not suffered to the same extent. The problem is a bit more acute in England: south of the border a larger number of farmers are affected.

As well as speaking to industry in Scotland, we have been in contact with the UK Government about its proposed measures, but I am not sure whether the plans for how they will be financed have been finalised yet. It has been suggested that, next year, money will be taken out of the basic payment for all farmers in England and top sliced for the dairy sector, so that other farmers receive less. We are keeping a watching brief on whether we need to introduce similar or identical measures in Scotland.

My approach will be as I outlined at the start of the question session. If real hardship is being suffered by dairy farmers who are getting a very small amount per litre of milk, or who are having to dump milk, we will take that very seriously indeed. The advice that I was given yesterday by dairy farmers was that the UK scheme does not seem to be particularly appealing. I will put it no more adversely than that.

I will finish by making the point that there is a sense that the issues in the dairy sector are more systemic. We need to consider having producer organisations, for example, or some other method of ensuring that farmer producers are able to exercise bargaining strength in their negotiating position in the milk market, so that there is not total exclusivity and they do not have to rely on one outlet for their milk, which carries the concomitant risk that the farmer will lose all their income and have no other source of income, if the supplier decides to curtail the arrangement. It was intended that such issues would be considered in the consultation that has been postponed because of Covid-19, but which will, nonetheless, afford us an opportunity to look at wider systemic problems.

The issue is complex. I had a very good discussion with a number of farmers yesterday, who did not express a lot of enthusiasm for a compensation scheme. I think that Northern Ireland is also not going down that route. We will keep a careful watching brief. My officials are very close to the issue: they are working day and daily with the dairy sector to keep an eye on prices and market conditions. I do not want any dairy farmer to suffer hardship and penury because there is no financial support. However, I am not convinced that the problem here is of the same scale as it appears to be south of the border.

I see your pen now, convener.

The Convener: Perfect. I was not sure whether you were ignoring it.

Fergus Ewing: No. I stopped immediately when I saw it.

Emma Harper: I will be very brief. The cabinet secretary highlighted that the coronavirus crisis has raised issues in the dairy sector that cannot specifically be attributed to the coronavirus. I assume that, outwith the pandemic, we will continue to look at further support for the dairy sector in the future.

Fergus Ewing: Yes, we will. As far as we are aware, there has to date been little, if any, dumping of milk in Scotland. I hope that the available guidance will ensure that that remains the case. For those who wish to consider it, the guidance that was agreed between the Scottish Government and SEPA was published on the SEPA website on 7 April.

Peter Chapman: We know that cattle prices are under severe pressure again, because of the pandemic and because of the carcass imbalance, which is due to restaurants and hotels being closed. The better-quality cuts—such as steak and roasting joints—are mounting up in storage, while there is huge demand for mince. What innovative solutions are being considered to try to rebalance sales of beef, so that the whole carcass can

recover in price, and the price for farmers can therefore recover?

Fergus Ewing: I thank Peter Chapman for raising that extremely important issue. As I mentioned, in most cases beef farmers had been losing money per kilo for quite a long time before Covid came along. Perhaps, as in the dairy sector, there is a systemic problem in the beef sector.

We very much value the good work that many retailers do to promote Scottish beef—and, indeed, British beef. Our aim and proposition to them, which I have written to the committee about, is that we would like them to do more.

I think that there is a desire among Scottish consumers, and consumers across these islands, to buy local and to support primary producers of Scottish prime beef, quality lamb and specially selected pork. That desire has probably been strengthened by the Covid crisis, which has made us so aware of the fragility of global food supply chains, many of which will be disrupted for the foreseeable future because of transportation and other difficulties—not to mention Brexit.

We are working very closely with Quality Meat Scotland, which has delivered a new £1.2 million scheme to promote Scotch beef. We are working closely with retailers, and I have written to each one, setting out a number of asks that we believe can be achieved in addition to the good work that is already being done. We can do far more to support our farmers, fishermen, processors and manufacturers.

If there is a clear legacy from the Covid crisis, it is that we, along with the major supermarkets, have a social contract to do even more to support Scottish and British producers. We need to make that a national endeavour. If it happens, much progress will be made to raise the depressed beef prices.

Peter Chapman: You are correct that during the lockdown period the secret lies with retailers, and that we must try to get them to boost sales of higher-quality cuts. However, we also need them to support local industry. There was enormous anger created in the industry a few weeks back, when a huge quantity of Polish mince appeared on supermarket shelves, although there was no need for that to happen. We need to ensure that that never happens again, while we are in this difficult position.

