

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

AGRICULTURE BILL

First Sitting

Tuesday 11 February 2020

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
Motion to sit in private agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 15 February 2020

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The Committee consisted of the following Members:

Chairs: † SIR DAVID AMESS, GRAHAM STRINGER

| | |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| † Brock, Deidre (<i>Edinburgh North and Leith</i>) (SNP) | † Jupp, Simon (<i>East Devon</i>) (Con) |
| † Clarke, Theo (<i>Stafford</i>) (Con) | † Kearns, Alicia (<i>Rutland and Melton</i>) (Con) |
| † Courts, Robert (<i>Witney</i>) (Con) | † Kruger, Danny (<i>Devizes</i>) (Con) |
| † Crosbie, Virginia (<i>Ynys Môn</i>) (Con) | † McCarthy, Kerry (<i>Bristol East</i>) (Lab) |
| † Debbonaire, Thangam (<i>Bristol West</i>) (Lab) | † Morris, James (<i>Halesowen and Rowley Regis</i>) (Con) |
| † Dines, Miss Sarah (<i>Derbyshire Dales</i>) (Con) | † Oppong-Asare, Abena (<i>Erith and Thamesmead</i>) (Lab) |
| † Doogan, Dave (<i>Angus</i>) (SNP) | † Whittome, Nadia (<i>Nottingham East</i>) (Lab) |
| † Eustice, George (<i>Minister of State, Department for Environment, Food and Rural Affairs</i>) | † Zeichner, Daniel (<i>Cambridge</i>) (Lab) |
| † Goodwill, Mr Robert (<i>Scarborough and Whitby</i>) (Con) | Kenneth Fox, Kevin Maddison, <i>Committee Clerks</i> |
| † Jones, Fay (<i>Brecon and Radnorshire</i>) (Con) | † attended the Committee |
| † Jones, Ruth (<i>Newport West</i>) (Lab) | |

Witnesses

Martin Lines, Chair, Nature Friendly Farming Network (and farmer)

ffinlo Costain, Farmwel

Caroline Drummond MBE, Chief Executive, Linking Environment And Farming (LEAF)

Jack Ward, Chief Executive, British Growers Association

Thomas Lancaster, Principal Policy Officer, Agriculture, Royal Society for the Protection of Birds

John Cross, Chair, Traceability Design User Group

Simon Hall, Managing Director, Livestock Information Ltd

Christopher Price, CEO, Rare Breeds Survival Trust

David Bowles, Head of Public Affairs, Royal Society for the Prevention of Cruelty to Animals

Public Bill Committee

Tuesday 11 February 2020

(Morning)

[SIR DAVID AMESS *in the Chair*]

Agriculture Bill

9.25 am

The Chair: Before we begin, I have a few preliminary points. Please switch off mobile phones. Tea and coffee is not allowed; that is not me being pompous—the Speaker does not allow tea or coffee in the Committee Rooms. Until that changes, Lent has come early and it is definitely water only.

We will first consider the programme motion on the amendment paper. We will then consider a motion to enable the reporting of written evidence for publication and then a motion to allow us to deliberate in private about our questions before the oral evidence session. In view of the limited time available, I hope we can take those matters without too much debate.

The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): I beg to move, That—

- (1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 11 February) meet—
 - (a) at 2.00 pm on Tuesday 11 February;
 - (b) at 11.30 am and 2.00 pm on Thursday 13 February;
 - (c) at 9.25 am and 2.00 pm on Tuesday 25 February;
 - (d) at 11.30 am and 2.00 pm on Thursday 27 February;
 - (e) at 9.25 am and 2.00 pm on Tuesday 3 March;
 - (f) at 11.30 am and 2.00 pm on Thursday 5 March;
 - (g) at 9.25 am and 2.00 pm on Tuesday 10 March;
- (2) the Committee shall hear oral evidence in accordance with the following Table:

| <i>Date</i> | <i>Time</i> | <i>Witness</i> |
|---------------------|------------------------------|---------------------------------------------------------------------------------------------------|
| Tuesday 11 February | Until no later than 10.30 am | Nature Friendly Farming Network; Farmwel; LEAF; British Growers Association |
| Tuesday 11 February | Until no later than 11.25 am | RSPB; RSPCA; Rare Breed Survival Trust; Traceability Design User Group; Livestock Information Ltd |
| Tuesday 11 February | Until no later than 2.30 pm | Ulster Farmers Union; DAERA |
| Tuesday 11 February | Until no later than 3.00 pm | NFU; National Federation of Young Farmers Clubs |
| Tuesday 11 February | Until no later than 3.30 pm | Cooperatives UK |

| <i>Date</i> | <i>Time</i> | <i>Witness</i> |
|----------------------|------------------------------|-------------------------------------------------------------------|
| Tuesday 11 February | Until no later than 4.15 pm | Campaign to Protect Rural England; Kings Crops; Holkham Estate |
| Tuesday 11 February | Until no later than 5.00 pm | Country Land and Business Association; Tenant Farmers Association |
| Thursday 13 February | Until no later than 12.15 pm | NFU Cymru; Farmers' Union of Wales; Welsh Government |
| Thursday 13 February | Until no later than 1.00 pm | Soil Association |
| Thursday 13 February | Until no later than 2.30 pm | NFU Scotland; Quality Meat Scotland; Scottish Government |
| Thursday 13 February | Until no later than 3.00 pm | George Monbiot, The Guardian |
| Thursday 13 February | Until no later than 3.30 pm | Professor Bill Keevil, University of Southampton |
| Thursday 13 February | Until no later than 4.00 pm | Unite; Landworkers Alliance |
| Thursday 13 February | Until no later than 4.30 pm | Sustain; Compassion in World Farming |
| Thursday 13 February | Until no later than 5.00 pm | Which? |

- (3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 28; Schedule 1; Clause 29; Schedule 2; Clauses 30 to 34; Schedule 3; Clause 35; Schedule 4; Clauses 36 to 43; Schedule 5; Clauses 44 and 45; Schedule 6; Clauses 46 to 49; Schedule 7; Clauses 50 to 54; new Clauses; new Schedules; remaining proceedings on the Bill;
- (4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 10 March.

The programme motion was agreed by the Programming Sub-Committee yesterday. I hope we are all agreed on the programme motion, and I look forward to hearing evidence from witnesses in the order set out.

Question put and agreed to.

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*George Eustice.*)

The Chair: Copies of written evidence that the Committee receives will be made available in the Committee Room. Colleagues can get papers on that table over there. The helpful Clerks will indicate where they are; if Members go around, behind me or the witnesses, they can pick up the papers.

Resolved,

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(*George Eustice.*)

9.27 am

The Committee deliberated in private.

Examination of Witnesses

Jack Ward, Caroline Drummond, ffinlo Costain and Martin Lines gave evidence.

9.30 am

Q1 The Chair: We will now hear oral evidence from the Nature Friendly Farming Network, Farmwel, Linking Environment and Farming, and the British Growers Association. Starting with Jack Ward, could you all very briefly introduce yourselves?

Jack Ward: My name is Jack Ward, and I am the chief executive of the British Growers Association, which predominantly operates in the fresh produce sector—fresh fruit and fresh vegetables.

Caroline Drummond: I am Caroline Drummond, the chief executive of LEAF—Linking Environment and Farming—a farming environment charity promoting more sustainable agriculture and a whole-farm approach, with demonstration farms, the LEAF marque and a public outreach area. I am also married to a dairy farmer.

ffinlo Costain: I am ffinlo Costain, the chief executive of Farmwel, which was established to develop a really positive outlook on reform of the common agricultural policy post Brexit. We work very closely with the FAI—Food Animal Initiative—farm in Oxford, which is one of the world’s largest food sustainability consultancies.

Martin Lines: I am Martin Lines, an arable farmer from Cambridgeshire. I am the UK chair of the Nature Friendly Farming Network. We have farm membership across the UK, as well as public membership and organisations that support the network.

The Chair: May I say to our witnesses, if you have never previously appeared before a Committee, that there is nothing at all to be worried about? My colleagues are very friendly. They are just trying to get information from you to use during the Committee stage of our proceedings. The session ends at 10.30 am, so it will go very quickly.

Q2 George Eustice: I want to start by asking what you consider to have been the main failures and limitations of the existing direct payment scheme, the common agricultural policy. Also, what are the main opportunities for your own particular interests, based on a new policy that rewards farmers for the delivery of public goods?

ffinlo Costain: One of the key challenges with the common agricultural policy is that it has largely rewarded farmers for owning land, and it has presided over an enormous disconnect between farmers, other people in the countryside, and customers, and often the supply chain as well. The huge advantage of the new legislation is that, in changing the funding system to public funds for public goods, we will be able to deliver the changes that we need—the farm animal welfare improvements, the sustainability improvements, the climate mitigation, and the biodiversity restoration, which has been so degraded under the common agricultural policy.

Make no bones about it: we are facing a climate and nature emergency that is upon us now, not tomorrow. It is critical that we get this right. For me, getting land use right is the golden ticket. Having the opportunity at this time to reform land use—so that we can continue

producing good food and good nutrition, delivering national security in that way, which is critically important, as well as delivering climate mitigation, land adaption to help with climate change, and biodiversity restoration—is absolutely critical. The Bill comes at the perfect time, and it is well set up. There are some challenges within it, and some issues that I think we will address, but in general terms it is very positive.

Martin Lines: As a farm owner and a tenant, under the current system, with the single farm payment, I am encouraged to farm to the very edge of fields. Biodiversity and other bits of the landscape are not rewarded. As a tenant, my landlord takes away most if not all of my single farm payment on top of the rent. If we move to a public goods model, I actually get rewarded for the delivery of services as a land manager—as a farmer—so we would move into a system that better supports actual farmers, rather than the ownership and management of the landscape.

Caroline Drummond: One of the real challenges of the past system was the capability to drive ambition for farmers. It was a “Tell me what I’m doing” type of approach, so going forward, we have a real opportunity to demonstrate leadership, vision and ambition for our farming sector. Ensuring that we get the right governance is going to be really important. There needs to be partnership and development of trust between Governments, from voluntary approaches that are externally, independently verified such as farm assurance schemes, right through to building on some of the success stories of capability and innovation that we have seen among some of the farmers who are already thriving and doing very well in this country.

Jack Ward: The fresh produce industry has not benefited that greatly from the CAP. We are about 170,000 hectares; we have an output of about £2 billion from that area, and the contribution from the basic payment scheme is about £40 million. However, the contribution from the producer organisation scheme, which is broadly equivalent, has been incredibly important. I think we would like to see that continue in some shape or form.

In terms of opportunities, there is a terrific opportunity to increase the amount of fruit and veg that we currently produce. In some sectors, such as tomatoes, we are very dependent on imports. We import eight out of 10 tomatoes that we consume in the UK; we must be able to do better than that.

Q3 Daniel Zeichner (Cambridge) (Lab): Good morning to you; it is very nice to see a farmer from Cambridgeshire here. The opening comments from the witnesses have been very positive and helpful, and I think we all welcome the notion of public money being spent on environmental gain. However, a number of us are concerned about the lack of detail in the Bill about environmental land management schemes. I think we had expected a policy paper from the Government, but I am not sure we have seen that yet. Do you share that concern?

ffinlo Costain: It is really important for Government to set a framework, but if there is a criticism of the way that Europe and the common agricultural policy have worked in the past, it is that it has been way too prescriptive. That has meant that, to a large extent, farmers have learned to do what they are told, rather than to properly understand and integrate what they are doing on their land.

My own view is that Government should become more goal-centred. They need to set the right metrics and to understand what outcomes they are trying to achieve, but then they need to take a step back and allow farmers to farm. Farmers understand their land, and if they have a funding model that supports environmental excellence and other public goods—restoration of soil health and so on—they can work out ways to do that. I would hate to see a situation where there is a continuing prescriptive approach, but it is focused on the environment rather than on how to produce cattle, and we end up with farmers still not really understanding what they are doing and simply farming the subsidy.

We need ownership of change, and farmers can do that. Farmers understand their land; they know their land, and if we give them the freedom to work within that public goods model, they will deliver the outcomes. They will step up. They are a standing army out there, ready to do this, and they will step up and do it.

Martin Lines: I have concerns about what the ELM for England would look like, the transition period, and how the funding is going to work. We need more detail about what the future will be, so that the farmers can start changing and adapting now to the model of what is coming. There is some concern, particularly about the transition period. As we go into the new system and payments under the current system tail off, what is going to bridge the lull in the middle, and how do we get farmers to step across to the new system at speed?

Caroline Drummond: I agree. There needs to be the policy documentation, so we can identify what this is going to look like and how the knitting all joins up—there are lots of balls of wool, but what are we trying to knit at the end of the day? Not much has been left out of the Bill, which is really key, but we need to know how it will be interpreted and how the ELMS projects will be carried out. There are a lot of them going on, and we need to know how they will be brought together to demonstrate the delivery against metrics, outcomes and, ultimately, impact. Ultimately, the Government have to deliver against the global and national targets around the sustainable development goals, the Paris agreement, and so on, but the farming sector has the opportunity to support us in demonstrating that we are helping on issues around climate change, biodiversity, soil improvement and those matters.

The Chair: Before bringing in Danny Kruger, I should have told new Members that, when they start questioning—they do not have to do it every time—they should declare any financial interest they have in these areas.

Q4 Danny Kruger (Devizes) (Con): Certainly, I do not have any financial interests in the business of farming. Martin, I was interested in your point about the way that, under the direct payments system, the landlord gets the benefit, not the tenant. Is that just your experience, or can you amplify that point and explain more how that works? Are you confident that that will not be replicated under the new regime? Does the Bill give you confidence that the tenants will get the benefits from public money for public goods?

Martin Lines: For many of the tenancies, the price per hectare per area went up, compared with the payment, so they see that as a benefit of owning the land. Many

landlords get the payment directly and the farmer has to manage, which disconnects the reward from managing the landscape, so the current system does not benefit the farmer. It challenges cash flow, because as a tenant I am paying rent for six to 12 months before I get it back under the payments system, so there a problem with cash flow, particularly with late payments. There is a big issue with the new system about payment timings. There are huge challenges under the new system.

Under the current system, we know that some landlords are trying to get the stewardship payment, or parts of it, but under the new system, if you are delivering habitat, or pollen and nectar, bits and pieces, you are the farmer doing the work. You should be getting the reward. There will be an increase in capital, and the landlord will be rewarded for capital aspects and other things that are delivered on the landscape.

The Bill should be about encouraging the whole-farm approach of better farm land management and looking at all aspects, not just food production—pollination, flood mitigation, soil health improvement and public access. The farmer's role is not just about food production; it is about providing goods and services. The definition of a farmer is someone who manages land to deliver goods and services. One of those is food, but many other things can be delivered, and if we move the system, we can be rewarded for those and create a better system.

Q5 Kerry McCarthy (Bristol East) (Lab): Do you think the Bill does enough to encourage the whole-farm approach, or is there a danger that farmers might just pick and choose among the public goods and do some of the things that are easier, but carry on farming as normal on the rest of the farm?

ffinlo Costain: I think you are quite right about the key concern that I and other colleagues I have spoken with have. There has to be a whole-farm approach. If public goods are being delivered, it has to be a combination of public goods and we need baseline assessments supporting that around carbon and biodiversity that are whole-farm. From our perspective, it would be horrible if we go through all this work and have all this ambition but end up with a sparing approach, where we have one bit of land put off for sequestration with Sitka spruce, creating the various challenges that that does, another bit for rewilding, and another bit for ever-more intensive food production. It is critically important that we face the challenges of the whole-farm approach. The best and most efficient way to make progress is for every hectare, as far as possible, to deliver good, nutritious food, climate mitigation and adaptation, and biodiversity restoration. A whole-farm approach is absolutely critical, and we would welcome an amendment that crystallises that and makes it clearer in the Bill.

Martin Lines: The only concern is with those who do not engage in the system and choose not to take public goods money. How are they going to be legislated for against the minimum standards?

Q6 Kerry McCarthy: Do you mean the baseline regulations?

Martin Lines: Under the current system we have cross-compliance. With those who choose not to engage in the system, because they want to push for productivity,

how is the system going to legislate for and regulate the basic standards? Who is going to be the policeman for the countryside, to raise standards and make sure they are enforced? We have seen many problems already with soil health degradation and other environmental issues that are not being addressed.

Q7 Kerry McCarthy: As I understand it, at the moment, farmers will get the basic payments for just having the land. If you check cross-compliance and they are not meeting the standards, they will be penalised. Are you saying that if you have a public goods approach, and people get rewarded only for the good stuff they do, there is not a way of penalising them or holding them to account if they are not meeting standards?

Martin Lines: We are not sure who is going to be holding them to account or what kind of standards there are. Nor do we know how those who choose not to engage in the system will be held to account, because you cannot withhold a payment if they are not receiving a public goods payment. We need to make sure that that standards system is in place.

Caroline Drummond: I think there are some nuances, in terms of the “mays” and the “musts”—there should be a bit more “must” in some areas. Whole-farm approaches are absolutely critical. I have been an advocate of the whole-farm approach for the last 30 years, and I think it is absolutely key to making sure that soil management, climate change mitigation and biodiversity, and indeed landscape and cluster-type approaches, are driven in. That is where the ELMS projects will be really vital. A lot of their design is based around land management plans, which I imagine will be whole-farm. A lot of the third tier is proposed to be around cluster groups and landscape scale-type approaches. It goes back to this question of farmers choosing not to be engaged at all, how do we account for that? How do we really drive and match the ELMS within the ambition of the Bill?

Jack Ward: While there is a lot of focus on public money for public goods, making sure that UK agriculture is inherently profitable is hugely important, because no amount of public funding is going to supplement an overall lack of profitability. If in five years’ time we have an inherently unprofitable farming industry for whatever reason, I just do not think there is going to be enough public funding available to make good that shortfall. Alongside public money for public goods, we really have to ensure that basic agriculture can wash its face.

The Chair: Mr Costain, and then we really must move on.

ffinlo Costain: The issue of eligibility for public funds is really critical. What Wales is planning is interesting. It is planning that there will be a requirement for baseline assessments on carbon and biodiversity before farmers are even eligible for the public goods payment. That will take place annually to continue that eligibility. That is a really positive approach, and it is important. Whole-farm, getting the eligibility, making sure of that baseline and continued monitoring of metrics are critical.

Q8 Mr Robert Goodwill (Scarborough and Whitby) (Con): I declare an interest: I am a farmer in North Yorkshire, where we have been since 1850, and a member of the National Farmers Union and the Country Land

and Business Association. The question I want to ask is whether you think the Bill will do enough to enable us to get the balance right and reward people for what they are doing already—I am thinking particularly of some of the upland farmers on the North Yorkshire moors and in the very marginal parts of our country. Most people probably take the view that they should keep doing exactly what they are doing, because that is exactly what we want. The flip side of that is incentivising other farmers, perhaps in the east of the country, on some of our more intensively farmed areas, to do more green things. Do you feel that there is enough in the Bill to reassure those who are in those upland areas who are concerned because the subsidies are basically what are keeping them on the land, and the others—the Beeswax Dyson Farmings of this world—who can dance to the tune that the Minister is playing? I think Caroline might be the best person to start.

Caroline Drummond: I am not too sure. It is interesting that there is a lot about livestock production in here, but a lot of that level of detail will have to come through the policy support, because upland farmers are under a huge amount of pressure. There are discussions around the meat challenges of Veganuary and climate change mitigation, but we should look at what they offer in terms of tourism and capability to manage. For those very sensitive land areas, right through to some of the high-value peat areas, I think there will be the need to get some really good ELM projects to better understand how we can support those farmers. Exeter University is doing a lot of work in this area at the moment to find out how those farmers, as Jack just said, can actually make a profit at the end of the day. There are a lot of social services, public goods, environmental goods, tourism and additionalities that these farmers offer on incredibly tight margins.

Martin Lines: I think there will be movement with payments. As an arable farmer in Cambridgeshire on a large field system, the productivity of my landscape is really good. Most years it is quite a good, profitable system. If you are in the marginal areas—the uplands, in the west country where there is a smaller field-scale system—the public goods should be rewarding you more. I will probably receive less public goods money, but that will be moved, hopefully, across to the uplands and those cherished areas that cannot deliver more productivity, but need to be supported to deliver the public goods and with the landscape delivery stuff. It should be swings and roundabouts, but it should be fair. The detail is not in there and we need to see that transition. It is going to be about the journey if we move from one to the other and give farmers confidence about the future.

ffinlo Costain: I understand your point, Mr Goodwill. There is one farmer we work with in Northumberland with 1,000-odd acres on a sheep farm. When we have run the metrics of looking at his carbon footprint with GWP*—global warming potential “star”—the new accurate way of accounting for methane, which is very different from the way methane was accounted for 18 months ago and was recognised in the Committee on Climate Change land report just a couple of weeks ago, his farm impact is less than the average household of four, which is astonishing. We want to make sure that farm continues to get the funding as well.

We have proposed in the past that an acreage basis for that continuing maintenance of excellence could be a way to go because we need to make sure—exactly as I think you are saying—that we do not just restore biodiversity, we do not just mitigate climate change, but we hold and maintain that excellence afterwards. I hope that, within public goods applications, farmers will be able to make the case that they are continuing to deliver excellence. All farms can be better managed. We never achieve sustainability; it is a journey. However, if farmers can make the case that they are delivering public goods and continuing to deliver that—I would like to hear from Ministers on that—I hope they will continue to be eligible.

Jack Ward: From the fresh produce industry, in terms of sector, I think there is a lot of interest in what the ELMS might offer. Just coming back to the earlier question: until we see the detail it is difficult to make a judgment.

Q9 Deidre Brock (Edinburgh North and Leith) (SNP): It is very encouraging to hear your enthusiasm for improving the standards of the producers you represent. How concerned are those folks about cheaper imports undercutting produce through trade deals that might be negotiated in the future? Would you like to see something preventing that in the Bill? Certainly, the farmers I speak to are increasingly concerned about that.

Martin Lines: If we do not have the rug taken from under our feet: we are told to produce to a standard, but if different standards are allowed to be imported, how can we compete? Our costs are different. If the standard is positive across the platform, we can compete. It may be a different price model, but we can compete with that standard. We should export our environmental footprint. We can bring in produce from around the world to the same standard, so other people's standards can increase. There is huge risk because if we are told to produce goods to a standard, then yes, there needs to be something in the Bill or an assessment of the amount of stuff allowed in that is below our standards. We already allow in a lot of products below our standards. We are not allowed to use neonicotinoid treatments or genetically modified processes in the UK, but we import huge quantities. So there needs to be that sort of balance. I would struggle to say none, but there needs to be balance and fairness for the whole farming industry.

Caroline Drummond: It would be fair to say they are extremely concerned, and I think the majority of farmers are very concerned about not undercutting the capability and the investment that they have made. We are very fortunate. We work with a lot of can-do farmers who have made a huge investment in making sure they reach the level of trying to be more sustainable; trying to ensure that welfare standards are meeting and going beyond the regulation; and driving for new innovation and ways of improving and doing things. As Martin has said, offshoring the environmental and animal welfare delivery and the learnings we have made from those practices that are just not acceptable—not only to our farmers but to our customers—is not good news. There is a double whammy because although many countries say they do not support their farmers, they do in many different ways. That will be through investments and free advice. You just have to go on to the United States Department of Agriculture website to see the substantial amount of money that is going to support marketing,

drainage schemes, flood alleviation, irrigation and so on. We need to be very careful. There is that second hit of not only importing produce that potentially does not meet the standards or requirements of our farmers, but in addition to that is also being supported through different ways.

Jack Ward: In the fresh produce industry, we already import from about 90 countries, so there is a fair degree of free trade within fresh produce. I think the areas that would concern our growers are particularly around production systems that would be unlawful in the UK. That is particularly around crop protection and labour welfare standards. Those are two very key areas for the sector.

ffinlo Costain: I think it is terribly important, exactly as everybody else has said, but there are two sides to this particular coin. I understand, hear and welcome what Ministers have said repeatedly, that standards will not be lowered and that trade deals will not allow that to happen but, in terms of farmer and public confidence, it needs to be written in the Bill. I think it is really important that it is there.

I think that partly because of the impact that it could have on food, but also because of the impact it has on the industry that grows up around excellence: the marketing, the branding, the new technology, which Britain can become excellent and fantastic in. Associated with that—the other side of it—is what does brand GB look like? What are we exporting?

The opportunity here is to get something right in Britain, to do something excellent in terms of food production and the environment, and to export that knowledge and those brands and that technology around the world. When I look at Ireland, with Origin Green, it is the only example that exists of a national scheme of metrics. In Ireland, it is only around carbon; it does not yet incorporate GWP*, so it is flawed. It does not include biodiversity.

There is an opportunity for Britain when we get the metrics right, when we are collecting these at a national level, which also, by the way, means that we can better inform policy making in future, that this can underpin the British brand. If we allow food in that is undercutting our standards, it undermines our brand. It not only undermines our farmers, but the industry as a whole.

Caroline Drummond: We operate a global standard with LEAF marque; 40% of UK fruit and veg is LEAF marque certified. The fresh produce and the farmers that we work with on a global scale are meeting the same requirements demanded of our farmers in this country.

The Chair: We are now halfway through the evidence session. I have lots of colleagues who want to ask questions and I want to ensure that they are all called.

Q10 Miss Sarah Dines (Derbyshire Dales) (Con): I refer Members to the Register of Members' Financial Interests for my interest as a very small farmer. I have a question for Mr Lines. You mentioned that tenants should get the payment. Can I ask you two things? Are you advocating a change in business farm tenancy arrangements and land tenure? Or are you really saying that money from the Government should go to the person who physically farms, rather than the landowner, or a mixture of both? Would you please clarify?

Martin Lines: It would be a mixture of both. Many of the tenancies that are currently written are too short, with many of three to five years, because of the uncertainty ahead. They would be rewritten and reframed. The person doing the job—the work, the delivery of those public goods—should receive the income.

If it is about land, natural capital and something infrastructure-wise of trees, the landowner may get some of that. If it is about the delivery of habitat and flood mitigation, so that you are losing crop yield or change of land use, the tenant can manage some of that. It will be a redefining, but I think the industry will cope with it. We just need the timeframe for how we deliver it.

Q11 Daniel Zeichner: I would like to return to the vexed issue of imports to potentially lower standards. ffinlo, you mentioned some of the potential impacts. I would like everyone to comment on the potential environmental impact, given that people are so positive about the potential here. If we do find ourselves being undercut by lower-standard imports, what would be the effect on the environmental aims in the Bill?

Caroline Drummond: I think potentially farmers will walk away from supporting them ultimately, if the marketplace is not delivering against the requirements expected of the imported produce and farmers are increasingly required to deliver against goods that are costing them from a business perspective. That is one of the big dangers. A bigger issue is offshoring, and the fact that we have nine years to deliver against the sustainable development goals. We have the Paris agreements. We have a fantastic opportunity with the conference of the parties talks on climate change being held in this country later this year to herald our ambitions for delivering and demonstrating leadership in environmental delivery and in climate change mitigation delivery.

We might think we can compete on a global level in terms of a huge productivity market, but actually we are just small producers on a global scale. Our real opportunity lies in being the best at what we do. We already have such a good background: despite all the criticism that farmers get for delivering or not delivering against the environment, they have been hugely committed since 2001, after foot and mouth, through entry level stewardship and higher level stewardship agreements, to deliver vast changes and improvements, with strong ownership in how farmers are farming in this country. It would be a real shame to lose that. The Bill is an opportunity to build on that backbone and to place our farmers in a position whereby we continue to be world leading, but with more focused ambition and strong clarity on what we deliver from an environmental perspective.

Jack Ward: In terms of delivering environmental outcomes, we are looking at a balance between a farmer or grower's own investment and public money. If you start to cut away at the farmer's ability to invest as an individual, you lose an important part of the funding that will deliver the overall environmental improvements that you are looking for.

ffinlo Costain: I think the future for UK farmers has to be in quality. Volume production will increasingly become a mug's game. I would not advise farmers to go

into it. It should be about environmental excellence, animal welfare excellence and sustainability excellence. The danger is that if it comes into the country, some customers—perhaps quite a lot of customers—will buy it. That is where the undermining happens: it undermines our ability to develop that comprehensive basis for environmental excellence, and it will challenge emerging supply chains in particular. Part of our big challenge over the next 10 years is to shorten supply chains and to make sure that farmers are better able to claim decent farm-gate prices by selling direct or through many fewer cogs before they reach the customer. I worry about those smaller and emerging supply chains being undermined.

Alicia Kearns (Rutland and Melton) (Con): How do you assess that the security of food supply will be improved by the Bill? What do you see as the UK's greatest threat to food security?

Martin Lines: Food security can only come from healthy soil and a healthy environment. If we over-produce from our soils, we degrade them and there will be no food security for future generations. We need a balance of how we manage our landscape and how much we can produce from that balanced landscape. We can then consider what products we need to import, and whether we need to do other things or change diets or change the system. There needs to be an assessment of how our landscape looks, with a joined-up approach to landscape productivity.

ffinlo Costain: Traditionally, food security has been about volume and about being able to feed everybody. That has led us to the challenges we now face, which Martin just referred to. Food security comes from being able to produce good, nutritious, diverse and seasonally available food. That means we need to restore soil, have good water management, and good community dynamics, with complexity returned to our swards and landscapes where nature works with farmers to produce that food.

Looking forward 40 years to how society could break down as a result of climate change and biodiversity loss, food is the critical factor. If you look around the world at conflicts, including Syria, food is the critical factor that creates conflict. The way that we deliver national security is not by producing volume, but by ensuring that every hectare of our land can produce really good food, and by maintaining the rural economies and the ability of farmers to farm that land. That is why it is critical that we do not go down the route of sequestration here, wilding there, and food here. We need to be able to build broad diversity so that we have national food security in the future.

Caroline Drummond: There is often a lot of confusion around food security. There is the issue of our capability to grow, and having the infrastructure to support farmers with seed, fertiliser, tractor tyres, and investment in that area. There is the issue of what we actually mean by self-sufficiency, how we build our targets, and whether we are ambitious enough. There is food safety. We have some concerns about imported produce in terms of food safety challenges. That has been well heralded. There is also the issue of food defence—our capability to trade confidently, and to have the opportunity to receive food where we do not have self-sufficiency or sufficient produce.

It is a highly complex area. I think it is one area in the Bill where we would report every five years. Perhaps that could be amended to reporting every year, because it is so important.

Jack Ward: In the fresh produce industry, we are very dependent on imports to meet our needs. Arguably, it is the one area of food production where we want to increase consumption. Ultimately, the ability to increase our food security is down to grower confidence, and a willingness by growers to keep investing, and the returns that they can generate from that activity. The last six months have not done great things for grower confidence.

Q12 Daniel Zeichner: I would like to go back to the question of food security, and to some of the points that people have made. I am very concerned by some of what I am hearing, because it seems to me that there is a danger of a two-tier system emerging. A very high-quality, high-value system is, to *ffinlo's* point, not about chasing volume. Is there not a potential problem ahead for us if we are not careful, in that we will not produce nearly as much of our own food as we would like? Going back to my earlier question, that also has environmental consequences. It goes back to a point that I think Jack made at the beginning: the sector needs to be profitable to keep people working. Is there a real danger here?

Martin Lines: If I am producing wheat, I can increase my yield by putting more products on, but that has a higher environmental risk, because a lot of those nitrates and products will leave the soil, because the crop has not used them in some years. If we hit the sweet spot with the productivity of our landscape, we can produce what the landscape can cope with, and push it some years, when needed, as well as ease off. It is about finding the balance point. We know from many livestock farmers that reducing livestock numbers actually makes them healthier, better animals, and they produce quicker because there are fewer there and the grass is better.

We have focused for so long just on yield and output, not profitability. Reducing my overall output gives me more profit at the end of the day. It is a funny way to look at how it works, but you end up spending more than you get in return. You chase the extra yield by spending more money. We need to find the place where we deliver as much as we can. Sometimes we can push that if we need to—if there are weather challenges, or other issues—but we should not be out there just to push it, doing environmental damage as a consequence of my farming operations.

ffinlo Costain: The most intensive food systems are environmentally damaging. They are damaging in terms of farm animal welfare, and often just in terms of the jobs that are provided for people, which are not pleasant. The death knell needs to be rung for those sorts of farms.

There is an assumption that with environmental excellence, because of our association with going from mainstream to organic, comes a reduction in yield. There does not need to be a reduction. There are so many examples, here and around the world—Martin being one—of regenerative agriculture, which is giving environmental excellence and social excellence. Farm animal welfare is not an issue on his farm, but elsewhere there are regenerative beef and cattle systems where yield is being maintained in terms of mainstream amounts, and even increased.

There is an assumption that high environmental standards mean a reduction in yield; that is not necessarily the case. It is not just about looking at volume; it is about looking at a whole range of different changes. We need a dietary shift in Britain. That does not mean no meat and dairy, but it probably does mean a bit less meat and dairy as we go forward, and a bit more fruit and vegetables. We can deliver that, with agroforestry approaches and regenerative approaches. We can more than sufficiently provide food for the people of this country—I have no doubt about that—but it will mean changes in diet, and a little bit of change in the way that we farm, at the same time as focusing on multiple outcomes, rather than simply the outcome of producing lots of food. It is food, climate and biodiversity.

Caroline Drummond: We have a tremendous amount of evidence and case studies to demonstrate the importance of integrated farm management practices and how farmers have increasingly adopted them, in terms of economic viability, good performance and optimising the capability of the land. That is a really strong driver. One of the big keys will be how we link the Agriculture Bill with the Environment Bill and the national food strategy—this is such an opportunity for really trying to work out what it is that we want to develop and to balance and to build in what we grow, how we grow it and how we improve the health of our nation as well.

Q13 Virginia Crosbie (Ynys Môn) (Con): My question relates to employment numbers in the farming sector. Will we see people entering the sector that otherwise would not, as a result of the Bill? What will we see in terms of demographics, and what will we see in terms of the skillset of people working in the sector?

ffinlo Costain: My hope is that we would see growth in all of those areas. In order to have farming excellence we need to have working farms. In the future, there may be fewer farmers spending their days on tractors, but there will be more farmers doing more high-value jobs and more marketing within the countryside. If we look at cattle and shortening supply chains, we ought to be supporting—we can through the Bill—new infrastructure, such as local abattoirs and co-operatively owned abattoirs. That creates new jobs and infrastructure within the countryside, which can then be sold with the marketing and branding jobs that go along with that. I want to see good-quality jobs, not just jobs, and there is the opportunity here, if we get it right, to create good-quality jobs, and more of them.

Caroline Drummond: Maybe I missed it, but I do not know whether the Bill itself would be the driver for more people to say, “Yay, I want to go into agriculture.” There is an opportunity to go into agriculture, with exciting innovations and technology, and the fact that we touch each of the five senses, which no other industry does. We do a lot of education programmes at LEAF. We run Open Farm Sunday. From that point of view, it is about getting more people more connected with their food. Some of the supporting information around things like the national food strategy and the 25-year environment plan have to help to support and drive enthusiasm—have to help to inspire a younger generation to recognise that the food sector, the farming sector and its associated industries are really fantastic. We have fewer young people coming through and we just have to compete a little bit harder than every other industry.

Jack Ward: There will be more competition for labour, and trying to attract people into the industry will be more difficult. Certainly, within our sector there will be a big drive towards automation to take labour out of the equation, because it will be harder to come by. As earlier speakers have alluded to, as a consequence we will see higher-value jobs. We will see more technologists and more people designing and managing systems, rather than doing some of the manual work that we have seen them do over the past 25 years.

The Chair: We have 15 minutes left and at least five colleagues want to ask questions. I call Kerry McCarthy.

Q14 Kerry McCarthy: May I just ask about the climate change angle? The NFU has said that it wants to reach net zero farming by 2040. There is no target in the Bill. My concern is that farmers do not really have a road map for reaching that target—we are relying on individual farmers to perhaps pick up on the public good element that is mentioned. Could the Bill be stronger in terms of the net zero commitment?

ffinlo Costain: The first thing that needs to happen is that the metrics need to be right. At the moment, the Government are still wedded to GWP100—global warming potential over 100 years—which is focused on emissions, rather than warming from emissions. That is critical, because it really changes the role of cattle and sheep.

Oxford Martin brought out science by Professor Myles Allen, who was an author on the IPCC's 1.5° C report. We now have an accurate metric for accounting for methane, and it changes things. By and large, the warming impact of cattle and sheep farms will be about 75% down in terms of methane. If we focus on emissions, it drives very different actions. If we focus on warming, we see that cattle and sheep on grazing land that is really well managed, ideally in a regenerative way, can contribute to the climate mitigation, climate adaptation and biodiversity that we are all talking about.

Before we start talking about hard targets, we need to make sure that those metrics are there, because at the moment, farmers are being undermined because they do not trust the metrics. That is critical. The Government clearly have ambitions and goals for net zero elsewhere. Farmers are working towards their own goals. We are working with farmers in Northumberland who control most of the national park there. They are committed to net zero by 2030. We can deliver it rapidly when we get the metrics right.

Q15 Fay Jones (Brecon and Radnorshire) (Con): It is not a financial interest, but I should declare an interest as a former employee of the National Farmers Union. What does the Bill do for the regulatory environment in the United Kingdom? What is your assessment of how the Bill will affect that? Are you concerned about the risk of any regulatory divergence between the devolved nations?

Martin Lines: Yes, there is a risk. It is not clear how that regulatory authority and the baseline will work, who will police it, and how that will be transferred across the four nations. If you are farming either side of a border, will you have two different standards? How will you compete with those together?

A lot of what is in the Bill is focused on England. We are waiting for Wales, Northern Ireland and Scotland to develop their plans. It is about how we link it together, not race away with just England, because if you are farming both sides of the border, move from one side to the other, or move products from one side to the other, you will have real complications. We do not see that journey of who is going to manage that regulatory authority and baseline.

Jack Ward: If I may chip in on producer organisations, it would be helpful if we could have commonality within producer organisations, and not have one system in Scotland, another in Northern Ireland and another in England.

ffinlo Costain: This touches on non-regression from EU rules, which is really important. I would feel more comfortable if it were stated that there was going to be non-regression on standards.

Regulations are a safety net; they are there so that nobody goes below them. I want farmers to go above them, to tell customers about how they are going above them and delivering, and to brand around that. Theoretically, it should not be an issue, if farmers are going above, stepping beyond, managing to deliver what Kerry was talking about with net zero at an earlier stage, and telling customers about that. The fact that there is a safety net there, and that there may be a bit of divergence between different nations, is less important than the fact that people are going beyond it and they are making money because they are telling customers about it and customers are buying it.

Caroline Drummond: Ultimately, there is the opportunity to create a new governance, in terms of how the Government work with the industry and non-governmental organisations through to farmers and landowners. Some of the reporting that came out of Dame Glenys Stacey's report demonstrated that there may be new ways for us to make it move forwards effectively.

Q16 Abena Oppong-Asare (Erith and Thamesmead) (Lab): The main clause of the Bill provides Ministers with the power to make payments to farmers, which is most likely to be allocated on the basis of environmental improvements, not how land is farmed. The Bill does not give any clear guidance on how environmental improvements will be measured. Do you have any thoughts on that?

Caroline Drummond: Potentially, that all goes back to the metrics, and what we are looking to ultimately deliver. The Environment Bill has set out some of the requirements in that area, although that obviously goes beyond farming as well. The 25-year environment plan also covers that area. We have seen, through things like the sustainable development goals and all our global commitments, that there are some really good opportunities to align our ambition here in the UK with delivering against some of those areas. It all depends on how ELMS are going to be managed and developed, but this is where some good environmental performance metrics and targets are starting to come through—hopefully from some of the targets that farmers are setting and working with Government on in a particular area.

ffinlo Costain: There are two aspects to your question. The first is what those measures are. As many Members here and Ministers know, we have been working very

closely with Government, particularly on the farm animal welfare metrics and how those relate to the environment. That is critical; what those metrics are is really important, and Government needs to start collecting those.

Then there is the question of the mechanisms—who collects those metrics, and how. From that perspective, Government could work much more closely with assurance schemes to make sure that the metrics that they are collecting are good proxies for what Government wants, and that the new metrics that the Government are looking at are then embedded within those assurance schemes, so that assurance schemes that are already going on farm can do that metrics collection. Then farmers can sign to say that they are happy for some of those metrics to be self-reported. For example, RSPCA Assured may be collecting 500 metrics, perhaps in terms of pigs or sheep, but Government does not want all of those. There are perhaps 15 key ones that Government wants, and farmers need to tick a box to say that they are happy for those to be self-reported, perhaps through the assurance schemes. So there is what the metrics are, and the mechanisms for collection.

Caroline Drummond: We have already earned recognition with the Environment Agency, Red Tractor and LEAF Marque, in terms of helping support that relationship.

Q17 Theo Clarke (Stafford) (Con): I represent a rural constituency with a lot of dairy and arable, and some of the biggest fruit producers in the west midlands. Quite a lot of farmers have said to me that they are currently enrolled in things like countryside stewardship schemes, and they are going to transition over. Caroline, you mentioned the ELMS scheme. Does this Bill do enough to help them transition over to the new schemes? Are we doing enough to support farmers in the longer term? For example, I have people signing county farm tenancy agreements, which are for 10 years, but we have guaranteed payment for only five years over this parliamentary term. Are we doing enough to support them in the longer term?

Martin Lines: We need guaranteed long-term funding or the ambition to deliver it. On a five-year rolling plan, I am planning eight or 10-year rotations in farm planning. If you are taking on tenancies for longer than that, the business risk is huge. It is about that long-term development. In the transition that we are going to have from one system to the other, we need to be clear and transparent about how that will fit and how we can move. It has become clearer that if we can enter into a stewardship agreement now, we will be able to move into the ELMS when it becomes available, before the end of the period. It is about how we are flexible within those schemes. The current system has been delayed payments, with a nightmare bureaucracy. It has over-measured and over-regulated, and there has been no trust in the farmer to deliver. We need to build that into the new scheme, and build trust with farmers to work to that system.

ffinlo Costain: Countryside stewardship has been very input-focused. Often farmers have done something because there is a box to tick—because they are getting paid for x, rather than because it necessarily delivers the outcome. I think that is what Martin was alluding to. It is not the most successful scheme. There is this five-year transition, where the basic payments are going out. In that time, it is for farmers to step up and understand how to deliver these outcomes, and to develop, either

individually or across landscapes, proposals that deliver those public goods. So long as we are focused on outcomes rather than inputs, we will make progress. Farmers should be absolutely at the forefront of that.

Caroline Drummond: A little bit more security and clarity in the timescale is really important. Obviously, farmers do not make decisions today for tomorrow; many decisions are made three or four years in advance. Many crops are grown for nine or 10 months—for livestock, it is a longer time span—before you get any level of return. That timescale is at the moment not 100% clear, because decisions could be made at the very last minute. That is a big concern.

We must not forget that although a lot of the stewardship has not been ideal, for every pound that farmers get from support mechanisms they are delivering so much more from an environmental perspective, because it is good for their business and because, obviously, they fundamentally believe it. We do need to build confidence that the system will work, and that farmers really want to adopt it. We are involved in some of the trials for the ELMS project, and it is really encouraging to see farmers very much embracing it and saying, “Yeah, we want to be involved.”

ffinlo Costain: I said earlier that land use—the way we farm—is the golden ticket for getting us out of the challenges we face and continuing to support food production. I want to give you a couple of statistics. Funding for agriculture is £3.1 billion, but that is tiny in terms of Government expenditure. For every citizen in Britain, we are paying less than £1 per week to farmers for all the good work they do, which we have been talking about. Compare that with £42 per citizen per week for the NHS. Just administering central Government is £3.57 a week per citizen, so farming is getting very little.