Fergus Ewing: Obviously, I am aware of the situation to which the member refers, and I am aware that it caused considerable anger.

There is a clear obligation on our supermarkets to support our home-grown high-quality foodstuffs—fish, lamb, pork or anything else. In most cases, that happens routinely, which is a

good thing. However, we can do more and they can do more. There is a social contract, and supermarkets have risen to the challenge of responding to Covid by staying open, working differently and solving Covid problems.

Supermarkets have also done quite well out of rates relief, of which there has been in excess of £200 million in Scotland alone. The matter should be seen in the round.

From what I have seen recently, supermarkets are all making great efforts to promote Scotch beef. I have seen it in magazines and newspapers, and in advertising. I have had 36 meetings with representatives of the food sector during the past eight weeks, many of which were with retailers. Those points have been put very clearly, and we are pushing at an open door: we have a willing supermarket sector. However, beef farmers get irritated when they see beef being brought in from many countries far away, so the supermarkets will wish to reflect on that—as, I think, they are.

Angus MacDonald: We know that the crofting sector faces unique challenges. What support is being considered for that sector, which often relies on supplying direct to the hospitality sector and has, through necessity, more diversified businesses? How are they to be supported in the coming weeks and months?

Fergus Ewing: I will answer that in two ways. First, there is routine support provided to those who are in active crofting, which is the financial packages and basic payments of more than £534 million since last autumn. Less favoured area funding is also important for our crofters, as we all know.

The convergence payments, totalling £87.69 million, also benefit many crofters. As members will recall, £6.67 million of that went directly to the crofting counties. Crofters can also access the crofting agricultural grants scheme and croft home grants for building new homes on croft land. I recently approved another round of those grants, which are heading towards 1,000.

Eligible crofters are able to access other schemes, including the creative tourism and hospitality enterprise hardship fund, the newly self-employed hardship fund, and UK-wide support for small and medium-sized businesses. Not all crofters are eligible for those, but those who are can access them.

If Mr MacDonald or other members wish to bring to my attention cases of absolute hardship, we want to hear about them. We want to know if we are not doing enough and we want to look at the matter openly, analytically and swiftly.

Angus MacDonald: Thank you. I am sure that John Finnie, the committee member for the Highlands and Islands, will take note of the cabinet secretary's offer to deal with individual cases of hardship.

I have no further questions, convener.

The Convener: Thank you. As we all know, crofting includes a mixture of businesses that are not just crofting and farming. All the other enterprises that go with it are so important.

That is probably a good point at which to leave things. I apologise to Emma Harper and Colin Smyth, whose other questions I did not get to. I will ask the clerks to follow them up, as well as the earlier question on the AHDB. There was also a question from the deputy convener for which I did not allow a full answer because of shortness of time. I apologise for that, but we really must move on to the fourth item on the agenda.

Subordinate Legislation

Direct Payments (Crop Diversification Derogation) (Scotland) Regulations 2020 (SSI 2020/135)

11:14

The Convener: Item 4 is consideration of one affirmative instrument: the Direct Payments (Crop Diversification Derogation) (Scotland) Regulations 2020. The committee will take evidence from Fergus Ewing, the Cabinet Secretary for Rural Economy and Tourism, and his officials. The motion seeking approval of the affirmative instrument will be considered under item 5.

Members should note that there have been no representations to the committee on the instrument, and the Delegated Powers and Law Reform Committee has made no comments on it.

I invite the cabinet secretary to make a brief opening statement.

Fergus Ewing: Thank you for making time today to consider the regulations, which have been made using emergency powers in the European Union direct payments regulation that were transferred to the Scottish ministers when the United Kingdom left the EU in January. The regulations provide a derogation from crop diversification requirements in the direct payments regulation, which stipulates the number of different crops that must be grown by farmers in Scotland.

There was an unusual increase in rain, coupled with an unusual decrease in sunshine, between August 2019 and January 2020. The result was that farmers across Scotland have been unable to meet the crop diversification requirement. The requirement helps to protect the environment, but sadly the damage has already occurred. This is about mitigating the impact on our farmers.

If we do not provide a derogation, farmers will incur, through no fault of their own, a penalty reducing the greening element of the basic payment scheme, which accounts for approximately 30 per cent of the total value of the scheme. Such a penalty could not come at a worse time.

For that reason, the regulations are a necessary and justifiable response to an emergency caused by adverse weather. I note that the European Commission has made similar provision for similar purposes in the past. The derogation applies only during claim year 2020, as that is what is strictly necessary.

I am happy to take any questions that members might have.