In terms of managing the transition and making sure that farmers can deliver, somebody has to say it: farmers should be getting more because they are doing such a good job. In the future we will be expecting so much more, and I would like the budget to increase.

Q18 Nadia Whittome (Nottingham East) (Lab): I want to come back to the point about bringing sustainable food production closer to people’s lives. What measures could be added to the Bill to encourage local community schemes to reduce food poverty and improve good nutrition?

Jack Ward: I think the two are largely unrelated. One is an income issue, and there is a separate farming issue. Conflating the two is a problem because the food we produce is often not leaving the farm at a sustainable price, and the opportunity to drive that price down is very limited.

Martin Lines: We need clear transparency within the supply chains, and parts of the Bill address that. Who is getting the benefit out of the produce? Farmers are selling at a gate price that is way lower than the retail price, so who benefits? How can we join up the supply chains to shorten them and give farmers the opportunity to market more directly? There will be lots of exciting technologies and systems that may be able to do that, but it is about incentivising that opportunity.

ffinlo Costain: I think you have highlighted a real challenge, and I am not quite sure how we address it within the Bill. We do not want to see farmers in Britain

uniformly producing high-quality produce that just fuels middle-class meals and those of affluent people. We need to recognise that an awful lot of people live in poverty or relatively close to poverty, and we need to be able to feed those people as well. But I do not think that we do that just by continuing with the model that we currently have, which involves ever more intensive volume production and low-nutrition food. We need good food. That is about the supply chain. As Martin said, it is about how we connect people who are living in more disadvantaged areas, with food. Often, if you are buying directly—if you are buying food and making meals yourself—it is a hell of a lot cheaper than living on Pot Noodle or whatever else.

Caroline Drummond: One of the scary facts is that 50.8% of the food we eat in this country is ultra-processed; in France, it is 14%. We do not know about the sustainability of highly processed food, and we often do not know its country of origin. This is where the national food strategy is such a core part of trying to understand what our ambition is for the health and the connection of what we grow. It is out of kilter at the moment and in a very difficult place.

Going back to Jack's comment, the Bill is about trying to drive the ambition for a highly productive, responsible and sustainable farming system. We need to be very careful. There is often confusion. Poverty is a social issue, rather than necessarily an issue that farmers can respond to, and we need to be very careful that, as an industry, we are not subsidising the social challenge of poverty.

Q19 Nadia Whittome: Perhaps I was being confusing by mentioning two things in my question. What can the Bill do to encourage local community food schemes to tackle food poverty and improve good nutrition?

ffinlo Costain: Funding of infrastructure, which is partly in the Bill. It is perhaps about broadening the definition of "infrastructure". In the same way that people ought to be able to apply for funding to put up the local abattoir that will make a big difference to the farmers, the land that they are presenting, the prices that they are getting and their ability to sell directly to the public locally, you are perhaps right to say that there needs to be support for those sorts of schemes as well.

Caroline Drummond: Interestingly, food productivity is mentioned in here. One would hope that that is going to be the link in terms of trying to define what the national food strategy looks like, because—

The Chair: Order. I am afraid that brings us to the end of this session, but on behalf of the Committee, many thanks to our witnesses. You gave us invaluable information. Thank you very much indeed.

Examination of Witnesses

Thomas Lancaster, John Cross, Simon Hall, Christopher Price and David Bowles gave evidence.

10.31 am

Q20 The Chair: Welcome, witnesses. We have five of you, so this is going to be challenging to say the least. We will hear evidence from the Royal Society for the Protection of Birds, the Royal Society for the Prevention

of Cruelty to Animals, the Rare Breeds Survival Trust, the Traceability Design User Group and Livestock Information Ltd. Would you please briefly introduce yourself?

Thomas Lancaster: My name is Tom Lancaster. I am the acting head of land, seas and climate policy at the RSPB, so I oversee our work on the Agriculture Bill, but also lots of our work on forestry, climate change, marine policy and similar issues.

Simon Hall: I am Simon Hall. I am the managing director of Livestock Information Ltd, which is a very new company, set up on 1 October, with a remit to design and implement a new multi-species livestock traceability service in England, but also to potentially provide some UK capabilities. Just so you know my background, I am on secondment into this role from DEFRA, so I am substantively a civil servant, but on secondment for the next two years to deliver this programme.

John Cross: I am John Cross. My roots are in farming, and I still have a farming business. For the past three years, I have chaired a pan-industry and Government design working group that has worked with Simon to co-create the new traceability system that will be delivered by LI Ltd. For the sake of openness, I should say that I have just been appointed as chair of that company, so I will be working with Simon, who is the managing director.

Christopher Price: My name is Christopher Price. I am chief executive of the Rare Breeds Survival Trust, an organisation that exists to promote and conserve the use of native breed livestock.

David Bowles: I am David Bowles. I am the assistant director of public affairs at the RSPCA. The RSPCA writes the standards for RSPCA Assured, which is the UK's only higher welfare assurance scheme.

The Chair: I know that at least one of you has given evidence to these sessions before—maybe two or three of you—but please enjoy the session, which runs until 11.25 am.

Q21 George Eustice: The Bill explicitly recognises animal health and welfare and native breeds as a public good. In recent years, we have seen a specialisation in arable in some parts of the country and a concentration of livestock in others. Some say that we need to get livestock back on the lowlands, so that we have more permanent pasture, more crop rotation, more organic matter in the soil and so on. I wonder whether those of you who feel able might comment on the benefits of livestock in our land management and in the farming system.

Christopher Price: I speak particularly on behalf of native breeds, rather than livestock generally, but I think that promoting our native breeds is hugely important. Dealing with economics first of all, you have pointed to the uplands as an area where it is harder to grow crops and where people therefore keep livestock, but that does not rule out having livestock elsewhere. If we have the right sort of livestock, grazed at the right density and in the right place, we are providing environmental benefits because we are creating the sorts of habitats we want. We are keeping down import costs—that helps the climate—which reduce farm incomes. There is a business

and an environmental side to livestock, which are an important landscape feature as well. There is something exciting about seeing interesting animals wandering around our farms. It all helps towards tourism, and a sense of place and location. There are huge arguments to support increased livestock use.

John Cross: I speak as a mixed arable and livestock farmer, as opposed to my involvement with Livestock Information. There is absolutely no doubt that the combination of livestock on arable land has a profound effect. It is something that I would encourage the whole industry to look at, because as soon as you start to improve the organic matter levels, the vibrancy and the life within the soil, you realise the benefits that come with drought resistance and inherent fertility. In particular, if you involve a blend of, say, pigs and ruminants on arable land, you also have a profound effect on the birdlife that then decides to come to live on that farm. It is something that I believe in passionately, and it works, but certainly—as I heard referred to in the earlier session this morning—you have to be mindful of stocking densities. In particular, it is a matter of making good use of grazing legumes, which we are pioneering. It is a valuable mission that the Bill mentions, because we need more organic matter in arable land.

David Bowles: Just picking up on that point, I have been working on CAP issues for 20 years, and this is the first time that we have had the opportunity to get animal welfare into the new farm support system. We have only ever had one animal welfare scheme in the last 20 years, which was in Scotland, so it is really important that we start to get animal welfare payments into the system and, particularly on the stocking point, make sure that farmers are paid to go higher than the welfare standards they have at the moment. I think you will get win-win situations, with benefits to animal welfare, benefits to the environment, benefits to rare breeds, et cetera.

Thomas Lancaster: The RSPB is a big landowner and farmer—we have 30,000 livestock across our estate. In a lot of cases, those livestock are essential to the public goods that we deliver, particularly the high nature value farming systems that, again, have been a key feature of many CAP schemes in the past. We want to see future schemes in England supporting those high nature value farming systems. Extensive livestock production will be a key feature of those systems in future and is important in supporting species such as curlew and other breeding waders, or habitats such as upland hay meadows.

John's point about densities is absolutely right, because overgrazing is a major problem for a lot of our designated sites and habitats. The opportunity we have in the Agriculture Bill, and with environmental land management schemes specifically, is to support farmers to find that optimum balance, which Martin Lines talked about a lot in the previous session and which can go hand in hand with a more profitable livestock farming system as well.

Q22 George Eustice: I have just a couple of further points. Mr Bowles, you are right, this is the first time that a country has put as much ambition into rewarding high animal welfare outcomes as we do in the Bill. Your organisation runs the RSPCA Assured scheme. What lessons can we learn from that about having a payment-for-public-goods model for farmers who go above and beyond the regulatory baseline? Also, if I may, a question

for Mr Hall: in terms of livestock traceability, are there market opportunities for us in having that higher health and higher welfare supply chain, which can be demonstrated through the project that you are working on?

David Bowles: There are huge opportunities. We have only ever had one scheme in the UK, but we have had something like 52 schemes over the 28 EU member states. The RSPCA Assured scheme is very successful in certain areas, such as laying hens, where we probably have 55% of production, but it is very unsuccessful in other areas, such as sheep, beef, dairy and even chickens, which are all sectors where we have under 5% and in some areas under 1%. The market is therefore not delivering the higher welfare assurance schemes that we want in that particular market.

That is the exciting thing about the Bill, because it will provide the opportunity to give farmers a leg up through, for example, one-off capital grants, and then provide them with payments to ensure that, where the market does not deliver, they can deliver those higher welfare schemes. The RSPCA is very happy that the Bill provides for that two-step process. We think there are very exciting times here for farmers, particularly in those areas where we have not traditionally gone into higher welfare schemes. For instance, at the moment, 0% of ducks in the UK have access to full-body water. The expression “taking a duck to water” does not exist for UK duck farming. That is a tragedy, not just for ducks, but for UK farming.

Simon Hall: There are undoubtedly opportunities in the marketplace if we can evidence welfare standards, provenance, and so on. The Livestock Information programme will put in place a new multi-species traceability service that brings together data based on animals, keepership—the people who have been responsible for the animal throughout its life—and location, the farm where it is based. The whole proposition of the programme that we are delivering is about using that data not only to better inform Government responses to animal disease control and ensuring food safety, but to enable the industry to take advantage of that data to evidence its standards and demonstrate to its consumers, domestically or internationally, the standards to that livestock is produced, the provenance of the animals and so on in real data. Working in partnership with Government and industry, there is an opportunity to set out our stall in a world-leading manner.

Christopher Price: To build on what has been said, an important aspect of the Livestock Information service—if it goes as far as I hope it does—is that it will give greater recognition to individual breeds. It will make it clear that what you are buying is a saddleback or whatever. At the moment, it is very difficult for the consumer to know that what he or she is buying is what the butcher or supermarket purports it to be, or to know when they use nebulous language to imply that it has a particular provenance. If we can get to a system whereby people are promoting particular breeds associated with a particular area, we will do well to create a much stronger sense of place and local identity, which will help with creating new markets.

Q23 Daniel Zeichner: I think at least three of the witnesses are part of organisations that were signatories to the letter to the Prime Minister at the end of last month warning about the potential risks of lower standards

for imported food. Will those three witnesses, and perhaps others, comment briefly on what you think will be the effect of allowing imports of food produced to lower environmental welfare and health standards on consumers, producers and the environment?

David Bowles: For the RSPCA, this is probably the biggest omission in the Bill. The Government have resisted putting anything in the Bill that says that we will not import produce or food to lower standards than those of the UK. I cannot see why they have resisted that. The Secretary of State said, “Trust me, because it’s in the manifesto.” Frankly, I do not think that is good enough. Last year the Government tabled their own amendment to the Trade Bill that said exactly that. I hope they do the same here, because if they do not, they will leave British farmers who are producing to those higher welfare standards open to US imports.

For instance, 55% of the pork meat and bacon that we eat is imported. Virtually all that comes from the EU. If you start importing that from the USA, where they still have sow stalls, where they still give their pigs ractopamine, which is an illegal drug in UK pig farming, you are opening up to cheaper imports coming in, particularly if you do not have consumer information and labelling. I am pleased that labelling is in the Agriculture Bill, but this needs to be part of a matrix. You need to have the same standards for food coming in. The RSPCA is not afraid of higher welfare food coming in. What we are afraid of is food coming in that is illegal to produce in the UK.

Christopher Price: I agree with everything that has been said, but I think we need to be careful about putting too much trust in labelling. I cannot see that people are going to make many purchasing decisions on the basis of labelling. Something like less than 5% of decisions nowadays are based on labelling, which includes all the various organic and assurance schemes. This has to be dealt with by legislation and regulation. You cannot leave it to consumer good will in the supermarket.

Thomas Lancaster: I agree with all that. We worked very closely with the NFU to co-ordinate that letter. We view assurance around import standards as a foundational element of the whole future farming policy and as really important to farmers’ ability to invest in public goods schemes with confidence.

The letter not only touched on a defensive ask, but pushed a more aspirational agenda around a role for the UK to set out a world-leading trade policy that takes account of societal demands such as climate change, biodiversity and all those sorts of issues, which are not reflected in modern international trade policy, and certainly not at the World Trade Organisation.

This is often reported as: “We want protection.” Actually, as David said, we want to be able to compete on common standards. No UK farmers are calling for protectionism for its own sake, but there is an opportunity to call for a more sustainable trade policy that has a bit more imagination regarding how we can fight the climate and environment emergency, while embarking upon a new international trade policy, as we now will.

John Cross: It has been very well addressed already, but briefly, if society is sincere about animal welfare and is aspirational—which it should be—then it should not look for one set of standards domestically and, to a

certain extent, export its conscience and accept lower standards from elsewhere. You should be consistent in your attitude to animals.

Q24 Simon Jupp (East Devon) (Con): Should some financial assistance be provided for animal welfare activities that go beyond, for example, the legal minimal requirements and normal good practice? If so, what types of activities could that include?

David Bowles: Yes; the RSPCA, as I said earlier, is delighted that for the first time we have the opportunity to provide financial assistance to farmers. One of the things that is missing from the Bill—it says it in the explanatory notes, but it is not explicit—is that financial assistance should be given only to those above baseline standards. We had a system where farmers could have been paid even if they were doing things that were illegal. I do not want to replicate that in the new farm support system.

There are a lot of things that we would like the Government to introduce to give farmers a leg up—for instance, providing brushes for cattle, hoof-trimming for cattle to reduce lameness, rubber matting for cattle to give farmers a leg up to farm at higher welfare standards, and then giving them the opportunity to get money that is not provided by the marketplace, which is the difference between farming at higher welfare and what the marketplace delivers.

There is a whole range and suite of issues that could be gathered. The RSPCA is delighted that the Government are looking at them seriously, and we hope that some can be trialled in the next year.

Christopher Price: There are two aspects to your question. The first is whether we have got the regulations right in the first place. Although we might have the right standards, I think that most people on our side of the table would hope that Dame Glenys Stacey’s report is implemented, if not in full, then to a large extent. It might be useful to expand a bit on that in a moment.

In terms of paying for meeting regulatory standards per se, I think this is something that applies throughout. Farming will go through the most immense structural change over the next four or five years, as we move to an unsubsidised, more market-facing world. There will be an incredible variety of costs for people as a result. I do not think that there is anything untoward about the Government helping people to make that transition over the short term. I am talking about significant short-term capital expenditure on the Government’s part, to get the industry match-fit—not only in terms of welfare, but in terms of having the right business processes and practices in place. After that, you can say, “Now you’re on your own. We’ve helped you to get up to the standard that we expected of you. Now it’s for the market to support you going forward.”

Q25 Ruth Jones (Newport West) (Lab): The Bill contains a lot of powers rather than duties. To my mind, a duty means that the Secretary of State is more accountable. Do you think that the Bill should contain a duty for the Secretary of State to support all the public goods identified?

Christopher Price: Most legislation nowadays gives powers not duties. There is nothing unusual about the Agriculture Bill in that regard. The Bill is about the tool

used to implement the policy; it is not the policy in itself. It would be useful to have the Government's policy, to know what they are going to try to implement.

Having said all that, we are talking about some really quite complicated stuff. Food production, which is fundamental to our existence, is all based on natural processes that are really complicated. We are going through huge structural changes and as a country we have not been great at managing structural change. Bearing all that in mind, it is important that Government have a full range of tools to do as they see fit, in consultation with stakeholders. I would hate the idea that, for reasons of legislative propriety or whatever, we ended up constraining Government so much that they could not do things that, in a few months' time, we might decide are absolutely essential.

Thomas Lancaster: We are very sympathetic to having more duties to balance the range of powers. A report from the Delegated Powers and Regulatory Reform Committee the last time the Bill was in Parliament was quite scathing on that point. Clauses 4 to 6 are a positive step in setting out strategic objectives and they come with a range of duties on Ministers to have multi-annual financial plans, set objectives for those and have regard to those objectives when setting the budget for those plans. That is a big step forward in this Bill on the duties-not-powers point.

We would like to see a duty in the Bill to have an environment and land management scheme. At the moment, it is a legal requirement under CAP-funded rural development programmes to have an agri-environment scheme—you cannot not have one anywhere across the UK. We want to see that duty replicated in the Bill.

It would be interesting to look at other areas in the Bill as well. There are lots of powers in the Bill around fair dealing provisions and supply chain transparency, but there are no duties on Ministers to use those to improve supply chain transparency. That is another area where you could include a duty to clarify how those powers were going to be used and that they were going to be used.

David Bowles: Clause 1(1) says:

“The Secretary of State may give”—

and then it lists the public goods. We would like to see a “must”, and the RSPCA would like to see that too. The Secretary of State would still be applying the letter of the law if £1 went to animal welfare in the next five-year period. We would like to see some minimum payments under those particular public goods.

Q26 Fay Jones: The Bill amends the red meat levy system, in that it irons out an imbalance that has often penalised Welsh and Scottish farmers. Do you think that is sufficient, or should the Bill contain further reforms around the red meat levy?

John Cross: I had quite a lengthy history in the levy sector. The complexity around this issue is really quite deep, because it depends on where the benefit of the levy investment is secured, where the products derived from the industry are consumed and where the supported supply chains sit. As for the desire to capture and formalise a more even-handed distribution back to the devolved regions: from what I have seen of it, it does do enough. We live in a very complex domestic market; 50% of Scottish beef production is consumed within

the M25. That illustrates how complex the mix is. The red meat levy is designed—yes, funded by farmers and processors—to make the best of a supply chain and to deliver business enhancement throughout for the good of consumers and producers. It is quite a complex issue and it is not just as simple as three separate lots of industry all wanting to do their own thing in isolation, because they are all interdependent.

Q27 Deidre Brock: This question is specifically for Mr Hall and Mr Cross, just about your organisations. Can you tell us, please, how you reformed; what your role is; what your governance rules are, and what jurisdiction you have in regard to Scotland and the devolved nations?

John Cross: I will leave some of the technical detail to Simon, but in principle, this is how we arrived where we are now. Yes, we have established traceability systems in this country and they work but, as we speak, they still tend to be a blend of paper and digital—sometimes both at the same time. They work but they are high-maintenance. They are sub-optimal and they take a lot of resource to keep them going. They were, of course, designed to hoard data on behalf of statutory obligations, as opposed to share data, so the design principle needed to be completely different.

I think it is fair to say that Government was faced with the reality of having to achieve an IT refresh at some stage, with some fairly urgent timescales. For a long time, industry has wanted to have the benefit of the use of its own data. Data was being collected about the industry, but the industry could not use it to enhance itself.

We came to a moment after the referendum where the industry and Government were faced with a series of scenarios that required them to think differently and start to think together—this is where the principle of co-creation came in—right across DEFRA and all its dependencies, the Food Standards Agency, the Rural Payments Agency and the others, and right across the industry to form a think-tank as to how you design, hopefully, the optimum traceability and information system that enables Government to fulfil its statutory obligations, but better and faster, while allowing industry to start adding value to itself with information.

If it is a matter of exploring global markets, you can evidence a brand vastly better. In the global marketplace, traceability is king. In that area, you have huge opportunity. Similarly, from the viewpoint of the industry looking to eradicate non-notifiable endemic production diseases, again, to tackle disease risk you need information—you need data. As soon as you have got a unique identification of any one animal, the information you can attach to that provides almost endless opportunity.

Q28 Deidre Brock: But your focus is on England; is that right?

John Cross: This is an English system; yes.

Simon Hall: But it is in the context of a UK story. This is quite complex. In the current situation, traceability services are delivered through a bit of a mixed economy in the UK. Northern Ireland has a multi-species service operating there for cattle, sheep and pigs. Scotland has a traceability service for sheep and pigs. Wales has a traceability service for sheep. England operates a GB service for cattle, and we operate a pig service for England and Wales, and a sheep service in England.

So, it's quite complicated. Then, within that, there is a mix of services and databases that come together to provide a UK view of that traceability data, so that colleagues at the Animal and Plant Health Agency, for example, can use that data to respond to an animal disease outbreak or a food safety concern, or whatever.

We have an ambition in England to create a single multi-species traceability service, or a single service capability, including help desk and so on, a single IT system, underpinned by the ambition to exploit data, not only for the benefit of Government and statutory disease control, but to deliver a range of outcomes externally. In that context, the Scottish Government and Welsh Government have decided to bring the cattle services into their own Administrations, and in the case of Wales, to bring the pig service in-house as well.

We are all moving at the same time to a position that respects devolution, where every Administration will have its own multi-species traceability service. Particularly in the context of cattle, that creates a new requirement to ensure that we have a really good UK view of cattle, recognising that we are disaggregating services that are currently delivered through one service, so we need to ensure that that comes together.

DEFRA has asked Livestock Information Ltd, as part of the process of designing and implementing the traceability service in England, also to ensure that there is a way—a mechanism, a service—to ensure that we have good visibility of that UK data. That approach is supported by UK CVOs and so on.

We are, though, at a very early stage of designing exactly how that would work. So, we do not have a technology strategy yet for exactly how that would work and whether that means that Livestock Information Ltd would have a copy of all the UK traceability data, or whether it is just providing a window into each of the services and each of the Administrations for the Animal and Plant Health Agency to look at, for example.

We have really good relationships with colleagues in each of the UK Administrations and we are having regular dialogue around how this would work and whether there would need to be some specific governance arrangements around the UK view, and so on.

Q29 Deidre Brock: So there is no suggestion of imposing a UK-wide scheme on devolved nations that already have their own.

Simon Hall: Quite the reverse.

Deidre Brock: As you have elaborated, they already have quite developed traceability schemes

Simon Hall: This is seeing a move to devolve traceability services that comes together seamlessly at a UK level, recognising that disease and food contamination does not respect borders.

Q30 Deidre Brock: What are your governance rules, and how confident are you that the traceability set-up will be ready in time for the end of the year when we leave the EU?

Simon Hall: There are two questions there. The first is easy: our governance arrangements are that Livestock Information Ltd is a subsidiary of the Agriculture and Horticulture Development Board, which is the levy

body in England. AHDB is a non-departmental public body of DEFRA, so it is accountable to DEFRA but funded by the levy payer, and therefore responsible to the farmer, grower and processor in England.

For us, the attraction of using AHDB as the parent body for this company is the way in which we can embed the traceability service as close to industry as possible, while retaining the sufficient control needed by Government. That model has already been adopted in Scotland, Wales and further afield, in Australia. Livestock Information Ltd is a company limited by a guarantee; it is a subsidiary of AHDB; it has a 49% ownership stake from DEFRA directly—DEFRA is important, but if it wants to exert control it does so through the levy body.

Q31 Deidre Brock: And your readiness for the end of the year?

Simon Hall: The business case has been approved; we have funding in place; we have procured IT systems; we have a team of around 50 people delivering; we are working very closely with devolved Administrations, and we are aiming for implementation from the autumn. There is lots to do. There is lots of complexity. The No. 1 thing we must not do when we effect this change is compromise our quality of traceability. If we are not ready, we will delay, but there is no indication that we will need to at the moment. We are planning for implementation from the autumn, starting with cattle, sheep next year and pigs later next year.

John Cross: A parting message: the important thing for us is to be smart and collaborative with the devolved regions, because disease pathogens—whether notifiable or not—and disease outbreaks do not recognise any political boundaries. We have to be smart and have a UK view on disease. If you look around the globe, on the international trade stage we are seen as the UK. It is a UK story if a product goes out, so from the point of view of access, wherever you go internationally, the UK is the recognised body. It is important that we have a smart, collegiate view on this.

Simon Hall: This Agriculture Bill does support the delivery of the programme in the way we set out. In part 4, clause 32 talks about granting additional functions to AHDB that will allow it to deliver that English traceability service through the subsidiary body. It currently has the function to deliver the programme and to design and implement the future service, but not to run it. The Bill provides the functions to do that, and the flexibility to provide any UK functions required, or that are sensible. For example, one might imagine that allocating a unique identity for an individual animal might be something that we choose to do once only in the UK, and we may choose to do it from here or from somewhere else.

The Bill provides the functions that we need to deliver this programme in the way that we want in the future service; it also provides some flexibility, should we work together and decide that we want to carry out some UK responsibilities.

Q32 Danny Kruger: May I quickly return to the trade deals? Mr Cross, you said earlier that we must not export our conscience to other countries to import cheap, low-quality food from abroad. Quite right—we need to export our high standards, and I think we agree

[*Danny Kruger*]

that the Bill is the opportunity to set a world-class benchmark model for regulating agriculture and sustainable farming.

My question is on behalf of our producers. The paradox is that everybody complains about the complexity of CAP, and farmers have a tough time filling in the forms. Of course, the principle of CAP is very simple: you just pay for the amount of land that you have. We are proposing to introduce a system with a lot more complex objectives—quite rightly—for all the different public goods. I share Ms Whittome's point about the opportunity for community-based markets and more locally based producers—more local sourcing. Do we think that those community groups and small farmers will be able to navigate what sounds to an outsider like a very complex set of objectives, and therefore potentially some complex subsidy systems?

John Cross: I can make a comment as a farmer rather than chair of Livestock Information. You make a very good point: we are entering a very different scenario. Some farmers will need considerable help in changing that mindset and getting used to a new environment, because it will require a lot more proactivity from the point of view of seeking rewards for those public goods. It will be a more complex—

Q33 Danny Kruger: Are we going to have an army of new consultants coming in to help themselves to some of the public money?

Thomas Lancaster: Advice is a really important part of the story. We would like to see more clarity from DEFRA as to what advice will be made available to farmers, particularly during that transition period. We also understand that the evidence base around environmental advice is a really good investment. All the evidence, particularly from work commissioned by DEFRA and Natural England, suggests that providing advice to farmers as to how they can meet environmental outcomes and navigate some of the paperwork necessary to access the public money is well worth the investment in terms of the outcomes. We know that outcomes supported by advice are better than outcomes not supported by advice.

We have done some social science research recently on farmers' experience of those schemes with farmers that we have been working with in south Devon for 30 years on species recovery projects for the cirl bunting. That social science shows really strongly that advice is the key element, not just in getting that environmental outcome but in ensuring that farmers are bought in to the schemes, that they understand the outcomes that they are seeking to deliver, and that they are able to get past some of the bureaucracy, which is an inevitable element of this.

Although direct payments sound simple in concept, you have the eligibility rules, particularly the land eligibility rules; the land parcel identification system; and the fact that you have to measure things to four decimal places. The fact that it is a very poor use of public money and no one really knows what it is for any more, drives a lot of those eligibility rules, because you have to provide some controls around it.

Our experience of the best agri-environment schemes in England, particularly higher level stewardship, is that, supported by advice, they are much more intuitively

understandable for farmers—as to why they are receiving that money—than direct payments. Analysis that we have done of Natural England data, which we have not published but will probably publish in the coming months, suggests that payment rates for small farms, on the first 30 hectares or so of agreements, are higher than for larger farms, which is obviously not the case with direct payments. We know that small farms, again when supported by advice, can profit from public goods schemes, given our understanding of higher level stewardship and similar schemes in the past.

Christopher Price: It is important to recognise just how much farming is going to change. It is not just a matter of changing the subsidy rules; it is a much bigger structural change. Farmers will be producing much more to the market, which means that we will have a different type of farmer. We are already starting to see those people—people who do not necessarily come from a farming background, who have made a bit of money doing something more commercial, who are coming to farming with business and marketing skills, and who are making a go of things in a very different way. You will know some of them—Lynbreck Croft, the Good Life Meat Company, Hilltop Farm.

People are already doing it and they have quite a big presence. They think in a different way. It is not just about who can take the biggest beast to the market every week or month. It is about sweating all your assets, so you will be selling the meat, but you will be selling meat with a good provenance, to high welfare standards and with a low environmental impact. If you are savvy, you will be finding markets for the skins, the wool, the horns. It may not be much money per item, but together it starts to create more produce with more of a brand.

If you start thinking in terms of your public goods as well—many farms are starting to—and working out what has a benefit, what you can do to improve your soil or your water quality, what plants you can grow that have biodiversity or climate benefits, and start ticking off those, you can get there. It does not need to be particularly complex. In many ways, although I hear what Tom says about the importance of advice, the way that most farmers learn is from other farmers. It is about encouraging farmers to go and see what their neighbour is doing, and not thinking of their neighbour as being their competitor, but as someone who can be a source of guidance.

So, I do not think we need be worried about complexity. Conceptually, what is being promised is more straightforward. Of course there will be compliance requirements, but many of us think that a lot of the previous compliance requirements were more to do with EU standardisation across 28 member states rather than being particularly necessary to ensure the efficient use of public money. So, I think we can be optimistic about what is happening.

Q34 Kerry McCarthy: May I return to the regulatory baseline issue I raised with the previous witnesses? The RSPB was involved in the Institute for European Environmental Policy report published this week that suggests that, now we have left the EU, there is a real gap in the regulatory baseline because so many regulations were set at EU level. Is there a need for a firmer regulatory baseline in the Bill so that we know what we reward in terms of farmers going above that baseline, and so on?

Thomas Lancaster: We, the Wildlife Trusts and WWF commissioned the report from IEEP, who are independent consultants, to look at a future regulatory framework. Because the Bill includes provisions to move away from cross-compliance, and in particular to delink payments from land, that potentially opens up gaps in aspects of current environmental regulatory protections that exist only in cross-compliance, particularly around soils and hedgerows—for example, cutting of hedgerows during birds’ breeding season and hedgerow buffer strips. We think there is a gap in the Bill in terms of powers necessary for Ministers to bring forward regulatory protections for soils, hedgerows and other environmental features, and we would like to see the Bill amended to plug that gap.

There is a big opportunity coming off Dame Glenys Stacey’s review. The farm inspection and regulation review the Government commissioned reported in 2018. It called for a more comprehensive regulatory framework that enables a more advice-led approach to enforcement, so that, rather than farmers being penalised but not really understanding the underlying issue and therefore not able to address it, the approach would seek to blend penalties with advice and incentives to ensure that you get better environmental outcomes.

There is an existing model of that in the Scottish Environment Protection Agency and its approach. When a breach is detected, there is a visit from an adviser or a member of staff, who says, “You have to address this breach. You can either go and seek advice or invest in infrastructure if necessary.” They come back a second time. If the breach has been addressed, everything is fine; if it is not, they give them a third visit and, if it is still there, then they penalise them. That approach, which Dame Glenys Stacey supported, and we supported at the time, gets better environmental outcomes in a way that farmers also appreciate and can understand, whereas at the moment our regulatory enforcement is very substandard, it is fair to say.

Again, Dame Glenys Stacey found that of 10,600 staff at the Environment Agency, only 40 do farm inspections. As a farmer, you have a one in 200 chance of being inspected by the Environment Agency, and we know that the agency is again cutting back on some of those regulatory compliance visits. There is a huge challenge in the future, not just in how we reward good practice but in how we ensure a level playing field so that the progressive best farmers out there are not undercut by, effectively, cowboys—unfortunately, there are some. The Bill is silent on that, and for us that is one of the biggest gaps and omissions.

John Cross: The only comment I would make—again as a farmer—is that any more regulation would need to be fit for purpose, logical, proportionate and enforceable. Regulation is fine, but unless it is logical so people can understand it, and it is relatively easy to comply with, it is just a source of frustration to everyone. Certainly, the industry is very keen to move towards an outcome-based form of regulation as opposed to constantly arguing about whether a particular margin is six inches too narrow or not. The industry would be interested in seeing a much more outcome-focused approach.

David Bowles: The EU has been moving towards an outcomes approach, but obviously leaving the EU gives us huge opportunities in the animal welfare sectors, such as sheep, beef and dairy, where there are no specific

baseline species standards at the moment. There is a real opportunity to introduce those baseline standards, which will help not just the Bill, but in establishing what the baseline is—and then establishing how to move farmers up the scale, through capital inputs or through specific measures, and paying them where the market does not deliver. There are huge opportunities to improve the baseline regulatory standards in those areas where they do not exist now.

Q35 Alicia Kearns: This question is mainly for you, Mr Price. My constituency of Rutland and Melton has quite a few farmers who farm rare breeds. Is there sufficient support for rare breeds in the Bill? Conversely, is that support the right thing to be doing? My farmers who do not farm rare breeds would say that there is a question of fairness in giving too much support to rare breeds.

Christopher Price: I will take the second part first. Should we be supporting rare breeds? Yes, we should. You probably expected me to say that.

Alicia Kearns: I thought you might, but you never know.

Christopher Price: We should do it, first, for economic reasons. These breeds were bred to be in a British landscape. They can survive in parts of the country that other breeds cannot, or cannot without significant inputs. In many parts of the country, people are farming the wrong animals and are doing so expensively, because they are using certain inputs to support them. We need some help in getting farmers to transition away from the old way of doing things into going back to native breeds.

Native breeds can also provide a wider range of products than many other breeds. I mentioned wools, skins, horns and so on, which all have markets, if people think about it, or are incentivised to start thinking about it rather more. There is a role for Government in that.

Then there is the environmental side of things. The grassland habitats that we so cherish are there because they were grazed by certain animals over generations. If we are going to restore those habitats, the easiest, most straightforward way to do it is by using the animals that created them in the first place.

Lastly, there is the social side. Many of these breeds are part of our history. White Park cows came over Dogger island from mainland Europe before Stonehenge was built. They were part of the Cistercian monks’ currency. Some of the earliest Welsh laws are about how you regulate and use those animals. Herdwick sheep were bred to live on top of hills in the Lake district. Swaledales were bred to be a bit further down the fells. They are an immense part of our culture.

Those are all reasons for supporting them. In terms of how you support them, I would be reluctant for us to go down a simple headage route; I think that would just create the wrong sort of incentives. If a farmer chooses to use native breeds to graze for particular conservation purposes that do not bring him or her a direct financial benefit, that is about the public benefit, which should be rewarded, but it is more about making sure that we have the right infrastructure in place.

There is a lot to do with promoting local produce. We have talked a bit about creating local markets. Some of the more savvy farmers I was talking about are doing an excellent job of that, and part of their brand is selling local breeds and local products from those breeds within a fairly narrow radius—30-odd miles. That is where the premium comes from. It is not for everyone, but people are starting to do it, which is interesting.

Perhaps the single most important thing—we touched on this a bit in the earlier session—is abattoirs. For many of the people that I work for and represent, abattoirs are at least as important an issue as support going forward. We have huge numbers of people who are producing the right animals to the right standards in a very environmentally friendly way. You hear people talking about how their motivation in life is to ensure that their animals have a life worth living and then only one bad day—the day they go to the abattoir—and you have people who want to buy the products, but the whole thing is being stymied in significant parts of the country because there is no abattoir that can cope. If there is an abattoir, it generally will not be able to take the small numbers of non-standard animals and give you back the by-products—the horns, the skins and so on. In many cases, there is no abattoir at all.

If we are talking about short-term Government capital investments, it seems to me that there is a desperate need to invest in pop-up abattoirs or mobile abattoirs. There are practical problems with all of that, but if I could get anything across to the Committee, it would be the need to make sure that we have an abattoir network that is fit for purpose over the next few years, and for the Government to invest in creating that. It does not need to be a long-term investment; once it is there, the market can function and support it, but it is getting us there that matters.

Q36 Daniel Zeichner: I should like to take you up a level, in the sense that since the initial iteration of this Bill, we have become very aware of the climate crisis and Parliament has declared a climate emergency. Do you think there is enough in this Bill to reflect that need for urgent action, particularly given the recommendations from the Committee on Climate Change on policies for net zero referred to earlier? If the NFU can look for a target for 2040, should there not be something in this Bill referencing that?

Thomas Lancaster: We have supported in the past, and would still support, a sector-specific target for net zero by 2040, to reflect the ambition of the NFU and others. We would support an amendment to that effect in Committee and beyond. As a statement of intent and clarity on the role that the sector could play in that climate emergency, it is still a really useful thing to look at. We would also stress that, although this is the Agriculture Bill, in the climate change world there is a lot of talk about nature-based solutions such as peatland restoration, coastal habitats and woodland creation, and the Agriculture Bill, particularly through the land management schemes that flow from it, will be the central mechanism for delivering those nature-based solutions and the aims of the Environment Bill.

Thinking about how public money for public goods can support more sustainable food production that is also carbon and climate friendly, it has an important role to play in building soil carbon, potentially supporting

minimum tillage systems, cover crops and other land management interventions that build resilience to climate change in the future. We see climate change running through public money for public goods, from farmed and non-farmed landscapes, and the Agriculture Bill is one of the most important pieces of legislation that we have had in the past decade or probably will have for decades to come in helping to meet the climate emergency that we all face.

Christopher Price: I would support—

The Chair: I am going to interrupt, because there are two colleagues who have been asking to put questions very quickly, Robert Goodwill and then Virginia Crosbie. Please put your questions to everyone.

Q37 Mr Goodwill: I have a very quick question: farmers are being incentivised to create habitats for ground-nesting birds, barn owls, red squirrels or hedgehogs. Do you feel that payment should be made for delivering those species, or would creating the habitat be enough? Would predator control be something that your members would be content with, if it were part of that management?

The Chair: And then Virginia Crosbie.

Q38 Virginia Crosbie: My constituency is Ynys Môn, and I met my farmers recently. They think that they get quite a tough deal from the public and that it stems from the term “farm payments”, so they are looking forward to moving away from that, but they are equally concerned about “public money for public goods”. You talked earlier about communication and advice to farmers. How are we going to communicate this to the public?

Thomas Lancaster: I will pick up on Robert Goodwill’s question. There is a lot of debate about payment for actions and payment for results. On payment for results, we would see it as the logical thing to pay for the habitat condition, not the number of species or number of birds, because that is not something that is necessarily within the farmer’s control.

There is potentially a role for predator control in future schemes, but there are a lot of steps that need to be gone through before we get to that point, because often predation pressure is a proximate cause, not an ultimate one. The ultimate cause might be forestry providing a reservoir of foxes, crows and other predators on breeding waders on neighbouring moorlands, so removing a block of conifer might be the one thing that you need to do, not investing in very expensive predator control in perpetuity. Getting an understanding of those landscape dynamics is an important part of that question.

Christopher Price: In response to the question about selling farming, to a large extent that is up to the individual farmer. It is the farmer who creates their brand, and you would hope that their brand would focus on all the good things they are doing—high welfare standards, low environmental impact, sense of place, provenance and so on. Many of the new-style farmers that I was talking about are doing that; it is fundamental to them.

Having said that, there is a role for Government at the higher level in “Brand GB”, and one thing we might want to look at is greater use of geographical indicators. There are certain breeds that are associated with Wales

that the Government—possibly the Welsh Government, I am not sure—have a role in promoting and helping businesses with.

David Bowles: Just before the clock ticks over, method of production labelling is an opportunity in the Bill to give the consumer that link in to the farmer.

The Chair: I thank our witnesses very much for the time you have spent with us. The Committee is very grateful. If you feel that you were not given time to

respond to colleagues' questions, you can still submit evidence about those answers. The room will be locked, colleagues, and we start again at two o'clock in this room, where Mr Stringer will be in the Chair.

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o'clock.

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

AGRICULTURE BILL

Second Sitting

Tuesday 11 February 2020

(Afternoon)

CONTENTS

Examination of witnesses.

Adjourned till Thursday 13 February at half-past Eleven o'clock.

Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 15 February 2020

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The Committee consisted of the following Members:

Chairs: SIR DAVID AMESS, † GRAHAM STRINGER

| | |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| † Brock, Deidre (<i>Edinburgh North and Leith</i>) (SNP) | † Jupp, Simon (<i>East Devon</i>) (Con) |
| † Clarke, Theo (<i>Stafford</i>) (Con) | † Kearns, Alicia (<i>Rutland and Melton</i>) (Con) |
| † Courts, Robert (<i>Witney</i>) (Con) | † Kruger, Danny (<i>Devizes</i>) (Con) |
| † Crosbie, Virginia (<i>Ynys Môn</i>) (Con) | † McCarthy, Kerry (<i>Bristol East</i>) (Lab) |
| † Debbonaire, Thangam (<i>Bristol West</i>) (Lab) | † Morris, James (<i>Halesowen and Rowley Regis</i>) (Con) |
| † Dines, Miss Sarah (<i>Derbyshire Dales</i>) (Con) | † Oppong-Asare, Abena (<i>Erith and Thamesmead</i>) (Lab) |
| † Doogan, Dave (<i>Angus</i>) (SNP) | † Whittome, Nadia (<i>Nottingham East</i>) (Lab) |
| † Eustice, George (<i>Minister of State, Department for Environment, Food and Rural Affairs</i>) | † Zeichner, Daniel (<i>Cambridge</i>) (Lab) |
| † Goodwill, Mr Robert (<i>Scarborough and Whitby</i>) (Con) | Kenneth Fox, Kevin Maddison, <i>Committee Clerks</i> |
| † Jones, Fay (<i>Brecon and Radnorshire</i>) (Con) | † attended the Committee |
| † Jones, Ruth (<i>Newport West</i>) (Lab) | |

Witnesses

Ivor Ferguson, President, Ulster Farmers Union

Norman Fulton, Deputy Secretary, Food and Farming Group, Departmental Board, Department for Agriculture, Environment and Rural Affairs (Northern Ireland)

Nick von Westenholz, Director of EU Exit and International Trade, NFU

David Goodwin, Agriculture Chairman, National Federation of Young Farmers Clubs

Richard Self, Agriculture Manager, Co-operatives UK

Graeme Willis, Policy and Technical Expert, CPRE

Jim Egan, Technical Adviser, Kings

Jake Fiennes, General Manager (Conservation), Holkham Estate

Judicaelle Hammond, Director of Policy, Country Land and Business Association

George Dunn, CEO, Tenant Farmers Association

Public Bill Committee

Tuesday 11 February 2020

(Afternoon)

[GRAHAM STRINGER *in the Chair*]

Agriculture Bill

2 pm

The Committee deliberated in private.

Examination of Witnesses

Ivor Ferguson and Norman Fulton gave evidence.

2.1 pm

The Chair: We will now hear oral evidence from the Ulster Farmers Union and the Department of Agriculture, Environment and Rural Affairs. Thank you very much for coming today. We have until 2.30 pm for this session. I would be grateful if you introduced yourselves for the record.

Norman Fulton: My name is Norman Fulton. I am deputy secretary within the Department of Agriculture, Environment and Rural Affairs for Northern Ireland. I head up the food and farming group within the Department.

Ivor Ferguson: I am Ivor Ferguson, the president of the Ulster Farmers Union. We are an organisation in Northern Ireland with roughly 11,500 members spread across all sectors.

The Chair: Thank you.

Thangam Debbonaire (Bristol West) (Lab): I am sorry, but I wonder if we could ask the witnesses to speak up slightly.

The Chair: The acoustics in this room are appalling, which is nobody's fault apart from the architect's. If witnesses and members of the Committee could speak up, we would all be grateful. Thank you.

Q39 The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): Schedule 6 to the Bill has Northern Ireland-specific provisions, principally an ability and power to modify the legacy basic payment scheme—the common agricultural policy scheme. Will you explain what your priorities are to simplify and improve the legacy scheme? Secondly, do you have any emerging thoughts about future policy that you might make through your own Northern Ireland legislation?

Norman Fulton: Our motivation in drafting the schedule was to retain options for incoming Ministers—obviously this was done in the absence of an Executive—so we developed it to be able to preserve the ability to continue to make payments to farmers under pillar 1 and to enable us both to continue to deliver schemes under pillar 2, until such a time as Ministers wish to change those measures, and to keep pace with appropriate changes elsewhere in the UK. So it was really to provide that framework for incoming Ministers but not really to set out any particular direction in policy, which is clearly something that Ministers will need to take a lead on. There is some scope for simplification in the powers we propose, but it is really for Ministers to decide which of those powers they might want to move forward on.

In terms of the future direction of policy, we engaged with our major stakeholders from the farming, food and environmental sides, and we produced a draft outline framework for agriculture, which we published for consultation in August 2018, really around the four pillars of resilience, environmental sustainability, productivity and supply chain functionality. It is a very high-level document and it received a good response from our stakeholders. Now that we have a Minister and an Executive in place, we need to work to flesh that out and to start to chart a way forward in the longer term.

Ivor Ferguson: From the farmers' point of view, we had negotiations with our farmers and discussions on how we would like to see payments going forward. We produced a discussion document. We felt that we were quite happy for farmers to be rewarded for activity, whether that be agricultural production or environmental activity. We were quite happy with that because a large number of farmers were not fully happy with area-based payments, in that they felt that the landlord or people who owned vast areas of land received most of the benefit. Our farmers will be quite happy to have money directed to people who are engaged in activity, be it production or environmental.

Having said that, we would not want to see area-based payments disappear completely. We would like to keep that in the form of a resilience or volatility payment, bearing in mind that we have a land border with the Republic of Ireland where they will still receive land-based payments. We could not be disadvantaged in any way with our farming colleagues in southern Ireland.

From that point of view, we would like to see some form of a resilience or volatility payment. If we look at the recent farm income figures for Northern Ireland, the profitability figure has fallen from well over £300 million down to £290 million. That is a similar figure to what comes in in farm support to Northern Ireland. It is a stark reminder of how dependent some sectors are on basic payments.

Q40 George Eustice: You mentioned that the rationale for an area payment might be resilience or as a risk-management tool, but it is ultimately a subsidy on land tenure or land ownership, so is it the best tool to deal with those issues? Or is it a straightforward market intervention—crisis payments when there is a slump in the market or a severe weather event, when you could intervene using the other crisis powers that are in the other part of the schedule?

Ivor Ferguson: If there were vast changes in the market for whatever reason, we would certainly need more support. This resilience payment would be much less than the payment today—perhaps 30%, 40% or at the most 50%. We have not put a figure on that yet; it is something we would have to discuss with our farmers fairly quickly now.

Q41 Daniel Zeichner (Cambridge) (Lab): Good afternoon, Mr Stringer. In the written evidence supplied, Mr Fulton, you raise a number of issues around divergence, both now and in future. Could you say a bit more about those issues? Could Mr Ferguson also comment on divergence?

Norman Fulton: This is certainly an issue of concern to us. We have to be mindful of the fact that we now have the Ireland/Northern Ireland protocol under the

withdrawal agreement, which means we will need to align with the European systems, whereas those in the rest of the UK could diverge. Therefore, we would be concerned that, within what will be the single UK market, there could be different approaches to marketing standards, for example. Obviously, that is something that we will all need to be mindful of. I suppose it will be managed through common frameworks across the UK. A lot of work needs to go into thinking through how we will operate across the UK, to ensure that the UK market is not distorted in any way and there is a level playing field for all players in that market.

Q42 Daniel Zeichner: That is extremely diplomatic but I am not sure how that works. You are in either one system or another, are you not? Where is the halfway house?

Norman Fulton: Well, we are very clearly in one system, so we do not have the scope to change under the protocol. In the schedule, you will see that on marketing standards, for example, we have taken the ability to set standards, but that was drafted in advance of the withdrawal agreement, so it would not be enabled. At some point in the future, if we ever left the protocol, it could be brought into play. For now, our future is pretty much mapped out when it comes to marketing standards, but that is not the case elsewhere in the UK. Although we know what our standards will be, they may change elsewhere. That will create the issue of how we ensure that there is a level playing field within the UK/GB, which remains our biggest market.

Ivor Ferguson: As Norman just said, it is our most important market. At least 50% of what we farmers in Northern Ireland produce goes to the mainland GB market, and in some sectors it is 70% or 80%. If we were to diverge and the standards were to lower in the GB market, lower standards means lower cost of production, and we would be tied to the cost of production within the EU system in Northern Ireland, so it would be very difficult for us to compete in that market. From that point of view, it would be a disaster for us if the standards changed or diverged a great deal away from where we are today.

Q43 Daniel Zeichner: When you say disastrous, what do you mean?

Ivor Ferguson: Take the beef sector in Northern Ireland. All the products that we produce, or 95% of them, are produced to Red Tractor quality-assured standards. A lot of them go to the major retailers in the UK, which support us well with the Red Tractor standards. For beef production in Northern Ireland, the returns to farmers are down in the last 12 months by £36 million, so there is no profit in the job at the present time. We could not accept a lower price for product, so a lot of our farmers at the moment are finding it very difficult to stay in business. If there were a lowering of the price in the marketplace, that would be a disaster for us.

Q44 Fay Jones (Brecon and Radnorshire) (Con): I repeat my declaration of interest: I was an employee of the National Farmers Union, and indeed of the Ulster Farmers Union when I was working in its office in Brussels a few years ago. I want to pick up on the points that were raised about divergence. On the point you just

made about maintaining an area-based payment in case of volatility, what would be the consequence of different agricultural payment schemes operating throughout the UK?

Norman Fulton: Again, this is something that all Administrations need to be very mindful of in the choices they make. Agriculture is a devolved matter, so each of the Administrations can set their own policy direction and agenda. Under the protocol, which we will now be operating under, certain restrictions will apply in the case of Northern Ireland. We will have an overall envelope for state aid cover, but within that a percentage will have to be green box. That will put certain restrictions on the choices we make in future policy. That does not necessarily apply elsewhere in the UK. Scotland, Wales and England will all be able to set their own policy choices.

Again, we need to be careful that we do not start to open up distortions in competition, which could arise from all this. Although these matters are devolved, GB/UK is our domestic market, and we need to make sure we do not end up trying to undercut each other by using our support mechanisms to facilitate that. There is a great deal of responsibility on all the Administrations on this matter.

Ivor Ferguson: I fully agree with Norman. If we take Northern Ireland at the moment, we would like to think that we will have the same level of support. We will certainly need the same level of support. The fact that it is paid in a different way should not distort our market all that much, if there is the same level of money that comes in. We have to be mindful that our farming colleagues in southern Ireland will have a basic payment too, so we need a level playing field. We have to be very mindful of that going forward.

Q45 Thangam Debbonaire: This question may be just for Mr Fulton, but both of you may care to comment. Agriculture is devolved, as you said, but the World Trade Organisation requirements for the agreement on agriculture are deemed to have been reserved. Will you comment further on whether schedule 6 gives DAERA the powers you need to meet the flexible requirements for Northern Ireland's specific needs? Do you have anything to add to your comments in answer to the question from Fay Jones on how that regional variance will play out?

Norman Fulton: The schedule is primarily about rolling forward what we have, with options for simplification and options to keep pace with potential changes that may have happened elsewhere. It is not really about setting our future policy direction, which is something that we now need to take forward ourselves in the Northern Ireland Assembly, now that Ministers are back and we have an Executive.

On the WTO issue, yes, that is a reserved matter, but there is nothing in the Bill that we feel will constrain our ability to set our policy agenda. For example, there are no restrictions on green box support in WTO rules, and none at this time on blue box support—for example, headage payments. Hopefully, the UK's share of the amber box coming out of EU will be well in excess of what any region, or the UK as a whole, could ever hope to spend on agriculture, so we do not see that as a practical restriction on our room to manoeuvre in any way.

Your final point was around distortion in the UK?

Q46 Thangam Debbonaire: You started to comment in response to Fay's question about regional variations. Is there anything you want to add to that?

Norman Fulton: It is something we all need to recognise. For example, if a region were to decide to go back to something we had in the past, a slaughter premium, you could easily see how that could attract animals for slaughter into that area. You would be starting to distort the movement and processing of livestock. A region probably would not want to do that because you would end up spending your regional support to support farmers located outside your region. Those are the types of things that could happen in theory, but I hope in practice they will not.

Q47 Thangam Debbonaire: You mentioned the word "hope" twice there. I am also hopeful, but we are here to deal with legislation. Do you think anything else needs to be added to the legislation to reduce the reliance on hope? Is the hope about negotiating aims, or is there something that should be in the Bill that currently is not?

Norman Fulton: That is a very difficult question, because at the end of the day agriculture policy is devolved, so all the Administrations have the flexibility to deploy the budget that is at their disposal. I do not think there is a lot more you can do in the Bill to address that. It is more in the area of the common frameworks that govern how the regions co-operate across this area.

Ivor Ferguson: I will just add that we are mindful of regional variations across our areas. The future trade policy to be worked out will have an effect on that. If we diverge a lot, product coming from Northern Ireland into the GB market and vice versa will have added costs with the border inspection posts, or whatever you want to call them. There will be added costs. That is something that, if a trade deal did not go for us, or if there was a large-scale divergence, that would add a lot to our costs and we would need extra funding. We are very aware of that.

Q48 Mr Robert Goodwill (Scarborough and Whitby) (Con): I seem to recall that in Northern Ireland, unlike in England, BPS payments have a maximum cut-off. That means that, although I assume you have to have cross-compliance on your entire holding, there is a maximum payment you can get. Might switching to more agri-environmental schemes result in some farms not delivering the public goods that they could deliver, because you would be limited in the amount you could give them? Do you think that, at that point, it would be worthwhile getting rid of the cap and allowing farms to participate fully on the all the land they have?

Norman Fulton: There is an overall cap on the current area-based system, but very few holdings hit that limit at this point in time. Again, those are the sorts of things we will need to consider in relation to the architecture we put in place. Certainly, if you were talking about large areas of land that needed to be brought back into good management and good condition, you would want that to be encouraged and incentivised, and any disincentive that might arise from a cap would have to be considered very carefully. At this point in time, there is no cap on agri-environment—well, there are caps on the amount that individual farmers can get. I know it is an issue that

some farmers want to do more, and that is something we will have to consider in our next iteration of agri-environment.

Q49 Mr Goodwill: I suppose most farmers favour a cap as long as it is just over the amount they get paid. You also have a scheme where young farmers under the age of 40 who farm less than 90 hectares get a 25% additional payment. How effective is that? Has that just resulted in farmers passing on their farms early? Are farms tailoring their businesses to meet the rules, or do you see genuine benefits in having a young farmer payment?

Norman Fulton: It is a bit of a mixed picture. Certainly, it has encouraged conversations around the farm table that would not otherwise have happened. We actually put in place in addition—it was an optional addition to that measure—a requirement for the young farmer to have a level 2 qualification in agriculture, so it was a way of bringing young farmers into the whole area of technology transfer. Some, who had perhaps gone out and got jobs in other professions or trades, were coming back to the farm but did not really have the agricultural training in place, so this got them on to the stepladder. Quite a proportion then decided they would go on and take on further training and qualifications, so it was very positive from that perspective as well. The motivations on that one were good, but I think we could improve on it by looking at the restrictions and issues facing young farmers, and at how we can tailor a package to help generational renewal on farms.

Q50 Mr Goodwill: Is that your experience as well, Mr Ferguson, from a farmer's perspective?

Ivor Ferguson: Yes indeed. Coming back to the discussion document we produced after some consultation with our farmers, our idea was that when we moved away from the basic payment to a payment for productivity and environmental measures, it would mean that some of the farmers who wanted to do extra environmental schemes on their farms would be able to avail themselves of a grant to do that, so it would encourage environmental measures as well as production measures. That is something we are very happy about.

On the young farmers scheme, as Norman said, some young farmers certainly benefited from the scheme and it does encourage young farmers. However, going a bit further, we would like to see a succession plan put in place for older farmers to pass on to the next generation, and we would like to see some incentives, like they have in southern Ireland, such as tax incentives and that sort of thing. That would make the transition from the older generation to the next generation a lot easier, and it would be more encouraging for our young farmers.

Q51 Deidre Brock (Edinburgh North and Leith) (SNP): With regard to the regulatory and policy divergences between the four nations of the UK, I am lucky enough to have been on the Agriculture Bill Committee twice in the last two or three years, and I think I am right in saying that we heard from all the NFUs in the previous iteration of this Bill Committee. I recall all the NFUs being at pains to say that they currently operate different schemes and policies between themselves, as you would expect from organisations in devolved Administrations.

There were discussions around common frameworks and how they would work once Brexit occurs; those organisations currently operate in Europe under common frameworks. However, the details of the future frameworks must be agreed, not imposed—I think that that was said right across the board by all the different NFUs. Is that something that you recognise and agree with?

Norman Fulton: Yes. I think the frameworks will be important. Up to now, we have operated within a regulatory framework, the CAP, which gave us a degree of flexibility, although it was ultimately constrained. Going forward, we will no longer have that regulatory framework. It then comes back to the politics of devolution and the fact that agriculture is fully devolved. I think all the devolved Administrations will jealously preserve that flexibility, but they will also need to recognise that we will operate within a single market, and that there will therefore have to be ground rules—

Q52 Deidre Brock: When you say single market, do you mean the internal market of the UK?

Norman Fulton: Of the UK, yes, which is obviously of utmost importance for everyone.

Ivor Ferguson: I agree. For us in the Ulster Farmers' Union, we would certainly have to have some ground rules. We meet our colleagues in the NFUs in England, Scotland and Wales on a regular basis, and we certainly discuss all those matters. We fully agree that we will have to have some ground rules, but we do keep in touch with farmers in the other regions.

Q53 Deidre Brock: The impression I got was that the relationship between the four NFUs is very good, and that you speak regularly about these sorts of thing.

Ivor Ferguson: Yes.

The Chair: I am afraid that this will have to be the last question.

Q54 Ruth Jones (Newport West) (Lab): I will be very quick. What are your thoughts on the food security reports? The current Bill talks about them being produced every five years. Do you have any thoughts on the frequency?

Ivor Ferguson: We certainly would not be happy at all with a review every five years. We would certainly want to see this reviewed at least once a year. Especially in the transition, as we move forward, we would think that five years would be far too long a period, and that it will have to be reviewed a lot sooner than that—at least annually.

The Chair: If there are no further questions, we have finished two minutes early. Thank you for your time.

Examination of Witnesses

Nick von Westenholz and David Goodwin gave evidence.

2.29 pm

The Chair: We will now hear evidence from the NFU and the National Federation of Young Farmers' Clubs. For this session, we have until 3 pm. Would you please introduce yourselves?

Nick von Westenholz: Nick von Westenholz, director of EU exit and international trade at the National Farmers Union.

David Goodwin: David Goodwin, chair of agriculture and rural issues for the National Federation of Young Farmers' Clubs, and I farm in south Northamptonshire.

Q55 George Eustice: You will be aware that clause 9 has quite a broad power giving the Government the ability to start simplifying and sorting out some of the complexity of the legacy CAP scheme, which we can deploy from as early as next year. What would be your priorities to improve the legacy scheme in the time until the new one is rolled out?

Nick von Westenholz: First and foremost, the content or focus of those simplifications is not as important as giving information to farmers. During the previous Parliament, as the previous Bill was going through, there was increasing anxiety that, while simplification may or may not be coming down the line this year, farmers would not be informed about what those simplifications were, and therefore would be unable to properly prepare in order to meet the requirements of whatever the scheme is. First and foremost, farmers need early guidance about the requirements of the scheme they will be subject to, well in advance of that scheme year beginning. That information is almost as important as what the simplifications might be.

In terms of what the simplifications are, we are engaging with officials at the Department for Environment, Food and Rural Affairs, as you will know. It will not surprise you that some of the current requirements, such as the three-crop rule, have been criticised by many farmers as overly bureaucratic without really achieving the greening aims it may have hoped to address; that one comes up most often in our conversation with members.

David Goodwin: All our members are keen to get on and farm. That is what we are hearing a lot of at the moment. They hope that this Bill will enable them to do that, to look for opportunities and to expand their businesses. We keep talking about simplification; anything we can simplify will be a good thing. There is a real worry that we will not meet environmental and welfare aims. We need to ensure we maintain our high standards and do not let them slip.

Q56 George Eustice: In terms of helping new entrants and the next generation of younger farmers, what is most important for your members? Is it access to land at an affordable rent, or is it having an area-based subsidy system as we do now?

David Goodwin: Access to land is obviously a key concern for our members, but access to land is good only as long as the land they are looking to farm is profitable and viable. Finding ways to enable that is also important. From that point of view, a subsidy system of some description, where farmers are rewarded for the good work they are doing, is still quite high on our agenda.

Q57 George Eustice: Has the NFU done any work on what a sustainable land rent is for different land types without the land tenure subsidy that we have through direct payments?

Nick von Westenholz: I am not aware that we have looked at that sort of detail on where land rents might sit. It is an interesting question and one we probably ought to look at.

Q58 Daniel Zeichner: Good afternoon. It is probably no surprise to you that my opening question will refer to the letter to the Prime Minister that the NFU and over 60 other organisations have written, expressing concern about the potential risks caused by imported food produced to lower environmental animal welfare or food quality standards. What needs to be done to this Bill to resolve that problem?

Nick von Westenholz: The obvious omission from the Bill, in our view, is anything around import standards. It is absolutely right that that should be in the Bill, because if the Government are trying to promote, which we would support, more sustainable production and food systems domestically in the future, which is the core aim of the Bill—to provide a support framework for farming in a high welfare, environmentally sustainable way—they will be fundamentally undermined in that objective if there is not a concurrent trade policy that prevents farm businesses from being undercut by substandard imports. A two-pronged approach in policy terms—trade policy and domestic policy—is needed to prevent undermining that sort of farming, in which UK farmers excel.

The detail of how the Bill is amended or of the terms of the legislation that can achieve that may be quite complicated and something that the Committee needs to consider as it goes through the Bill line by line, but at the core there must be a requirement that if the UK is going to import food, that imported food meets the same standards of environmental protection, animal welfare and food safety as UK producers are required to meet. Of course, the Government have been very reassuring on that point in recent weeks and have given some guarantees in that regard, but we feel that that needs to be underpinned by legislation, because there are real technical challenges in doing this that any Government, whether this Government or a future Government, are going to come up against as they negotiate trade deals and as they pursue a new role for us as an independent member of the WTO.

Q59 Fay Jones: My question is to Mr Goodwin. Are there any other means that you think should be included in the Bill that might give your members access to land—means that might increase the opportunities for young farmers and perhaps even new entrants into farming?

David Goodwin: There has been a lot of talk within our membership about support for schemes whereby we are looking at contract and share farming arrangements, particularly in the livestock sector, to enable young farmers to come on to land alongside an existing farmer who is perhaps getting a bit older and does not want to do it himself. Quite how the framework for those sorts of things fits and how you make them work has always been a challenge. I have just come back from New Zealand, and it is interesting to talk to farmers out there. There is a lot more progression on units and farmers do not seem to be so static. I think that is perhaps the other issue in UK agriculture: it is very parochial—which is traditional. It is difficult to really

say how we could break that mould, but certainly from our members' point of view, any new, innovative ways we can find to get young people on to the land—not necessarily as managers or owners, but also as good skilled workers—would be good.

Q60 Fay Jones: May I quickly follow up on that? Are you happy with the proposed schedule for phasing out direct payments—moving away from an area-based payment and towards a system of public goods?

David Goodwin: It seems to be very quick. I would repeat Nick's point from earlier: for things to happen in farming, we need to remember how long some of the cycles in agriculture are. For farmers and farm businesses to prepare for that, they need to know what they are preparing for, and they need to know what they are preparing for a long time in advance of it happening. If you are putting a bull in today, you are not going to be selling the calves, potentially, for three years. We just need to be mindful of how agriculture works and how that fits with the legislation's aims.

Q61 Abena Oppong-Asare (Erith and Thamesmead) (Lab): Do you have any suggestions as to how the Bill could be improved specifically to enhance food production? The reason why I am asking is that I want to look at ways to ensure that poorer consumers are also able to benefit from the high requirements under the Bill—the requirements for a more sustainable, environmentally friendly way of delivering services. I am worried about poorer consumers being left out.

Nick von Westenholz: I think, taking a view of what the Bill is trying to achieve in totality in terms of a sustainable food production system, that the need to provide consumers with affordable and safe food must remain fundamental to that.

One concern we have is that a singular focus on some of the public goods aspects might lead to the food production aspect being overlooked. Indeed, that was a criticism we made of the original Bill. That is not to downplay the importance of the clause 1 public goods elements and the development of the land management scheme, but we have been clear from the outset of the process, some years ago, that a really comprehensive agricultural policy needs to be built of three key blocks. You need a sustainable, environmental block—the sort of stuff that this Bill does very well—but you also need to keep in mind the need to produce food, which is what farmers do as well. You need to encourage increased and improved productivity in the farming sector. Again, the Bill provides the powers to do that, although we are waiting for details from DEFRA about exactly what schemes and measures might be introduced to achieve that.

We also have a concern around what we call volatility, or what might be called stability. That is the stuff that farm support systems around the world generally do, which is underpin the farming sector as food producers to provide a certain degree of food security and affordable food for their country. Obviously, there are new, welcome food security clauses in the Bill. Our concern is that as we go into the next few years, direct payments will be reduced and replaced with a scheme that is focused on environmental land management, and we will potentially be in a very difficult trading environment, depending on

how the next 10 and a half months of trade negotiations go. That perfect storm will seriously undermine our ability to provide food. We try to make clear that this system needs to be as much about providing food for the country as it is about looking after our countryside and our farmed animals.

Q62 Abena Oppong-Asare: Can I ask a supplementary question?

The Chair: Before you do, I have a large number of people indicating that they wish to speak. Please could Members and witnesses be brief.

Q63 Abena Oppong-Asare: I will be quick. You mentioned that you are waiting for DEFRA to give you further information. Have you highlighted to them which of your recommendations you want them to take forward?

Nick von Westenholz: Yes. We have good communication with DEFRA officials and conversations are ongoing. Given the immediacy of some of the changes coming in, we are looking for assurance that schemes are going to be developed and deployable quickly. There are concerns over that.

Q64 Theo Clarke (Stafford) (Con): Does the Bill include the right measures to give tenant farmers certainty over succession, tenancy length and security of tenure?

Nick von Westenholz: As far as they go, we are pleased with the inclusion of the tenancy clauses in the Bill. They are quite technical and we are looking to develop some amendments to strengthen them, which we will be happy to share with members of the Committee. In particular, we want to bring in more of the recommendations of the tenancy reform industry group, which has been up and running and working for some years now, so that those are properly reflected in the Bill. We will suggest some improvements, but we generally welcome the clauses that have been introduced in this Bill that were not in the last one.

Q65 Kerry McCarthy (Bristol East) (Lab): This is probably a question specifically for David Goodwin. What role do you see county farms playing, given that the Government and the Minister have in the past expressed support for reversing the decline in county farms? Is that something your members would be interested in?

David Goodwin: Yes, very much so. County farms have been a shining light for getting younger people into holdings. In the counties where it works well, it works very well. Obviously, there are counties where there are challenges and more pressures on estates. Unfortunately, we see those in the news regularly at the moment. There are some good examples. The number of county estate farms is very small, compared with the number of people who are perhaps looking for opportunities. Some of those individual holdings are very small and do not always offer the stepping stone that is needed. Going on from there, there is still a lack, particularly with tenanted farms, of progression farms to go on to from a county starter farm.

Q66 Danny Kruger (Devizes) (Con): Mr von Westenholz, the suggestion of insisting in the Bill that we only import food produced to the same standards as our farmers produce is absolutely the right principle, and the Government are committed to that in principle, but

can you just talk us through the practicalities of what the relevant change to the legislation would be? I am just concerned about what it actually means to insist on equivalent standards. How would that be articulated in the Bill? Is that insistence not more appropriate to the trade negotiations, which will get into the actual detail of different sectors, important exports and so on? How would you frame that piece of legislation in a way that did not just open the door to all sorts of challenges on a concept that is not well defined?

Nick von Westenholz: It is a fair point, because the question of how you compare standards in this country with those in other countries is very complicated. I think there is a way that you can still build requirements into the Bill that address those concerns. Basically, you can provide safeguards to the Government's stated aim on these issues. I should add that that is one reason that we very strongly called for a commission with the Government, stakeholders and industry to be set up that would examine these very difficult issues and make clear recommendations for precisely how the Government can safeguard our standards in future.

In terms of the Bill, you could require the Government to produce a register, for example, of what our food and farming standards are, or certainly the ones that we are keen to safeguard. We can then put in a requirement that imports should meet those standards or should have to demonstrate that they do, and possibly some sort of reporting mechanism to demonstrate whether imports are meeting those standards. There have been several amendments to this Bill and the last Bill to attempt to address that.

You could introduce amendments that are much more explicit. For example, they could set out the sorts of veterinary medicines—whatever it might be—that are prohibited and would not be allowed to be put on the market, as well as goods treated with those medicines that could not be put on the market in this country. That would be a very clear and straightforward legislative safeguard on standards, but you would be looking at quite a lot of text if you were to go completely across the board. There are a number of options.

Q67 Thangam Debbonaire: I am not quite sure, but this question is possibly to both witnesses. The Bill is to a great extent an enabling Bill, and the words “the Secretary of State may” appear frequently. I wonder whether, were you going through the Bill with a red pen, you would change any of those may to musts. In particular, I am looking at how we make the move from having been a full member of the EU and part of the WTO by virtue of that to completely being just on sole membership terms with the requirements of the agreement on agriculture. I am looking at any may to musts and how to get to compliance with the agreement on agriculture.

Nick von Westenholz: I think as a point of principle, we would not just argue that any mays need to be turned into musts. We recognise that this is an enabling Bill and the merit of the Government's having legislation that gives them flexibility. There would probably be some points where we would be more forceful than others, such as the powers around exceptional market conditions. At the moment, there is a “may” power for Government intervention when exceptional market conditions are adversely impacting agriculture—this speaks to that point I was making about volatility, as

agriculture, probably more than other economic sector, can be subject to climate volatility, weather volatility, market volatility and so on—but we think there should be a trigger there that requires a “must” for intervention. I know some have argued that there should be more of a “must” clause around the financial assistance powers. I am not sure whether that would do the trick, because it could still be an inadequate amount of financial assistance that is provided.

The new clauses addressing multi-year financial plans and reporting are important and we are pleased to see them; we think that those, alongside the Government’s guarantee on the total budget, are just as important in giving farmers certainty and the ability to plan for the long term.

I did not quite understand the question on the WTO agreement.

Q68 Thangam Debonnaire: I wanted to emphasise those provisions of the Bill that pertain to the WTO and ask whether any of those “mays” to “musts” were in that area.

Nick von Westenholz: Not that we have identified, but I will have another look at it after the session.

Q69 Virginia Crosbie (Ynys Môn) (Con): Mr Goodwin, in relation to the next generation of farmers, I would be interested to hear whether you have had any feedback from institutions and how you are working with universities and colleges to ensure that the next generation take advantage of this new legislation.

David Goodwin: We are working closely with various county agricultural colleges at the moment. We have just run an event in the north—I have forgotten the name of the college—in association with DEFRA, through our DEFRA grant holder, to engage with our members about this Bill in particular and the ELMSs that are coming forward. That is a project that we were looking to roll out considerably further; unfortunately, our timescale was put back when Parliament was prorogued and we had to postpone a lot of events that we were planning to run. Agricultural colleges lend themselves well to setting up and running events with our members and our target audience of potential members and people who are looking to come into the industry. We are certainly doing as much work as we can with county colleges and the universities, which are all struggling a little bit for students at the moment.

Q70 Abena Oppong-Asare: My question links in with Ms Crosbie’s question and is directed to Mr Goodwin. As you know, the ageing population of farmers is changing. Is there anything specific in the Bill that you think needs to be changed that could help more young individuals to go into farming? Is there something that you feel needs to be specifically looked into?

David Goodwin: As we have touched on at various points in this session, the crux of the matter is this Bill’s enabling farmers to run effective, efficient and sustainable businesses, both environmentally and economically. From a young farmer’s point of view, the foundation of all this must be a strong, stable agricultural industry. The only way to attract young people into agriculture is to offer them opportunity; it is difficult to sell the idea of working 150 hours a week and being paid less than the

minimum wage to people who are not necessarily in love with agriculture. There are no specifics that spring to mind, but anything we can do to support agriculture is a positive.

Q71 George Eustice: I want to turn to a different part of the Bill, chapter 2, and the provisions on fair dealing and transparency in the supply chain. Can you tell us which sectors suffer the most from a lack of transparency and fairness in the supply chain? Which are most likely to be price takers? What regulations or steps would you like the Government to take, under the powers in this Bill, to ensure that farmers are in a fairer position relative to others in the supply chain?

David Goodwin: I have a very quick point on that, specifically pertaining to the lamb industry. We have had quite a lot of feedback from our members about lack of transparency: under the sheep legislation as it is at the moment, we are forced to electronically tag and identify all the sheep, but currently the abattoirs and processors are not required to pass that information back down the chain or identify those carcasses as pertaining to those animals. There is a perceived transparency issue with some processes. It is not that potentially we are not being paid the right amounts, but I think people would like to know what our killing out percentages are, so that we can improve performance and make better informed decisions.

Nick von Westenholz: We are working through our commodity boards, which is the way we cover the different steps in the NFU to address exactly how the powers will be used. We are pleased that those powers are in the Bill, but lots of them rely on secondary legislation to operate, so it seems that potentially there is still quite a job to do once the Bill is enacted to ensure that the powers can be used properly to do what they are supposed to do. We look forward to working with officials to work out exactly how those powers can be deployed once the Bill is enacted—that is a feature of the enabling aspect of the Bill. We certainly think the focus on improving the supply chain is a critical bit of the Bill.

Q72 Daniel Zeichner: Let us turn to the delinking proposals for a moment. There does not seem to be a great deal of detail in there. The intention is to bring in new people, which we would support, but are there dangers of unintended consequences? Would you like to see more detail?

Nick von Westenholz: Yes, absolutely. We would like more detail. We understand there was an intention to consult on them at some point under the last Bill, so presumably that will still happen. You are absolutely right that there are potential unintended consequences, not least because those aspects of the Bill relate to England, and there could be a very different way forward in other parts of the UK. That would potentially lead to a very different looking system between England and other parts of the UK. We need to understand the details. Some people might be attracted to the implications of delinking, superficially. Once you delink—particularly with the potential to move to lump sum payments, which is one of the reasons for doing so—you are moving away from some of the things I spoke about earlier, such as being able to manage the transition for the next few years, particularly in the volatile circumstances that might arise for farming. So yes, the long-winded answer is that we would like more detail.

David Goodwin: We tend to agree on the whole. There is a feeling of quiet optimism that it might offer opportunities for young people to come into agriculture. Without some detail to see exactly how that might work and whether it is feasible, people are keeping it at arm's length.

Q73 Daniel Zeichner: Returning to the volatility/stability question, the CAP was much derided in many quarters, but I would say it has delivered some of the goals that it originally set out to achieve, including a measure of stability. Apart from changing “might” to “must”, what other things would you like to see to ensure stability for the future?

Nick von Westenholz: The main parts of the Bill that are relevant are around the transition. Currently, the Bill still has the timetable of beginning to phase out of BPS next year and going over a seven-year period. We have called, as have others, for a delay in that process. That is still absolutely right because we are unlikely to know the trading environment in which farming will operate until potentially very late this year, possibly even into next year, yet the schedule has us beginning to phase out of BPS next year. As David mentioned, agriculture works on very long timeframes.

While we do not know what the future looks like, delaying that is important, not least because this Bill, the previous Bill and the health and harmony consultation that it was predicated on, all took place in a very different political environment where the future relationship with the EU and some other aspects were envisaged very differently. Things have changed, and the Bill and the transition period should also change. We could face some very volatile times ahead and we need to be able to manage that.

The Chair: Order. I am afraid that brings us to the end of the time allotted for this session. I thank the two witnesses on behalf of the Committee. We will move on to the next evidence session.

Examination of Witness

Richard Self gave evidence.

3.1 pm

The Chair: We will now hear oral evidence from Co-operatives UK, and we have until 3.30 pm. Welcome. Would you like to introduce yourself?

Richard Self: I am Richard Self, agriculture manager with Co-operatives UK, supporting our farmer co-operatives up and down the country.

Q74 George Eustice: Are you broadly content with the powers in the Bill to modify the retained EU law on producer organisations in particular? Do you support the principle of moving away from the area-based subsidy payment we have now to a system of payment for public goods?

Richard Self: We are broadly happy with the way the Bill is set out. The detail will come in secondary legislation for the areas of co-operation and collaboration that we are interested in. The main concern is around exemptions. The exemptions are currently very supportive of co-operatives, but there is some room in the Bill for that to

be narrowed, and we need to ensure that the current exemptions are carried through to this new environment. We want to encourage our co-operatives, not discourage them.

On subsidy payments, we accept that. It will create a new environment and a new world for farmers to operate in. Again, co-operation and collaboration can help farmers become productive and efficient within that new world.

Q75 George Eustice: Coming back to exemptions, I think most are carried forward by the Bill. Specifically on dairy contracts, for example, co-operatives were excluded from the voluntary dairy code, but if we were to introduce a mandatory code under provisions in the Bill, they might not be. Will you explain why co-operatives are a special case that should be exempt from giving farmers clarity about how the milk price is calculated?

Richard Self: It is an interesting area. I am not an expert on the dairy sector, but in milk co-operatives the first-stage processor is owned by the farmers. If that processor takes a high price, farmers will get that back at some stage; in another situation where they do not own the processor, they will not. Therefore, it inhibits them from reacting to the market, because ultimately in a situation where the farmer owns the processor, the benefits will eventually come back to the farmer because they own the business.

Q76 Daniel Zeichner: In general, will the Bill help producer organisations? What more could be done? Why have we not traditionally done better in UK agriculture?

Richard Self: Producer organisations have done a good job, but I think some people would say they could do a better job if they were better organised. I think we could have made better use of them in the past—other countries have made very good use of their POs. One concern we have around POs is that they might be too narrow. We want to ensure that all types of co-operative have the chance to be a PO, and that extra hoops and barriers are not put in the way of existing co-operatives, making it more difficult for them to get to that PO status.

Q77 Daniel Zeichner: Why has the UK experience been different from that of other countries?

Richard Self: Other countries have taken those funds that they get through being a PO, and the help with their technology, productivity and so on, but they have also changed their business models. What is important is to get the right business model in place, where you can add value, capture it and bring it back to the primary producer. I think what we have done is just take the money for the grants, if you like, as opposed to changing the business model and the way that the supply chain works.

Q78 Daniel Zeichner: Will the measures in the Bill make it more likely that we go down that route in future, do you think—or not?

Richard Self: I think it can do. As I said, I think the detail will be in the secondary stage to this, and how that is built up, but the foundations are there. We can make that PO scheme work, as long as we are inclusive of all the different co-operative structures that we have got within that, and do not create extra barriers and hoops for people to jump through to get into the PO scheme.

Q79 Daniel Zeichner: Is there anything you would like to see in the Bill that would help that to happen?

Richard Self: There is nothing specific that I would like to see. At this stage, it is about trying to keep it as wide as possible, so that we keep our options open and look at every stage of making the environment right for co-operatives to thrive and succeed.

The UK is well behind most other developed agricultural systems in its use of farmer co-operatives. France, Germany and the USA are all developing a number of co-operatives, while the number of our co-operatives is reducing. We need to change that balance around. Our market share of co-operatives, based on my most recent figures from a few years ago, is about 6%, compared with Germany's 17%. I think France has something like 55% and Denmark somewhere over 60%. Their market share is much greater. The value added that those co-operatives bring is returned to the primary producer.

The other advantage with co-operatives is that they make the markets less volatile. That is one of the things we are worried about in the future—volatile markets. A co-operative can help balance out that market to make it work well, so that there is less volatility in the price of goods—the primary produce. It also makes sure that the supply chains are fairer for the farmer because they are working together.

Q80 Mr Goodwill: From what you have just said, it appears that the structure of UK agriculture, with larger units, does not lend itself particularly well to co-operatives; whereas, on the continent, you have lots of small farmers who, for example, never get a fertiliser salesman on their farm for the size of their operation.

Do you think that, under the old system as part of the European Union, we have in many ways been trying to squeeze a square peg into a round hole, and fit what is going on here into the way that we can access funds? How do you think in future we can actually produce a system to encourage co-operatives, of the sort that would maybe work in the UK, rather than trying to emulate those across the water?

Richard Self: Generally, we have some very good co-operatives out there. The governance angle of co-operatives is the key thing. If we get that right, and get them well managed at the leadership level, that will help to address the sort of thing that we have had in the past.

We have large farmers in our country, compared with some of the others, but in fact it is the small farmers who do not tend to collaborate so much. I think the larger farmers tend to be very professional in what they are doing, and they are looking at this as a business arrangement, as opposed to the smaller farmers, who want to do things themselves. The evidence I have seen basically says that we need to target smaller farmers probably more than we do the larger farmers.

Q81 Danny Kruger: You have pretty much answered my question. Perhaps you could elaborate a bit more on how to do that. If it is a question of larger farmers naturally combining because they are more professional, as you imply, is it just a question of education and making clear the opportunities that are there? Information, not education, sorry—that was patronising.

Richard Self: No; that was a good point. Education is good point. I looked at this last year. I looked at our universities and colleges, and they do not do anything

on the co-operative business model and how it works round the world, and how farmers benefit from getting engaged. Last year, the Royal Agricultural University did some work for us. It highlighted the lack of understanding of how the business model works and brings benefit back to the farmers—it is about adding and capturing that value and bringing it back. Some farmers have said to me, “Is there any point in us adding value, because someone else captures it?”, whereas a co-operative makes sure that that value is brought back.

We need to educate—“inform” might be a better word in some ways. We do proper case studies and show how, around the world, co-operatives are used in such an effective way, and how their use continues to be developed as they go forward. We were doing quite a lot of work after the Curry Commission report. I was involved in Share to Grow initiatives to get production collaboration going, and we were making some good ground, but then 2008 happened and the cash—the support—stopped. Since then, progress has basically stopped. We have probably moved backwards, if anything, since then in terms of the level of collaboration and co-operation. External support is required to make this happen; it will not happen without that external support to carry it through.

Q82 George Eustice: One of the criticisms of the fruit-and-veg PO regime in particular was that, apart from being very litigious because of the way in which the legislation was drafted, support could only be given to predominantly marketing co-operatives—marketing had to be their primary function. Some groups such as the British Growers Association and others have said that that is wrong. Would you support an approach with support for co-operatives to come together to do research and development, or as buyer groups, but not necessarily marketing in the traditional sense?

Richard Self: Obviously, marketing and consolidating products to make efficiencies in the supply chain are really important, but as we move forward, there are lots of other opportunities for co-operatives to get involved and for farmers to work together. Data is one—we talk about “big data”—and co-operatives are in an excellent position to harvest that data and to use it, not just for their benefit, but for the benefit of the whole supply chain. It will be important, going forward, that we have really efficient supply chains, so that we compete with external supply chains. Working with a co-operative at the centre of that, at the production level, is important both upstream and downstream. If we can have PO schemes that run across different areas and different sections of that supply chain, it would be good.

Q83 George Eustice: On the competition law side, what kind of exemptions or special provisions in law would you seek to enable the co-operative model to develop?

Richard Self: I think that the existing competition law that we enjoy now—or did, under EU law—would be good to carry through. That is how I understand it, although I am not an expert in this area. The worry is that it might be narrower in the future, so that the onus comes to fall on the co-operative to show that it is not competing unfairly, whereas at the moment it can say, “We’re a co-operative,” and then someone else has to prove that it is competing unfairly. The problem with that is that co-operatives would have more risk and

more uncertainty when they were trying to grow a particular business and so on. That is why we would like to keep it as it is at the moment.

Q84 George Eustice: Are you content with the—I think—30% market share provision? So no co-operative is allowed to go above that—certainly with dairy.

Richard Self: I think that would be sensible. It would be a good aspiration for some areas.

Q85 Ruth Jones: Mr Self, in the agri-food supply chain, how well does the Bill move the power base away from the major retailers towards the farmer?

Richard Self: I am probably not qualified to say how well the Bill does in that sense, but I believe that if we can have a policy with an almost horizontal theme of collaboration and co-operation that runs through the environmental or production side of it, or anything else, it would be good to improve that. In particular, that strengthens up the position of the primary producer working in a co-operative, in terms of balancing out.

Some processors and suppliers are worried about this, if farmers get together. In some situations, they have—how should we say?—been proactively discouraging it, and we need to avoid that happening. It is to the benefit of the whole supply chain if it works with that co-operative—they can get economies of scale, help manage supply and demand, and use the branding of the co-operative, if you like, to get to the end consumer to show the traceability, the welfare and the quality of the product when working with a co-operative. There are win-win situations for both co-operatives and businesses up and down the supply chain if it is looked at the right way. They can see it as a threat to their profitability.

Q86 Miss Sarah Dines (Derbyshire Dales) (Con): What single change would you advocate if you had to prioritise a single change to the Bill, as currently drafted?

Richard Self: I think the only thing I would change is to make sure that the exemptions are firmed up and protected over the next few years. We are worried about that, in terms of suddenly making it more risky for our co-operatives to develop.

Q87 Miss Dines: How long would that extension be?

Richard Self: There is a two-year period on this. It could be managed more flexibly, so it would be good if that could be extended for two years.

Q88 Miss Dines: What would your choice be? Would it be five years, or four years?

Richard Self: Five years would seem like a good period, but I do not have significant knowledge on that front.

Q89 Theo Clarke: I just want to pick up on the issue of transparency and fairness in supply chains. Would the fair dealing obligations in the Bill currently work with the existing groceries supply code of practice? I want to make sure that we have a consistent approach to fair dealing across the whole supply chain.

Richard Self: I'm sorry; what would that be?

Q90 Miss Dines: How do we ensure that the existing groceries supply code of practice is consistent, so that we have fair dealing across the whole supply chain?

Richard Self: I probably do not know enough about that. The code does a good job in helping the process. Co-operatives are my area of expertise. It would be good if that included co-operation and collaboration as it would help redress some of the balance of fairness within the supply chain, but would be for the benefit of the whole supply chain if handled the right way.

Q91 George Eustice: I wanted to return to the issue of dairy contracts, and whether there should be a continuation of the special exemption for dairy co-operatives. What is the remedy for a farmer who finds himself trapped in a long-term contract in Arla, a huge pan-European co-operative, where he is not happy with the price he is getting or the way the organisation is being managed, but is unable to change either of them despite nominally having a share or stake in it? Should there be some rights for that individual member as well? Do the articles of association in co-operatives generally provide sufficient protection?