The Convener: Thank you, cabinet secretary. Three members have questions, the first of whom is John Finnie.

John Finnie: Is there a definition of what an emergency situation is? Do an increase in rain and a decrease in sunshine justify the removal of the diversification requirement? Is that necessary?

Fergus Ewing: The regulations are absolutely necessary. It is just a matter of common sense. The level of rainfall means that the three-crop rule would be totally impracticable for farmers. They would not be able to plant in winter and there would be other impacts.

We would not bring forward the regulations unless we were satisfied that they were necessary and that by doing so we would in no way contribute to damaging the environment.

John Finnie: Our role is to scrutinise and I am trying to look behind the regulations. A particular problem is that there has been no impact assessment. I appreciate the wish to support our farmers and crofters, but without diversification there could be a glut of a single crop—we have that with barley at the moment—which could, for argument's sake, lead to a price collapse and a request for assistance from farmers. Conversely, there could be a shortage of a particular crop, which could lead to a price hike for consumers.

The issue is broader than the impact on recipients of the payment. It is about the public. Why was there no impact assessment?

Fergus Ewing: We have had to act swiftly under the Covid-19 restrictions. I will bring in my officials to deal with the specific question of the impact assessment. I think that Professor Saddler has been dealing with that.

Professor Saddler: It is important to stress that the derogation is for only one year, so it is self-evident that its impact on the environment will be minimal.

The Convener: The next question is from Emma Harper.

Emma Harper: Professor Saddler just answered my question by saying that the derogation is temporary. I am sure that the farmers who had their slurry spreaders stuck in the fields during the wet weather last year will welcome it.

The Convener: The next question is from Stewart Stevenson.

Stewart Stevenson: Farmers have regularly complained over a long period of time about the three-crop rule that the EU introduced to respond in essence to Mediterranean farming but which made little sense in much of our environment. I therefore welcome that it appears to be being

suspended. In relation to that specific and narrow point, will the Scottish Government look at follow-on measures for subsequent years, and at a diversification scheme that is more relevant to Scotland's environment than the crude three-crop rule was?

Fergus Ewing: Mr Stevenson makes a good point—sorry, are you trying to signal something, convener? I will just soldier on, will I?

The Convener: I was just going to say that the point that Mr Stevenson is making is not particularly relevant to this piece of legislation. It might be sufficient for you to acknowledge or to not acknowledge it. I am just worried about time.

Fergus Ewing: Okay. Mr Stevenson makes a good point, and one that we should pursue further.

The Convener: Thank you, cabinet secretary. As no other member wants to ask a question, we move to item 5, which is the formal consideration of motion S5M-21632.

Motion moved,

That the Rural Economy and Connectivity Committee recommends that the Direct Payments (Crop Diversification Derogation) (Scotland) Regulations 2020 (SSI 2020/135) be approved.—[*Fergus Ewing*]

Motion agreed to.

Land Reform (Scotland) Act 2016 (Supplementary Provision) (Coronavirus) Regulations 2020 [Draft]

The Convener: Item 6 is the consideration of a further affirmative instrument. The committee will take evidence from Fergus Ewing, Cabinet Secretary for Rural Economy and Tourism, and his officials. The motion, which seeks approval of the affirmative instrument, will be considered under item 7.

I ask the committee to note that there have been no representations to the committee on the instrument. I invite the cabinet secretary to make a brief opening statement.

Fergus Ewing: Thank you. I brought these regulations forward in direct response to requests from the Scottish Tenant Farmers Association, which is concerned about the impact of coronavirus on the ability of its members to take advantage of the tenants' amnesty. The amnesty gives tenants the opportunity to serve notice on landlords that specific relevant improvements are to be treated as tenants' improvements, capable of compensation at waygo, if certain criteria are met.

Generally, the informal amnesty preparation process requires an on-farm, face-to-face meeting between the parties to view and discuss improvements. In the current circumstances, those meetings cannot take place. Although not

essential, those meetings are an important part of a best-practice approach of reaching consensual agreement and avoiding conflict wherever possible.

The amnesty commenced on 13 June 2017 and was due to end on 12 June this year. The regulations extend that period by a further six months until 12 December 2020, which give the current restrictions the chance to lift and allow people to conclude discussions within the broadly equivalent period that the act intended, had the coronavirus outbreak not taken place. As I said, the Scottish Tenant Farmers Association asked for the extension. My officials have also consulted the tenant farming commissioner and other stakeholders and they do not oppose the extension. Therefore, I hope that members will support the regulations, which will reduce pressure on tenant farmers at this difficult time.