Richard Self: Obviously, there is a democratic process within the co-operatives in which you can vote people on who have a particular stance. The idea is to help control your own co-operative in doing what the membership wants. A co-operative should have a process in place whereby that can be fed into the co-operative to get the criteria right for that membership. The process of democracy within the co-operative should allow for that. I cannot comment on an individual case, but it is up to the members how they run their business. They should be able to set it up the way they want it.

Q92 George Eustice: I suppose the key question is: if the views and interests of a British minority, for instance, were compromised by the majority in a big pan-European cooperative because of a decision taken, should they not be able to exit with a set notice period, for instance, and have a clear mechanism for doing so?

Richard Self: I would hope so, yes. But I am not an expert in the dairy industry, so I would need to investigate that further; we are happy to look into that. I have good contacts with our dairy co-operatives and can help feed that into the system.

Q93 Daniel Zeichner: Earlier, you touched on some of the opportunities around data. Will you amplify on that? What support might be needed to make the most of those opportunities?

Richard Self: Increasingly, farmers will have better data on their anticipated crop yields, milk yields or whatever. They can collect that raw data, and farmers can trust their co-operative to handle it in the right way for them. That data is useful and is worth money to others in the supply chain. It is a question of how they can work together to maximise the use of that data for the benefit of the supply chains they are working in.

Q94 Daniel Zeichner: Is that an issue of scale, or an issue of co-operation?

Richard Self: Obviously, the more data you have across an area—information on yields, or even perhaps on the supply side, on agrochemical use and the anticipated use of crop-protection products—the more it helps you to manage supply and demand going forward, which helps improve efficiency and productivity. Co-operatives

are in a really strong place because they are working on behalf of their farmer members, and they can use that data in the right way to help the whole supply chain.

Q95 Fay Jones: I have a question about risk management. I had to step out of the room, so I apologise if this has been covered. Often, farmers are at the very end of the supply chain and bear all the risk. We have a good example with the beef price at the moment, which is down very heavily at farm gate level but not so much at retail level. Could there be more in the Bill to provide more risk management support in the event of market volatility?

Richard Self: On risk management, the problem is that you put your crops in the ground or start to produce your animals well ahead, and you do not know what you will get for them. Mechanisms to control those risks against unforeseen events and so on are really important. If they could be built in, that would be very useful. Again, co-operatives have a role in that: you can pool your crops or your fertiliser payments to average out prices within a co-operative. That is the sort of thing that helps to manage risk. If you have a known price for a thing, or you get an average price over a period, you do not get hit hard if the price suddenly goes up or down.

Q96 Danny Kruger: That sounds very sensible. A huge advantage of a co-op system is that it can help its members share its red risk. It would be good for me, at another time, to understand more about the extent to which your members provide that kind of assurance mechanism for their members, but that is not my question. More abstractly, where do you think the opportunity is for a strengthened co-op movement in the regime that is to be introduced? Is it in enabling co-ops to partake in national and global markets, or in strengthening local production for local markets? I bet you are going to say both.

Richard Self: I would say both.

Q97 Danny Kruger: Do you have a sense of where there is more opportunity? Are you part of the local, anti-food-miles movement, or do you say, “No, we can take part in the global economy”?

Richard Self: I think there are some wins there for local things, but if we really want to make a difference, it has to be about getting a good market share of UK supply chains and then working with those groups to see how we can develop export markets around the world for high-value, high-welfare, quality products. There are some opportunities for that. It is a difficult area to get into—obviously, it is highly competitive—but with the story we have through our production methods and so on, we should be able to do that. Again, the point is that you need the right business model to add that value but then capture it back to the primary producer. The problem is that when a farmer produces something and it just goes off on a lorry and they do not know where it is going, they are price-takers and somebody else is capturing the value they have created. That is why we need to get the business model right for those groups.

The Chair: If there are no more questions, I thank Mr Self, and we will move on to the next panel.

Examination of Witnesses

Graeme Willis, Jim Egan and Jake Fiennes gave evidence.

3.25 pm

The Chair: We will now hear evidence from the Campaign to Protect Rural England, Kings Crops and the Holkham Estate. We have until 4.15 pm. Would the witnesses like to introduce themselves first?

Jake Fiennes: I am Jake Fiennes, the general manager of conservation at Holkham Estate in north Norfolk.

The Chair: Before I move on to Mr Egan, may I say that this is a huge room and the acoustics are terrible, so can people speak up?

Jim Egan: I am Jim Egan, technical advisor for Kings Crops.

Graeme Willis: I am Graeme Willis, agricultural lead for CPRE, the countryside charity.

Q98 George Eustice: Will you each tell us what you think have been the main shortcomings of the existing area-based common agricultural policy; whether we can, in the short term, modify it to make it work more smoothly; and whether you support the general premise in the Bill of, in the longer term, a move away from subsidies on land tenure to support for the delivery of public goods?

Jim Egan: From my perspective, one shortcoming is that the current system does not allow fully integrated environmental and farming management. It does not let the whole lot sit together, which causes issues. One of the biggest shortcomings of the current system is its administration in my specialised area, agri-environment schemes, which will put people off, as it has in the past. I do not really want to go much further than that, Minister. There are lots of things, but that is my area of expertise.

In terms of modifying in the short term, my personal view would be not to, particularly on countryside stewardship. I do a lot of work directly with farmers on getting stewardship schemes in, and I have never seen so much demand as this year. I already have 65 people on my books wanting to do the modified schemes. There are obviously things pushing them towards that, but the simplification of the actual stewardship process has been good. We just need to get the payments and other things right in the short term, to provide certainty.

If I was going to modify anything within the wider BPS system, I would perhaps modify the three-crop rule, so I could say that we had done something. However, I think people are used to it, and it is actually very important, in a time of turbulence, that we keep it as stable as we can at the moment.

Sorry; what was your third question?

George Eustice: Do you support the general thrust of the future policy, moving from subsidy on land tenure to—

Jim Egan: Yes.

Jake Fiennes: If we split it into pillar 1 and pillar 2, the current BPS is rather clumsy and, in places, overly simplistic. We have the ecological focus area ruling within that, which, as Jim refers to, is cumbersome. The three-crop rule and hedge-cutting dates sort of tie farmers into a knot; they are unable to be flexible.

In the short term, farmers are preparing for a transition period, which will start in 2021, according to the current Secretary of State, although I know that some are pushing for that to be extended, because we have just seen a delay of this whole process. However, farmers are slowly taking on board that there will be seismic change within their business. It has happened over a very static two years, but we have seen a real momentum, and there is a general acceptance among those within the industry that this is coming around the corner. If they have an ability to prepare their businesses by going into the current schemes—I think the new stewardship scheme was opened today. I have not looked at it, but I think the detail made it easier and more user-friendly.

We have to put the past aside, with all the issues that we had with the RPA, Natural England and late payments. I think we have moved on from that, and I think this year was an example of the RPA demonstrating very swift payments, and the current stewardship payments are being rolled out as we speak. That is all very positive. Again, I see a greater uptake of the current schemes—the countryside stewardship higher tier and middle tier, and also the simplified scheme.

That will get farmers ready through the transition period, which comes on to the Minister's third point, where I am in full favour of it. A slight redrafting of the Bill—talking about soil and productivity—basically got the entire land-based community on board.

Graeme Willis: I think it is well attested that the CAP scheme is inefficient, ineffective and inequitable. People such as Allan Buckwell and Alan Matthews have made that point, and DEFRA's own research has shown that, and there have been statements, so we very much support that view. In terms of the current countryside stewardship schemes, as Jim said, it is very important that farmers keep faith with those schemes. The simplification has been very helpful.

Certainly within DEFRA, I have been making the point that those schemes are probably under-commented on, because we have a 2030 deadline for addressing climate change by cutting emissions very significantly. Four years through to when ELMs beds in is a very important period in which to get trees in the ground and to get peatland and other high-carbon soils restored. It is very important in this phase to keep putting money in and investing in farming. It is very important that farmers keep faith with that, and the schemes have been expanding, which is very welcome after a rocky start.

We believe that public goods for public money is the right way forward. It is the absolute crux for enhancing the environment, obviously addressing climate change and biodiversity issues. But, as Jim said, it is very important to harmonise what farmers do in producing food and other goods with environmental improvements which we know are very necessary. Bringing those two together is critical so that they are not seen as oppositional.

Q99 George Eustice: If at one end of the scale you have what could be called the broad and shallow but largely universal interventions that most farmers would sign up to—catchment sensitive farming or hedgerows—and at the other end you have land use change through peatland restoration or new woodland being established, what should be the balance between those competing priorities in order to really deliver for the environment?

Jake Fiennes: Are we referring to the blueprint of ELM?

George Eustice: Yes, in the new scheme.

Jake Fiennes: We have the regulatory payment. I hear of calls for up to 30% of existing payments that farmers receive, which is about £200 per hectare. I am certainly not in favour of that, because it will not encourage stakeholders to go into the middle tier and I think you will see a great uptake in the middle tier. On the final tier, which is landscape restoration, whether it is on a catchment basis, if we are going to have sustainable, functional land use, it has to be at scale and deliver all the climate change issues and soil regeneration. All these processes will go into the final tier and, having listened to some of the comments earlier about the smaller farmers not working well together but the bigger ones working better, we are seeing a great uptake of facilitation funds and cluster groups. This whole movement is happening. I would not encourage the lower payment to be a major factor, because we would basically go back to a reverse BPS system.

Jim Egan: My way of answering that would be to look at the fact that in the majority of lowland England, if you split it that way, you will find farmers taking up more than you think, if it is properly rewarded, if it is linked in by the rest of the industry and it is linked together. You quite commonly talk to farmers now who take out anything between 5% and 15% of their land to manage it “for the environment” and also recognise the real benefits of changing what they do: introducing grass lanes to help with grass weed control and to build soil fertility, which helps with cleaner water and so on.

I agree wholeheartedly with Jake that there is a sea change coming. A lot of people stood back, because of the political uncertainty, but they are ready for that. The higher extremes you referenced, such as peat restoration, will be a focus in an area where it can happen, getting those landowners together and talking about it. It will take time. I do not think they are completely divorced and different.

On woodland, it will fit when people start to see natural capital, particularly the natural capital potential of their land, and they have choices of what to do. Then woodland will start to happen, especially where you can get people working together and you can make the links. I would be positive about that.

Q100 Daniel Zeichner: I want to put to you a question I asked earlier witnesses. I think that the CPRE was one of the signatories to the letter to the Prime Minister expressing concern about the potential problems with importing food with lower environmental, welfare and health standards. Why did you sign that letter and what should be done in the Bill to tackle the issue? That is particularly aimed at Graeme.

Graeme Willis: In terms of maintaining standards, we are very concerned—I know that statements have been made about supporting high standards—that undercutting those standards through imports would undermine farmers' incomes, as well as their ability to perform environmental management. I know that an amendment previously tabled to the Bill sought to introduce a broad requirement that any international trade agreement that was to be ratified must be compliant with UK standards. We think that is a major omission and one of the major things that needs to be addressed in the legislation. We have a common cause with the whole of the farming sector on that. The whole of the NGO environmental sector takes that view. It is a very important element and condition.

Q101 Daniel Zeichner: Thank you; that is helpful. Jim and Jake, you are very enthusiastic and positive about the change on uptake in stewardship. That has been a long time coming, has it not? What has changed so dramatically, in your view, to make that happen? In the transformation of ELMs, would you agree that it would have been helpful for this discussion and process to have a bit more detail about the Government's thinking on how it will work?

Jim Egan: Regarding possible current uptake this year, I have always been positive, and I have been proved wrong, year on year, as I am often told by DEFRA's agri-environment group. This year, in particular, people have heard for a long time that BPS will start going down. They have seen their neighbours' farms going into the simplified scheme, although not in huge numbers. I work with a company that provides agronomy advice, and the agronomists are starting to understand it.

The weather this year in the east midlands, my patch of the country, has meant that there are farms with no combinable crops in the ground at all—not 5% or 10%, but none. That has made people think. It has made people think about sustainable income streams, support, unproductive areas and what they could do differently. There is a whole raft of different things. There is also a question of who sells it. If you sell it directly and positively, people will do it. If you are negative and you harp on about late payments and so on, the meeting will leave you. I tend to be positive about it. Perhaps that is why I have a long list of people wanting to work with it.

Jake Fiennes: When you put economically sustainable agriculture to a farmer, he may have had 47 years of being paid just to produce food, irrespective of the quality, quantity and yield he produces on his land. They must realign their business. If we see this transition period take place as of next year, some farmers will lose anything from 5% to 20% of their support income.

Agri-environment helps them through the transition period financially, but it also gets them to understand. At the moment, farmers lack good agricultural environmental advice. That is what we don't see enough of: advice on the ground. Farmers are a particularly fickle community. They are wary of individuals they do not know, so the advice has to come from individuals with whom they have had previous relationships, whether through their agronomy, because we are seeing agronomy become more open to environmental delivery, the Farming and Wildlife Advisory Groups throughout the country, or Natural England, which changed the game of agri-environment 20 years ago. The advice on the ground is key.

If farmers are sold an economic reason and then have an ability to deliver the environmental goods, whatever they may be, through sound advice, we will see greater uptake. The reason we had the stop-start scenario with agri-environment was, as Jim referred to, late payments—“Am I going to get paid for it?”—or commodity prices. We have seen the volatility in commodity prices. If I am getting £200 a tonne for my milling wheat, why do I need to go to an agri-environment scheme when I have already invested in the men, the machinery and the infrastructure to deliver that crop? It is an evolving, moving process, but they are definitely coming more on board with it.

Q102 Daniel Zeichner: May I press you on that point? This is a big transition that is envisaged, possibly over a compressed timeframe. Is there the capacity to provide the advice and to do the negotiation? If there is not, what needs to be done to get it in place?

Jim Egan: I think there is underlying capacity out there. There are enough people to do it. There will be a change of mindset in some sectors, but bear in mind that business is seeing some of the opportunities here as well. Jake is right: it needs to be somebody the farmer trusts—there is a wide range of advisers trusted by farmers—and the advisers need to believe in the scheme. Many advisers have not sold environmental work for the past five years, because they do not believe in the scheme; they do not want to put their name on the line when the payments are late, and when the agreement does not turn up for a year after you have entered into it.

You should not underestimate the impact that that has, because if your adviser walks up the drive and says, “I can't put my name to that, because I can't advise you about that future income and part of your business,” it puts people off. We are starting to get a lot of certainty now about stewardship. I know it will change and evolve, but we need that certainty of scheme and of process. The advice is there; people just need to believe in it.

Q103 Mr Goodwill: Many land managers derive significant income from the sporting potential of their farms or estates—not just from the sale of game, but from the people who pay to stalk or shoot or to catch salmon in their rivers. Indeed, before agri-environmental schemes came in, the farms and estates managed in that way were probably the ones already doing what we want them to do now. How important do you think it is that any new schemes under ELM dovetail in with the way that these estates are being managed? Do we need to take particular account, for example, of grouse moors and the uplands, where we have a fragile environment that, if managed in a different way, could well revert to what some might see as a carbon sink, but others would see as a downgrading of that precious environment?

Graeme Willis: Referring to uplands, we have signed a letter to say that we want peatland burning to end rapidly, and the Committee on Climate Change has taken the same view. I want those landscapes to be managed in a re-wetted form, which might help different forms of game. It might not be the same kinds of game management.

Q104 Mr Goodwill: Is that blanket bog or the dried heathland and moorland?

Graeme Willis: The blanket bog, essentially. That could be re-wetted and improved upon, and I think you would get different game. You would not necessarily get the same driven grouse shooting, but it is important to take into account what game management could do in those areas and how it might adapt to that. It would be a different form of activity, but very important. I take the point about large estates, but Jake can say far more about that; it is important that you maintain that kind of management. It has a lot of environmental benefits, certainly in integrating woodland into those environments and into the farming.

Jim Egan: I have no experience of upland, so I will not try that one. I used to work at the Allerton project for GWCT, and my experience of lowland game management is that, where it is done very well, it is very good. It encourages woodland management, habitat management and the provision of wild bird seed mixes, pollen and nectar. You are right to reference the fact that many of those estates were doing that work before agri-environment and working with agri-environment. We need to be careful to ensure that that management is positive and good, because, like everything in life, there are good and bad shooting estates. For me, it comes back to farming and the environment, completely melded and meshed together. Sporting activity is part of the rural environment and needs to mesh in with it.

Jake Fiennes: It is an Agriculture Bill and game is not agriculture. We have to remove game, because it is just a landscape pastime. The environment can benefit game. The game community has enough issues to deal with on its table, but we can see that game interests have evolved over the centuries. They will be more crucial in the delivery of environmental goods. Those with a history of managing with a game interest see the benefits. The Allerton project is a great example. The Duke of Norfolk's estate in Peppering is specifically targeting game, but the benefits to the wider environment are huge. All the game interests form part of an agri-environment scheme, so they are sort of intrinsically linked. Where it is done well, it is done very well, and where it is done badly, it is an environmental disaster. Those with game interests will have to change, which is no different from how those with food production interests will have to change.

Q105 Mr Goodwill: Could ELMS incentivise those positive changes?

Jake Fiennes: I think the ELM schemes will do exactly that. If we can demonstrate better land use for our land that is less productive—use for the environment, biodiversity, carbon storage, cleaner water and cleaner air—everyone gets to benefit.

Q106 Kerry McCarthy: Did you just say that game should be taken out of the Bill altogether because it is a leisure pastime, not an agricultural pastime?

Jake Fiennes: Game is not agriculture. Game has never been part of agriculture. Forestry is agriculture; farming, dairying and beef production are agriculture, but game sort of sits on the sidelines and is not part of agriculture.

Q107 Kerry McCarthy: I thought that the whole justification for game shooting was that people eventually eat the birds, even though we know that they could not possibly consume as many as were shot. Perhaps we will agree to disagree on that issue.

Jake Fiennes: It is a technicality, but game has never been—

Q108 Kerry McCarthy: You have farmed game birds that are released into the world to be shot.

Jake Fiennes: But a game farmer is not a farmer. He is not a poultry producer either, strangely. Sorry, but it is a real technical difference.

Q109 Kerry McCarthy: Well, we probably do not have time to go into that. This is probably a question for Graeme, to start with, but others can chip in if they

wish. I have two quick questions. First, still on the management of peatlands issue, game shooting and particularly grouse shooting can be very lucrative for estate owners. Is the mechanism in the Bill about rewarding farmers who re-wet the peatland or manage the moors in a certain way ever likely to be enough to encourage them to do it, or do we need the ban that you are talking about?

My other question is that you mentioned your views about county farms, and I am keen to see what you think should be in the Bill. I think there is general support for the idea that county farms are a good thing, but that does not necessarily mean that they need to go into the Bill. Can you say what you think needs to be in the Bill on that front?

Graeme Willis: On peatland, it interesting how broad that goes in terms of land management. Going back to the Minister's question, I would imagine that large-scale restoration might well be part of ELM. The public goods statements are quite broadly framed, but they do talk about soil, and the supporting position statement talks about soil and peat.

Q110 Kerry McCarthy: And the climate change thing, possibly.

Graeme Willis: Yes, climate change being one of the objectives. It is very important, given we know the level of emissions from upland peat, that the intentions of the Bill should cover those areas and ELM should be able to deliver on that within that wider land restoration component, if that be. I think that will be very important, because where else will the resource come from to do that? The 25-year plan had a £10 million fund. Scotland has committed £250 million for restoration, so we need money to be identified that can go towards that restoration over the longer period. There is an issue about the viability of those peatlands in the long term in a warming climate if they are managed in a different way. That makes things even more contentious.

I am pleased that you mentioned county farms. I am not a specialist on entrants, but I think something on supporting new entrants should be in the Bill through an amendment to that effect. The Minister has spoken about investing in county farms on several occasions and to the EFRA Committee. He welcomed the idea as a very interesting development. The farms could be invested in so that they can produce more peri-urban horticulture, for example, which might be one way to make smaller units viable. As was referred to earlier, there is an economic question around those. An amendment to invest and fund—or to give the Secretary of State powers to invest and fund—county farms to be developed and improved for wider purposes, would be great.

We would also consider asking for a protective lock on county farm estates while they can develop new wider sets of purposes, so that they can be invested in for the future. Wider purposes in terms of mitigating and adapting to climate change, supporting connection to the countryside, access to land and landscapes and the realities of farming, would be very welcome.

Q111 Virginia Crosbie: Mr Egan, you mentioned that inspection regimes have to be fit for purpose. Which regimes do you think need to be changed under the new legislation? I am also interested to understand from you what success looks like.

Jim Egan: When you are on the receiving end of the inspection regime does not seem proportionate at all at the moment. It is heavy-handed. We all accept that there must be rules and that there has to be an inspection, but you are working on a farm, on a shop floor that has no straight edges. When somebody can come and deduct a payment for being four decimal places out in area, which is what it could go to, it does not feel right. It actually puts an awful lot of people off engaging with agri-environment schemes and measures because of the pure fear of the inspection. The inspectors are great people—they are doing a job—but they do not engage during their inspection process. There is a finality to the inspection process that says, “Mr Egan, you are wrong.” There is an appeals process, but there is no face to face. That is not a very nice place to be.

It would be better if it was done in a much more approachable way. We all accept that a lot of money goes into the industry, but we should be approachable. We should be able to say, “Oh, I didn’t quite get that right.” If it is a minor infringement, it is nothing. There will be something else on the farm that delivers above and beyond what it was intended to, but it is never taken into account.

When I worked at the Allerton project, we had three inspections in seven years. That is in a place where there is a board of trustees, a management team and we all get on. There is a lot of pressure on the people responsible for that. Imagine being on a farm on your own. It is not a good place. It needs to be more human and a better process.

As for success for me, do you mean in terms of the scheme or the inspection regime?

Virginia Crosbie: In terms of the scheme.

Jim Egan: In terms of the scheme, it would be everybody engaging, and engaging willingly and talking about it.

Q112 Deidre Brock: On the face of it, the Bill seems to be for the support of farmers, crofters and agricultural activities. Getting back to what you were saying, Mr Fiennes, about grouse moors, it sounded that you thought their activity should not be part of the Bill, yet in part 1 of the Bill, the clauses around financial assistance are certainly drawn loosely enough that it could apply to shooting estates, as well.

Jake Fiennes: I don’t think I was referring to grouse moors specifically. I was referring to game shooting as a community.

Q113 Deidre Brock: Okay. Do you think it is appropriate, then, that shooting estates receive financial assistance as a result of the Bill? If not, should it be redrawn more tightly, so that they could be excluded? Is that what you think?

Jake Fiennes: Well, no, I think there are clear benefits from grouse shooting. We can see greater biodiversity on well managed grouse moors. If we look at the burning of peatlands, on Saddleworth Moor last year a huge area of moor had very deep burning within the peat; that was an area of moor that was not managed for grouse, because the heather was very poor, and it was a tinderbox that caught fire very quickly. We must understand the benefits of well managed grouse moors to a landscape that is iconic to the English uplands: 70%

of the world’s heather moorland is in England, so it is a key habitat. Admittedly, there are some quite extreme management techniques in places, which we are quite aware of, and the industry is looking inward on how to address that.

Q114 Deidre Brock: I hear what you say. Do you think it is appropriate that financial assistance could be given to those estates as a result of clauses within the Bill, or do you think that the clauses should be redrawn to exclude those estates?

Jake Fiennes: A payment system that rewards farmers and land occupiers for delivering public goods should not exclude anyone. As Jim just said, this has to be open to everyone.

Q115 Deidre Brock: Okay. Would those be the views of Mr Willis and Mr Egan as well?

Jim Egan: I do not get involved in policy; I have never worked in it.

Graeme Willis: In terms of the breadth of it, I think it is still open to question as to how wide it goes. I am on the stakeholder engagement group, so I am limited in what I can say because of confidentiality about that. However, I have certainly seen a slide that shows how wide it might go, and there might be questions around whether it includes, for example, airport operators, which have large tracts of open grassland that they need to manage to keep trees off. Could they do positive things with that?

I think there is a very important question about the amount of resource available and whether those are the right people to receive that resource, as against farmers, given the context we talked about, the viability issues going forward and the cuts to basic payments during the transition. However, something to address the issues across a broad landscape is very important.

On whole-farm areas, we would not want large areas of farmland managed very intensively within a system in which other areas are just managed for public goods. I think they need to be combined and harmonised, as we said before, so that land is shared and used in the very best way, for the environmental benefits and for good, sustainable food production.

Q116 George Eustice: I return to Mr Egan’s point about the control and enforcement regime. If you are close to the schemes, you will be aware that the introduction in the latest EU scheme of a common commencement date—so that everybody had to start at the same time, which caused all the predictable administrative problems for everyone—combined with the introduction of the IACS enforcement regime drove the terrible, draconian regime that you describe.

One thing we have described for the future scheme is that you would instead leave all that behind, and individual farms would have a trusted, accredited adviser on agri-environment schemes. That could be a trusted, accredited agronomist, or someone who works for the Wildlife Trust or the RSPB, and they would be trained to help put the schemes together. They would visit the farm, walk the farm with their boots on and then sit around the kitchen table and help an individual farmer construct a scheme.

We are obviously testing and piloting and trialling that now. If that system could be made to work—an altogether more human system, as you said, because a trusted adviser would do the initial agreement and would maybe visit the farm three or four times a year, not to inspect but to be a point of advice—how many farms can a single agri-environment adviser with that type of remit realistically do?

Jim Egan: It would depend very much on type, size, place, aspect and everything. I do not think you can put a number on the people that you could hold as clients. I actually do not know how many clients my agronomy colleagues have, because I am new to that business. However, where I work, I would be perfectly comfortable managing 40 or 50 clients and working through with them.

The main premise is not to overlook that that process of walking the farm with a trusted adviser already happens for countryside stewardship. Most farmers will take advice and will rely on somebody working with them. The opportunity that comes from splitting out and putting everything into ELMS—including all the basic payment elements, so that it is one big agricultural and environmental processing scheme—actually means that you can widen that advice and make it broader. The trick will be that those advisers will have to have knowledge of the farming business and will have to talk to others within the business. Even on a small dairy farming unit, they will have to talk to the vet, the feed merchant and the farmer. It is a facilitation skill as much as anything else, and it will require an understanding of how those farming sectors work.

This is definitely the right way to go. We will need professional advice to do that. A farmer doesn't grow an arable crop without an agronomist. You don't grow beef cattle without a vet or a feed merchant. So why should you not have what I would call environmental facilitators?

Q117 George Eustice: Based on your assessment of 40 or 50, you would need somewhere in the region of 1,500 to 1,800 of those in England to cover most farms. Is there capacity at the moment in the agronomic and environment NGO world to allow people to go for training and accreditation? Or is it your view that it would be better simply to recruit additional staff at Natural England or the RPA to do it?

Jim Egan: First, I do not think they should be recruited by Natural England or the RPA. Within the supply chain, there are probably sufficient people. An agronomist has to be trained and to get your agronomy diploma you have to do a BETA—biodiversity and environmental training for advisers—certificate in conservation management. It is only a three-day course, but it is about awareness. Whoever is drawing up the scheme will need to pull on other skills and pull and bring the environmental community and the farming community together. A good person does that already. I do not think you need a new qualification. The qualifications are there. The BETA certificate in conservation management and that type of approach already addresses some of the issues. It would probably need an upland module and a little bit more focus on grassland, because it is an arable-focused course.

I also believe that it is Natural England or the RPA's responsibility, if they get a bad application, to send it back. I went to DEFRA and Natural England about

eight years ago and asked for that to happen and it never did. Natural England continues to re-work bad applications. Once you do that, the farming community will soon know not to go to that person. It doesn't need degree level; it needs an element of a qualification, a CV and management by a managing authority that is not afraid to take people off the list if they are not doing the job properly.

Q118 Fay Jones: Clause 13 provides the power to opt out of direct payments in favour of a lump sum, and therefore opt out of agri-environment schemes. Do you see that as a risk of losing a skillset within the agricultural sector or an opportunity for new entrants and new ideas?

Jake Fiennes: If I am brutally honest, I do not think the Treasury would sign up to that. If we all opted out, we couldn't afford it. I am intrigued that that is still on the table.

Earlier you referred to land values. How to devalue very quickly? Everyone opts out and land values plummet—in an industry that is generally reliant on that support in the way it currently manages land.

Graeme Willis: When I heard about this in the original Agriculture Bill, I was concerned that no constraints were placed on that money. I was not clear about the rationale for that. If the rationale is for new entrants, there is an issue if that is only done through land prices falling. I am not convinced that we can guarantee that when a farm is sold, a new entrant will get that farm. There is no control over that, so it seems too broadbrush. It also seems somewhat a hostage to fortune because large amounts of public money being paid out for what is not a clear set of purposes could play very badly with the public; other people have raised that concern. If that were tied to some investment into the farm, there is an element of advantage there to having a lump sum to invest that could meet the other purposes to improve the farm's environmental performance and productivity. Also, it could be good if it were tied in some shape or form to supporting new entrants.

Earlier, there was a mention of share farming—some form of succession where there is no son or daughter to pass the farm on to, some mechanism where that was locked in to ensure that a new entrant could get on to a farmstead and actually learn. You mentioned skills: they could learn from the skills of the farmer on that farm and not lose the knowledge of the land, the aspect, the farming and the culture of that farm, and pass that on to a new, younger or older person with a different set of skills. That would be really interesting.

I see it as too broadbrush and not clear at the moment, and I have concerns. I understand that that will be consulted on, but I am not sure whether that is clear from the Bill as it stands, or whether that can be clarified.

Q119 Miss Dines: This question is for Mr Egan. I represent Derbyshire Dales, which is a very large constituency. As well as many large estates, there are many small farms. I was interested in your answer to the Minister about the point that you made in your written statement, that funding should be available for professional advice to ensure that we maximise the environmental benefits. How could that realistically be achieved for my small farmers, who, historically, have been reluctant to

[Miss Dines]

take advice due to independence, or simply could not afford to? There are a lot of young farmers—between 20 and 30—in my constituency. How could that be achieved, however admirable it is? What is your advice?

Jim Egan: I think it can be achieved. The current example of facilitation funds in cluster groups is an absolute classic for that type of farming. I think that there is a facilitation fund in your constituency; there is certainly one not far away. Those farmers could come together. I am not a believer in “one farm, one advice”. If there are six people who farm together with smaller farming units who want to go into a scheme, and will achieve better environmental outputs if they all work together, we can give one set of advice to all of them.

We need to think really differently about where we are going now. It is not just about one-to-one advice; it is about one-to-six advice. It is about, when you put the scheme together, providing the training to those six to implement the measures. I think that it is completely affordable, and it works. We just need to think differently about how we put these things together.

Q120 Daniel Zeichner: Since the previous Agriculture Bill started, obviously the world has changed in some ways. There is a greater understanding of the climate crisis that we are facing. More work has been done by the Government’s Committee on Climate Change, including very detailed suggestions for land-use management released only a few weeks ago. Would you expect to see some of those proposals begin to make their way into a Bill such as this, and are you surprised, as I am, that there is no aspiration within the Bill to hit a net-zero target at some point?

Graeme Willis: On where those targets are expressed, we know that the Environment Bill has been laid before Parliament. The relationship between the Agriculture Bill, the Environment Bill and all the other policy instruments is very interesting, and remains to be resolved. If you had gone in the right order, it might have been that you had the Environment Bill, then the 25-year environment plan, and then the Agriculture Bill, because the main funding mechanism seems to be environmental land management, which would deliver on the kind of targets that you set through the 25-year plan. That can be established through the legislation in the Environment Bill.

I am not sure whether it is right to put a target in this Bill at the moment—it may be a commitment by the Minister—but I think there is a possibility of introducing further regulation that might address that. Obviously, there is the Environment Bill. One of the complicated issues is whether the Agriculture Bill could reference the Environment Bill, because it has not received Royal Assent. There is a question about how we address targets, and whether that is set out through the Office for Environmental Protection, for example. It is a complicated relationship.

I think that the situation has changed, and therefore what the Agriculture Bill is able to do, and the amount of funding that comes forward to deliver on those targets, is critical. Clarity about the long-term funding arrangements is therefore very important, as well as how those would seek to address the climate change issue.

Q121 Daniel Zeichner: I very much agree with you about the complex interaction between the pieces of legislation, but we know that the sector produces a certain amount. Could there not be a target for the sector?

Graeme Willis: A target for the sector would be very interesting. I know that the NFU has come up with its own leadership statement of a 2040 target. It would be interesting for the sector. I would flag up that when emissions from agriculture are referenced they are land use, land-use change and forestry emissions, which relate to agriculture. Peatland use, particularly, is not mentioned, which is very high indeed—particularly on lowland peat. Those need to be factored in. It is of great concern that those do not get mentioned adequately. I think there are powers within the Bill to address those.

I suspect that if you had sector targets for agriculture you would argue for targets for other sectors. I am not sure whether those are in place. In the agriculture sector, I think that there will be ambition, given the right funding, to do a lot more on climate change, certainly in terms of locking carbon up in soils, where it belongs, rather than losing it to the air. There is great potential for that.

Q122 Mr Goodwill: I am trying to get my head around the deal in payments with respect to an early retirement scheme. When answering an earlier question, you talked about the way it could affect the value of the land. Could there be a situation in which a tenant takes the money and runs, and then the landowner is looking for a new tenant but without the agricultural support? It is difficult to attract one. How will the environment be managed if the payments that would have been forthcoming for the environmental land management schemes were not there? What would happen in practice in a situation where a tenant takes early retirement and takes the money, and then expects the landlord to pick up the pieces?

Jake Fiennes: There could be a technical mechanism relating to tenant’s dilapidations from the landlord’s perspective. The landlord could seek to recoup that if he was going to devalue the land by taking those future payments away. There is a technical mechanism that allows that to happen. That strengthens the landlord’s ability to retain that land to rent to others or to new entrants. It is important that there is some kind of mechanism within the Bill for that. Potentially there would be land abandonment because it has no value, or we would see deep intensification of land areas that have no support mechanism. Then we are trying to deliver environmental land management on a landscape scale, and we have these blackspots in between with no support mechanism. That would be my concern.

Q123 George Eustice: On that point: do we want land rents to stay as high as they are? Would it not potentially be beneficial for landlords to have to fight one another to attract tenants on to their land?

Jake Fiennes: Land rents are artificially high based on the support mechanism. We will see that slowly diminish. Commodity prices will periodically affect land prices. The horticultural sector does not rely on support at all. The average age of the British farmer is 62: land rents are overly high and they will be reduced, thereby

suddenly allowing new entrants to come in who will be more open to environmental land management and public goods proposals. We will see a wholesale change. We are expecting a recession in agriculture through this transition period, for all the reasons being discussed today. Where there is change there is opportunity, and the opportunities are there for another generation to move in and manage land environmentally, economically and sustainably.

Chair: If there are no further questions, I thank the witnesses for attending today on behalf of the Committee.

Examination of Witnesses

Judicaelle Hammond and George Dunn gave evidence.

4.13 pm

Chair: We will now hear evidence from the Country Land and Business Association and the Tenant Farmers Association. We have until 5pm. Welcome; please introduce yourselves.

Judicaelle Hammond: I am Judicaelle Hammond. I am the director of policy and advice of the Country Land and Business Association.

George Dunn: I am George Dunn. I am the chief executive of the Tenant Farmers Association of England and Wales.

Q124 George Eustice: I will ask a question that I asked the National Farmers Union earlier: if we had a world in which there were no basic payment scheme payments—no subsidy on land, tenure or occupation—and tenants came in and only paid the rent on which they could still turn a profit, what is the correct value of land rents in an upland area, or a typical lowland area?

George Dunn: That is an interesting question, and one to which there is no simple answer. There are two codes of tenancy in play. One is the code under the Agricultural Holdings Act 1986, and one is under the Agricultural Tenancies Act 1995. The 1986 Act has a formulaic approach to rent. It steers you away from the market. In my view, if you look at the rents that are on Agricultural Holdings Act tenancies, they are probably more akin to an affordable level of rent. We are seeing around £80 per acre on arable, £50 to £60 per acre on grass and up to £100 per acre on dairy.

The farm business tenancy rents, which are driven by tender rents quite a lot, are far too high. We often see rents for arable ground in excess of £200 per acre and over £200 per acre for dairy ground. Those are clearly unsustainable. I would direct the Committee to look at the sorts of evidence you would get from the 1986 Act as to what a reasonable level of rent is.

Judicaelle Hammond: I do not think it is that easy. As George was saying, several things make up land rents. One of them is what you can get for what you do with that land. It is right that it should be left to the market. It may well be that some of the rent levels are unsustainable. I think they will probably adjust as we change regimes, but I do not think that being bound by a formulaic rent system is a good idea in a system where there is uncertainty in trading conditions and there needs to be some flexibility.

George Dunn: To add to that, the problem with an open market system is that the market is so slim, and the evidence is so hard to come by. Therefore, you tend

to be driven by the froth in the system—the tender rents. If you look at DEFRA's own figures, the average farm business tenancy rent on an arable farm is about £100 per acre, but the tender rents suggest they should be double that. I just think we need to ensure that we are not wholly going with the market level.

Q125 George Eustice: I suppose the point I was making was less to do with the market. If you removed from the market the roughly £100 per acre basic payment scheme payment—if that just vanished—what is the land then worth to rent? I am assuming that it was a market rent, but it would become, potentially, a buyers' market rather than a sellers' market, as now.

George Dunn: On that point, we would see the farm business tenancy rents under the 1995 Act move more towards the level of rents we would see under the 1986 Act. They might fall a little bit, but because they take into consideration the productive and related earning capacity of the holding, that would reflect better what that holding can physically produce.

Q126 George Eustice: I have a linked question, although it might be too complex to answer. From the CLA's point of view, at what point does it cease to be worth renting land and start to make more sense to bring it in hand and farm it yourself without a subsidy?

Judicaelle Hammond: There is no easy answer to that, because the circumstances will vary. I think it very much depends on what the person who owns that land wants to do with their holding. It may well be that, due to questions other than just land rents, they want to bring it in hand. It may be that there are other things they want to do on that land—for example, tourism or something completely different to agriculture—or it may be that renting the land to tenants suits them and they will continue doing that. That will vary according to the owners' vision for the land and the stage they are at in terms of their business.

Q127 George Eustice: On tenancy issues, your organisations famously do not always agree, but on the future direction of travel for policy, do you both agree that a move from an area-based subsidy to payment for the delivery of public goods is the right way to go for agriculture policy? If you have any concerns about the development of that, what are your key concerns about what might go wrong in that transition?

Judicaelle Hammond: We would totally agree, as the CLA, that this move is the right move. We have been a proponent of moving towards payment for public good for a while now. The Bill is welcome. We also welcome the inclusion of soil quality, for example, and the consideration of sustainable food production and food security in the Bill. The fact that there is now going to be a multi-annual framework for financial assistance is also important, as is assistance for productivity improvement.

Regarding what we would want to see, there are two main aspects, as well as a number of other improvements, which I might talk about later. One is making sure that the transition is right. At the moment, we are missing information, not just about what is going to happen next year, but about residual payments for individual businesses over the rest of the transition years. We are

missing the kinds of details about ELMS that will make it possible for those businesses to make decisions about where they want to take their business, and in particular, of course, about payment rates. In the absence of those details, and given the uncertainty in trading conditions, we would like the start of the transition period to be pushed back by one year without moving the start of ELMS.

The other issue that we have is about trade standards, which the NFU and others have spoken about. We certainly share their concerns.

George Dunn: I would take you back a little bit, Minister, and just say that we need to be really careful. Despite the fact that there is a great deal of criticism of the CAP, and the way in which the basic payment scheme operates and its impact on rents, we need to be clear that those payments are being received by individual farms right up and down the country that are doing the right things on the environment, animal welfare, consumer safety and all those issues. If we simply remove the BPS payment without properly thinking through the changes that we need to make, we risk the good work that we are doing. That is why we have been saying that we are making changes for a generation, and they need to be done well rather than quickly, so we support the CLA's stance on delaying the transition. We think that we have concentrated the work on ELMS, for example, too much to try to bring that forward into a sensible place.

Also, while we support the general move towards public payments for public goods, we see that move alongside the productivity elements, which we believe are really important as well. The Bill has a couple of lines on productivity, but we want to see much more about how that can work alongside creating resilience within farm businesses. There are also the trading elements and ensuring that we are not undercut by cheap imports from abroad, produced to standards that are illegal here; the fair dealing practices; and the issue of access to the tenanted sector. Schedule 3 goes some way towards addressing that sector, but it needs a little bit of work.

Q128 Daniel Zeichner: Good afternoon. In general, what changes would you like to see that would improve this Bill, from your point of view? I am particularly looking at George.

Judicaelle Hammond: The main one, as I said—I will not labour the point—is the delay in the start of the transition. It also seems to us that a couple of other things would be improved if they were done differently. For example, the multi-annual framework for financial assistance is five years. I can see why it has been done like that, but that means that it is at risk of being entangled with the political and election cycles. As far as I know, farmers in the EU—which is going to be our closest competitor—will still have seven years to plan. That is closer to the business cycle in agriculture, so we would favour lengthening the period covered by the multi-annual financial assistance framework.

The other thing that could be added to the Bill is a provision on rural development and, in particular, socioeconomic funding schemes. In the new world, that is going to be done via the UK shared prosperity fund, but that is not due to arrive until 2022 at the earliest. What would happen if that got delayed, or got into other difficulties? We would like to see some provision to make sure that it is possible for Government to continue socioeconomic schemes.

Those are two important improvements. We would also want to make sure that any moneys that are recouped from direct payment, particularly in the early part of the transitions, are used for productivity and ELMS pilots and do not go back to the Treasury.

George Dunn: We agree on the issue of trade standards. We think we need to nail that wholly into the Bill to ensure that we are not undercutting our high standards here and offshoring our issues abroad.

While there have been some helpful statements from the Government, we are concerned about some of the rhetoric that appears to be emerging, particularly from the Prime Minister's Greenwich speech, where there was an indication that we would not necessarily insist on our laws being protected in trade deals, which is rather worrying. Of course we were also promised free and frictionless trade with the EU on leaving the European Union, but we hear the Chancellor of the Duchy of Lancaster saying today that we need to prepare for issues at the border when we end our implementation period.

On the fair dealing section of the Bill, we should nail down the fact that that should be regulated by the Groceries Code Adjudicator. The Bill leaves it hanging as to who should be the regulator. There is a suggestion that the Rural Payments Agency has a role to play; I would disagree. As the CLA has said, we need a delay in the transition period by one year, which will give us sufficient time to think about these things more deeply.

The access for tenants to schemes needs to be addressed, because schedule 3 to the Bill provides a provision only on a "may" basis. We want it to be a "must" basis that the authorities come forward with regulations. Currently, that applies only to the 1986 Act tenants, not the 1995 Act tenants. As that is half the tenanted sector in agriculture in England, we think that should be changed.

On the food security section, we want the report to be annual, not five yearly. Finally, in the financial assistance plans, the missing thing is the word "financial". There is no commitment to say what the finances are going to be in any one year over the five-year period. That needs to be nailed into those plans as well.

Q129 Daniel Zeichner: Do you envisage that measures in the Bill will affect the lengths of tenancies that are negotiated?

George Dunn: There is nothing in the Bill that will affect the lengths of tenancies per se. Obviously there is the welcome inclusion of soil health within the public payments for public goods element of the Bill, which might encourage people to go for longer tenancies, depending on how the ELMS fits into that, but there is nothing specific that will do anything about the lengths of tenancies.

The Tenancy Reform Industry Group made a suggestion, because one of the things that landlords are concerned about is how they get land back if the tenant goes into breach. We are not interested in protecting tenants who are in breach. If we had easier-to-use provisions that allowed landlords to take land back if they had let for a long period of time, that might make them freer to do that.

There is also a need to look at the taxation framework, which goes beyond the Bill, but we hope that the Chancellor might say something about that on 11 March.

Judicaelle Hammond: Interestingly enough, we would support the introduction of provisions that enabled landlords, as you might expect, to get possession of the

land in the case of breach. The question for us is whether there should be a threshold on that. Our answer would be that two years or more would be better than any arbitrary longer threshold. That is certainly an additional provision that we could support if there were not an arbitrary threshold.

George Dunn: Our view would be that there would be no public policy use for such a short-term clause. If we are looking at longer tenancies, we need to find a way of encouraging them, so it needs to apply to tenancies that are of 10 years or more.

Q130 Danny Kruger: It is very good to hear that you both support the direction of travel of the Bill. We heard earlier from witnesses who were explaining how, under the direct payments system, it is often possible for the landlord to simply hold the subsidy and for the tenant not to receive the benefit. Do you think that the new system will align your interests? Can you give us an example where, possibly, the landlord and the tenant might disagree about an improvement? Perhaps the tenant wants to gain some support for sequestration or planting trees or whatever, but the landlord is in disagreement. Do you think that we are setting up conflict between landlord and tenant? Perhaps, Ms Hammond, you could imagine a really bad tenant and, Mr Dunn, you could imagine a really bad landlord. What would you be fighting over?

Judicaelle Hammond: It is really important to understand that, in most cases, we would expect agreement to be found. I think the reason why we do not like one of the particular provisions in schedule 3, which has to do with arbitration in case of disputes, is that at the moment it very much looks at the interests of the tenants, who might be gaining financially quite a lot, without necessarily having a balance of the interest of the landlord.

I will give you a few examples of why landlords might withhold consent. It might be about landscape protection. For example, the National Trust will have properties where they want to make sure that the landscape continues to be enjoyed as it is. Or it might be that something does not fit with the business planned for the whole of the holding—in particular, if you are looking at other areas of the holding that are currently in hand or are farmed by somebody else, which might be better suited to planting trees, because trees cannot grow very well in all places. Or it might be about putting buildings on land in order to create new activities.

As drafted, the schedule would mean that, in the case of a dispute, it would go to an arbitrator, and then the decision is binding on the landlord. That means that there could be really long-term and possibly irreversible decisions being imposed on the landlord. We see that as a really fundamental infringement of property rights, and that worries us. It is the absence of balance that worries us.

Q131 Danny Kruger: Do you mean that there should be an appeals mechanism, or do you think ultimately that you should not have to take the ruling of the arbitration at all?

Judicaelle Hammond: Ideally, we would not want this in the Bill at all. Certainly, if it were to stay in the Bill, we would want to see assurances that would redress that imbalance.

George Dunn: Just to correct something that you might have said in your question, for the basic payment scheme, which is being phased out, in 99.9% of the cases that would be going to the tenant, the occupier, who has the land at their disposal.

Obviously, within some of the newer farm business tenancies under the 1995 Act—which I referred to earlier, following the Minister's question—a landlord might expect to receive at least the basic payment scheme in rent, plus more, in terms of the tenant's willingness to pay rent on that basis, so there is a secondary move of the payment to the landlord, but the claimant is the tenant, and that is what the regulations say.

The bigger area that we have concerns about is the agri-environment scheme, where there has been this idea that you could have dual use, where a landlord could claim countryside stewardship and environmental stewardship while the tenant is claiming the BPS. We think that is wholly inappropriate, and we will ask for amendments to the Bill to define the rightful recipient of some of this money. It should be the active farmer who is in occupation of the land.

Responding to what Judicaelle said about the need for tenants to have access, all of Judicaelle's members will be entirely reasonable and will give consent to our members to go into these things, but we are looking for those beyond the CLA's membership, who are not always as reasonable. Sadly, we do see landlords withholding reasonable consent very frequently. "Reasonable" is the key word here. We are looking for a set of regulations. The Bill provides that there should be regulations, and those regulations will set out what are the reasonable terms upon which a tenant should be able to apply and insist upon a consent, for either fixed equipment or for access to a scheme.

If we take the issue of trees, for example, trees are normally reserved out of tenancy agreements. It is the landlords who hold the trees, so if there are any carbon credits available under the Bill, they will not be accessible by the tenant because those trees are reserved to the landlord. Perhaps that is something that needs to be thought through, if trees are going to be a really important part of the Government's policy going forward.

Q132 Simon Jupp (East Devon) (Con): How much confidence does the Bill and the general direction of travel give your members to renew tenancies?

George Dunn: The majority of my members are looking for longer terms; they want security. The average length of term on a farm business tenancy today is 2.9 years. Think of agriculture in terms of its long-term need to look at soil management, agri-environment schemes and so on. If you take land that has buildings it goes up to about seven, if you have land with housing, it is up to about 10 or 11, but we would expect those later ones to be even longer than that. Our members consistently ask for greater length of security of tenure. For example, if you go to a bank to borrow money to invest in your business and you can only show a three-year or a four-year time horizon, why would the bank lend you money to do any substantial investment if it only has a four-year period to pay that back? Even those tenancies that the CLA often claim get renewed year after year, are only for annual security. How do you go to a bank asking for support for something where you have annual security? We think there is a great deal of appetite for longer-term tenancies.

Judicaelle Hammond: I think my members want good tenants who look after the land and can pay their rents. They want tenants who are willing to innovate and continue to develop their business. It requires flexibility on both sides. I understand the appetite for longer tenancies and that can be agreed. However, what we do not want is a third party determining how two parties who are free to contract, contract.

Rolling tenancies happen and I therefore think that the figure of 2.9 years is a little misleading. We want a system that works for both parties, particularly in times of uncertainty. I would add that an awful lot of my members are somebody else's tenant. They have land of their own, but they might add to it, for scale, for example.

George Dunn: In a situation where we have 90% of all farm business tenancies in England now being let for periods of five years or less, there is market failure here, which the Government need to address.

Q133 Thangam Debbonaire: I would like to push you a little further on the security question. I recognise there are some differences here, but I think it is partly being presented as a question of equality, of a negotiation between equals. It does not quite seem that way from where I am sitting. Can we explore further whether more measures could go into the Bill to get the balance right for members of both organisations, but particularly Mr Dunn's members, for whom it is presumably harder to get land if they are moved from a particular piece of land than it is from Ms Hammond's members to get new tenants if the tenant has moved. Forgive me if I have got that wrong.

George Dunn: From our end of the spectrum, we do not want the Bill to have a minimum term for agricultural tenancies, because that will not help our sector at all. We want to see the ability for landlords, where they let long term or where they are nervous about letting long term, in case they get a tenant who they do not get on with or who does not pay their rent, or who does something to the historic landscape, if the landlord is the National Trust, to feel confident to let for a longer time, because they know they can get the land back early if there is a problem. We are absolutely on the money with that. There is what might be called an oven-ready amendment that could go into the Bill to achieve that.

Thangam Debbonaire: Oh, please don't call it that!

George Dunn: More widely, we think the taxation system needs to be looked at to incentivise longer-term tenancies and penalise shorter-term ones through the taxation system. Ireland has done some good things on the income tax side, which the Treasury could look at, but that is not something that would be put in the Bill.

Judicaelle Hammond: You will not be surprised to hear that I do not agree with that. I do not see that there is a market failure. There might be things in the market that are happening at the moment, because of the way that the system works, that may be unsustainable. We will see what happens when the BPS ends. If you look at some of the reforms that have been made, not in Ireland but in Scotland, it all but killed the rental market. That would not be good for my members or for George's. We need to be extremely cautious about putting things in

legislation and rushing them through without proper consideration of the consequences for both parties. That could lead to a market that is even more nervous than it is now and, as a result, becomes ossified. I do not think that would be good.

George Dunn: We certainly need to learn the lessons of what happened—what is happening—north of the border, but that should not be an excuse to do nothing south of the border.

Q134 Theo Clarke: Mr Dunn, I was struck by your comment about tenancies being too short and the fact that people are just staying 2.9 years and not longer. In my constituency I have a lot of county farms, but I also have a real problem with the lack of a new generation coming through. One thing farmers have raised with me is that because the subsidies will not necessarily continue beyond this Parliament, they can plan for five years, but not for 10 years. Is there anything specific we can add into the Bill to address that specific problem? I totally agree that this longer-term issue is the problem. If I am a county farmer in Stafford, I cannot submit a 10-year business plan because the Government are only guaranteeing it for the first Parliament term. Is there anything specific we can do to address that?

George Dunn: All businesses operate within a sphere of uncertainty about the future for their market and how they intend to run their businesses in the long term. Anybody who thinks they can do a 10-year business plan and stick to it after year five is thinking wishfully. The idea of having multi-annual plans is really good, but they need to highlight how much money will be spent and how it will be spent through those plans, rather than just vague indications of the way in which the financial systems powers will be played. If farmers had a reasonable five-year horizon to work through, that is as much as I think they would be looking for.

Judicaelle Hammond: I totally agree with the TFA that the more certainty in the future, the better. Part of the problem we have at the moment is that we do not have certainty past next year. Although there have been commitments to maintaining the current level of funding, so far they are, unfortunately, just commitments. We would welcome a quantification as part of the multi-annual financial assistance frameworks.

Q135 Theo Clarke: Is the delegated power included in this Bill, which allows the Government to extend the transition period, a good enough safety net if things did go wrong in the future?

Judicaelle Hammond: I am sure it could be improved.

Q136 Theo Clarke: In what way?

Judicaelle Hammond: I think that my lawyers would probably have my guts for garters if I tried to answer that question on the spot.

George Dunn: I think it is good that there is the facility to pause or extend. One would hope that there would be close consultation with the stakeholders to consider that. There is a doubt as to whether we can reverse, which might be possible. There is also the issue, which I know other witnesses have raised, that if you are taking money out of the BPS, and, for whatever reason, we are not ready to spend that through the new public payments for public goods or productivity schemes,

that money needs to be paid back to the recipients from whom it has been removed, until such time as the Government are ready to commit to that expenditure.

Q137 Mr Goodwill: Chapter 2, clause 8 deals with the possible extension of the period. I may not understand it particularly well, but it does not make it clear whether, if there is an extension to the seven-year period, that would pause the transition from BPS to ELMS, or whether that would just continue, but at the end of the seven years there would be an extra year or two under the full ELMS system. If there was an extension, at the same time, could that be coupled with a freeze in the transition for a number of reasons, including that the ELMS was not being taken up as quickly?

George Dunn: Yes, and I think that is what the Bill intends. My reading of the Bill would suggest that that is what would happen under those circumstances. To go back to the previous question, if money was taken out of the system that was not able to be spent through the new arrangements, that would have to be paid back, in our view.

Q138 George Eustice: A previous witness said that if a tenant farmer exercised an option that we set out under clause 13 to take a number of years payment in lieu as a lump sum, under the way tenancy agreements tend to be drafted, the landlord would say that was a dilapidation and would take compensation off the tenant farmer. That seemed a rather extraordinary extension of the conventional interpretation of dilapidation. What would your respective views on that be?

George Dunn: My view is that the answer you were given was nonsense. There would have to be a very specific clause in a tenancy agreement that provided for the circumstances that you are describing—for a landlord to be able to dilapidate a tenant for taking away the payment, which is rightfully theirs anyway, because it is their entitlement to do with that what they will.

We are actually quite excited by the provisions on the lump sum and the extent to which that could generate some really good restructuring within the sector. I do not think there will be an impact on land values as was suggested, because land values are driven by much more than the agricultural return, which is about 2% of the average land value, when you look at how agriculture operates. There might be an impact on rent, which could be a good thing for the sector in terms of productivity and margin and efficiency, but we think that the lump sum elements are certainly something worth pursuing.

Judicaelle Hammond: I think we are a little bit more cautious without more detail. We look forward to the consultation that will happen on the secondary legislation. It is hard to say how it would work and whether there would be any unintended consequences without more detail. The same thing is true of the lump sum. We can see opportunities, both for retirement and investment in the farm, but at the moment, we also see that it could have all sorts of unforeseen consequences. We really do need to have a thought-through view of how the system would work.

Q139 George Eustice: The final question from me is about schedule 3, which sets out in some detail a range of quite technical changes to tenancy law that have

come out of the TRIG—the Tenancy Reform Industry Group—recommendations. Are you both content with what is being proposed for those changes to the commercial unit test and so on?

George Dunn: Minister, you would be surprised to hear me say that we are absolutely content and there are no other changes that we would want to make, and I am not going to say that. There are elements that we think need to be added—for example, what we were talking about earlier in terms of the provision for farm business tenancies, for encouraging longer-term lets, to give landlords the option of ending those early, but only for those who are letting for a long time. We think that the provisions in relation to tenants' access to diversification, financial assistance and fixed equipment need to be extended to include 1995 Act tenancies.

I noticed that a question was raised by a Member on Second Reading about widening the franchise of succession to include nephews, nieces and grandchildren, which was not adequately answered by the Secretary of State. Perhaps there is an amendment that could be brought to look at widening the franchise. Very often, it is the nephews and nieces and grandchildren, rather than the sons and daughters, of farmers, who are the active individuals. So there are certain changes that we will promote through amendments to the Bill.

Judicaelle Hammond: What I have said before about schedule 3 stands. We do not particularly like the commercial unit test removal; we think that it is actually well worth having and it should be strengthened. Why would individuals who are already successfully farming elsewhere have the privilege of reduced rent? It does not seem fair and it does not make sense. Apart from that, my significant concern is with the arbitration proposal for dispute resolution on landlord's consent.

There are a number of things that the CLA welcomes in there, for example provisions relating to landlord investments, which we think will provide protection for both the landlord and tenant, and the removal of the minimum retirement age of 65 and also the widening of the pool of potential arbitrators. We are not opposed to the whole of schedule 3, but we certainly have significant concern with what is in there at the moment. We certainly would not favour any extension to the AHA tenancies, which we regard in this day and age, and given the flexibility that the market requires, as an outdated system, which certainly should not be prolonged.

George Dunn: You would not expect me not to disagree with what Judicaelle has said about AHA tenancies. If we trusted the landlord community with farm business tenancies to deliver sustainable, long-term, sensible tenancies, we would not be hanging on to the AHA tenancies as much as we are. Sadly, the landlord community has not played the game well in terms of farm business tenancies, in the way that they have delivered those.

The commercial unit test that Judicaelle talked about is a capricious test. It hits people when there is a death out of time, or people who are badly advised. That is all. It is a very expensive test to have advisers help you through. In essence, the Bill is about productivity and increasing efficiency. Having the commercial unit test in place hits those individuals who have been go-ahead, and have been looking to get themselves on rather than waiting for dad or mum to die in order to get the tenancy of the farm. Why should they be penalised

when they have been the ones who have been go-ahead, and those who are not so go-ahead get the opportunity to succeed?

Q140 Ruth Jones: My question is to you, Mr Dunn, with your expert Welsh agricultural hat on, if you please. Given that the Welsh Government will not legislate until, at the very earliest, the middle of 2021, and given that the payments for the direct payment schemes will begin to diverge across the UK, what do you think the consequences will be?

George Dunn: We are in discussions with Welsh Government officials, as you might expect. This morning, I was having discussions with their policy lead on tenancies. Certainly, I would take from the discussions that we have had to date that there is a real understanding of the need to ensure that they are moving at a pace that allows tenants to have access to the new arrangements.

In the context of having devolved Government, there is no point in having devolved Government if you just do what England does, so there will be specific things for Wales that we will need to look at. I know that the Welsh Agriculture Minister has some aspirations for that in Wales. We are waiting for a White Paper from

the Welsh Government that is coming later this year. We are having input into that White Paper. Obviously, they have not reserved the rights for the financial assistance powers within the Bill, but the agricultural tenancy section—schedule 3—applies to Wales and England equally.

Judicaelle Hammond: We represent farmers and landowners in Wales as well. I think that, given the framework of devolution, there needs to be some flexibility. Like previous witnesses, we are a bit concerned where either the implementation of the Bill or, indeed, the way that the money is allocated across the UK changes to such an extent that we see intra-UK market disturbances. We would certainly argue that that should be avoided.

The Chair: If there are no more questions for Members, I thank the witnesses for giving evidence this afternoon.

Ordered, That further consideration be now adjourned.—(*James Morris.*)

4.53 pm

Adjourned till Thursday 13 February at half-past Eleven o'clock.

**Written evidence to be reported to the
House**

AB01 Key stakeholders on Dartmoor (Dartmoor Hill Pony)

AB02 Rare Breeds Survival Trust (RBST)

AB03 Compassion in World Farming

AB04 National Farmers Union of Scotland (NFU
Scotland)

AB05 Central Association of Agricultural Valuers (CAAV)

AB06 Sustainable Food Trust

AB07 The Law Society of Scotland

AB08 National Pig Association

AB09 Nature Friendly Farming Network

AB10 NOAH

AB11 The Trails Trust

AB12 Mid & West Berks Local Access Forum

AB13 Department for Agriculture, Environment and
Rural Affairs (Northern Ireland)

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

AGRICULTURE BILL

Third Sitting

Thursday 13 February 2020

CONTENTS

Examination of witnesses.
Adjourned till this day at Two o'clock.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 17 February 2020

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The Committee consisted of the following Members:

Chairs: SIR DAVID AMESS, † GRAHAM STRINGER

| | |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| † Brock, Deidre (<i>Edinburgh North and Leith</i>) (SNP) | Jupp, Simon (<i>East Devon</i>) (Con) |
| † Clarke, Theo (<i>Stafford</i>) (Con) | † Kearns, Alicia (<i>Rutland and Melton</i>) (Con) |
| Courts, Robert (<i>Witney</i>) (Con) | † Kruger, Danny (<i>Devizes</i>) (Con) |
| Crosbie, Virginia (<i>Ynys Môn</i>) (Con) | † McCarthy, Kerry (<i>Bristol East</i>) (Lab) |
| † Debbonaire, Thangam (<i>Bristol West</i>) (Lab) | † Morris, James (<i>Halesowen and Rowley Regis</i>) (Con) |
| † Dines, Miss Sarah (<i>Derbyshire Dales</i>) (Con) | † Oppong-Asare, Abena (<i>Erith and Thamesmead</i>) (Lab) |
| Doogan, Dave (<i>Angus</i>) (SNP) | † Whittome, Nadia (<i>Nottingham East</i>) (Lab) |
| † Eustice, George (<i>Minister of State, Department for Environment, Food and Rural Affairs</i>) | † Zeichner, Daniel (<i>Cambridge</i>) (Lab) |
| † Goodwill, Mr Robert (<i>Scarborough and Whitby</i>) (Con) | Kenneth Fox, Kevin Maddison, <i>Committee Clerks</i> |
| † Jones, Fay (<i>Brecon and Radnorshire</i>) (Con) | |
| † Jones, Ruth (<i>Newport West</i>) (Lab) | † attended the Committee |

Witnesses

Dr Nick Fenwick, Head of Policy, Farmers Union of Wales

John Davies, President, National Farmers Union Cymru

Huw Thomas, Political Adviser, National Farmers Union Cymru

Tim Render, Lead Director for the Environment and Rural Affairs, Welsh Government

Gareth Morgan, Head of Policy, Farming and Land Use, Soil Association

Public Bill Committee

Thursday 13 February 2020

(Morning)

[GRAHAM STRINGER *in the Chair*]

Agriculture Bill

Examination of Witnesses

Dr Nick Fenwick, John Davies, Huw Thomas, and Tim Render gave evidence.

11.30 am

The Chair: We will now hear oral evidence from NFU Cymru, the Farmers' Union of Wales, and the Welsh Government. Thank you very much for coming and welcome. We have until 12.15 for this panel. Would you introduce yourselves before we move to questions?

Huw Thomas: I am Huw Thomas, NFU Cymru political adviser, based in Builth Wells.

John Davies: I am John Davies, president of NFU Cymru.

Tim Render: I am Tim Render, director for environment and rural affairs in the Welsh Government.

Dr Fenwick: I am Nick Fenwick, head of agricultural policy for the Farmers' Union of Wales.

Q141 The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): Schedule 5 to the Bill makes explicit provision for Wales, and in particular gives the Welsh Government the power to amend, modify and improve the legacy common agricultural policy scheme. What would be your priorities for that simplification? What are your key concerns about the existing CAP, and, if the Welsh Government had a free hand to improve and simplify it, what would you like them to do?

John Davies: Thank you, Minister. Obviously, we await any announcements eagerly. We would look to amend where there are, we would say, unfair penalties for minor infractions. There are major improvements to be made there, for instance. There will be a need for more trees to be planted in future; where there are hedgerows or woodlands, at present, they are taken out of any calculation. There are minor adjustments to be done there that could reduce stress quite significantly in the interim period, I would suggest.

Dr Fenwick: We entirely agree with that. Penalties are a huge issue. It is widely recognised that they are very often completely disproportionate to things that have no impact on the wider environment or the general public. Things that may have cost Government, for the sake of argument, a few pounds, can incur fines of many thousands of pounds.

Greening is another issue. The 100 trees per hectare limit has had a very big impact and goes completely against the current thinking on the importance of trees. The way that it has been implemented in Wales—understandably, given the wording of the European legislation—seems counter-intuitive, given the priorities in terms of silviculture and agriculture co-existing.

Tim Render: From the Welsh Government perspective, we consulted on this question in our last document on ideas for taking farming policy forward and future farm support measures. We also identified that, as part of the transition, you would need to look at simplification. The four things that we flagged were very much penalties, as union colleagues have identified; some of the issues around cross-border payments and the single application rule; the basic payment scheme window for unvalidated beneficiaries; and how the environmentally sensitive permanent grassland rules operate. As I say, those are things that we consulted on. We are assessing the consultation responses at the moment and will make policy decisions on how to implement that when we have the powers, through the Bill, to implement—potentially from 2021.

Huw Thomas: One thing to point out is that the powers relating to Wales in schedule 5 are far more modest than those described for England in clause 9. The scope of the ambition for Wales is perhaps somewhat curtailed by that. In relation to England, you have far more powers to remove and reduce burdens, penalties, financial costs and so on; for Wales, the powers are a bit narrower in scope. That is just something to note.

Q142 George Eustice: What about the so-called greening rules? When those were introduced, environmental non-governmental organisations said that that was greenwashing and farmers said that it was green taping. Perhaps both were right, in that it has not delivered much, if anything, for the environment and it is responsible for about 50% of all the guidance that we have to issue. Do you take the view that it is better just switched off altogether, so that we do not have the crop diversity rule and do not have the ecological focus area rules, either?

John Davies: I would say that it is very difficult to farm in a prescriptive way. We have a real challenge this year with the weather, which will cause real issues around the three-crop rule, so we need to be flexible in our approach there, because it is simply not practical in some areas at some times. We need more flexibility.

Dr Fenwick: We agree entirely. Something that is aimed at certain types of farms has actually had an impact on the types of farms that it was not aimed at—I am talking about the impacts of greening. Indeed, that has been recognised across the EU. The European Commission is undertaking the same process of looking at greening and how it should be improved, and has taken steps in that direction. I think it is universally recognised as completely disproportionate.

Tim Render: We would be happy to look at that in the light of the consultation responses we get.

Q143 Daniel Zeichner (Cambridge) (Lab): Good morning, Mr Stringer, and good wishes to those on the Government side who may have a nervous day ahead—we wish you well. My question is one that we have put to other witnesses before. We are obviously very concerned about the potential threat to farmers if food is imported that was produced to lower health and welfare standards. What is your view on that and what do you think could be done about it in the Welsh context?

John Davies: We have a very clear vision and ambition to lead the world in producing the most climate-friendly food, and that is to be realised with proper policy and

proper support going forward. Obviously, it would be a disaster if that were then undercut by food production systems that are illegal in the United Kingdom, so we would be deeply concerned about the opportunity there and we would like to see that much more strongly identified in the Bill and ruled on.

We welcome the comments that a number of you made during the Second Reading debate. Also, Liz Truss, International Trade Secretary, said last week:

“In addition, nothing in any agreement will undermine the Government’s commitment to tackling climate change.”—[*Official Report*, 6 February 2020; Vol. 671, c. 15WS.]

We lead the world with our commitment to net zero by 2040, so we look to that being honoured. That is an absolutely key statement to us going forward.

Dr Fenwick: In clause 36, which relates to organic products, subsection (5) makes it clear that it is possible to restrict or prohibit the import of organic products. That will be legislated for once the Bill becomes an Act. We would have expected an equivalent paragraph or provision relating to other production standards to have been incorporated in the Bill. It is there for organic, yet it is not there for all these other issues and in particular the key issue that John raised—our environmental and climate change obligations.

Q144 Danny Kruger (Devizes) (Con): On that last point, I would be interested to know whether any of you have had discussions with farmers’ unions or equivalent bodies, or Governments in other countries, in anticipation of the new trade arrangements that might be put in place. Do you detect any appetite to break into the UK market and in particular any willingness to adapt farming practices abroad in order to access our market? We represent a very big market for these countries. Do you think those which currently produce food at standards we would not accept might be prepared to develop better practices so that they can access our market?

John Davies: If we take America to start with, there is real hunger to access the UK market, but they are pretty adamant that their standards are the standards and that they work on equivalence. Obviously, we would have deep concerns about that for a number of specific aspects. Other countries are more flexible and will look to change, I guess, but I think it needs to be written in absolutely, in black and white.

Dr Fenwick: It is clear from the leaked trade talks document that came out in November—which we assume are valid—that there is that appetite. It seems to provide evidence that that appetite is there. We also know that from the defensive position taken by scores of countries when the UK and the EU first agreed how certain issues would be balanced—in those few areas where agreement was reached—in terms of the splitting of our quotas as regards New Zealand lamb and Australian products. The objections submitted then to the World Trade Organisation by these countries make it clear how important we are as an existing trading destination for them and as a potential destination.

Q145 Thangam Debbonaire (Bristol West) (Lab): My question is about aspects of the agreement on agriculture. Clause 42 states at one point:

“The regulations may make provision requiring a devolved authority to provide information to the Secretary of State.”

Do you want a corresponding requirement for the Secretary of State to consult the devolved authorities on the operation of those provisions? This is about classifying domestic support in so far as it affects the agreement on agriculture and relates to our position in the WTO. It is a very specific question: do you think that Wales—and Scotland and Northern Ireland—should be consulted, as well as required to provide information?

Tim Render: That question is probably for me. This is an issue that we had extensive conversations with the Minister about regarding the equivalent text in the previous version of the Agriculture Bill. Yes, we would love a consent provision, but in the context of the last Bill we came to a bilateral agreement between the UK Government—the Department for Environment, Food and Rural Affairs—and the Welsh Government on how the provisions would be operated in practice. The Minister has confirmed to us that that agreement will be carried over with this Bill. We look forward to him making that statement again during this stage of the Bill or at a later stage in the House, about how we would work together on that, about the advice and about, were there to be disagreement, our opposition being formally presented to the House of Commons to be part of your decision-making process. We have agreed a way of working to ensure that that voice is heard effectively.

Q146 Thangam Debbonaire: May I get some clarification? You say, “We have agreed a way of working,” but it is not in the Bill. Where does it exist, this way of working?

Tim Render: It is not in the Bill, but I have the text in front of me. It is an exchange of letters that was published in the context of the previous Agriculture Bill. In our bilateral conversations with the Minister and DEFRA colleagues, we have assurances that that can be taken forward in the context of this Bill.

Q147 Thangam Debbonaire: I do not want to be indelicate—perhaps you are at a useful stage, and I acknowledge that the Minister is very co-operative on these matters—but do you think that there will be any harm in inserting an amendment to the clause, that the Secretary of State should also be required to consult the devolved authorities?

Tim Render: We would be happy with that, yes. That is essentially our way of working, but if it is written in the text, that would be even stronger.

Dr Fenwick: We would also welcome such an addition. It must be noted that this extends to far more than WTO issues, given where we are with our current financial ceiling; we are well below WTO limits. The WTO issue is absolutely essential to avoid disputes, but a key issue for us is the fact that we are moving from a very specific framework of financial ceilings for different areas of spending to one that is almost as liberal as it could be. It appears to us that there will be a single financial ceiling for agriculture expenditure in each of the devolved regions and in England.

For example, under EU legislation, we have multiple ceilings relating to how much we can spend on direct interventions in agriculture production and on young people, how much money can be diverted to rural development spending and so on. I am afraid that this area just screams divergence between nations at an unprecedented level, as do many of the other sections.

Q148 Fay Jones (Brecon and Radnorshire) (Con): My question is on the red meat levy. The Bill irons out an imbalance that has affected many of my farmers—I should say that it is a pleasure to see one of my constituents here this morning. Are you content with that amendment, or would you suggest further amendments to the scheme to improve traceability? That question is particularly for the unions. Mr Render, would you clarify the timetable for the Welsh Government's equivalent Bill or next steps?

Huw Thomas: On the red meat point, we are broadly content. We have been calling for this for a number of years. The issue of repatriating the red meat levy has been a bit of a running sore for a long time, so we welcome this. There has to be a will on the part of the parties concerned to use the new powers that they are about to have conferred upon them. It is all well and good to legislate, but the parties need to work together and find an equitable solution to this problem.

We are glad to see this change, but we would not preclude collaborative working at a pre-competitive stage between the domestic levy bodies on things such as red meat, health and climate, which are not directly related to the market. Repatriating the levy is certainly something that we welcome.

Dr Fenwick: We recommended precisely this sort of action in the Radcliffe review, which was published in 2006. That is how long this issue has been running for. We very much welcome that this is there, but this is the first step—it simply opens the door. Given that lengthy period of waiting, and the imbalance in where the levy has been spent, this needs to be acted on once that door is open.

Tim Render: We welcome the clause on the red meat levy, and we are grateful to the Minister, who has put a lot of effort into working with the devolved Administrations to craft this, to resolve this long-standing issue. On the way the Welsh Government are looking to take things forward, we have said that we plan to produce a White Paper by the end of this year, which will set out the framework for a Welsh Agriculture Bill. Ministers have said that they want to take that forward early in the next Assembly term in 2021.

In terms of operational measures, we have already announced that we will effectively maintain the basic payment scheme approach in 2021 as well, so we have that package of measures to take forward in our own Welsh Bill. That would, I suspect, mirror and address some of the wider issues that this Bill takes forward but are not reflected in the Welsh schedule, as well as dealing with some wider things.

Q149 Ruth Jones (Newport West) (Lab): Mr Render, can I press you a bit further? You were saying that the legislation from Wales will have to be set in law. Yes, absolutely, but when will it actually be up and running? We accept that there will be a time lag, but it is important that it is as close as possible, because what we do not want is divergence, which you have already alluded to. We know that the border is porous, and that livestock and crops travel across it all the time. It is important that where key parts of the Bill do not apply to Wales, such as the environmental land management schemes, we make sure that Welsh farmers are not suffering detriment. I wondered what the panel's thoughts on that were.

Tim Render: Of course, agriculture is a fully devolved policy area, so we will be developing our own equivalents of the land management approaches that England is proposing. We have already issued two major consultation documents with a lot of detail on that. What we are looking to do through this Bill is to ensure continuity: to make sure that a lot of the important operational elements that mean the agricultural market can work effectively and we continue to have the powers to pay agricultural support to farmers, will be in place and can be maintained beyond the end of this year. From a Welsh perspective, the main thing this Bill does is give us those continuity and keeping pace powers.

However, what we have explicitly decided not to take through this Bill—this is a change from the previous Bill—are powers to make radically new types of payments, analogous to the ELMS in England. We discussed that with the Assembly, and they felt that it was potentially such a large change that they wanted to be able to influence that development of a Welsh agriculture policy, so we have not taken those powers to make major changes in the future; that is what we would do through a Welsh Bill. Obviously, this will depend on the Government after the Assembly elections in May 2021, but we would expect that to be taken forward fairly rapidly as a new Welsh agriculture Bill in that period. As I say, we will be setting out detailed ideas as to what would go in that Bill, particularly the new powers, building on the very detailed proposals we have already set out in consultation documents.

John Davies: It is vital that we take our time over this, because we still do not know what trading environment we will be operating in, and there is an awful lot of volatility out there. It is absolutely vital that we get this right and do it in a co-production way. If we get it right, there are real opportunities; it needs to be a co-operative model that we not only design with the industry, but across different Departments of the Welsh Government. Recently, the Welsh Government have announced that we have hit our target for food sales from Wales, which is £7.5 billion. If we get our “sustainable farming and our land”—that is the name of our new agricultural policy—and sustainable brand values right, we will have two gears meshing, which will really benefit our climate credentials and validity by being able to prove that what we do and how we do it are totally sustainable. It is vital that we get this right and do not rush it.

Q150 Alicia Kearns (Rutland and Melton) (Con): What assessment have you made of the impact of the Bill on food producers, particularly the agri-food supply chain, and are there any missed opportunities in the Bill that you would like to see us take action on?

Huw Thomas: Probably the biggest missed opportunity is the one about standards, which we have already covered, but there are certainly provisions in the Bill that we welcome. The food security provision, for example, is new and something we have been pressing for for quite a while. The requirement to report every five years is not especially ambitious; it should be every year. Especially as we are transitioning out of the EU and leaving those structures behind, we need to ensure we have a review every year. I would also suggest that the Bill does not impose any positive obligations on a DEFRA Minister—for example, in the light of an adverse finding in a report on food security. You could consider placing obligations on Ministers if we are found to be deficient in food security.

Dr Fenwick: From our point of view, it is about more than farming and food production per se; it is about the families that farm on the land. There are certain types of farming that continue, but effectively the communities do not. We see that in parts of England; thankfully we do not see it so much in Wales, if at all. We would say there has been a missed opportunity to include among key priorities the sort of ambition that is there at EU level in terms of the reforms that are going through, which relate to looking after farming families and communities and to laying out sentences explicitly in legislation.

I refer you back to what Tom Williams said about the 1947 Act, which was in place until it was superseded by EU regulations. He said it was based on providing “adequate remuneration and decent living standards for farmers and workers”—[*Official Report*, 17 December 1945; Vol. 417, c. 931.]

with a reasonable return on capital investment. We would welcome that sort of aspiration being inserted into the Bill.

Deidre Brock (Edinburgh North and Leith) (SNP): The other day, we heard evidence from John Cross of the Traceability Design User Group and Simon Hall, who is the managing director of Livestock Information Ltd, which is a new organisation. I thought they were a little vague on details of the traceability service that they are setting up in England, and on how it will integrate or potentially even overrule existing traceability services in the devolved nations. I would be very interested to hear your thoughts on that.

Dr Fenwick: Having only had the time to look at this and go through it as thoroughly as I could yesterday, that clause did ring alarm bells for me. Compared with other systems, Wales has a very successful sheep traceability system that it took into public ownership, rather than farming it out to a private body. It works very well. It could work better, as is the case with all systems, but we hope to develop it into an improved system that will encompass more species. That is certainly the aspiration, and that clause of the Bill certainly raises questions about how those two things interact.

It certainly makes sense to have some form of central data collection point for the UK, given that we are a single country and that it is important for our trading arrangements with other countries. Nevertheless, it depends on how that functions. That part of the legislation would effectively grant powers to non-public bodies—boards that are given certain powers by the Secretary of State. That in itself raises questions; indeed, it is why you took evidence from the witnesses that you mentioned.

Tim Render: To build on that, there are clearly some really important operational issues with the livestock identification systems. We are developing the livestock identification system that we already have in Wales, which works very well. It was co-designed with the industry for ease of operation. We also built it with expansion to different species in mind, so we are looking to turn it into a full livestock ID system, building on a proven IT platform and user interface. It is absolutely vital that we get the behind the scenes IT with what happens in England, Wales and Northern Ireland to have that interchange of data, because you have got cross-border trade and that is how you manage animal health issues, which do not respect borders. That is the

big piece of IT work that we are doing with colleagues in DEFRA and colleagues in the other Administrations around the livestock identification system. We will build our own front-end system for Welsh farmers to use, building on what the industry sees as a successful system.

John Davies: It is vital that we get this right. Animal disease does not respect boundaries well, and I concur with everything said in terms of the databases talking to each other. There is also an opportunity here to bring realtime information to purchasing decisions around animal health and the likes, and we need to get this right.

Dr Fenwick: If I may come back, to lessen the potential adverse impacts of clause 32, which amends the Natural Environment and Rural Communities Act 2006, there needs to be at the very least a duty to consult and reach agreements with Welsh Ministers, the Scottish Government and so on to ensure that this does not hand over an extreme power to, in effect, an English board.

Deidre Brock: It is the Agriculture and Horticulture Development Board.

Dr Fenwick: Yes, or it could be anyone, because it is only created with those powers.

Q151 Deidre Brock: How do the four different schemes and the devolved nations currently integrate?

Tim Render: At the moment, it is only sheep for which there is a full integrated electronic system.

Deidre Brock: In Wales.

Tim Render: In the UK. The other systems are much more primitive, it is fair to say. For instance, the British cattle movement service is not essentially an online realtime system. This is one area where we have what are technically called concurrent powers and we are in discussion with DEFRA about these powers and those around organics being subject to consent by devolved Administrations rather than just consulting, for the reasons that colleagues outlined.

Q152 Theo Clarke (Stafford) (Con): I want to pick up on the question of divergence. I realise that the Bill affects England, but there are plenty of farms around the border. How will they be affected and what can we do in the Bill to support them more?

Dr Fenwick: There are about 600 cross-border farms. Some are administratively answerable to England and some to Wales, depending on the proportion of land on each side of the border—I think that is how it works. Those guys have consistently been the last people to receive payments of any form for the last 15 years, since basic payments and what is generically called the single farm payment was introduced in 2005. They have a very tough farm and are placed at significant disadvantage.

Divergence will clearly be an issue for those farms. Conversely, some of the powers in the Bill would lessen the impact, allowing their payments to be released earlier by changing EU regulations that make it difficult when one payment authority is slower than the other at processing applications—because unless everything has been processed, payments cannot be released. The ability to change the rules is therefore welcome, but as things

diverge, as they may well do—it is difficult to see how they would not—a lot of thought and care needs to be taken regarding those impacts. It is not just divergence over payment systems and policies; it is also about standards. This provides an opportunity for Wales to, for example, have different assurance standards from England, yet we have a 300-mile-or-so border, which is effectively porous.

John Davies: As one of the UK NFUs, we have a fantastic working relationship. We met last week in Glasgow at NFU Scotland's AGM. Divergence is front and centre of all our minds, because it is vital that we do not diverge too greatly and create a different trading environment in the UK. That is really important. The key basis that we always operate on is that everything should be done through agreement, not imposition. That is our guiding principle.

Tim Render: Divergence is a consequence of devolution, in that you are making different choices to reflect different circumstances, although I have a lot of sympathy for Mr Davies' points about operating in a common market, and about standards and not diverging in some of those areas.

The issue of cross-border farms keeps me awake at night, as I think about how I move to develop a new policy. It is one of the really difficult issues. We do not have clear answers to it yet. We are working with the industry and DEFRA on what doing potentially quite different things in return for public support on either side of the border means for those 600-or-so farms that are potentially on either side of that. How we manage that is a tricky question. I do not have any answers to that, but it is something that we are working on with DEFRA and the industry, to work out what the most practical, simple and effective way of doing it is.

Dr Fenwick: When it comes to divergence, of course devolution implies divergence. We as a union supported devolution, so we have no problem with divergence, but it was divergence within boundaries. The current EU framework has strict boundaries in terms of flexibility within legislation and flexibility within financial limits. We are looking, potentially, at a complete liberalisation of those boundaries, so that they become far wider and the degree to which divergence can be market distorting becomes potentially far greater under what is happening at the moment.

Q153 Mr Robert Goodwill (Scarborough and Whitby) (Con): This question is primarily for Mr Render, but others may wish to chip in. In earlier evidence sessions, we heard some of the frustrations with the inflexibility of cross-compliance, such as the three-crop rule or rules on hedge cutting. In particular, farmers tell me that it can sometimes be frustrating that rules on the application of slurries and manures are based on the calendar, not on the particular climatic conditions of a season or the situation on a particular farm. Do you feel that the powers that you will have will allow you the flexibility—even in-year flexibility—to enable you to carry out those sorts of operations under the best conditions, and at the same time to understand your obligations in the way that we implement the nitrate regulations and water framework directive-type regulations that we take over? Do you feel that you can get the balance right between the flexibility and the obligations to the environment?

Tim Render: I think we can. The questions around water and diffuse agricultural pollution are live in Wales at the moment. In terms of our regulations under the various water rules, we are some way behind the rest of the UK, and we are looking to take action to ensure that we have effective measures for the management of agricultural pollution.

One of the things, looking to the medium term, is an ability to think about how we do some of the wider regulation: what conditions we attach to future payment regimes; how we link that to the regulatory floor; and things around earned autonomy for more flexibility, in return for clearer, authenticated and demonstrable actions that take account of flexibility while there are, at the same time, clear ways of ensuring and providing assurance that the necessary actions are taken. Those are some of the opportunities that we have in the medium term, adapting some of the regulations, but it is probably through more sophisticated regulation and earned autonomy approaches that we can really provide some of that greater flexibility.

John Davies: Thank you, Mr Goodwill, for the opportunity to comment on this, because obviously regulation has been one of the reasons that Europe has had less favour. Nitrate vulnerable zone regulations are among the most prescriptive and least effective of those that have been implemented by Europe. Let us move away from that. Let us ensure that regulation, when it comes, fills the gaps and is effective. Anybody who thinks that they can farm by date will fail. It is vital that we farm by the ground conditions. We have a changing climate here, and we have to respond to that. We have to evolve, adapt and work effectively to reduce the number of incidents. It is coming down slowly, but we need to move more rapidly to reduce it. It is vital that we get on top of that through effective, proper, reasonable regulation.

Q154 Deidre Brock: I wish to reinforce the point that Mr Render and Dr Fenwick made. They basically made my point for me: the four nations already operate different policy and regulatory frameworks, within a common framework across the UK, and with certain common frameworks under the EU. That has been the case since devolution 20 years ago. I would hate to see any sort of imposition of a UK-wide situation that would affect that.

Tim Render: I agree with that. Equally, there are some measures that need to operate across the UK for trade and operators. The red meat levy is a very good example of something that needs to be applied at the UK level, but from a devolved Administration perspective, where some of those powers operate at a UK level, that needs to happen with our consent and agreement. Yes, let us agree a common approach to something—that is very often the best approach—but, for us, those sorts of concurrent powers need to be with consent.

Dr Fenwick: To give an example of the sorts of divergence at a very simplistic level that will potentially have an impact in the coming months, the Direct Payments to Farmers (Legislative Continuity) Act 2020 received Royal Assent the day before we left the EU. That effectively cuts and pastes EU payment regulations back into domestic legislation. However, one section of the Act allows devolved regions—this relates primarily to Scotland—to exceed those financial ceilings that are effectively derived from EU-set ceilings.

Within hours or minutes, effectively, of our leaving the EU, we have the potential for financial divergence that would increase the difference between the average payments received by a Scottish farmer and a Welsh farmer, which is already in the tens of thousands, potentially to far more. That relates to the Bew review, which has given lots of additional money to Scotland. Previously, that money could not be paid to farmers. The new legislation allows them to diverge—I go back to that word—from the ceilings that are set in the legislation.

John Davies: We have a very clear ambition for a policy made in Wales, where we see the productivity and the environment meshing together, underpinned by a stability pillar that will give us real opportunities. We are ambitious for the future. There is real opportunity out there to make policy in Wales, for Wales, by Wales.