The Convener: I thank the cabinet secretary for that explanation. Since no members have notified me that they want to ask a question, we will move on to item 7, which is the formal consideration of S5M-21670, in the name of the cabinet secretary.

Motion moved,

That the Rural Economy and Connectivity Committee recommends that the Land Reform (Scotland) Act 2016 (Supplementary Provision) (Coronavirus) Regulations 2020 [draft] be approved.—[*Fergus Ewing*]

Motion agreed to.

Agriculture Bill

11:26

The Convener: Item 8 is for the committee to consider a legislative consent motion, lodged by Fergus Ewing, the Cabinet Secretary for Rural Economy and Connectivity. The LCM relates to the UK Agriculture Bill. As the lead committee, we are required to reflect on the memorandum, consider whether we are content with its terms and report our findings to the Parliament. The DPLR committee considered the LCM at its meeting on 12 May. It is content with the responses that it received about the balance of powers between the Scottish Government and the UK Government, but it is less satisfied with the responses about how parliamentary scrutiny would be ensured. We have a letter from the DPLR, which says that the Scottish Government's response does not contain a commitment to notify the Scottish Parliament in advance of consenting to the UK Government making legislation within devolved competence or to obtain the Scottish Parliament's views. We also have correspondence from the Environment, Climate Change and Land Reform Committee. I ask the cabinet secretary to make a short opening statement and then we will move to questions.

Fergus Ewing: The legislative consent memorandum for the UK Agriculture Bill was laid before the Scottish Parliament on 4 May. The Scottish Government is recommending consent only to provisions on food security, fertilisers and the red meat levy within the bill.

The Scottish Government will continue to work with the UK Government to secure an approach to the provisions on organic products, livestock information and the World Trade Organization agreement on agriculture that we can support. That includes our proposed amendments to introduce statutory consent requirements for those provisions within the bill.

A supplementary memorandum might be lodged in due course, depending on the progress that is made with the UK Government on those outstanding policy issues.

Because of the on-going Covid response, there has been a delay at Westminster to the remaining Commons stages of the bill. It is expected that those stages will take place later today.

My officials and I are happy to take further questions from the committee.

Peter Chapman: What is the Scottish Government's reason for recommending consent only for certain provisions in the bill? That is unusual.

11:30

Fergus Ewing: The reasoning is set out fully in the legislative consent memorandum that is before the convener and Mr Chapman. There are provisions in the bill with which we are content, such as those relating to food security, the red meat levy and fertilisers, and for which the Scottish Government is happy to seek the consent of the Scottish Parliament. There are other provisions, such as those on organic products and the identification and traceability of animals, for which we would be prepared to seek the Parliament's consent, as signalled at paragraph 23, if there was some adjustment by the UK Government. Finally, there are areas in which there is disagreement between the UK and Scottish Governments about the need for consent at all. The picture is complex, but we believe that the LCM, which is lengthy, sets it out as clearly as possible.

We spend a lot of time working with the UK Government to try to agree things if we possibly can. In one case, the UK Government accepted that its view of the law, which had been hitherto held for two or three years, was wrong, and it was good enough to retreat on that point, so we made progress. We are still willing to make progress if that is possible. I engage regularly with Victoria Prentis, who is the new farming and fishing minister, and, of course, with George Eustice.

Rachael Hamilton: Will future funding be included in the block grant? If there is policy divergence, what impact might that have on funding?

Fergus Ewing: I ask the officials to listen carefully and to correct me if I am wrong, but my understanding is that none of the provisions in the bill relate to EU funding. As noted in the LCM, part 1 of the UK bill, on financial assistance, does not apply to Scotland. There are wider questions on guarantees about future funding, and we are concerned that there is insufficient clarity from the UK about replacing EU funding, but my understanding is that that is not the province of the bill.

If you do not mind, convener, I would be grateful if the officials could confirm that I have got that entirely correct.

The Convener: Absolutely. Who is going to disagree or agree with the cabinet secretary?

Professor Saddler: I would not dare to disagree with him. I think that he is correct.

The Convener: Has that provided the cabinet secretary with sufficient reassurance for us to move on to the next question?

Fergus Ewing: To the best of my belief, and having had a quick look at my briefing, I believe

that what I have said is the case. If it is not, we will revert to Rachael Hamilton immediately thereafter.