The Chair: Order. I am afraid that we are at the end of the time allotted for the Committee to ask questions. On behalf of the Committee, I thank the witnesses for their evidence.

Examination of Witness

Gareth Morgan gave evidence.

12.15 pm

The Chair: We will now hear oral evidence from the Soil Association and we have until 1 pm for this session. Welcome to the Committee. Please introduce yourself.

Gareth Morgan: I am Gareth Morgan and I represent the Soil Association, a charity engaged in sustainable food and farming. We also run some certification of organic agriculture and sustainable forestry.

The Chair: The acoustics in this room are appalling. Can you speak up and project your voice?

Gareth Morgan: Yes, will do.

Q155 George Eustice: You know that in the new Bill, compared to the one in the previous Parliament, we have added an explicit purpose around soil quality. Will you describe for us how best to measure soil quality or soil health? What kind of management interventions should we encourage under the Bill's provisions?

Gareth Morgan: Unsurprisingly, we were delighted to see that addition, which we thought was a grave omission last time round. There was a rather arcane debate around whether soil health was a private or a public good. What matters is that we achieve better soils, because we know that there is a soils crisis. Indeed, Michael Gove highlighted that in some of his speeches.

The other problem, as you allude to, Minister, is that soil is highly geographically variable and contains many different parameters, from organic matter in terms of the ability to sequester carbon to soil biodiversity, productive capability and the rest of it. That challenge has made it very difficult to set standard provisions around soils for farmers to follow. I suspect that that side of it will probably be best developed through the 25-year plan in the Environment Bill, so in a sense the Agriculture Bill is the place where the tools for farmers to improve their soils can be placed, and where the provisions around what sorts of soils we need, and where, will need a lot of research and geographical specificity. Farmers will need

assistance to understand their soils, so a top-down approach to the same soils everywhere is probably not the right way to go.

One exception is that the concept of a steady increase in the carbon content of soils seems to be widely accepted. I think the UK is in the “4 per 1000” club on this, which is around a steady percentage increase of organic matter in soils. That will be a useful single aspiration for farmers and policy makers to coalesce around.

Q156 George Eustice: Soils have been around for a very long time and the human race has worked out how to grow crops on them, so I never understand why people say we need huge amounts of research when we know how soil works. Soil science is not new.

Gareth Morgan: The lack of knowledge should not be used as an excuse to not do anything. I agree with you that far. In terms of understanding at the field level what a particular farmer needs to do, I do not think I agree that that is always obvious. You might have shared the same train journey that I had today from Bristol. Going through Wiltshire and looking at the waterlogged soil-laden water lying on the fields, so that it is pouring into the River Avon at the moment, is a signal to me. That is not necessarily the fault of the farmer, but there is a gap between academic understanding of what soils should be like and what is happening in practice in the fields. There is a huge need for farmers to better understand what is appropriate on their farms. That will involve a fair bit of Government investment to help them in that process.

Q157 George Eustice: Some suggested as long ago as the 1930s—such as Albert Howard, who was seen by many as the father of the organics movement—that humus in soil is the key criterion to target, because that links to mycorrhizal activity and soil health more generally, carbon in the soils and the growth of various micro-organisms. Would you subscribe to that?

Gareth Morgan: Yes. The Soil Association is rooted in the philosophy that the essence of successful farming lies in the soil. There has been a welcome resurgence of interest in soil over the last few years. It is not an exclusive club; there are things such as minimum tillage, which is not necessarily an organic philosophy. A lot of farmers are increasingly focused on soil as the central organising principle of productivity, pest resistance, carbon sequestration and biodiversity, but that recognition still has a long way to go. I do not think organic is the only way in which that can be achieved, but it is one simple codified way of farming that we know builds on that understanding of soil and organic matter in soil.

Q158 George Eustice: If we tried to return to a general principle of more sustainable farming practices and husbandry, but recognising that the majority of farmers will probably want to stop short of becoming fully organic, could certain things be borrowed from organic production—traditional approaches to farm husbandry that could be deployed in more conventional farms? Or is it your view that nothing works unless you go the whole way to be fully organic?

Gareth Morgan: No, I would not say that. That is why there is increasing use of the term “agroecology”, to suggest that there is a more inclusive approach to sustainable

farming. Organic is a great codified way of doing that and guaranteeing to the farmer and the consumer that the farmer is following a particular practice, but agroecology is wider in the sense that it incorporates practices such as mixed farming, where there is a mixture, or ruminant livestock and arable so there is a natural fertility cycle. It incorporates a focus on reducing pesticides—it would be fantastic in the Agriculture Bill to have some target for the reduction of pesticides as an aspiration—and a focus on leguminous plants, to increase nitrogen naturally, to avoid the use of artificial nitrogen. We are going to have to wean ourselves off artificial nitrogen at some point if we are to meet our carbon targets, because we have not found an alternative way to make it. All those practices can be incorporated into conventional farming systems.

Q159 Daniel Zeichner: Since the earlier iteration of the Agriculture Bill, there has been wide acknowledgment that we face a climate crisis. As part of that, although clearly different in different parts of the country, there is a crisis around our soil, is there not? Could you say a little about how intense that is?

Gareth Morgan: There is a soils crisis, which is expressed in a number of different ways. It is probably slightly alarmist to talk about a certain number of years of soils left, which is quite graphic and gets people engaged in the topic, but that will be different in different places. Soil can regenerate, so we should not look at it as a one-way trajectory of decline; we know ways in which soil can be recovered. The decline in organic matter in soil is a key dimension of that crisis.

The other big element of soil health that has been neglected by the environmental side as much as by the farming side, is biodiversity in soil. I assume that is as simple as the fact that it is below the ground, and therefore you do not see it. I heard an interesting statistic the other day: in a typical sheep field, the weight of creatures underneath the field far exceeds that of the animals on the surface, whether as simple as worms or down to bacterial and fungi. The problem is that, because we do not see it, it is not that immediately obvious to us. It becomes obvious through things such as feeding birds in the winter—the number of lapwings on the fields. If there are no invertebrates in the fields, there will not be birds above them. Getting back to a sense of the biodiversity of soil will be a good way to re-engage with it.

Q160 Daniel Zeichner: I guess many of us would say that there is a need for urgency, but farmers find themselves caught in the middle, don't they? There is pressure to change—the Bill is part of that change—but is there not a danger that if we have food imported to lower standards, that will put farmers under even more economic pressure?

Gareth Morgan: I absolutely agree with the latter point. We may come on to the issue of trade equality later in the discussion, I imagine. There is simply no point in us exporting our production by forcing up standards here when we are importing products that are produced to low environmental and climate-change standards from other places. We urgently need to find a way to address that, because the tsunami of change that is about to hit farming in this country will not be able to withstand that, so we have to find a way of addressing that issue.

I do not think that should be used as an excuse for not starting to tackle some of these big crises, such as the soil crisis. It would be useful in the Bill, for example, for the food security provision to talk about things such as soil as part of food security. At the minute, it is very focused on economic factors. If we do not sustain the simple biological and physical nature of farming over this period, we will not have food security. That is one place where it would be useful to put this in the Bill.

Q161 Daniel Zeichner: What would you like to see put into the Bill, in terms of the imported food standards issue?

Gareth Morgan: I do not think anyone has found a simple solution to this, other than a protectionist model, which is what we are trying to get away from. The most interesting example I have heard is talk from Dieter Helm at the Natural Capital Committee about some kind of carbon border adjustment. It would seem ridiculous for us to import products from countries that are not signed up to the Paris treaty and may be subsidising fossil fuels for their farmers in order that they can produce cheaply, and for those products to be on the market in this country, going against products that properly factor in the carbon price. It is not going to be easy to get around, but we cannot duck it. A number of groups have put forward potential amendments to the Bill to try to address some of that, and that also needs to be reflected in the trade Bills. Just ignoring it, as is being done at the minute, is not satisfactory for our farmers or our environment.

Q162 Danny Kruger: I represent the waterlogged Wiltshire farms that you passed today. Given your point about different soils in different places, are you confident that, in the emerging policy about public good payments, we are getting the balance right between farming practices and outcomes? The detail is not all there yet, but are you concerned about getting that balance right?

Gareth Morgan: I think the Bill is a good step, in terms of providing the toolkit to give farmers the financial assistance to provide some of those public goods. The environmental land management scheme seems to have got quite bogged down over the past couple of years because it has been trying to get round this issue of working to more outcome-focused schemes, rather than just prescriptions for farmers, but there is a reason why we ended up doing prescriptions, although they are very frustrating for farmers to work to, because it is a list of rules that you have to follow and that is not a very creative way of doing things. The reason we do that is that you can audit them and specify them, even if it is a bit rough and ready, whereas saying to a farmer, “We would like to see 10 pairs of skylarks on your land. You decide how you do it,” is quite open-ended and not that helpful to the farmer. Hopefully, ELMS is the place where we will find a way of reconciling those two conflicting priorities.

Danny Kruger: That is helpful. Thank you.

Q163 Kerry McCarthy (Bristol East) (Lab): Where to start? Could you say a bit more about the whole-farm systems approach and the concern that the Bill might lead to farmers cherry-picking some of the public goods, but not to a transformation of farming, as would be possible if we were to go for a more holistic approach?

Gareth Morgan: One reason I joined the Soil Association—I was previously working at the Royal Society for the Protection of Birds—was the sense that you can do quite a lot for particular things, such as bird numbers on farms, without affecting the underlying sustainability of farming operations. I do not think the Bill deliberately plays into that, but it could be an unintentional consequence. There is a whole series of public goods that a farmer could choose to provide, but—particularly if we are going to lose things such as cross-compliance now, which is the basic way to encourage a farmer to look across the whole farm—there is a considerable danger that we will just focus on the easy or obvious bits, such as doing a flower margin or some skylark plots on a farm, and not really think about why the ecological operation of a farm is not satisfactory.

At the moment, there are two distinct dangers. First, some farms might opt into the public goods system while other farms will decide to farm to the market, especially if they are competing with foreign imports produced to lower standards. Secondly, even on individual farms, a farmer might be tempted to look for a particular thing that can be done that will be good for the environment, but neglect what is happening on the rest of the farm, for example the state of the soil across the whole farm. The whole-farm approach should be at the centre of the Agriculture Bill, but it is not at the moment.

Q164 Kerry McCarthy: Meeting net zero is a public good, looking at climate mitigation and adaptation. Do you feel the Bill could be stronger on that? My concern is that while in a sector like transport it is quite easy to make big policy moves that shift us, say, to electric vehicles, because there is only a small number of car companies, in agriculture there are lots of different types of farmers with a large geographical spread. How do you get them all working towards that net zero goal, and could the Bill be a mechanism to do that more effectively? I have not heard much from the National Farmers Union about the road map for getting there.

Gareth Morgan: It is fantastic that the NFU has taken the position of committing to an early net zero target for the agriculture and land use sector. That has shifted the debate enormously. Establishing the route map by which you do that is quite difficult. I am not entirely sure that a net zero clause in the Bill is the right way to go about it.

In several sectors—such as transport and energy generation—we have a clear idea about what that route map needs to be. Land use will be much more complicated. We do not know all the answers yet—for example, in the current argument about red meat, we are veering a different way each month. Setting a clear trajectory in farming to net zero in law could be counter-productive. The easiest way for us to go net zero in terms of land use in the UK is to stop farming and plant trees everywhere and import food off our balance sheet. That would be madness, but it could be an inadvertent consequence if we get the wrong sort of legal fix into law. I think the Bill could be more explicit about net zero and the need to achieve it, but we need to be careful about the way in which we phrase that.

Q165 Mr Goodwill: Conversion to organic farming is quite an expensive process, because during that conversion period one cannot sell organic products. Do you think

there should be more incentives for farmers to switch to organic production and, if so, how can we ensure that we do not flood the market with organic food and therefore undermine the whole economic basis for organic farming?

Gareth Morgan: That is a well-made point. In food, demand and production need to be balanced. That is true not only of organic produce; it is a general point.

One key point is that it would be helpful if the Bill recognised the specific contribution that organic farming can make against a whole range of public goods. Rather than inventing a complicated system in parallel with organics—for example, saying, “If a farm satisfies the carbon criteria, the biodiversity criteria, the rotations and the rest of it, then we will make a payment”—let us just cut to the chase and say that it makes sense for there to be some kind of organic maintenance payment to recognise additional public goods that are there but cannot be recovered through the market. I think that would in some sense help with the conversion issue, because if farmers are clear that if they move to an organic model they will be rewarded, both by the market and for the public goods that they provide in the longer term, then that will give them that level of certainty.

Regarding conversion, you are right—I think there needs to be caution around doing that, because in the past we have had examples of where there has been over-conversion to organic ahead of the market being ready to be there. So I think the focus on some sort of organic maintenance payment in ELMS is absolutely vital.

There is a role for help with conversion, but it may not be in terms of straightforward payments during that period. It may be through things like the ancillary productivity payments or some of these other issues that are acting as a barrier to conversion. For example, bringing livestock back on to arable farms will be quite a difficult operation, and most people who convert to organic would need to do that if they are an arable farm. So help with the process of establishing those things might be the way that one could assist in that process.

Q166 Abena Oppong-Asare (Erith and Thamesmead) (Lab): As you know, clause 1 provides financial assistance for protecting and improving the quality of soil and, as you mentioned earlier, soil is highly variable and it is difficult to set the standards equally across all the farmers. You mentioned something about tools for farmers—being given specifically, I guess, for the 25 years that you mentioned. Are there any specific measures that you would like to see mentioned in relation to soil health?

Gareth Morgan: At the end of the day, there will have to be some sort of whole-farm planning process. I am sure the Minister has thoughts about this: there is an aspiration to reduce our transaction costs, around the amount of advice and so on that schemes involve. I think there is a limit to how far that can go, so at the end of the day I suspect that any farmer who is receiving substantial public good payments will need to have some kind of system of working with an adviser around a whole-farm plan, which will enable them to put the measures into place, particularly for something like soil.

There are general measures that are great for wildlife and the environment, like having flower margins around fields, having rough grass margins and the rest of it;

they will be useful anywhere. With something like soil, I cannot really see how that can be done without the support of an agronomist, or a specialist, or someone helping the farmer and working on the nature of the soil on that particular farm. That need not be done by Government advisers; it could be done by certifiers, or private suppliers and so on. But without that level of support being built into the system, it is quite hard to see how farmers will be able to make the transition that they might want to make on their farm to things like sustainable soil management practices.

Q167 Miss Sarah Dines (Derbyshire Dales) (Con): Mr Morgan, in your written submissions you criticised the Bill as it is currently drafted for not having clear targets for soil health. I represent the Derbyshire Dales area, which has a massive variation of soil qualities from the flats to the higher land. How can you possibly fairly have targets, and how would you measure them, to make sure that those of my farmers who put a lot of effort in to improve the soil, but who will get a lesser result because of the nature of the soil they have, can be fairly rewarded for providing a public good improvement?

Gareth Morgan: I am quite pragmatic about where those targets should lie and if it is not in the Agriculture Bill, there are other places; I have already alluded to the potential for both the Environment Bill and the 25-year plan to be the place where those targets and metrics could reside. It is disappointing that at the moment the Environment Bill does not have a soil chapter, because it would seem to me logical for that to be the place where, say, a target for increasing organic matter in soils at a national level would reside.

Regarding the targets for an individual farm, clearly it would not be sensible for those to be iterated in this Bill, because they might have to be done farm by farm. However, some provision for making sure that farmers are clear what they are working to on the soils on their farm over a particular period will be vital. I do not know whether some provision can be made in the Bill for there to be that level of assessment before public good payments are made on a particular farm, for example, because you are right: unless the farmer is clear about their current resource or what the expectation is about where they will be going, it is going to be quite—and this may be one of the reasons why soils were not previously itemised in the Bill, because of this precise problem about that geographical specificity.

Q168 Miss Dines: That would be a huge piece of work, would it not—like a national survey of each individual farm. If you want to set targets as you suggest, are you saying that that is realistically what the Government have to look at? Can there be a more pragmatic approach?

Gareth Morgan: I think a soil organic matter target nationally is realistic. I think there is a fair consensus that increasing organic matter in soil ticks so many boxes that that is something that would be useful. That does not necessarily help the individual farmer to know what needs to be done on their farm. There is a good national soil survey, so there is good spatial information about soils that we could be using as part of this process, so it does not all have to be done from a base of no knowledge.

Q169 George Eustice: I just wanted to come in on this point about targets. I know they are the tool that people often reach for—they say we should just have some

statutory target—but you said yourself at the beginning that it varies considerably from soil to soil, it is hard to measure these things, and an enormous amount of research is needed. I have sometimes been told it will probably take eight years to do that sort of research.

Given the complexity of the issue, is there not a danger that if you are waiting to try to identify the target, you end up effectively delaying action—the worst of all worlds? Does it perhaps matter less that there is some sort of prescribed target, and more that you encourage and incentivise good soil husbandry from year one as best you can with the knowledge that you have? You can measure trends. You can get a sense of whether the trends that matter are moving in the right direction from the interventions you are doing. Is not that perhaps a better way to approach these things than some kind of prescriptive target?

Gareth Morgan: I think you are right, in the sense that the best must not be the enemy of the good, and there is plenty that can be done on soils tomorrow. I do not think I agree that the absence of a target is something that we should be content with in the long term, particularly at the Government level. Targets have been useful in focusing the attention of policy makers on results. The farmland bird recovery target, although the bane of many people's life, was useful in terms of focusing attention on what could be done to reverse the decline of farmland birds.

I think national targets around soils would be helpful in terms of focusing and attracting funding. Ultimately the Treasury is going to come and say, “I can see you are doing lots of interesting things on your farms; what, actually, are you benefiting, in terms of the natural capital account for the country?” Unless we can go back to the Treasury and say, “This investment of £2 billion or £3 billion has achieved the following things over this period,” I suspect the money will dry up pretty quickly.

Q170 George Eustice: There was another area of the Bill that I wanted to ask your view on. It is further on—there is the clause relating to organic, principally marketing, standards. That is, in essence, the primary powers that we would need to amend the organics regime that we have inherited from the EU and that itself is about to change.

Are you content with the revised organics regime that we are about to inherit from the EU, as it stands, or would you be interested in us using these powers to make specific changes that might make the future UK organics regime work better?

Gareth Morgan: That is a little bit off my area, so I will not speculate too much. The Soil Association is only one part of a very broad organic movement, so there are a number of players who, I think, will want to come back. I think the general feeling was that the provisions in the Bill provide the right enabling starting point for creating a domestic structure around organic regulation.

The one concern that I have heard expressed is that, given we have quite a collaborative model for developing organic standards and lots of players in this country, building that level of engagement with the various players and consultation into that process will be important. At the European level, the International Federation of Organic Agriculture Movements, or IFOAM, has been

involved in the ongoing development of organic regulation. We will clearly need to have something similar at a domestic level to ensure that everyone, from the farmers to the certifiers to consumers, has a stake in the development of the regime.

Q171 Daniel Zeichner: Two questions: first, in some of your evidence you have suggested that there should be a public health aim within the Bill, and I wondered whether you could tell us a little more about how you think that might work. Secondly—you have touched on this a bit in some of your contribution—who do you think is best-placed and qualified to negotiate and administer the new environmental land management schemes? Are there any potential conflicts of interest in that set-up?

Gareth Morgan: Taking the first point, it does feel that there is still a gap in the policy and legislative architecture in agriculture. We have “Health and Harmony”, which sets out a good, new, broad trajectory for agriculture, and we have quite a technical, nitty-gritty enabling Bill here in terms of saying, “Here are the tools that can be deployed to achieve things.” At the moment there is not anything knitting all that together to say, “What are food and farming for? Do we have any sense of what the right model might be?” I suspect that is perhaps a bit of a legacy from having had the CAP, which was a prescriptive and sometimes flawed model of European farming. We have almost moved away from that to being afraid to say we have any preferences at all. We have a series of tools and a broad aspiration that farming should be good for the environment, and then the market does the rest.

The reason for putting down a marker on public health was to say that food and farming are not just about a commercial transaction; it is of huge national importance whether people have secure and healthy food supplies and access to the right sort of food and whether the farmer is able to get a just return from the market. Some of those things are touched on in the Bill, but it almost feels like there needs to be something right at the front of the Bill to say what all this is for, as opposed to, “What should we pay farmers for and how?” It feels a bit too fast. That does not necessarily have to come in the Bill, but it has to come somewhere, to our mind. Again, that is where we would say that a presumption in favour of a move to a more agroecological

way of thinking about farming probably would sit. Equally, it is the place where the national food strategy would fit in to say that food is more than just a market transaction for consumers.

Q172 Daniel Zeichner: You said a little about the environmental land management schemes, but who is best placed to administer and deliver those?

Gareth Morgan: I would tread very warily in that minefield.

Daniel Zeichner: You do not have to answer if you do not want to, but the fact that you are treading warily tells us what we need to know. Thank you.

Q173 George Eustice: On that point, you made a reference earlier to the need for advisers. You will be aware that the concept behind the future policy is that there will be an individual agronomist—possibly from the private sector, possibly from groups, perhaps even from your group or the Wildlife Trusts—who would be accredited by the Government to help farmers put schemes together and to walk to the farm and sit down around the kitchen table to do that. I think I am right in saying that the Soil Association already accredits organic producers and growers, probably under a similar model. I wondered if you might explain how that process works. How many clients—for want of a better term—can an accredited Soil Association adviser look after in a typical year?

Gareth Morgan: I should first say that other certifiers are available—for example, our colleagues in Organic Farmers and Growers. It is a competitive market. I am not from the certification side of the organisation and so I will follow up with written evidence on that point, if that is acceptable.

The Chair: Thank you. If there are no further questions from the Committee, I thank you, on behalf of the Committee, for giving your evidence, Mr Morgan.

Ordered, That further consideration be now adjourned.—(James Morris.)

12.49 pm

Adjourned till this day at Two o'clock.

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

AGRICULTURE BILL

Fourth Sitting

Thursday 13 February 2020

(Afternoon)

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Examination of witnesses
Adjourned till Tuesday 25 February at twenty-five minutes past
Nine o'clock.
Written evidence reported to the House.

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 17 February 2020

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The Committee consisted of the following Members:

Chairs: SIR DAVID AMESS, † GRAHAM STRINGER

| | |
|---------------------------------------------------------------|-------------------------------------------------------------|
| † Brock, Deidre (<i>Edinburgh North and Leith</i>) (SNP) | Jupp, Simon (<i>East Devon</i>) (Con) |
| † Clarke, Theo (<i>Stafford</i>) (Con) | † Kearns, Alicia (<i>Rutland and Melton</i>) (Con) |
| † Courts, Robert (<i>Witney</i>) (Con) | † Kruger, Danny (<i>Devizes</i>) (Con) |
| Crosbie, Virginia (<i>Ynys Môn</i>) (Con) | † McCarthy, Kerry (<i>Bristol East</i>) (Lab) |
| † Debbonaire, Thangam (<i>Bristol West</i>) (Lab) | † Morris, James (<i>Halesowen and Rowley Regis</i>) (Con) |
| † Dines, Miss Sarah (<i>Derbyshire Dales</i>) (Con) | † Oppong-Asare, Abena (<i>Erith and Thamesmead</i>) (Lab) |
| † Doogan, Dave (<i>Angus</i>) (SNP) | † Whittome, Nadia (<i>Nottingham East</i>) (Lab) |
| † Eustice, George (<i>Camborne and Redruth</i>) (Con) | † Zeichner, Daniel (<i>Cambridge</i>) (Lab) |
| † Goodwill, Mr Robert (<i>Scarborough and Whitby</i>) (Con) | Kenneth Fox, Kevin Maddison, <i>Committee Clerks</i> |
| † Jones, Fay (<i>Brecon and Radnorshire</i>) (Con) | † attended the Committee |
| † Jones, Ruth (<i>Newport West</i>) (Lab) | |

Witnesses

Jonnie Hall, Director of Policy, NFU Scotland

Alan Clarke, Chief Executive, Quality Meat Scotland

George Burgess, Deputy Director, Trade Policy, Food and Drink, Scottish Government

George Monbiot, journalist and author

Professor Bill Keevil, Professor of Environmental Healthcare, School of Biological Sciences, University of Southampton

Diana Holland, Assistant General Secretary (responsible for Food, Drink and Agriculture), Unite

Jyoti Fernandes, Campaigns and Policy Co-ordinator, Landworkers Alliance

Vicki Hird, Campaign Co-ordinator, Food and Farming Policy, Sustain

Dr Nick Palmer, Head of Compassion in World Farming UK, Compassion in World Farming

James West, Senior Policy Manager, Compassion in World Farming

Sue Davies MBE, Head of Consumer Protection and Food Policy, Which?

Public Bill Committee

Thursday 13 February 2020

(Afternoon)

[GRAHAM STRINGER *in the Chair*]

Agriculture Bill

Examination of Witnesses

Jonnie Hall, Alan Clarke and George Burgess gave evidence.

2 pm

The Chair: We will now hear oral evidence from NFU Scotland, Quality Meat Scotland and the Scottish Government. Thank you for coming. The panel will finish at 2.30 pm. Could you introduce yourselves for the record?

Alan Clarke: Good afternoon, everybody. My name is Alan Clarke. I am chief executive of Quality Meat Scotland.

George Burgess: Good afternoon. I am George Burgess. I am the head of food and drink at the Scottish Government.

Jonnie Hall: My name is Jonnie Hall. I am director of policy for NFU Scotland.

Q174 The Minister of State, Department for Environment, Food and Rural Affairs (George Eustice): For decades, the common agricultural policy, with all its prescriptive rules, has applied to every part of the UK. As we leave, each part of the UK will have the freedom to develop a policy that is right for it. Could you each say what it is about the common agricultural policy that you dislike the most, what you most want to change and what type of system you think is appropriate for the modern world?

Jonnie Hall: I am happy to start. I can quote Mr Eustice back at him and say that the CAP has largely “incentivised inertia”—a phrase he has used many times. We agree. The bluntness of area-based payments has not driven innovation or productivity, or indeed delivered on environmental challenges.

In that respect, we see the departure from the EU and from the CAP as an opportunity to develop bespoke agricultural policy tailored to the individual needs of the devolved Administrations. We have some capacity for that already, in the fact that we have four different settlements of pillar 1 and pillar 2 under the CAP, but we are nevertheless constrained by an awful lot of bureaucracy and by the rules and regulations around mapping, inspections, penalties and so on.

It is vital for us to take the opportunity and for Scotland to be allowed, under the devolved nature of agricultural policy development and delivery, to develop its own suite of schemes and measures that fit the needs and profile of Scottish agriculture, which is significantly different from that of the rest of the UK and, in particular, England. That is absolutely right and, therefore, this provides us with an opportunity.

George Burgess: The Scottish Government position, as I am sure all Committee members will know, has not been in favour of Brexit. We believe that continued membership of the single market and customs union is the best way forward on economic, social and environmental grounds. That includes on the common agricultural policy.

Obviously, there will be areas in the common agricultural policy that are not necessarily to our liking. Work has been under way in Scotland, under the “Stability and Simplicity” consultation, to identify, in the short term, any areas where some improvement could be made to the common agricultural policy. That might be around issues such as mapping and penalties, as Mr Hall has mentioned. We are working, through a farming and food production future policy group, to look at longer-term policy in Scotland.

Alan Clarke: I have a couple of points from Quality Meat Scotland. This gives us an opportunity to look outside our normal markets. Currently, 69% of Scottish red meat is being sold in the rest of the UK, outside of Scotland, and 10% goes internationally. It gives us an opportunity to continue to build on that. To do that, protection of our protected geographical indicators is essential.

In addition, we need to have no reduction of standards of any other imports coming into the country, to make sure that we have a level playing field for our food producers. We would like to see transparency of price reporting throughout the supply chain, to enable us to make better decisions across that area. As you will perhaps hear later from me, we have been working closely with the Agriculture and Horticulture Development Board and Hybu Cig Cymru on levy repatriation work. We think there is a lot of work that we could build on across the three nations, if not the four nations.

Q175 George Eustice: When the current design of the CAP was brought in, I remember a lot of concern in Scotland, including from NFU Scotland, farmers and the Government, that area-based payments did not work in such a landscape—that the diversity between the lowlands and the moorlands made it highly problematic for an area-based-only payment to work. Mr Burgess, are you saying that, although you might try to simplify the legacy CAP scheme around the edges, you still think that a basic CAP subsidy on land tenure is the right approach?

George Burgess: The Scottish Government’s approach through the “Stability and Simplicity” consultation is that, for the period from now until 2024, we will essentially retain the features of the current CAP system with some scope for simplification, improvement and piloting. Beyond that, we are open to looking at a more radical reform of the policy. That is the approach we are taking through our future policy group, which includes representatives from the farming industry, food production and environmental groups, so that is the forum for considering the longer-term changes in Scotland. Whether it retains area-based payments or moves to some other system, or a combination of the two, remains to be seen.

Jonnie Hall: I support that, in the sense that area-based payments are far too blunt and do not deliver the objectives that we all aspire to, not only in supporting agricultural incomes and productivity but in addressing challenges such as climate change, biodiversity and so on.

The sooner we move to an approach that is more action-based than area-based, the better. However, we are in alignment with the Scottish Government in the sense that from 2021 onwards, we will be venturing into uncharted territory in many ways, given the changes in our operating environment, trading issues and other areas. The ability to retain direct income support that offers some stability in the interim is key. We are absolutely in alignment about change, but the key questions are about the pace of that change and how we manage it.

We note with interest what is happening in England and the Bill's proposals for phasing out direct support. Of course, that would be inappropriate and inapplicable in a Scottish context, so we need the devolved capacity to do things differently. The direction of travel is very much the same and the landing space is probably the same as well, but we have to consider the pace of that change and recognise the challenges and issues that are particularly pertinent to Scottish agriculture.

Q176 George Eustice: We have set out in this Bill a seven-year transition for England, from 2021 to 2028. I suppose it is possible that the Scottish Government might say, "We will keep the current system with a few minor simplifications until 2024", but then ditch it overnight and go straight in one leap to a new system. Do you envisage a sharper transition than seven years, or have the Scottish Government made clear that they will definitely not do things faster than seven years?

George Burgess: No, I do not think so. The Agriculture (Retained EU Law and Data) (Scotland) Bill, which implements the stability and simplicity approach for the period between now and 2024, is currently before the Scottish Parliament. I have mentioned the future policy group, which aims to bring forward proposals by the summer of this year. That is the point when we will begin looking at the transition—things that may be piloted between now and 2024—so we are definitely not looking at a sharp cliff-edge transition in 2024.

Hopefully within that time period, we will gain a clearer understanding of our trading regime with Europe and the rest of the world. At the moment, it is frankly quite hard to work out what we should be doing with sectors such as sheepmeat, given that we do not know what the situation with our largest export markets will be.

Jonnie Hall: A number of interests in Scotland have suggested that there should be a sunset clause in the piece of legislation that Mr Burgess has referred to, so that it comes to a definitive end in 2024. However, we would not agree with that, because it would potentially create a cliff edge where we would go off the stability elements that we have talked about and into the unknown. We want to avoid that; we need to be able to adjust to and reflect on the circumstances of the time, and it is right that the Scottish Government have the ability to do so under the legislation that is going through the Scottish Parliament.

Q177 Daniel Zeichner (Cambridge) (Lab): Good afternoon. I think Mr Clarke alluded to this point briefly earlier, but I will ask all of you, as I have asked most of the witnesses: what effect do you think allowing imports of food produced to lower environmental welfare and health standards will have on Scottish consumers and producers and, most of all, on the Scottish environment?

Alan Clarke: It would be a disaster for the Scottish red meat industry. The Scots were pioneers of quality assurance. Scotland was the first country in the world to set up whole of life, whole of supply chain quality assurance, and that gives a unique selling point to our world-class products of Scotch beef PGI, Scotch lamb PGI and specially selected pork. For any diluted product to come to market and be able to compete directly—as far as I am concerned, that has no place on the supermarket shelves.

George Burgess: I suspect you will find a very large measure of agreement at this table. The Scottish Government are very concerned at the prospect that future trade agreements could allow for a dilution of standards.

Jonnie Hall: It is also worth adding that the produce of Scotland—commodities is the wrong word—is not about, "Stack it high, sell it low." We are not going to compete on world markets. We are not a volume producer. We are based on the authenticity and the provenance of our product, and the welfare standards and environmental standards behind that. If we expose Scottish agriculture to cheaper imports of substandard production methods and so on, we will blow large sections of Scottish agriculture out of the water. That will have significant impacts on the agricultural industry itself, but also, more importantly, on the wider issues around rural communities and the environment and habitats that Scottish agriculture underpins with its extensive grazing systems and so on.

Q178 Daniel Zeichner: Paragraph 21 of the written evidence from NFU Scotland touches on the complicated question of the governance of common frameworks. We had the same discussion with representatives from Wales this morning. How do you see a way forward on that? It seems that divergence is inevitable at some point, and yet it needs to be managed.

Jonnie Hall: It is quite clear, in many ways, in the sense that the development and delivery of agricultural schemes and policy, in terms of what outcomes we want to achieve from managing our land in an agricultural sense, should absolutely be devolved, and is today. However, when you are looking at the operation of the internal UK market, we need to be able to operate to the same rules in a very transparent and open way across the United Kingdom.

Our worry and concern is that a lot of the discussions from outside of the Government appear to be about common frameworks, but we are unsighted on that. We are not seeing what common frameworks might look like. More important to me is the governance of those common frameworks going forward. Like or loathe the European Commission, at least it acted as some sort of referee when it came to compliance with regulation, standards and so on across member states and within the UK. If we are going to preserve the internal UK market, as Alan Clarke has pointed out is so important to Scottish agriculture, we need to ensure that we are all playing to the same rulebook on a whole range of issues. We are unsighted on an awful lot of that. We are still trying to flush out of Governments—plural—the actions and discussions that are going on.

Q179 Fay Jones (Brecon and Radnorshire) (Con): I do not know whether I need to restate my interests—I once worked for the UK farming unions, including NFU Scotland—but I will do so, to be on the safe side.

The Chair: I am sorry to interrupt the hon. Lady. We are halfway through and a number of Members want to ask questions, so I would be grateful if you could be short and precise.

Fay Jones: Certainly. Mr Hall, your counterparts in Wales are happy with the pace at which the Welsh Government are bringing forward their equivalent Agriculture Bill. Are you content with the pace of the Scottish Government?

Jonnie Hall: If anything, we would like the pace to be a wee bit quicker. As I said earlier, we recognise that we are all venturing into an unknown world, in terms of the operating environment in which we will find ourselves, so it is probably more pragmatic not to give ourselves distinct deadlines. I mentioned the proposal for a sunset clause in the current legislation, which might suggest a deadline for new policy to be put in place for the longer term. We do not want to be a hostage to fortune on that. Certain sectors of Scottish agriculture might find it particularly bumpy in 2021, 2022 and possibly 2023. We want to see change happen sooner rather than later, but let us not push ourselves into a situation where we must accept change but that change does not take us in the right direction.

Q180 Fay Jones: Correct me if I am wrong, but my understanding is that the Scottish Government still maintain a headage payment system, particularly for the beef sector. Would that sort of measure remain on the table as you design a future agricultural policy?

Jonnie Hall: We have had a beef calf payment since 2005 under the CAP. There are strict rules on how much money can be spent on that. It is about how important the suckler herd is to the socioeconomic fabric of rural Scotland. It certainly has not driven production, because suckler cow numbers have continued to decline over that period. If anything, it has slowed the decline down, so I would not call it a production support. It recognises the additional cost of suckler production in our hills, in particular, and therefore it is a very important piece of the policy toolkit. It enables the retention of suckler beef in Scotland, and that has significant implications further downstream and into the supply chain, as I am sure Alan Clarke would agree.

Alan Clarke: Absolutely.

Q181 Deidre Brock (Edinburgh North and Leith) (SNP): We do not have much time, so could you let us know quickly the main areas you have concerns with in the Bill? You have expressed some of them—governance frameworks is one, of course, Jonnie. One of the things that was brought up was the livestock information provision. An organisation is being set up, and this morning our Welsh counterparts expressed real concern about that. They said that that section of the Bill rang alarm bells and raised important operational issues about whether this could indeed be overseen and directed through England, through the Agriculture and Horticulture Development Board and the Department for Environment, Food and Rural Affairs. That is a starting point, but are there any other areas of the Bill that you have concerns about?

Jonnie Hall: In our evidence we cite a number of areas. If you look at the Scottish Bill going through the Scottish Parliament and the Bill that you are considering

now, there are clear overlaps, not just on animal traceability issues but marketing standards and other things. Many of those issues are devolved, but our concern goes back to the operation of the internal UK market. It is quite right that those things are devolved, but how do we ensure that there is consistency in application of those devolved issues across the United Kingdom? If there is not consistency, there has to be at least co-ordination of those things. It is right that the capacities are devolved. It is right that the Scottish Bill is doing what it does and the UK Bill does what it does, but it is about where those things might rub together to create problems in the UK internal market. There are a number of examples in there. *[Interruption.]* I am not saying that it will happen, but we need to have consistency if not co-ordination across the UK.

George Burgess: From the Scottish Government's perspective, the Bill is something of a curate's egg. The provisions that we like include the red meat levy provision, which we played a large part in developing at the outset. We very much welcome that, and we would like to see a commitment from the UK Government to its swift implementation.

Other provisions in the Bill on food security and fertilisers make a great deal of sense, but we have some difficulties with others, including the livestock information provision, which has already been mentioned. Again, the concern is really about governance and the appropriate role of the Scottish, Welsh and Northern Ireland Governments.

Similarly, the organics clause to some extent recognises devolved competences, but we are concerned about the power that is given to the Secretary of State to act in devolved areas without seeking the consent of the Scottish Parliament. Other concerns of long standing from the previous Bill relate to producer organisations, the World Trade Organisation agreement on agriculture, and fair dealing in supply chains, where we have a very different view on devolved competence from DEFRA.

Alan Clarke: I will pick two, Deidre, because I am conscious of time. In relation to the LIP system that we talked about, I think there has always been a history, if there has ever been a disease breakout, that everybody has worked extremely well together and come together and shared all the information. I think it is important that that is retained and that anything that is developed in England must read across to the rest of the UK. ScotEID, again, has been leading the way on that in Scotland. There must be those links. I know the meetings happen regularly every month with the devolved associations and the developers of it, but the mechanism that George talked about is one to consider.

The second issue is levy repatriation. I have been working very closely with AHDB and HCC towards getting a scheme of operation, which can be put to Ministers, showing what the long-term solution for levy repatriation would look like. We have identified, using that scheme, the numbers involved. It would mean that every year, £1.2 million of producer levy that is currently trapped in England would come back to Scotland, and £1.1 million of Welsh levy currently trapped in England would come back to Scotland—to Wales. Apologies—Wyn will not forgive me for that one. Essentially, the scheme has been agreed by the three levy bodies. It has now

gone to each of the boards, and we hope to be in a position to put that to the Ministers in a short period of time.

Behind the scenes, we have been looking at the interim solution of the ring-fenced fund—the £2 million that has been ring-fenced for the benefit of levy payers in England, Wales and Scotland. We hope to make an announcement in the next few weeks on greater working relationships between the three levy bodies. This gives us a really good opportunity. We would like to see a date put into the Agriculture Bill to say when the legislation must be passed and the scheme be in operation by. The three levy bodies are working to a date of 1 April 2021 for a long-term solution to be in place, meaning that this is the last operational year of the ring-fenced fund that we will be coming into in April. It would be nice to have that enshrined in law.

Q182 Mr Robert Goodwill (Scarborough and Whitby) (Con): On Tuesday, we had evidence from Jake Fiennes, the general manager for conservation for the Holkham Estate. In his view, the definition of livestock in clause 1 should not be extended to game—to grouse, pheasant or venison, such as the excellent produce produced in Scotland. Do you agree with that observation, or do you think that the management of game and financial help from the taxpayer for those sorts of landscapes would be beneficial to the future of agriculture in Scotland?

Jonnie Hall: First, I do not think the likes of game—pheasant, grouse and, indeed, wild deer, because we have farmed deer as well—should be governed as agricultural activity. The husbandry is not the same. They are wild animals. The habitat may be managed in their interests, but nevertheless they are not livestock that are bought, sold and managed in the same way as cattle, sheep, pigs and so on, so I do not see the benefit of that.

I do see, particularly in the Scottish context, the benefits of multiple land use in the same vicinity—the same land—such as having grouse moor management and managing wild deer populations in the interests of conservation, as much as in the interests of stalking and venison, alongside extensive grazing systems for the delivery of key habitats. That is one thing, but we will also be thinking increasingly about the preservation and restoration of our peatlands in the effort to tackle climate change. Grazing management will become a more fundamental issue—and extensive grazing management in Scotland—specifically for its public benefits and public good delivery, rather than just the production of an agricultural product.

That debate is an important one, but at this moment in time I do not view those things as agricultural activities. They can be supported through other means, because they are essentially environmental delivery mechanisms as well.

Q183 Dave Doogan (Angus) (SNP): Given the broader ambitions of this Bill, and that which is going through the Scottish Parliament at the hands of the Scottish Government, how seriously do you view the potential for any checks on agricultural commerce between Scotland and Northern Ireland, in terms of how that affects crofters, farmers and processors?

Jonnie Hall: Again, at the risk of repeating myself, the preservation of the internal UK market is vital to the interests of Scottish agriculture. Alan Clarke mentioned

some statistics about red meat. Our most important market is the rest of the UK, but we want to grow markets beyond that. I have often referred to the spending power within the M25, where we are sitting right now, as our bread and butter. That remains key, so we are very mindful of anything that rubs against the free flow of not just finished agricultural produce, but livestock. If I were a beef producer in the Scottish borders and wanted to buy a bull from Northumberland, I would not think it a smart move to operate different animal traceability systems and have all sorts of checks and balances at Berwick. In theory, that could be the outcome if we do not get these pieces of legislation to align.

Q184 Dave Doogan: What I was trying to get at was the particular role of trade between Scotland and NI, and the implications of any kind of impediment to that free movement. We are not going to have that between Scotland and England, or between Scotland and Wales, but we potentially will with NI. How big a deal is that for Scottish agriculture?

Jonnie Hall: I do not think it is a huge deal for produce leaving Scotland and going to Northern Ireland, but it is a very big issue for Northern Irish colleagues, who obviously want to access markets in GB—the rest of the UK. That is a real conundrum, in the sense that regulatory alignment with the EU will clearly be a vital issue on the border between Northern Ireland and the Republic. If that has implications for regulatory alignment with the rest of the UK and the EU, I can foresee lots of headaches and issues with that.

From what I see, we are moving more and more towards the potential of triangular trading agreements between ourselves, the EU and non-EU countries—for example, those in North America. There clearly has to be some sort of tension point at some level, because the UK Government have made it clear that there will not be regulatory alignment with the EU, although there will be equivalence—whatever that might mean—in order to secure deals with non-EU countries. That puts in doubt or jeopardy our potential to trade both with the EU and with other countries at the same time. That is a major concern for us.

The Chair: I call Danny Kruger, and this will have to be the last question.

Q185 Danny Kruger (Devizes) (Con): I asked your Welsh counterparts this question this morning. Mr Hall, you talked about the transition from an area-based to an activity-based subsidy regime. There is also an outcome-based regime. I am interested in your view on the right principles that should guide us in designing a regime that has public good as its objective. Do you think we are sufficiently clear at this stage about whether farmers should be rewarded for what they do, or for what the outcomes of their work are?

Jonnie Hall: I think it is a very important point for the future direction of agricultural policy anywhere. I would say at the outset that blunt area payments reflect neither activity nor outcomes; they are simply a ticket to receive an income by declaring an area of land and doing some compliance. We really need to work on a system that recognises the actions that deliver an outcome; you then pay for the actions that deliver the outcomes you require. If it were exclusively about delivering outcomes, that is a very risky situation for farmers and crofters in

Scotland. We probably need a combination of both systems, and we are piloting various things in Scotland—for example, an outcome-based approach to agri-environment in different parts of the country.

It is about actions on climate change and so forth. How do we encourage more efficient production systems, soil management and extensive grazing systems? That is within the gift of the farmer or crofter. What is not in their gift is the precise outcome that we get from that. We might think that we will get the right outcome, but we do not 100% know. There are lots of forces at play in agricultural land management, and the risks need to be managed carefully. The key thing is to move away from area-based payments in the first place, with actions then delivering the outcomes and objectives that you want.

The Chair: Order. I am afraid that brings us to the end of this panel. On behalf of the Committee, I thank the witnesses for coming along this afternoon.

Examination of Witness

George Monbiot gave evidence.

2.30 pm

The Chair: We will now hear evidence from George Monbiot. Welcome to the Committee. This panel will finish at 3 pm. Would you introduce yourself, please?

George Monbiot: Thank you. I am an environmental campaigner and journalist.

James Morris (Halesowen and Rowley Regis) (Con): I suppose it's down to me?

The Chair: Yes. The Minister has gone to see the Prime Minister.

Q186 James Morris: What do you think about the public good provisions in the Bill, and to what extent do you think they are correctly defined? Is there further scope for the definition of public good?

George Monbiot: I think it really important to tighten the definition and to stick with, basically, the classical definition of non-rivalrous and non-excludable. There is potential for slippage within the wording of the Bill, for example into food production that does not fit the definition. We should basically also be funding public goods that are additional and which are not going to be delivered anyway.

We should be very careful not to use subsidies as a substitute for regulation. There is a real danger in saying, "We will put all this on a voluntary basis and we will pay people to do the right thing," rather than saying, "You may not do the wrong thing." I feel that there have already been a lot of failures in monitoring and enforcement of cross-compliance under the current subsidy regime. If we are not careful, we could see those failures become a lot worse.

Q187 Daniel Zeichner: Good afternoon. Since the Bill was introduced a couple of years ago, the world has moved on in some ways. There is greater awareness of the challenge that we face, and the Government have conceded that there is a climate emergency. Do you think that the Bill is up to the task and, if you started with a blank sheet of paper, what would you do?

George Monbiot: One of my aims would be to reduce the area of land used for agriculture. All agriculture is a radical simplification of ecosystems, until you get to the point at which it is so extensive that it is not really agriculture. The Knepp Castle Estate, for example, is a wonderful example of rewilding, but I worked out that if we were to universalise that across much of the UK, we would need to cut our meat consumption by about 99.5%—that is not a great example of agriculture. Until you get to that level of extensification, you are really removing huge numbers of species and a huge amount of potential carbon storage that would otherwise be there.

In this country, we suffer grievously from what I call "agricultural sprawl"—large areas of land used to produce small amounts of food. It gets to the point at which, for instance, sheep farming in the uplands, according to my estimates, occupies roughly 4 million hectares—almost as much land as all our arable and horticultural production put together—yet produces roughly 1% of our food by calories and roughly 2% by protein. That is a remarkably wasteful use of land, which could be much better used for carbon storage through regeneration and rewilding, and for the great resuscitation of ecosystems and the recovery of our very put-upon wild species.

Q188 Daniel Zeichner: I have one additional question that has not come up very much. We talk about public goods and public money, but should there be some public voice in all this, for any decisions about what goes on locally? Where are the people in all this?

George Monbiot: That is a very good question. The Bill discusses both natural heritage and cultural heritage. Both are very important values and neither should be dismissed, but there is an assumption in a great deal of rural thinking in Britain that they are one and the same. We have to acknowledge that they are often in direct conflict. Maintaining sheep on the land is highly damaging to ecosystems, but getting rid of sheep farmers can be highly damaging to local cultures and languages. We have to see that a balance should be struck.

We have so often fudged the issue, the classic example being the world heritage bid in the Lake district, where they were assumed to be one and the same. It is always resolved in favour of farming, because farming is assumed to be good for ecosystems, but in the great majority of cases it is not—the best thing to do for an ecosystem is to withdraw farming from it. But because we do not acknowledge that there is a conflict, we do not produce a balance that ever favours wildlife.

Q189 Mr Goodwill: Mr Monbiot, you are on record as saying that

"farming is no longer essential to human survival".

In contradiction to what the Soil Association told us this morning—that we should have more mixed farming and more livestock, allowing soils to be improved by the use of natural manures—you suggest that we should abandon livestock production, particularly on the uplands, and plant trees and rewild large areas of our country. Is that a correct appraisal?

George Monbiot: That is broadly correct. One thing to say is that in the uplands there is almost no mixed farming. In fact, it would be very hard for mixed farming to be established in the uplands, which are very

unsuitable on the whole for arable. In the lowlands, if we were to reintroduce mixed farming, at the microlevel that could be a very good thing by comparison to the arable deserts of East Anglia, but we would see a major decline in total yield. There is very little research on what that decline would be, but everyone can more or less accept that we will see that decline.

The global conundrum we are in is that roughly half the global population is dependent on NPK, to put it crudely, and certainly on nitrogen and other artificial fertilisers. If we were to take those out of the system, we would have mass starvation—huge numbers of people would die. However, we are aware that applications of N, P and K and others are causing global disaster: they contribute significantly to climate breakdown, soil loss, downstream pollution, air pollution and a whole load of other issues. We cannot live with it and cannot live without it. We are in an astonishing and very difficult conundrum. If we were to switch—as the Soil Association recommends and as my instincts would tell us to do—to mixed rotation or organic farming, we would not be able to produce enough food. It is as simple as that.

How do we get out of that conundrum? I see some hope in factory-produced food—microbial protein and cultured meat. That could be the only way of reconciling environmental needs of future generations and the rest of life on Earth with the need to feed people alive today and in future. We need to find ways of feeding the planet without devouring it. That could be the way.

Q190 Kerry McCarthy (Bristol East) (Lab): Could we talk about peatlands? You have been very involved in trying to make the case for the restoration of peatlands and their role as a natural climate solution. Do you think more can be done in the Bill to encourage their being left alone?

George Monbiot: I do not know whether this would fit in the remit of the Bill, but I would certainly favour banning driven grouse shooting, which is a major cause of peatland erosion. I would look at the strongest possible measures we could introduce for the restoration of blanket bogs. I would, at the very least, commission new research into the impact of agriculture on peatlands, and whether we are better off without agriculture on peatlands in terms of the carbon budget.

There is a paper in *Food Policy* by Durk Nijdam that points out the extraordinary levels of carbon opportunity cost on Welsh farms with high organic soils. He talks in some cases of 640 kg of carbon per kilogram of lamb protein, as a result of the lost opportunity to protect those organic soils, which is a result of farming continuing there. It would be far better in carbon terms not to farm soils, if his research is replicable.

Q191 Miss Sarah Dines (Derbyshire Dales) (Con): I am interested in your view that we should be looking at reducing farming land usage. As we leave our present farming relationships due to Brexit, is this not a time of national need when we must preserve our acreage to feed our growing population? I am asking whether you have a political slant that is not directed at feeding the nation and securing the interests of our home farmers and workers. Is it not fanciful to think that we should give up a large amount of our acreage? Do we not need it to save us against the trials and tribulations of the post-Brexit world?

George Monbiot: There are a lot of things we need to save ourselves from at the moment, and the most urgent is climate breakdown and ecological breakdown. Huge tracts of this land are scarcely feeding us at all. There are very large areas of land where you have one sheep per hectare, per 2 hectares or, in some places, per 5 hectares. That is not producing food in any appreciable amount, yet that land could be used to draw down large amounts of carbon, to stop the sixth great extinction in its tracks, for the restoration of wildlife and ecosystems, or to prevent flooding. There is a whole load of ecological goods—public goods—that that land could be delivering, but it is not currently delivering them, because it is producing tiny amounts of food instead. We are probably all against urban sprawl and believe it is a bad thing because it takes up huge amounts of land while delivering not many services for the people who live in a sprawling city. We should be equally concerned about agricultural sprawl, which takes up far more land.

Q192 Miss Dines: With respect, what do I say to my farmers in the Derbyshire dales, where, by necessity, the land is good only for sheep in some areas? Do I tell them they should not be able to earn a living and feed the country? It is a bit fanciful to think we can give up huge tracts of land. Is it not the case that we will get the best outcome if farmers work in conjunction with places such as the Peak park authority?

George Monbiot: I would characterise the Peak park as an ecological disaster area. It is remarkable how little wildlife there is. You can walk all day and see just a handful of birds; I will see more in a suburban garden. We need a completely different approach to managing land like that.

What you can tell the farmers is, “Let’s pay you to do something completely different, such as restoration, rewilding, bringing back the missing species or bringing back the trees.” Where are the trees above around 200 metres in the Peak district and, indeed, most of the uplands of Britain? They simply are not there. This is a disaster. Anyone who visits from another country—someone from Brazil or Indonesia, my friends, tropical forest ecologists—says, “What’s happened here?” They see these places we call our national parks and say, “How can you call that a national park? It’s a sheep ranch.”

By all means let us keep people on the land, but let us use public money to pay them to do something completely different. Let us face it: there would not be any hill farming in this country without public money. It is a loss-making exercise. If we, the public, are going to pay for it, I think we, the public, have a right to determine what we are paying for. We should be paying for public goods, not public harms.

Q193 Abena Oppong-Asare (Erith and Thamesmead) (Lab): Hi George. There has been a lot of publicity about the carbon footprints of different types of food. For example, 1 kg of vegetables produces approximately 2 kg of carbon dioxide, whereas 1 kg of beef produces about 27 kg of carbon dioxide. Do you think the Bill should go a step further and focus on those who produce foodstuffs with low carbon footprints rather than those who produce foodstuffs with higher carbon footprints?

George Monbiot: I think this should be the perspective through which we start to see everything. This is the greatest crisis humanity has ever faced: the breakdown

of our life-support systems. The Governments that will be judged favourably by future generations are those that put that issue front and centre. Other things are subsidiary to our survival. It is imperative that we should start favouring a low-carbon diet and use public policy to disfavour a high-carbon diet. Whether through farm subsidies—I think that does play a role—or meat taxes, which I think could also play a role, we should find all the instruments possible to steer and encourage people to reduce the environmental impacts of their diets.

The most important metric here is what scientists call carbon opportunity costs, which is basically, “What could you be doing on that land if you weren’t doing this?” If, for instance, you are producing beef or lamb on this piece of land, what is the carbon opportunity cost of that? What would be the carbon storage if, instead, trees and wild habitats were allowed to return? There has been some new research just published, or a new compilation of research, on Our World in Data showing that when you look at the carbon opportunity costs, those of beef and lamb are massively greater than those of anything else we eat. It is really, really huge. Even when you take food miles into account, they are tiny by comparison to those carbon costs, and that is what we should focus on.

Q194 Danny Kruger: I have one yes/no question and then a slightly fuller question. The yes/no question is, did you say that we should take food production out of the Bill? Food production is something that has been added, as an objective of the new system, and I think you said that it should not be an objective of the Bill.

George Monbiot: It should certainly not be linked to the public goods agenda; it should not be seen as a public good.

Q195 Danny Kruger: It should not be seen as a public good. Okay. Thank you.

My next question is this: do you agree that a grass-fed cattle herd on open pasture in Wiltshire has a net positive effect in terms of carbon capture? I appreciate that you have an argument about opportunity costs—missed opportunities from grazing—but the terrible carbon impact of beef is because of intensively farmed, closely packed cattle—

George Monbiot: No, that is not true at all.

Q196 Danny Kruger: However, a good pasture-fed, grass-fed cattle herd has a net positive effect in terms of carbon. Do you not agree?

George Monbiot: No, that is simply not true. That claim has been made many times, and it is now basically reaching the level of climate denial—climate science denial—because it is so far removed from what the science base actually tells us.

I can pass the papers on to you if you wish. There has been a meta-study done by the Food Climate Research Network that looked at those claims. It investigated 300 sources and found that in none of the cases that it looked at was carbon sequestration in the soil under pasture compensating for carbon losses. The highest level of compensation was 20% to 60% of the overall carbon losses; there is a net loss in every case. The extensive grazing systems also have a higher net loss and a higher carbon opportunity cost than even the intensive grain-fed systems.

There is a paper by Balmford et al in *Nature*, I believe. There is another one by Blomqvist et al—I think it is in *Science of the Total Environment*. They show that, paradoxically—unexpectedly, perhaps—intensive systems per kilo of beef produced are less carbon-damaging than extensive systems per kilo, and that is simply because of the amount of land that they occupy.

Q197 Deidre Brock: You were speaking just then about the conflict between natural heritage and cultural heritage, and you will know that the highlands in Scotland still have a wonderful cultural heritage, despite what was at times a quite systematic depopulation of the area. I wondered what sort of future you envisage for the people who live there now if they turn from being farmers on the uplands, which, as you know, are basically largely suitable for rough grazing—that is one of the reasons why sheep, and to a lesser extent cattle, are grazed there. If they do that, what do they then become? Just on a practical, day-to-day level, what do they then become—just land managers, because they get subsidies for food production, which only supplements part of their income? What do those people do, and how do we keep them there so that we still have communities in the highlands?

George Monbiot: I would see them as ecological restorers—people who have a different but very rich relationship with the land, bringing back wildlife and ecosystems. We would hopefully see a constant racking-up of ambition as time goes by.

It is hard to universalise it, but there is now quite a big literature on nature-based economies, showing that, certainly in some circumstances, they can employ a lot more people than farm-based economies, even in quite fertile areas. For instance, I was at Gelderse Poort in the Netherlands last year, in an area that was previously dairy and maize farms. For the purposes of creating more room for the river, the dykes were taken a mile or so back from the river and the land was rewilded. The farmers were saying there would be a loss of employment. In fact, it turns out that there was an increase of between five and six times the total employment as a result of the tourists who have come in to see the wildlife, the bed and breakfasts, the cafes and the rest of the things associated with that. The farmers have done very well out of it.

I do not know the answer to whether we can replicate that everywhere, but we should be urgently investigating other new rural economies based around the restoration of wildlife and nature. Given that we are competing here with a loss-making economy—an economy where the farmers would make more money if they took the subsidy and stopped farming—it is not a very steep competition that we have to win if we are to show that nature-based economies are more productive in terms of employment and income.

Q198 Fay Jones: My farmers would argue that food production and environmental delivery go hand in hand, and you cannot have one without the other. They would not be able to make any money if they did not have good soil, clean air and clean water, and they are responsible for maintaining that. If we did adopt your model of removing land from agricultural production, who would be responsible for ensuring those environmental benefits? Who would be safeguarding that?

George Monbiot: Yes, how did nature survive before humans came along? It is extraordinary, this idea of stewardship and dominion—this idea that humankind has to intervene to protect wildlife and ecosystems. We do not. We can do a lot to encourage the protection and to kick-start things, and we will always need a role as rangers to ensure that there are not too many conflicts between people and ecosystems. However, the idea that we are necessary to create healthy soils and healthy ecosystems—the best thing we can do in the great majority of cases is to remove extractive economies from the land and to let ecosystems recover. We need to bring back missing species, to take down fences, to kick-start woodland in places where there is not a seedbank left and stuff like that, but we need very little human intervention to get a healthy ecosystem going. While farmers are absolutely right to say that they need a healthy ecosystem to sustain their farming, we do not need farming to sustain a healthy ecosystem.

Q199 Dave Doogan: Mr Monbiot, there is a significant difference between your ambitions and the ambitions of the Bill and agriculture more generally. If you were to get free rein with one element of the Bill—some operational amendment that you could make to the Bill, rather than a theoretical one—what would it be, and how would you achieve it?

George Monbiot: I think it would be a clear distinction between the additionality that public payments for public goods could produce and the regulatory environment. I am not skilled in framing policy, but basically we need to lay down a distinction between, “Here is the list of things that you as a steward of the land are expected to do. That will be a matter of regulation with monitoring and enforcement. For most of those things, you will not get paid,” and, “Here are the additional things that are not being done anyway, for which you will be paid if you do them.” Quite how you draft it to deliver that, I am not sure. Is that a clear enough answer?

Dave Doogan: In terms of those things that you would have them do, are these elements of rewilding or some form of carbon—

George Monbiot: Rewilding, carbon storage, watershed restoration—there is a whole series of additional ecological interventions that you could consider that would clearly fit the notion of public goods, but I worry when I see things like, “Animal welfare will attract public payments.” Surely animal welfare should be something that we legislate for. Hopefully we legislate for ever higher animal welfare standards.

Q200 Alicia Kearns (Rutland and Melton) (Con): I apologise, perhaps Mr Zeichner planned to ask this, as he is an east of England MP, but I found your description of the east of England as an arable desert slightly confusing, having grown up there. It is better known as Britain’s breadbasket, so I wonder how you came to that conclusion.

George Monbiot: It can be both. It can be highly productive in producing a handful of crop species and deserted in terms of wildlife. There are large areas of arable land, particularly in East Anglia, where there is little wildlife. We see a lot of nitrate pollution, soil erosion and water pollution. It is not in a good ecological state, even though, thanks to lashings of NPK and lots of pesticides, we are producing a lot of food there.

We must recognise that what is great on one metric is not so great on another. The attempt to pretend that they are one and the same—that agriculture is good for ecosystems and that the more we have, the better it will be for ecosystems—clouds this whole debate. There is an inherent conflict between an extractive economy, which simplifies ecosystems, and the complex, rich ecosystems, with food webs that are both wide and deep, which an ecologist like me wants to see.

Q201 Nadia Whittome (Nottingham East) (Lab): George, Parliament has declared a climate emergency since the last agriculture Bill. What changes can you see in this Bill that deliver the urgent action needed?

George Monbiot: I am afraid I have not seen changes commensurate with the declaration of a climate emergency. This should be front and centre. An emergency is an emergency. We should be maximising mitigation and absorption of carbon from the atmosphere. The Paris agreement asks us for the greatest possible ambition; we do not see that in the Agriculture Bill.

Q202 Nadia Whittome: I have a quick supplementary question. How far does this Bill go in doing that?

George Monbiot: The public goods agenda is something useful that we can build on. It is a massive improvement on the common agricultural policy, but it must be much more explicit about what public goods are. Carbon storage, as a metric, must run throughout it like a stick of rock, but also ecological restoration—we do not want to make it just about carbon. We want to maximise the recovery of wildlife and ecosystems, which are in such a dire state in this country.

It must be recognised that the ecological difference between farming and not farming, particularly in the uplands, is far greater than the ecological difference between, say, BPS sheep farming and HLS sheep farming, which is very small in ecological terms. Having a cessation of farming in those areas, bringing back many of the missing species and having an ecosystem dominated by trees and other thick vegetation would be massively better, in terms of both carbon and ecology, than a modification of farming in those places.

The Chair: A very brief question from Theo Clarke.

Q203 Theo Clarke (Stafford) (Con): Thank you. Farmers are at the forefront of climate change and, I think, do a huge amount to help conserve the countryside. Do you think that farmers and land managers should be financially supported to deliver environmental improvements, or should it just be required by regulation?

George Monbiot: As I say, we should distinguish between environmental improvements and not doing harm. I do not think we should be offering payments for not beating up old ladies. That is the way I see it. Lots of people do not do bad things in society, but they do not get paid for refraining from doing bad things. Keeping soil on your land should be a regulatory requirement. We should not have to pay people to do that; we should say, “You are not allowed to destroy our natural heritage in that way.” But we should pay for bringing in ecosystems that do not currently exist.

The Chair: Order. That brings us to the end of this session. On behalf of the Committee, I thank you for your evidence. I apologise to those members of the

Committee who would have liked to ask questions. You have answered more questions per minute in half an hour than anybody else. Thank you very much.

Examination of Witness

Professor Bill Keevil gave evidence.

3 pm

The Chair: We will now hear oral evidence from Professor Bill Keevil from the University of Southampton. We have until 3.30 pm. Will you introduce yourself, please?

Professor Keevil: Good afternoon. I am Professor Bill Keevil, professor of environmental healthcare. I head the microbiology group at the University of Southampton.

Q204 James Morris: The Bill makes provision for Ministers to report periodically on food security. What do you think about that? What other food security measures might you want to see?

Professor Keevil: To my mind, food security is the supply of wholesome, nutritious, safe food. Within that the key issue is safety. There has been a lot of discussion this afternoon about whether the UK can provide its own food. If it does not, we have to rely on imports. What is the veracity of checking the safety of those imports?

We made a short written submission to the national food survey—it may have been circulated to you—in which we talked about the microbiological safety of food, particularly from the processing point of view. It deals in particular with the chlorination of food, which has become a very contentious issue in how the UK sees its future trading relationship with countries that use that practice. Currently, the UK follows EU law, with the standing position being that they dislike chlorinating food. Their perspective is not that chlorination poses a toxic chemical risk if you ingest the food; they are more concerned about animal husbandry. As a microbiologist, I would go further and ask the question that most people have ignored until now: does chlorine actually work? Our published research shows that, in fact, it does not.

For more than 100 years, we have relied on the gold standard of examining a sample from patients, the environment or food by culturing it and growing samples in a Petri dish on a nutritious agar medium. If anything grows, something is still alive; if nothing grows, by that definition, everything must be dead. Our research and that of other groups around the world shows that that is not true; it tells us that the current methods of analysis, which help us set the standards, are not rigorous enough. We have to use modern molecular and biochemical methods, which are available, but which, by and large, have not been adopted so far.

Q205 Daniel Zeichner: Good afternoon, Professor Keevil. When I came to this debate a few weeks ago and started reading about it, I found the apparently contradictory claims about the safety of the various systems confusing. I was struck by your evidence, and I wondered if you could take us through it. You say at one point that it is difficult to make comparisons, but I must say that in most of our debates people make comparisons with huge amounts of confidence, depending on which side of the debate they are on. You also say

that the USA reports that 14.7% of its population contracts a food-borne illness annually, while in the UK the figure is 1.5%. Could you amplify that?

Professor Keevil: As you rightly say, when we look at the data, depending on the source, it can be difficult to interpret because of the way it is recovered. For example, in the USA, they report on infections, some of which are assumed from the evidence they have available. If you look at the reporting of the numbers of pathogens in American produce, such as poultry, they report it in terms of the answer to the question, “Does the food contain more than”—for example—“400 counts of a pathogen per gram of food?” In the UK, the Food Standards Agency reports in terms of “low”, “medium” or “high”. National surveys such as sampling from supermarkets, for example, show that 50% of poultry have very low numbers of pathogens such as a salmonella; only about 5% or 6% have food samples with over 1,000 counts of a pathogen. By those criteria, UK foods appear to be safer—but, I must stress, according to those criteria.

As I say in the written evidence, we now have this vexed question of viable but non-culturable—VBNC—bacteria. When looking at some of the published data, it is very difficult to take that into account, but the work that we and other labs have done is now telling us that we cannot ignore it. We have published our work on chlorine treatment, but we have also looked at what happens when you stress a pathogen such as listeria by depriving it of nutrients. For example, in a factory where you are washing down with tap water, the listeria can still survive, and in those conditions it can become this VBNC form. If all you are doing is regular swabbing and then reporting, you could say, “Our factory is clear of listeria.” In fact, if we used the more modern methods, that might be found to be not true.

We are really talking not just about standards now, but the standards we should adopt in the future, both in the UK and in what we would expect other countries to adopt if we are going to import food from them.

Q206 Mr Goodwill: We occasionally hear of outbreaks of food poisoning, but this is the Agriculture Bill, which relates to food only once it passes the farm gate. To what extent is the problem within agriculture and to what extent is it in the transportation, processing, storage or preparation of food?

Professor Keevil: As you rightly to point out, it is very complex. We have to talk about the food chain, but let us look at the route which is the primary source of pathogen ingress into the food chain. To take the case of poultry, one of the issues is that some countries, including America, they have intensive rearing of poultry; they also have cattle feed lots, where animals are raised and fed in a dense community. In the UK and Europe, our husbandry standards appear to be better, poultry are reared in less intensive conditions and we do not have cattle in feed lots like the Americans do, so the animals have more space, they appear to be healthier and, from what we have seen so far, they have reduced numbers of pathogens at that stage.

Of course, you are quite correct that every step in the food chain is a potential source of contamination. If we use lorries, provided that those lorries are properly cleaned and decontaminated, that should not be an issue. When food is produced for restaurants, if the staff adopt good hygiene, they should not transmit pathogens

to the customers—that has been well documented. The supermarkets are very responsible; they have a reputation to maintain—they do not want to be seen as the supermarket that poisons their customers—so they maintain very high standards.

Q207 Mr Goodwill: So is food safer now than it was, say, 10 or 20 years ago, or do we have increasing problems?

Professor Keevil: That is a tough question, partly because all the time we are seeing pathogens emerging. For example, we have *E. coli* 0157, which not even been heard of 30 years ago. We have *Cryptosporidium*, which had not been heard of 25 years ago. We are being presented with new challenges all the time. If we look at the more conventional pathogens, however, such as salmonella, if anything British farming is doing a good job. Salmonella-contaminated eggs have virtually been eliminated under that scheme, and the quality of the poultry sold by supermarkets appears to be a lot better. These are good things.

Q208 Abena Oppong-Asare: The Bill attempts to support innovation, and you said that you like the idea that it is environmental and sustainable. What specifically would you like to see in the Bill to support innovation and help improve supply in this country?

Professor Keevil: The previous speaker was very concerned about the carbon footprint, and he rightly commented that the world needs NPK. The UK, if it needs NPK, has got to import it, and that means a very high carbon footprint from shipping, so that is in a way counter-intuitive.

For hundreds of years, the UK has been very good at crop rotation and the recycling of animal and human wastes. My research team has previously done work for DEFRA and the Food Standards Agency, looking at how safe composted animal manures and treated human wastes are. Our research shows that if they are treated properly, they can be recycled safely to land. That is a valuable source of NPK.

In terms of ecosystems and services, we are looking for balance and harmony. If anything, I would support more the view of the Soil Association. I think we can live in harmony, but we need to get that balance. For example, there has been a lot of concern about the availability of bees to fertilise plants. If everything was converted over to woodland, would we have sufficient banks of wildflowers to support essential insects to maintain the ecosystem? The plant life in the UK needs it; certainly, agriculture needs it. We need that balance. I think there is a role for farming in the UK.

On the impact on the environment, we still have green pleasant lands, and when you speak to visitors who come to the UK, a lot of them comment as they fly in that it is a pleasure to see well-kept farmland alongside woods, which I think is a good thing.

Q209 Abena Oppong-Asare: Am I correct in assuming that you are very much in favour of natural, organic farming? One of the things that I am concerned about, particularly in this Bill, is that there farmers are being subjected to a lot of expectations to deliver sustainably, and as you know that costs a lot of money. Do you feel that the Bill should provide more information or support, in terms of how people can do organic farming in a way

that is not going to affect us, particularly given the concerns about imported food, which will make it very difficult. Does that make sense?

Professor Keevil: Yes, it does. As a microbiologist, I support the safe production and supply of microbiologically safe food. One of the problems is that when we import food, there is a potential issue. If that means that that food is cheaper than what can be produced by UK farmers, the Bill must address that, because otherwise they could be at a financial disadvantage. The UK has always prided itself on quality, and I know that British farmers would like to maintain that reputation for quality. Perhaps the food they supply may be a little more expensive, but in a way that can be reassuring. If it means that the customer has to pay more, that is something that the Government have to look at within the Bill. When they talk about subsidies and remuneration, can it be facilitated that farmers who produce to the highest-quality standards are in some way remunerated for that?

Q210 Danny Kruger: You spoke about the physical method for dealing with listeria and salmonella and some of these new pathogens that are emerging. Can you give us your sense of the global architecture for managing this, and what prospects you see for new global agreements on how to deliver high-quality food hygiene? Does the opportunity we now have to be part of the global trade conversation give us the opportunity to improve global standards? What are the architecture and institutions, and what is your sense of where the leadership on this is coming from globally?

Professor Keevil: A lot of it is price driven, not surprisingly. Certain countries say, “We are in a competitive economy, and we believe we can supply food safely for a lower cost.” That is what our research and that of others is starting to challenge.

In terms of global supply, we talk a lot now about international jet travel. For example, we can travel around the world in 12 hours or what have you, hence the current problems with coronavirus, but many people forget about migratory birds. We know that some birds fly thousands of miles north and south, east and west. They can bring disease with them. That is partly why we have the problem of emerging diseases that we must be conscious of for the future. We have had concerns, for example, with avian flu and DEFRA maintained high surveillance of the farms where avian flu had an impact, to ensure that it did not decimate the poultry industry in the UK.

Those are all issues that we will have to face. We do not live in a sterile world. We have mass migration of people and particularly of wild birds. We must allow for that in all our farming practices and ecosystems services. I maintain that good husbandry practice is the way forward. The previous speaker mentioned factory production, and I agree with him in that very good supply chains are now being established for vegan burgers, much of which is produced from bacteria and fungi. That is a good thing.

Vertical farming is starting to become more prevalent. That is the horticulture where crops such as salads are grown in an aquaculture-based system, and everything is stacked up. We are now seeing very large factories where they control the quality of the water, the lighting regime and so on. That seems to be a very safe, nutritious

way to produce salads. In the winter the UK imports a lot of salads from the Mediterranean countries—we used to import a lot from Kenya, but I think that is reduced now. We used to import a lot from Florida and California, and that is a carbon footprint, but if we can do more vertical farming ourselves, particularly in the winter, that is a substitute. We can get this mix of what we might call modern biotechnology with more traditional farming.

Q211 Ruth Jones (Newport West) (Lab): In the Bill, there is a requirement to report on food security every five years. What are your thoughts on that timescale?

Professor Keevil: To my mind, every five years should be the minimum frequency. That is because, as I have said, we are continually beset with emerging diseases and we have to be able to respond rapidly. The Food Standards Agency reports much more regularly than that, so in a way we already have inbuilt mechanisms to supply the information. It is true that the Bill says it should be every five years as a minimum, but I think DEFRA and the food standards agencies report more frequently. Whether that should be incorporated within the Bill is up for discussion, but we have good reporting.

Ruth Jones: That is what I would like to have your opinion on, because obviously five years is a long time. Do you have any thoughts on the timescale? Would you make a recommendation?

Professor Keevil: I would like to see it reported much more frequently, every year or every two years.

Q212 Miss Dines: Professor Keevil, you make quite a bold statement in your briefing note about the 14.7% of the USA population getting food-borne illnesses every year, compared with only 1.5% in the UK. I want to ask you about your reference for that, because there is not a reference for the source of that information. That brings me on to a general question. It is quite clear that there could be a variety of other reasons for that: it could be bad storage, bad travel or bad food preparation or cooking. How reliable is this sort of statistic in a climate where we are facing going into new agreements with other countries? How reliable is that sort of information?

Professor Keevil: That is a good question, because you will get different metrics if you go to different sources. What we tried to do with those numbers was look at the annual reporting by the Centres for Disease Control and Prevention in Atlanta. You will find the information on their website. A lot of the agencies say, “Well, these are the numbers of actual reports that we have received,” for example, through people going to hospital, to their GP and so forth, and then they apply a multiplication factor for the numbers who could have been affected but for whom the signs of disease are much less—people who do not report that they have had any disease. A lot of the information is based on those types of numbers—for example, 14% of Americans do not report to a doctor to say they have had food poisoning—but they are extrapolated. As I say, you will get different metrics depending on your source. It could be that the figure in the UK is more than 1.5%, but I do not think it is anywhere near what the Americans have extrapolated.

Q213 Kerry McCarthy: We mentioned clause 17 on food security, which is new to this edition of the Bill. Do you think there is scope for an extra provision?

It talks about looking at global food availability, supply sources and resilience of the supply chain. In terms of your speciality, there is a lot of concern about endocrine disruptors in food, nitrates in meat, and the overuse of antibiotics, which affects human health, through the food chain. Do you think there should be reports to Parliament on food security? It is not really about food poisoning, but about the wider health concerns about what is getting into our food supply.

Professor Keevil: As I said at the start, the issue is very complex because food security is not just about supply; it is about whether it is nutritious, wholesome and safe. You cannot separate one from the other, so we have to be aware of the microbiological safety of the food that is being produced and consumed. The work that we and others have done shows us that our current methods of assessing safety are not adequate. That has to be recognised. As a scientist, I would always say we need more research done; I sincerely believe we do in this particular case. Knowledge improves standards, and we have to adopt and enforce the highest standards. We need better research and continual reassessment of what we are being challenged with, and perhaps the Bill can reflect that.

The Chair: It seems we have no more questions. Professor Keevil, on behalf of the Committee, I thank you for your time and answers this afternoon.

Examination of Witnesses

Diana Holland and Jyoti Fernandes gave evidence.

3.24 pm

The Chair: We will now hear oral evidence from Unite and the Landworkers’ Alliance. We have until 4 pm. Welcome. Would you introduce yourselves?

Diana Holland: I am Diana Holland, Unite’s assistant general secretary, with responsibility for food, drink and agriculture. We are the only union that represents agricultural workers directly, as the historical Agricultural Workers Union is part of Unite.

Jyoti Fernandes: I am Jyoti Fernandes. I am a farmer in Dorset and president of the Landworkers’ Alliance, which is a union for small and family farms, mixed farms, market gardeners and community supported farms.

The Chair: Thank you. The acoustics in the room are poor, so it would be helpful if you raised your voice.

Q214 James Morris: Diana Holland, in your submission you say that you think the Bill should have measures about pay conditions for agricultural workers. What do you think those measures should be, and why would the Bill, as drafted, be the most appropriate vehicle for them?

Diana Holland: The measures we were thinking about have previously been raised in a number of submissions: first, looking at the impact of the Bill on workers in agriculture, and secondly, looking specifically at the reinstatement of the protections of the Agricultural Wages Board, which currently exists, in some form, in Northern Ireland, Scotland and Wales, but not in England.

Why do we think that is important? We do not think that agricultural workers are like every other worker; we think that they are different and their experiences are different. As a union with an incredibly long history of representing them, we speak from experience. They have a special place in the union, and we think that they should have a special place in the Agriculture Bill, too.

Right this moment, the director of labour market enforcement has a session going on to look specifically at the problems of wage theft and employment law non-compliance in agriculture. The Gangmasters and Labour Abuse Authority has had a licensing system in agriculture for 15 years, but it is still recognised as an area with a high level of exploitation and threat of exploitation. That is the background to this.

When the Agricultural Wages Board covered everywhere, there was a level of protection and information that is no longer available to us. Increasingly, you will find that statistics relating to agriculture have little stars by them and a note at the bottom saying, “The sample figures are too small.” That does not mean that there are no other workers to record; it means that they are not hitting any of the official ways of recording people. Increasingly, we find that people are employed in different ways, meaning that they are not recognised in the official statistics in the way they used to be. The Agricultural Wages Board provided a way of ensuring that all that information came to the forefront.

Finally, we have always argued that safe, healthy food and high-quality jobs go hand in hand. There is lots of evidence that where workers are badly treated, there is also an undercutting of food quality standards across the board. We see this as part of ensuring and protecting food standards, food security, supply chains and all the other issues in the Bill. They all have workers associated with them, and we think they should be included and recognised.

Q215 Daniel Zeichner: Good afternoon to you both. We have heard from a lot of witnesses, but this is possibly the first time we have actually heard about the people who work on the land, which is why it is very important that you are here. How could the things that you are looking for be incorporated into the Bill?

Diana Holland: There are a couple of ways. One would obviously be an additional clause that covered the impact on workers of those developments in agriculture and how the protections that exist in Wales, Scotland and Northern Ireland could also be applied to agricultural workers in England. On top of that, in the rules for agri-food imports, where we will be looking at future developments, we are extremely concerned, first, that there is a lessening of all standards and, secondly, that where food is concerned, while there may be some recognition of protections for food standards, and even of animal welfare, workers may be left out. It should all go together—food, environment, labour protections for everybody.

As I said, when we wrote to our rural and agricultural representatives to ask for examples of issues—I am aware it is anecdotal, but it is important—we found that there are still pressures to hide problems that agricultural workers face, because in small isolated communities personal relationships often extend over other areas and the employer may have other roles in the community that people feel could have an impact on their lives.

There is pressure all the time not to speak out about problems that arise. Your accommodation is often tied to your job in some shape or form, whether that is on the horticultural or agricultural side of things. It is those kinds of pressures and those sorts of experiences that we think need to be included; otherwise there is a real danger that, as well as being wrong for the people concerned, they will undermine some of the other things that the Bill is trying to achieve.

Q216 Daniel Zeichner: Will you explain some of the reasons why you feel that agriculture is different from other sectors? When the Agricultural Wages Board was abolished in England, the coalition Government claimed that the minimum wage would pick up the issues. What has the experience been in England since, and what is the difference in the other countries where similar arrangements have persisted?

Diana Holland: First, there is a bit of a dearth of information. We have been constantly asking for that to be specifically looked at. We have done some research ourselves, however. Not long after the board was abolished, within the first year or two years, we surveyed all our members who had been covered by it. We were really shocked, although perhaps not surprised, to find that a huge proportion had had no pay rise since the Agricultural Wages Board had been abolished. Those who had had a pay rise, the vast majority, had had no say or discussion over that pay rise—it had just been introduced.

The employers we have talked to in the sector have said that they would find it helpful to have a process that could be relied on and about which everybody has said, “We’ve come to a conclusion,” rather than the pressure of having to negotiate individually or to find that the pressure is on and to think about what is fair in the circumstances. There is also exploitation in the sector—I will not run away from that—but I am not saying that every single person is deliberately trying to exploit. Sometimes there are other pressures.

There was also some survey work done in 2017 that compared Wales with England. There was a suggestion that protections in Wales meant that there was a 6% higher rate of pay overall. As I say, again, these are often small samples and figures, and we need to look more. We have had a chance, however, to talk to the employers in Wales. Some of the evidence from the employer representatives has made us concerned that there are employers in the sector—who previously followed a system that has been abolished—who are not aware of their responsibilities and who saw the national minimum wage as a voluntary mechanism rather than an absolute requirement. That might seem impossible, but it is a reality that came out in the discussions and the evidence. We feel that where the Bill talks about public money for public goods, that should also include ensuring that the workers are treated decently.

The minimum wage does not cover all the additional things. Career progression was provided, relating it to the jobs and roles that people have, allowances for having a dog, overtime and sick pay rates. All those details were included, but they are not in the national minimum wage, which does not take into account the particular considerations that the Agricultural Wages Board does. But that does exist elsewhere. That has been a massive loss to those people, without any demonstrable gain to anybody.

Q217 Fay Jones: What is your assessment of the way in which the Bill and its conditions on unfair trading practices will work with existing legislation to protect farmers and those at the lower end of the supply chain? How will those instruments work together?

Diana Holland: Can you explain what you mean by that? Do you mean in terms of the workforce?

Fay Jones: In terms of farmers being at one end of the supply chain, dealing with much larger retailers and much longer, complex supply chains. Do you think the Bill gives them any further protection than they already have under the Groceries Code Adjudicator or the grocery supply code of practice? Do you think that the Bill will work well with existing policy measures?

Diana Holland: First of all, we really welcome the recognition that protection needs to be built in to the supply chain. However, we are concerned that there is not sufficient detail, and how it will work in practice needs to be fleshed out in more detail. In our experience, holding different stages in the supply chain to account is a very difficult thing to enforce. Often, when workers are at the end of that supply chain, they are the last people to be considered. Something that may have been very well intentioned at one end of that supply chain pushes enormous pressures at the other. If there are savings to be made, it would be on the amounts of money that are paid.

We want protections built in, so that part of enforcement along the supply chain would be to check that that is not happening, and that it is not a method of passing on pressures to cut standards and people's pay. It is really important that it is in there, but we feel that there should be more detail. I have not identified any contradictions with other legislation, but when it comes to the detail, that would need to be taken into account.

Q218 Fay Jones: Do you think the Bill gives more protection to farmers or farming co-operatives than existing legislation such as the Groceries Code Adjudicator?

Jyoti Fernandes: No, I do not think it gives more protection to farmers. This is a slightly different part of the Bill, and I had prepared to talk about it later. It needs to change from powers to duties, to assure farmers that the money will come through to support farmer incomes. We greatly agree with the thrust of the Bill, but it is quite scary that even though great programmes are being rolled out, such as the environmental land management schemes, there is no assurance that that will continue and that Government will give the budget to those programmes to help supplement farmer incomes in future. That is scary and it is worrying for our food supply. It would mean a lot if the Bill's wording was changed from "may" to "must" give money, to ensure that we will be able to rely on some income to supplement producing the food that everybody needs.

Q219 Abena Oppong-Asare: My question is targeted at Jyoti. Do you as a smallholder farmer feel that the Bill is wide enough to support those with small farms, compared with those with bigger farms?

Jyoti Fernandes: Our union represents all scales of farms: we are all agroecological farms, family farms and mixed farms. As smallholder farmers, this is something we are particularly interested in. We also represent a lot

of horticulturalists, who grow fruit and veg, and it is possible to grow a lot of fruit and veg on a very small acreage.

To date, we have been really disadvantaged by the payment schemes that are out there. There is a 5-hectare threshold, which cuts people off from getting payments if they have less than 5 hectares. If someone has a large landholding that is used extensively for beef, they can get quite a lot of subsidy, but if they have less than 5 hectares and use it for intensive market gardening—providing the fresh fruit and veg that we need—they get nothing. That means that 85% of our membership have never received subsidies before. That puts us at a serious disadvantage, even though we as small farms provide a huge amount of public goods—we directly provide fresh food, the sorts of fresh fruit and veg that we need for healthier diets—to communities. In the transition around climate change, we need to eat more fruit and veg and less meat. That is the sort of thing that we can be in a position to do.

There is nothing in the Bill that specifically directs towards helping smaller farms, though the focus on public goods would enable us to do that, if we get the right schemes in place. We are working with DEFRA to try to ensure that the schemes it rolls out will benefit horticulture and fruit and veg. One amendment that we suggested was about affordable access to food. We would like to see some acknowledgment that agriculture is about producing food and that everyone needs food. While food itself might be a business like any other—bought, sold and traded—access to food is not. Having good, nutritious food available to everyone is something we strongly believe in.

If that was in the Bill, a lot of our farms, which provide a social outcome directly to consumers at an affordable price—from fresh fruit and veg, to milk and pasture-fed, free-range meat—could be enabled to develop those marketing mechanisms. That would help us out quite a lot. That means community supported agriculture, direct supply chain stuff and doorstep delivery of unpasteurised, raw, wholesome milk, or whatever it may be. That would enable those small businesses that work directly for our food supply in our local communities to get support. It would also support community farms that integrate social measures. They might, for example, have green gyms, work with horticultural therapy or bring people from disadvantaged backgrounds into the countryside to learn where their food comes from and join in that process. Food has a much wider remit than just being something that farmers gain an income from. A lot of us produce food because we believe it is important to our society.

Q220 Danny Kruger: This is for Diana. You mentioned this when you spoke about wages, but could you explain a bit more about why you think agricultural workers need a different protection regime than workers in other sectors?

Diana Holland: Obviously, all workers deserve overall protection. Many workers have additional forms of collective bargaining or representation through different structures. Agricultural workers in some areas are an example of an extremely fragmented and isolated group of workers; in other areas, there are big concentrations for small periods of time. The work is seasonal and there is insecurity.