Funding is not really the issue in the bill—there is a load of other pretty technical issues—except for the provisions on the red meat levy. The bill paves the way for repatriation of the red meat levy, which has been allocated south of the border and relates to cattle that have been born and reared, and that have survived until their last day or so, in Scotland. We have been calling for those provisions and absolutely support them. They should have been implemented this April—or even last April—but, sadly, there have been delays to the bill because of Brexit and Covid-19. The provisions cannot come soon enough, because they will allow us to do more marketing of our high-quality beef and they will allow QMS to build on the good work that it does there anent.

Peter Chapman: I find it difficult to understand how the bill can progress without having the common frameworks alongside it to set out the working relationships between the Administrations and how disputes will be resolved. Will the cabinet secretary comment on that?

Fergus Ewing: My briefing informs me that the question of common frameworks is addressed in paragraphs 32 and 33 of the LCM. Paragraph 32 says:

“In relation to organic products and fertilisers, non-statutory frameworks have been proposed, with clauses 31, 36 and 37 providing any required statutory underpinning.”

Our priority is to get the arrangements for consent for organic products right in the bill so that the non-statutory framework setting out working arrangements can be progressed. In relation to WTO, we regret the UK Government's approach is to push through the provisions in clauses 40 to 42 without having regard to the agreed principles in common frameworks. Apparently, the UK Government has belatedly recognised that one aspect of those WTO clauses requires the consent of the Scottish Parliament. That was the issue that I was alluding to in response to the previous question. We hope that the UK Government will engage with us meaningfully on the matter.

The Convener: My question is simple. The LCM agrees consent in various areas. What are the implications for those areas that have been agreed on if agreement is not reached on the other areas?

Fergus Ewing: That might be a legal question and therefore one that I would not be qualified to answer. The LCM does what it says—it gives qualified consent. The question would be what the status is of those provisions for which the Scottish Government and—if the motion is approved—the Scottish Parliament have withheld consent. It

would probably be imprudent for me to ponder that legal question.

It is more a question of democracy. Despite the fact that my approach has been to try to co-operate fully on agriculture and fishing bills and to make progress by working consensually with UK officials, which we do all the time, on some occasions we seem to reach a stumbling block such that we just have to agree to disagree. With the benefit of the appropriate advice, we absolutely believe that some measures predate powers of the Scottish Parliament and we are, in principle, opposed to that. We believe that we should stand up for the powers of the Scottish Parliament. Such provisions might relate to highly technical matters, but that does not mean that they are not important in practice to people's lives, livelihoods and the environment.

We are taking a principled approach. I think I know what answer the UK Government would give, but as I cannot speak for the UK Government I will hold my counsel.

The Convener: That sounds like legal advice.

Are members content to recommend in the committee's report that the Parliament should agree the draft motion as set out in the LCM?

Members indicated agreement.

The Convener: Are we also agreed to note the actions being taken by the DPLR Committee in our report?

Members indicated agreement.

The Convener: Are members content for me to agree the wording of a short report to the Parliament summarising the committee's consideration of the LCM with the clerks?

Members indicated agreement.

Direct Payments to Farmers (Legislative Continuity) Act 2020

Proposed Direct Payments to Farmers (Amendment) Regulations 2020

11:38

The Convener: We have received consent notifications in relation to two UK statutory instrument proposals. The first is on the proposed direct payments to farmers (amendment) regulations 2020. If there are no comments, do members agree to write to the Scottish Government to confirm that the committee is content for consent for the UK statutory instrument proposal that is referred to in the notification to be given?

Members indicated agreement.

Proposed Direct Payments Ceilings Regulations 2020

The Convener: We move on to item 10. Does any member wish to comment on the proposed direct payments ceilings regulations 2020? If there are no comments—[*Interruption.*]

Maureen Watt: Peter Chapman has a question, convener.

Peter Chapman: Why is the Bew money not included in this round of payments, and when will it be delivered to Scottish agriculture?

The Convener: No one in the meeting can answer that specific question, so we could put it in our report, if you are happy with that.

Peter Chapman: Okay.

The Convener: As there are no other comments, does the committee agree to write to the Scottish Government to confirm that it is content for consent to be given to the SI proposal?

Members indicated agreement.

Annual Report

11:43

Meeting continued in private until 12:09.

11:42

The Convener: Our next item is to ask committee members whether they are content that we agree to our annual report by correspondence. No member has disagreed, so we will conclude our report via correspondence, which the clerks will circulate to members for comment.

That concludes the public part of the meeting.

The next committee meeting will be scheduled for an appropriate date, which will be notified through the business bulletin and via the committee's web and social pages. In the meantime, we will follow up in correspondence any issues that we have dealt with regarding scrutiny.

I move the meeting into private session.

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

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