The issues they have experienced over many years are well-documented. I think that singles them out to require more than the basic national minimum wage, working time regulations etc., to take account of the fact that people may have accommodation tied to their role, which could be their permanent home or temporary accommodation for a seasonal role, or that transport could be provided, which, in extreme circumstances, is used to keep people on site beyond the time that they should be there or is denied to them. Those kinds of things mean that there is intense pressure.

Q221 Danny Kruger: You mean they are particularly vulnerable?

Diana Holland: They are particularly vulnerable to abuse. Therefore, it continues to be recognised that they need to be identified within labour market protection. In Wales, Northern Ireland and Scotland, they have additional protections to those that apply in England. We think that needs to be put right.

While, of course, at the time, in 2010, a number of things identified as red tape, burdens and so on were got rid of, there was general shock throughout the sector—across the board—that it could have been done like that to the Agricultural Wages Board, with a two-week consultation period, given that it had existed all that time and had all that experience. It needs to be put right.

Q222 Dave Doogan: Diana, you talked very clearly about the effect of the removal of the Agricultural Wages Board and its replacement with the dysfunctional—in the context of agricultural workers—minimum wage. Are the three devolved Administrations broadly similar? Do you suggest that including in the Bill an instrument to replicate the provision of the Agricultural Wages Board would be relatively straightforward for Ministers to do?

Diana Holland: I would say so, yes. It has been done recently; obviously, the original legislation covered England and Wales, so extricating Wales and doing that separately has been done in recent times. My answer would be yes.

Q223 Dave Doogan: Jyoti, I was interested to note that you represent large horticultural producers as well. There is nothing in the Bill to give a positive voice to industry about the availability of seasonal labour from abroad. Do you see that as a challenge? Would you have that amended?

Jyoti Fernandes: In many ways, because our union works with workers across Europe, we think it is important that some workers can come over to other places, as long as they are respected and get decent wages and decent labour conditions, to work on larger agricultural units. By and large, we represent people who live in the UK who want to be able to produce and to farm and work on other landholdings as well. We do feel that more encouragement and support for the sector, so there did not need to be poor working conditions, there were decent wages, and fewer pesticides and fungicides were used, would encourage British workers to work on farms. We also feel that would encourage loads of independent smallholder market gardens, which can be quite intensive and could provide really good employment—and enjoyment in that employment. We would like to see a lot more encouragement for independent horticulture and British workers.

Q224 Mr Goodwill: Key to the structure of agriculture in many parts of the country is the traditional family farm. In many cases, family members who perhaps have other jobs will come and work for free at weekends. Spouses are often unwaged. As a farmer's son myself, I did not get any wages at all until I was 28; I just got some money out of my mum's purse if I needed it. You suggest reinstating the Agricultural Wages Board. How would that work with the traditional family farm structure? I can see difficulties. Some of these farms are very marginal indeed and can survive only because of people working either unwaged or for low wages in the hope of inheriting the family business.

Diana Holland: When it existed, it was not any different, and it was fine in the sense that it operated. Whether everybody got what they were entitled to is another question; perhaps you are suggesting they did not. Certainly, we have worrying evidence of individuals being paid not in money but through provision of accommodation and so on. We got evidence—it was a terrible story—that an individual woman had worked for a long time on a farm and in all that time had never received anything, apart from the odd bit of what might be considered pocket money. She was extremely worried when the employer was in danger of stepping down from his responsibilities that nothing—no rights—would exist for her. I think that is evidence of the nature of the problems that workers in the sector face. I do not think it is a reason for not trying to do something about it. I think it is important that people receive recompense for what they are doing, and that needs to take account of the nature of agriculture. The Agricultural Wages Board does that by bringing together workers' representatives, farmers' and employers' representatives and independent experts in a tripartite way, to make sure that that properly reflects what is really going on. The issues you raise would be discussed at the table, alongside the pressures and issues that I am raising and the official evidence gathered by the experts.

Q225 Theo Clarke: I want to pick up the point about agricultural workers. My constituency in Stafford has a lot of rural areas. Farmers have mentioned to me that the pilot scheme is great, and it has now been extended to 10,000. Are your members saying that we need to have an increase in seasonal workers, because there will be fruit left unpicked later in the year if more do not come in? What are your views on that?

Jyoti Fernandes: We believe in smaller units, where you do not need to bring in loads of seasonal workers. With smaller-scale market gardens and horticultural units that pay well, you can attract British workers and will not need to bring in so many people from other countries in order to pick those crops. We see a flourishing, home-grown fruit industry, where you can bring in more people to do that kind of work.

That needs investment, access to land, grants for people to get into that kind of small-scale market gardening and horticultural units and to plant fruit trees into mixed farms, and training. It needs routes to market, which means processing facilities, so that you can make apple juices and that type of thing, and so that you can store those things, add value to them and get better value back on them. It needs distribution facilities within local market economies. That might be market facilities in town, online distribution services or co-operatives that try to process those fruits and get

them to market, so that you get a good price for them. It needs all those sorts of investment in our national infrastructure in fruit, fruit processing and distribution.

Q226 Daniel Zeichner: I would like to pursue the labour supply issues, because my understanding is that there are very large numbers of people working in something like the poultry sector who are not originally from the UK. Is there anything you think the Bill should look at to make sure that some of those issues are addressed—I am looking particularly at Diana on that one—and am I right to be concerned about it?

Diana Holland: You are definitely right to be concerned about it. The important thing is that, where decent standards are protected and reinstated, they should apply to everybody. The original seasonal agricultural workers scheme was part of an educational opportunity for students. We worked very hard and gave evidence over many years to make sure that that was what it was. It should not be about workers coming in from other countries—because the sector cannot get people in this country to work for the terms and conditions and pay that it is offering—and then treating them extremely badly when they are here. As you say, it will not provide the security, the quality needed or the stability in the sector. It is very important. We want opportunities that are properly worked out. How fantastic it would be if we could make this sector one that people want to work in and one that they look for, rather than thinking it is somewhere they will be exploited.

Daniel Zeichner: There is a danger that, if we do not address those labour supply issues, the industry will struggle, and we will then inevitably be back to importing food from outside again.

Diana Holland: Exactly.

Jyoti Fernandes: I was going to bring up something really important to this whole scenario, which is the impact of trade. Basically, we are never going to get the conditions here where small and family farms can survive as independent businesses, or keep decent work opportunities on larger units, if you are undercut by cheaper produce from elsewhere. It just is not a possibility. The global marketplace can source cheap labour—slave labour—from all over the planet, and really exploit places with really low conditions. It is not just the trade standards: it is also the competition from very large multinational corporations in other countries—the huge farms in California or South America, which have loads of exploited labour, much higher levels of pesticide usage and multinational advertising campaigns that will blow any of our homegrown industries out of the water, unless we can get some control over that and have something in the Bill that allows for tariffs that stop that imported stuff, and standards and rules that do not allow our homegrown industries to be undercut.

This is a very exciting Agriculture Bill. Everything about it that is moving towards environmentally friendly farming, agroecological farming and all of that is tremendously exciting. We could have one of the best homegrown food supplies in Europe, and we could really pioneer something very special and really support small and family farms, independent businesses and workers being treated decently, but not if we are undercut by cheap imports. That must be looked at very carefully, otherwise all the good work and the good will of this Bill will be undone.

The Chair: If there are no more questions, I thank the witnesses on behalf of the Committee.

Examination of Witnesses

Vicki Hird, Dr Nick Palmer and James West gave evidence.

3.57 pm

The Chair: We will now hear oral evidence from Sustain and Compassion in World Farming. We have until 4.30 pm. I welcome the witnesses and would ask them to introduce themselves for the record.

Dr Palmer: I am Nick Palmer. I am the head of Compassion in World Farming UK. Compassion is the largest animal welfare charity globally, and we have developed our interests to also look at the environment surrounding animal welfare issues. In the mists of pre-history, I was the Member for Broxtowe for 13 years.

James West: I am James West, the senior policy manager at Compassion in World Farming—I work with Nick.

Vicki Hird: I am Vicki Hird, farming campaign co-ordinator at Sustain, which is an alliance of over 100 non-governmental organisations and royal societies, including Compassion and many other people you have had as witnesses.

Q227 James Morris: This is a question probably for all three witnesses. In your submissions, you refer to some of the public good provisions in the Bill as being positive. I just wondered what aspects of the Bill you thought needed to be improved.

Dr Palmer: The Bill is a good basis, but it is a missed opportunity in the sense that it provides the basis for a variety of things that the Secretary of State may do, but it does not specify what the Secretary of State will do. In the current situation in particular, after Brexit, the farmers and everyone dealing with the industry need more certainty. This would really be an opportunity to pin down what we are prepared to do and what we are not prepared to do in terms of trade, support for the farming industry and a long-term strategy to ensure that we have a viable farming industry stretching into the future.

James West: I would add that it is important that the Bill is joined-up in its thinking, in as far as protection from potentially being undercut—as I am sure you have heard lots of times—as a result of trade agreements. That is fairly critical. That is not in the Bill. Added to that would be that you are then providing farmers with subsidies and grants to help them move to higher standards of production. We should also be looking at things such as method of production labelling—as Nick said, that it is a “may” in the Bill, rather than a “must”—so that consumers know what they are purchasing. We should also look at Government procurement policy, so that in addition to protecting farmers from what is coming into the country, you are also rewarding farmers for delivering higher standards and for protecting our animal welfare standards. Just on Government procurement, McDonald’s has better animal welfare procurement policies than the UK Government, which should not be the case, and the Bill could address that.

Vicki Hird: We were very pleased to see some of the changes in the Agriculture Bill. Overall, we are very positive about the public money for public goods approach

and the financial support being listed. We were very pleased to see soil being included in that. We would like to see a stronger reference to agroecological whole-farm systems, because we think that is the way to ensure that you get the in-field changes, as well as the edge of field, wildlife and other nature outcomes that you see. We need the whole of the UK farming system to go towards an agroecological approach in whatever way they can. Those steps should be available through financial support.

We would also like to see, as Nick said, a lot of these things as duties, rather than powers. It seems incredible how much effort—I know, because I have been involved—DEFRA has put into the environmental land management scheme, when it could stop it all in a couple of years and pay a smaller amount of money and not follow through. As MPs, you should have that accountability for you on delivering ELMS.

Finally, I agree with Diana on the protection for workers. We are also pleased with clause 27, which concerns fair dealing. It has been enhanced to really protect farmers. We are grateful to DEFRA for making those changes and to George Eustice, who we welcome as our new Secretary of State. We would like to see that as a duty, because it is so important. It is absolutely vital that we get the protection for farmers in the supply chain. They do have that from retailers, but most farmers do not sell direct to retailers. They need good codes of conduct developed with the industry for every sector, probably starting with dairy.

Q228 Daniel Zeichner: Good afternoon. I have different questions for Vicki and for Compassion. Vicki, in your written evidence, you make a very strong case for a public health function. Can you elaborate on that a little? To Compassion, you make some quite strong suggestions about the pre-conditions for receiving public money. Can you amplify that for the benefit of the Committee?

Vicki Hird: Thank you for reminding me about the public health purpose. We think it would be very easy to insert it into the Bill. There are so many ways it is already designed to help, for instance with air pollution and with reducing exposure to plant protection products, which can be harmful. We think that saying that there is a public health purpose for agriculture would recognise what an important thing farmers do in providing us with healthy, safe food. It could help by showing that having animal health and welfare measures that help farmers to manage their stock and change their stocking patterns can reduce the reliance on antibiotics, which we know is an absolute global public good, in order to protect our medicinal antibiotics.

The other area is the huge need to boost our supply of fruit and veg, so that people can have access to closer-to-home, more affordable, fresh, sustainably produced fruit and vegetables. That is absolutely central to a healthier diet for the nation. To be able to say that we were doing that would be a benefit. As James was saying about procurement, we could be saying something about procurement and investing in healthier diets for our children in schools.

Q229 Daniel Zeichner: Before we turn to Compassion, on the antibiotics point, do you think there should be stronger, more directive provisions in the Bill?

Vicki Hird: I think that would be very helpful. We designed a clause for the previous version of this Bill that mentioned that, along with exposure to pesticides for consumers, workers and the community, and other aspects of public health. There therefore is a clause available, if anybody wants to table it.

Antibiotic reduction is important. I know that the industry has already gone some way. It is doing a good job, but it needs to be supported in that, through animal health and welfare financial support, and through training, advice and demonstration. The Budget should definitely be strong enough and big enough to provide farmers with that kind of support, to take things in the direction of lower antibiotic use.

James West: The question was about subsidies, and bars on subsidies. We support the use of subsidies for delivering the public goods that are in the Bill. Again, we would like that to be a requirement rather than a “may”. Essentially, public money should deliver genuinely higher standards of welfare; it should not be for meeting the regulatory baseline or going marginally beyond it. If you are looking at the top line, you might consider such things as allowing animals to express their natural behaviour, access to pasture for dairy cows, and the provision of enrichment materials for pigs. Obviously, depending on which species you look at, there will be different requirements, but broadly speaking, they will be lower stocking densities, slower-growing breeds, if we are talking about meat chickens, and access to pasture outdoors.

You might also look at things that would disqualify someone from receiving an animal welfare payment. One of the things that Compassion works on is ending the live export of animals. From our point of view, if you are involved in the live export trade, you should probably not receive the public subsidy for good animal welfare. In the area of mutilations, going back to pigs, you have enrichment. In Germany, they provide a premium for pigs at slaughter when the pig gets to the slaughterhouse with an intact tail, because that means that you have almost certainly run a very good system. The amount of space, enrichment and so on that you will have given the pigs during the rearing process will have been such that you will not have needed to tail-dock the pig, as you might in more intensive systems. We have fairly detailed documents with what may or may not qualify you for a subsidy, but broadly speaking it is natural behaviours and space.

Dr Palmer: The absence of a clear percentage commitment regarding the amount of support that will be given for animal welfare purposes means that a degree of uncertainty remains, which is bad for the whole agricultural industry. A farmer needs to know that what amount of money is potentially available, so that they can try to work for it. With respect to the new Chancellor, we are unlikely to get an infinite amount of subsidy in the Budget, so it makes sense that the available money is used to help farmers to become among the best in the world, rather than to move marginally from a fairly low base to a slightly higher one.

In the long term, the future of British farming has to be at the top of the scale. If we try to race to the bottom, we will fail. The British farming industry will not succeed on that basis, so we should consider the areas where we can help farmers to move towards higher welfare—for instance, ending the use of farrowing

crates. There is a one-off cost, which it is reasonable to help them with. Once they have moved away from that, there should not be an additional cost. They will then, in association with the better labelling scheme, be able to tell consumers that British farming has produced higher welfare, higher quality meat.

Q230 Mr Goodwill: To follow smoothly on from that, British farmers pride themselves on having the highest welfare standards in the world. Indeed, in some ways we were held back by the European Union, because we tried to ban things like dry sow stalls, but we could not stop their pork coming in.

However, I noticed that the Compassion in World Farming website talks about ending “the horror” of factory farming. I just wondered if you felt that there were any farms in this country that that definition would apply to. You talked about housed livestock—for example, dairy cattle that are housed in winter. Do you think that is acceptable? Where do you set the bar in describing what British farmers are doing, perfectly legally, as “horror”?

Dr Palmer: When we are talking about horrific factory farming, we are talking about the caging of egg-laying hens, which is still one third of the total in Britain; we are talking about the use of farrowing crates, which keep the sow unable even to turn round for up to five weeks.

Q231 Mr Goodwill: It saves piglets’ lives, though, does it not?

Dr Palmer: There are very well-established alternative methods. At the moment, British farming is 50:50—roughly 50% have moved away from farrowing crates and the other half have not. That is a record that is less good than some countries’, and really we should strive to be the best.

One can always argue about the exact wording, but I think that anyone familiar with the range of systems in British farming would agree that it ranges from the very good—where we can really be proud and tell the world that we are the world leader—to areas where the farmers themselves would say that they would like to do better but cannot afford the conversion costs. This is a classic example of a public good. I think the overwhelming majority of British consumers would be pleased to know that farmers were moving up the scale. Farmers themselves would like to, but they need assistance for the one-off transition costs.

This is not an area of huge controversy between us and the National Farmers Union and others. We are all pulling in the same direction, and we should use the opportunity of Brexit to try to make sure that we actually get to that point.

Q232 Ruth Jones: You mentioned that you want to look at banning live exports. Have you talked to people—certain farmers—who say, “Look, let’s be honest: in the south-east of England, to export live exports is quicker than travelling hundreds of miles to an abattoir, given the numerous closures of many of the abattoirs”? Do you have a solution to that?

Dr Palmer: Having more local abattoirs is clearly desirable. It is a marginal business for many, and you cannot force people to set up a local abattoir, but I think there would be a great deal of cross-party and cross-industry support for the idea that it should be encouraged.

The problem with overseas shipment is partly the time involved, and you can get pre-weaned calves transported for over 100 hours. That is with pauses, but it is nevertheless a grim business and is really difficult to defend, and a lot of farmers will not defend it.

Also, there is the lack of control. It is very difficult, with the best will in the world, for DEFRA to say what will happen at all stages of a journey once a vehicle moves outside the UK. I used to be Parliamentary Private Secretary to a DEFRA Minister, and this was an issue we struggled with. Live exports is a very small part of the British farming industry, and we think it is one that should come to an end.

James West: I would add that people can take the journey length to be the time it takes to take the channel tunnel from Dover to Calais, for example, but we are talking about live exports going on a boat that is not really designed for sea crossing. The crossing from Ramsgate to Calais normally takes about six hours, so by the time you have got to Ramsgate and across to the other side, you are talking about a fairly lengthy journey time, which in most cases would probably get you to an abattoir in the UK.

Q233 Theo Clarke: I am pleased that the Secretary of State now has direct responsibility for the nation’s food security, but I wonder whether it should be a national priority to support domestic agriculture. What is your view on the frequency of reporting? I know at the moment it is being suggested it should be every five years, but we have heard differing views today. What do the panel think about that?

Vicki Hird: I think it is welcome to have that in there. There is a case for making it more frequent, given that we are facing a climate and nature emergency that will threaten our supplies and production here and overseas. We should be building that into the review, in terms of anticipating how that will affect land use both here and overseas. That is currently not in the Bill, and it would be a welcome addition to recognise the sustainability factors that will increasingly come into play before the next five years are up. We already know that flooding is more frequent, and drought is affecting many parts of Africa, which supplies us with a lot of fruit and veg.

There is a case for more frequent reporting; it is a welcome element in the Bill, but as the previous speaker mentioned, we already do much of this food security assessment already, so it is a question of building on that and making it an integral part of the sustainability of our food system. [*Applause.*] May I congratulate George Eustice, our new Secretary of State? I will end there, on food security.

Q234 Kerry McCarthy: I am trying to tease this out, because we have heard previous witnesses say that there is concern about the lack of baseline regulation in the Bill and the fact that we no longer have the cross-compliance checks. There are concerns that people will drop below the minimum standards. How does that work? Clearly, you do not want to use public money for public goods just to reward people for keeping to the standards required of them by law, because there is no additionality to that; they ought to be doing it anyway. We could reward farmers for doing the higher welfare stuff, but at the same time, we really ought to have an ambition to say, “If they can do it, why can’t all farmers treat their

animals that way?" Will we end up always having to keep raising what counts as higher welfare for farmers to get money? Do you see what I am saying? You could almost end up not raising standards, because the farmers would not get paid for the higher welfare standards.

Dr Palmer: Yes, I see the problem. As in other areas of public subsidy, we have to start from where we are. Because we have the range of quality that I mentioned in response to the previous question, there are a lot of farmers who would genuinely like to raise their standards, but need assistance in doing so. I accept that there is an element of moral hazard in that, if someone already has superb standards, they may feel a bit irritated that someone else is being given money to come up to them.

Kerry McCarthy: Is that how it would work? That is the other thing. It is the same as with planting trees or improving soil health; there is a danger that, in a bid to use public money to encourage other people to do that, the people who were ahead of the curve are penalised.

Dr Palmer: I believe DEFRA envisages, which I think is right, two types of support. One is to assist with specific one-off costs—I gave the farrowing crate as an example—but the other is to reward people who are meeting a higher standard. To my mind, that must be linked to a good labelling scheme, because if we are spending public money to assist farmers to reach a higher standard, we should also be able to tell consumers about it, so that they can respond, in the same way that we have seen with eggs. When there was a choice between free-range and battery eggs, people migrated overwhelmingly to free range, to the point that it is now very difficult to get the lowest standard of egg in supermarkets. You are right that, over time, we will probably develop further ideas on how to give farm animals the best possible life, and that is right—we should not stay at the same level forever—but for the time being there is a lot to be done to reinforce the farmers who are striving to be the best.

Q235 Fay Jones: I have a question about kitemarks found on products, such as Red Tractor and RSPCA Assured. How could future Government policy recognise that?

If I may, Mr Stringer, I have a small supplementary. In Compassion's written submission, you welcomed the Secretary of State's ability to make regulations regarding farming method in relation to labelling. Could you elaborate on that, please?

James West: We submitted details to DEFRA a while ago. Essentially it would be different labels indicating the method of production. The range of methods of production would differ according to species, but in effect you would indicate whether it had been produced, say, intensively indoors versus extensively outdoors and everything in between. That would be on the packet, so when you go to the supermarket or shop you can see how the product was produced. As Nick was saying, with eggs that moved the market towards free-range eggs and away from caged egg sales—barn egg sales in the UK are low—to the extent that roughly half the supermarkets have phased out caged egg sales and the other half plan to do so by 2025.

It goes back to the point that you need to support the farmers in the subsidy scheme we introduce, but there also needs to be an outlet for them to show that they are

delivering at a level that consumers may want. It does not mean that consumers have to buy it—they can see the stuff produced to a lower standard and still choose that—but at least they are informed. At the moment, it is really hard to find meat or dairy products labelled as to method of production. Possibly the only other one is outdoor-bred and outdoor-reared for pork; other than that, it is essentially free range/organic or you are in the dark. It would cover the whole spectrum.

Dr Palmer: That is also really important when you come to trade, because if we are to sign a free trade agreement with the United States or other countries, we really need to give our negotiators a clear steer on what we collectively are willing to see. If we have an evolving labelling scheme, we have a basis for doing that. As you know, international trade negotiations usually start from the point that each side says what their red lines are and what they cannot move on and the negotiations operate around those to see what is possible. We are keen to see specifications in the Bill on minimum standards for animal welfare—Ministers have said this many times—so that our negotiators can say to their American, Brazilian or other counterparts, "I'd love to help you, but I'm afraid I can't because it is in the legislation." That would give farmers and consumers the reassurance that we are absolutely not going to end up with British farming being undercut by what you vulgarly call cheap and nasty imports.

Vicki Hird: I think that goes for other aspects of food standards and production standards. I totally agree with Nick. It is very important that we see something in the Bill around trade—I am sure you have heard this a lot over the last week—so that we have a way to stop agri-food imports produced to lower standards of food, animal welfare and environmental production systems. I would add labour standards as well.

One of our members is supporting the idea of an 100% grass-fed label, because there is some confusion about grass-fed labels and claims being made. There is a very good Pasture-Fed Livestock Association producing animals with really strong environmental, as well as animal welfare, benefits. It is only fair that that should be recognised through a proper labelling scheme.

Q236 Danny Kruger: We had George Monbiot here earlier; I do not know if you were listening. What did you think about his point about grass-fed beef?

Vicki Hird: There is a balance to be struck. People are still going to eat meat. It is a highly nutritious product and there are people who want to eat it. Recognising that, we should be eating much less but better meat, produced here in ways that we can recognise, enforce and celebrate, alongside the rewilding that can go along with those animals.

Q237 Danny Kruger: And carbon capture of beef herds?

Vicki Hird: There is a lot of science, and people pick the science they want to use. There are a lot of differences. You can go from one meter in one field, to another meter, and it can be a different carbon reading. We have to be careful with this and not throw the baby out with the bathwater. For instance, small-scale producers will not be able measure their carbon with expensive tools, so we need to make sure we are doing right but also supporting farmers for agroforestry, for rewilding with

animals and for silvopasture, which is fantastic and can have big animal welfare gains. There is a spectrum that we need to recognise.

George has a particular approach and we do have a crisis ahead. We need to recognise that, but we take a less is better approach. We can envisage the Bill supporting farmers to deliver that. It does not include factory farms, I have to say.

Dr Palmer: I am not sure I fully answered your question regarding Compassion's submission on labelling. This is an area where the international debate is moving very rapidly. France now has a very extensive scheme, pioneered by Carrefour and Casino, two of the big supermarket chains. Germany is proposing that the European Union as a whole looks at labelling, specifically for animal welfare. There are also schemes in Italy and Denmark. It is important that we do not fall behind the curve here. People are looking at us and asking, after Brexit, are we going to be better or going to have to fall behind? This is a classic example. The Bill offers the opportunity to pin down some of the reassurance that people are looking for.

Q238 Mr Goodwill: Just before we finish on the issue of labelling, I see that France has introduced regulations to allow misleading words, such as sausage, burger or steak, to be used in connection with non-meat products. Do you think we should follow that lead?

Dr Palmer: Personally, I would not go in for legislating on what people call things, unless there is a deliberate attempt to defraud. If someone goes to the vegan section in Sainsbury's and sees a sausage, it is unlikely that they will say, "Aha! That's a pig." I do not feel it is worth parliamentary time. Companies are quite capable of making clear what it is they are selling.

The Chair: If there are no more questions, on behalf of the Committee I thank the witnesses for their evidence this afternoon.

Examination of Witness

Sue Davies gave evidence.

4.29 pm

The Chair: We have until 5pm for evidence from the representative of Which? Welcome. Could you introduce yourself?

Sue Davies: Good afternoon. My name is Sue Davies. I am head of consumer protection and food policy at Which?.

Q239 George Eustice: The Bill sets a different course for the future of agriculture policy, so it will be much more about payment for the delivery of public goods than arbitrary area-based subsidies. Are you generally supportive of that approach? I know there are one or two other things that you think have been missed. Perhaps you could explain what those are to the Committee.

Sue Davies: May I start by saying congratulations on your appointment, Mr Eustice?

We support the public money for public goods approach. We think it is the right way to go, but there is a real opportunity to put more about consumers—the people who will ultimately be eating the food—in the Bill. There is a range of ways in which that could be done. We have a real opportunity to redesign agriculture policy to make sure that we have a much more joined-up

approach to food and farming policy in general. We welcome the commitment to the national food strategy, for example, as part of that.

The public money for the public goods that are included is really important, but we would also like to see a stronger focus on other consumer benefits, particularly in relation to food safety, public health and reducing antibiotic resistance. When talking about productivity and increasing food production, we find that people care so much about food. We have done lots of consumer research over the years. In the last couple of years, we have particularly focused on asking people about food standards.

People expect the UK to have really high standards and that, if anything, we will build on the standards that we have at the moment. We talk about productivity, and we want it done in a way that meets consumer expectations. We would also like to see a more general commitment to upholding high food standards in the Bill.

Q240 George Eustice: To come back to that point, the view we took when drafting the Bill—I am interested in why you take a different view—is that the payment for public goods could involve things such as reduced pesticide use and reduced antibiotic use, because animal health and welfare is in there. By targeting those public goods in some areas, there would be a consequential benefit for public health, because of the nature of the food production.

There is a separate area that is about public health campaigns, healthy eating and food standards, but obviously measures are already in place through the Food Safety Act 1990 and the work that the NHS does to encourage healthy eating. Our view is that we do not want to duplicate work that is already present in other fields and is the responsibility of other Departments.

Sue Davies: I can see that to some extent, but there is a real opportunity to integrate public health much more in farming practices. A good example of that is the work the Food Standards Agency did a couple of years ago to try to reduce campylobacter rates in chickens. We have regulation to some extent around that to try to control the practices that are used, but it was only by incentivising action throughout the supply chain—in that case, by the Food Standards Agency doing a retail survey, where it was, in effect, naming and shaming retailers by showing how campylobacter levels compared—that that led to co-operation across the supply chain to look at what measures could be put in place. That included measures in slaughterhouses as well as a strong on-farm focus, such as looking at biosecurity measures and what happens in relation to thinning.

It is that kind of approach that we feel should be included, and certainly the opportunity to do it should not be excluded. Some things will require regulation, and we definitely think they should be regulated, but it is a mix of using regulation and wider incentives to raise best practice. For issues such as antibiotic use, there is an opportunity to try to incentivise the reduced use of antibiotics again, on top of the legislative requirements that we have.

Q241 George Eustice: There is an animal health provision there, which opens the prospect of healthy livestock accredited schemes that farmers could sign up

to, which might be all about reduced antibiotic use or different stocking densities in poultry. That is all possible under the existing powers, so I am trying to get my head around what additional powers you feel are needed over and above the objectives that we have.

Sue Davies: It is certainly really positive that that is in there, but if there are specific measures where the main goal is focused on human health, rather than animal health, that should be included in the Bill. Ultimately, the Bill will determine the types of food choices we have as consumers and the sorts of standards to which our food is produced. Obviously, a lot of other policies will have an impact on that, but we think this is a real opportunity to shape our food system in a positive way that works for consumers as well as farmers. We should not miss these really good opportunities to include that in the Bill at this point.

Q242 Daniel Zeichner: Good afternoon. May I add my congratulations to the new Secretary of State? We obviously do not want to be too nice about him and set him off to a bad start, but he is clearly a popular choice.

Ms Davies, I am bound to ask you the question that I have asked virtually every other witness: from a consumer's point of view, what would be the impact of allowing imports produced to lower standards? I think I can probably guess the answer, because it has been very consistent across all our witnesses. At the end of the whole chain, particularly with ready meals and so on, do you feel that consumers know enough in the current system? Could we not do more through the Bill to lift standards, particularly on antibiotics and so on?

Sue Davies: I think your food standards question is really important and shows why we need to make sure that we have a joined-up policy. This will have a big impact on the sorts of choices that consumers can make, but if we do not address other policies, particularly trade policy, it could completely undermine all the positive things that we are trying to achieve with the Bill.

As I mentioned, we know from our consumer research that people have really high expectations on food standards. Some 93% of people said they expect that food standards will be maintained, and ideally people think they should be enhanced now that we have left the EU. People do not expect cheaper imports to come in and undercut our producers. People want to support UK producers, particularly of products such as meat and dairy, so the tariff schedule that has come out is interesting. All of that has to be joined up to make sure that we are not trading away our standards and potentially bringing in safety issues, or allowing production methods that we know consumers do not find acceptable.

We saw with the horsemeat scare that food has many different aspects. Some are about safety, and others are cultural—people just do not want to eat food that is produced in certain ways. We have been doing a lot of survey work and we know that around eight in 10 people have concerns about eating hormone-treated beef. A similar number have concerns about food produced using antibiotic growth promoters. Those practices are used in some of the countries with which we will seek to reach trade deals—hormones in the case of the US, Australia and New Zealand. We absolutely have to ensure that trade policy builds on our current standards. If anything, we are looking to improve our standards rather than allow them to deteriorate or accept lower

quality imports that will make it very difficult for UK producers to produce to the standards that consumers expect.

We have also asked about labelling issues, because sometimes it is suggested that people can decide if you just label everything. People feel strongly about it and do not think that labelling is the solution. That applies to people across all socioeconomic groups; it is not just better-off customers who can make this sort of choice. We think it is really important that there is something in the Bill that makes it clear that we should maintain and build on our food standards.

We have asked people what they think about labelling, and they generally tell us that they think the labelling information is about right, but when you ask people about where improvements might be made, they talk about things such as helping people to make more sustainable choices and improved animal welfare labelling. There is scope to look at how we can improve that by building on the labelling information that we have already. One area that we know people feel strongly about is the traffic light nutritional labelling system, which we would like to be made mandatory when we have the opportunity to legislate to do so.

Q243 Fay Jones: I have a question on food production standards and imports. The Agriculture Bill applies largely to England only, although there are bits and pieces that pertain to the devolved nations. Would food production standards and imports not be covered by international trade? Is the Agriculture Bill the right place for it?

Sue Davies: We can put it in this Bill and in the trade Bill. This is about agriculture and how we incentivise food production, and a vision for agriculture in the UK. The approach that we take to trade will have a huge impact on how we are able to deliver that, and it will have huge implications for the support that needs to be provided to farmers and how we incentivise standards. There is a strong link between the two.

We think there should definitely be something in the Bill recognising, at a principled level, that this is what UK food production is about. It should also recognise that, on the one hand, we need to ensure that we maintain high standards that meet consumers' expectations at a national level and, on the other hand, that we will take a strong stance to ensure we are not trading away those food standards to get the many other benefits we might get through trade deals. It should not be about losing food standards to get those benefits.

Q244 Abena Oppong-Asare: Thank you for that, Sue. I want to follow up on your comments about food standards, specifically on labelling. How far do you want the Bill to go? Obviously, this starts from the beginning. Do you see soil as part of consumers' concerns, in terms of what type of soil is used and how it is preserved, or do they essentially just want to know about how the food is labelled?

Sue Davies: I suppose that reinforces your question in a way. Ultimately, things like soil health will feed through into the quality of the food that we eat as consumers. That is why we must ensure that there is recognition that the way we produce food has huge implications for consumers, both in terms of their health and their

preferences. Most people will not think about soil when you ask them about food, but it will have an indirect impact on them.

At a more principled level, when we are talking about public money for public goods, we should recognise that public health and food safety are important. There is a range of different mechanisms. Some things are obvious, such as the promotion of fruit and vegetables, but as we are looking at how food is produced and the production methods that are used, it is important that there is a clear steer that public health and food safety must also be at the heart of that.

Q245 Abena Oppong-Asare: The Food Standards Agency looks into the standards in food production. Are there elements of that that you think should be incorporated into the Bill to embellish it?

Sue Davies: Including provisions that enable financial assistance for food safety and public health measures, such as the reduced use of antibiotics, feeds through into the things the Food Standards Agency is trying to achieve. That then allows sufficient flexibility.

I mentioned the example of campylobacter because that has been a big priority. It is the main type of food poisoning in the UK. Most of it comes from chickens. We have been struggling to reduce its level for years. We have made progress in recent years by taking the farm-to-fork approach. We need to recognise that a lot of things that manifest at the end of the food chain originate in production. Giving the flexibility to be able to provide financial assistance and incentivise those kinds of measures is really important. The Food Standards Agency will then need to work with DEFRA and others in defining what those might be and what sort of indicators you might want to include, in terms of the monitoring that is set out in the Bill.

Q246 Miss Dines: Ms Davies, your organisation, Which?, has historically been a champion for consumer choice. I want to ask you what your position is. From your written statement, it seems like you are proposing a form of protectionism against certain imports based on standards, but with a lack of clarity, I would suggest. Does that not deny the consumer a choice and potentially make food a lot more expensive for the consumer?

Sue Davies: We are certainly not protectionist and we are certainly in favour of consumer choice. However, it is about enabling people to make meaningful choices and the types of choices that we want. We also base what we say and what we call for on consumer research—talking to people and understanding their perspectives. Over the last couple of decades, we have been talking to people about food a lot, but in the last three years we have had a regular tracker and have been asking a lot about food standards.

We are just in the process of doing some more research, for which we are going to do a series of public dialogues around the country, particularly focused on trade deals and what some of the opportunities of those could be, as well as some of the issues over which people might have concerns. It will look at food standards, but also at things like digital services and opportunities for a wide range of cheaper products. We know from the research we have done to date that people feel very strongly about food production methods and would

have concerns if food was allowed to come in with reduced, cheaper standards that undermined the standards and choices we have at the moment.

I do not think it is about reducing people's choice. It is about enabling people to have an informed choice, and about enabling everybody to have a choice. At the moment, we have regulation and standards that underpin everything that everybody buys, whatever their income level. If it suddenly becomes the case that only those who can afford it can have the type of standards we have at the moment, and other people have to have lower standards, that would certainly be a completely retrograde step.

We are starting from a point where we have good standards, and we are about to start negotiating trade deals, so we need to be really clear in those objectives about where food fits. We need to look at the opportunities for food and other things that we might gain in those trade deals, but also to be really clear about where we will not compromise. Things such as food safety and quality and animal welfare come out from our research as things that people do not think we should compromise on.

Q247 Ruth Jones: I am sure you are aware that the national food strategy will be published shortly. How do you think that will complement the Bill? The strategy is coming out after the Bill has been published. Will the two marry up? We obviously do not know yet what it will contain.

Sue Davies: We are really pleased that the national food strategy is being developed. In a way, it is incredible that we have not really got a clear vision for food and how it should be produced, so we think that is really valuable. The way it is being conducted, with public dialogues and citizens' assemblies, is a really inclusive process, and will hopefully look at the breadth of issues and the many different interests involved in food policy.

As you say, ideally you would have your food policy, and you would then have your agriculture policy, your trade policy and your environment policy; they should all be complementary. Obviously things are working to different timescales, so we need to make sure that the Bill allows for the breadth of issues that agriculture can be impacted by. That is why, as part of that national food strategy, we think it is important that food delivers for consumers and that we tackle some of the challenges in the food system, whether that is climate change, dealing with obesity or food security issues.

We realise that there is limited scope within the Bill, compared with the strategy, but we should take every opportunity to make sure that we put the right incentives in the Bill to deliver on those wider things that matter to people.

Q248 Ruth Jones: Is there anything missing from the Bill, in terms of strengthening it or in terms of the national food strategy?

Sue Davies: Obviously Which? would say this, but it is really surprising that consumers are not featured in the Bill, when ultimately the Bill will shape the types of food choices we will have, potentially for decades. It is really important to make sure that the Bill recognises that we ultimately produce food to meet the needs and expectations of consumers, and to have a market where people want to buy the products. That is why we think we should ensure that the public money for public

goods area is aligned with consumer needs and benefits, particularly public health and food safety. If we are talking about productivity and producing more food, we should recognise that that has to be done in a way that meets consumers' expectations; not by using production methods that mean people will ultimately not want to buy or eat the food. That is where having that commitment to food standards in the Bill is really important.

Q249 Mr Goodwill: Two of the objectives of the Bill are improving plant health and reducing or protecting from environmental hazards. Groundbreaking work is obviously being done on plant breeding. For example, potatoes may not need to be sprayed every 10 days for potato blight, and there are potatoes that are potato cyst nematode resistant. Some of that may use gene editing. Do you think consumers know enough about these issues to have a view, or do you think that if it is presented in the right way, they may see that the upsides cancel out the downsides and their prejudices?

Sue Davies: We have done a lot of consumer research over the years and have talked to people about their attitudes to different food technologies. About three or four years ago, we did quite a big project with Sir Mark Walport and the Government Office for Science looking at food system challenges and carrying out public dialogues in different parts of the country. What comes out from those dialogues and our wider research is that people really want to have a more open discussion about what the risks and benefits are. It seems that people do not really know enough about it. They want to be convinced that, if technologies are being used, they are being looked at in the full range of possibilities and alternatives. People are more nervous about technologies like gene editing than, say, the use of precision agriculture. Often in these debates, we start from the technology and look at how it can be used, rather than looking at what the problem is, what the range of options is, and why we are deciding that that is the right approach.

The other thing that comes across really clearly is that people expect there to be strong, independent oversight. It is concerning that when we talk about the use of technologies, you often hear some people call for deregulation and less oversight, when all our experience is to the contrary: you do not want to over-regulate and have an overly burdensome system, but people want to know that things are being done in the public interest, and that there is a clear understanding of any safety issues or wider environmental risks before we go down the route of using some of these technologies.

People are open to technology, but they want to know exactly why it is being used and whether it is the best approach. The only way to do that is that to make sure that, if we are looking at using these technologies, there is proper public engagement and understanding of them. The retailers and others in the food industry are obviously key, in terms of their understanding of whether people would want to buy products produced using these methods.

Q250 Mr Goodwill: Is there any reason why people are much more open to these types of advances in medicine, for example, than in food production? It seems that they are happy to go right to the cutting edge of technology, in terms of the treatment of genetic conditions, but somehow this is different.

Sue Davies: All the research shows that it is quite a straightforward risk-benefit analysis. If you are ill, you will take something that you think is more risky but might make you better. If it is about maintaining health, people expect there to be a higher barrier.

Q251 Kerry McCarthy: Some groups are talking about method of slaughter labelling. Does *Which?* have a view? Would the consumers you deal with find that useful?

Sue Davies: It is not something that we have carried out any research on, to be honest. It is not something that we have particularly worked on. As I say, when we have asked people about labelling information, most of them feel that we have quite a good level of information. Certainly, the areas that come out most strongly where people would like more clarity are things like making more sustainable choices. Animal welfare issues are important. We did a report in the last issue of *Which?* that looked at the different assurance schemes that are available to help you make sustainable choices. They all covered different elements of sustainability, so it is difficult for a scheme to help you make a choice. There is a lot more scope in that sort of area to improve labelling. Method of slaughter is not something that we have asked about recently.

Q252 Kerry McCarthy: There is some quite misleading packaging. There was the whole issue of Tesco and its fake farms—it had pictures of cows frolicking in meadows, when they had never seen the sunlight. I am not saying that that was simply about Tesco, but the farms that Tesco had on its products did not actually exist.

Sue Davies: I think there are still cases where the way foods are presented does not meet the actual way they are produced. When we ask people about their expectations, though, people are often surprised: they may think that welfare standards are higher than they actually are, and then when you explain, they are often quite surprised about what is the minimum—what is free range, what is organic or whatever. It is certainly an area where people want more information.

We also did a report on chicken welfare in, I think, the November issue of *Which?* and it was quite interesting to ask the different retailers about their stocking densities for chickens and to see the variation, even within the current legal framework, between individual retailers. That went down very well; I think people found it very useful information.

Q253 Kerry McCarthy: Do you think that, in terms of the consumer side of things, that would be more an issue for the food strategy? I think there will be quite a focus in that on—

Sue Davies: It is really good that in the Bill there is, obviously, the potential for financial assistance, and animal welfare is a clear criterion for that. I think that that is right. Whether it is in the Bill or the food strategy, I think there needs to be a mechanism to look at how we improve labelling.

Q254 Kerry McCarthy: I suppose the Bill is encouraging more humane production methods and so on, and the food strategy is making sure, at the consumer end of things and the marketing end of things, that farmers

can be rewarded through the market as well. They would be rewarded twice: once through public money for public goods, but also through people being prepared to pay a little bit more because they trust that something has genuinely been produced to better standards.

Sue Davies: I suppose that the Bill will also cover the marketing standards that fall under the common agricultural policy, which cover everything from breakfast products like jams to poultry. So there is an element within the Bill where that could be covered. We have had concerns that the marketing standards under the common agricultural policy have been developed very separately from other food standards and very much from a producer-only perspective, rather than by thinking about what the end consumer might want. I think that

there is an opportunity, if we are reviewing any of those standards, to make sure that they are meeting consumer needs as well.

The Chair: If there are no more questions, let me thank you on behalf of the Committee for the evidence that you have given this afternoon. Thank you very much.

Ordered, That further consideration be now adjourned.
—(*James Morris.*)

4.57 pm

Adjourned till Tuesday 25 February at twenty-five minutes past Nine o'clock.

**Written evidence to be reported
to the House**

AB14 Arla Foods UK

AB15 Anglian Water Services Ltd

AB16 Pesticide Action Network UK (PAN UK)

AB17 RSPCA

AB18 Scottish Land & Estates

AB19 Sustain

AB20 Myra Bennett, British Horse Society County
Access Officer, WiltshireAB21 Public Health Policy Evaluation Unit, School
of Public Health, Imperial College London

AB22 Dairy UK

