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Efra Committee report – The future for food, farming and the environment

Introduction

The Efra Committee has [published its findings](#) following an inquiry into the government's agricultural policy consultation "Health and Harmony; the future for food, farming and the environment in a Green Brexit." The NFU submitted [written evidence](#) and Deputy President Guy Smith gave [oral evidence](#) to the committee on 14th March. The NFU's written evidence was based on the initial reaction to the paper as outlined by policy board in mid- April.

Key findings of the inquiry:

The Efra Committee welcomes the level of ambition in Defra's consultation and supports its aim to create a new funding model for agriculture based on using public money to pay for public goods. However the Committee is concerned at the absence of detail in the consultation. Without clarity on funding, timing and delivery of the future agricultural policy, the Committee concludes that there is a risk that Defra's ambitions will not be met. The Committee expects the government to provide pre-legislative scrutiny well before the introduction of the Agriculture Bill.

Leaving the CAP:

- The Committee recommends that Defra produces a thorough sectoral assessment of the withdrawal of direct payments (BPS) in response to this inquiry. This would allow Defra to better target the additional support that will be required by small and medium sized farms and businesses in especially vulnerable sectors.
- It calls on the government to commit to fully funding the future agriculture policy and ring-fence the funds that are released from the withdrawal of direct payments (BPS) to fund the rural economy and the environment.
- In addition, to promote clarity in English agriculture, the Committee recommends that Defra confirms as soon as possible:
 - The timing and length of the "agricultural transition" period that gives farm businesses a reasonable time to plan and adapt;
 - the status of cross-compliance and "greening" conditionality during the transition period; and
 - that all existing environmental schemes will be supported to their completion

NFU position: The NFU agrees that there is a need for government to undertake a comprehensive sectoral assessment of the withdrawal of the direct payments. There will be an impact across all farming businesses, large and small and therefore we are concerned that the Committee prejudices the outcome of such an assessment, by identifying that additional support will be required by small and medium sized farms. It does not appear to accept that this is most likely also the case for large businesses too.

The Committee does not provide any conclusions on the methodology for removing direct payments. The NFU believes that any phasing out of BPS should be fair and equitable for all farms. In our view this means that the same percentage reduction should be applied to all recipients, regardless of claim size and should not compromise the UK's safe, secure and traceable domestic food supply base.

We believe that a fundamental element lacking from the Defra proposals is the provision for regular review of policy changes and of the impact of the wider operating environment. Most critically the UK's trading relationship with the European Union, the rest of the world and specifically the degree of

competition that English farmers will face from overseas producers needs to be taken into account. A comprehensive impact assessment must be carried out of this new relationship before there are significant changes to the primary means of supporting the industry, namely the direct payments.

The NFU believes that the agricultural transition period should be an opportunity for government to take the necessary time to consult, design, develop, test and launch new policies for the industry. We therefore believe that it is sensible not to set an arbitrary length in years for this, but rather set out a very clear timeline against which progress should be measured, with a specific review clause set out for review no later than two years into the transition period.

Increasing farm competitiveness

- The Committee recommends that the government produces a farm productivity plan by May 2019 at the latest. This could include, but should not be limited to:
 - A review of the requirement for the rationalisation of existing advice centres for the dissemination of independent evidence, advice and knowledge to improve on farm uptake of new technologies;
 - a thorough investigation of new tax breaks to assist farmers to invest in technology in conjunction with the measures already announced;
 - further details on what measures could be funded under capital grant support;
 - funded facilitation for farmers working together and leading projects;
 - closer work between Defra and DCMS to improve mobile and digital infrastructure which will be critical to the success and development of the rural economy; and
 - clarify the form and funding of the successor to the agri-tech fund.

NFU position: The NFU believes that improving farm productivity and profitability should be a central aim of future policy. This is a key cornerstone for domestic agricultural policy. The NFU proposes the introduction of a suite of measures that delivers significant on-going funding during and after the transition from the CAP direct payment system. We therefore support the Committee's recommendation that government produces a comprehensive farm productivity plan as it develops its agricultural policy. Critically it must act upon its findings and ensure that improving agricultural productivity is a key tenet of the future support regime. The NFU is well placed with its experience of current and past productivity initiatives to play a central role in developing the plan in partnership with government.

Public money for public goods

- It finds that healthy food makes a wider contribution to public health, which is in the public good and therefore recommends it should be supported as such under the new model of awarding payments to farmers
- Defra should work to bring forward changes to government Buying Standards to ensure greater use of healthy, affordable, British food in government procurement. Defra should report back to us on progress in this area in six months' time.
- The Committee welcomes the Minister's assurance that the new environmental land management scheme will look to extend the success of existing schemes, such as those accredited by UKAS, and involve a wide range of organisations with experience of delivering environmental stewardship. MPs are further pleased to hear from Defra that the new land management system will be delivery-focused and non-bureaucratic.
- Defra must assess which current public bodies are suitable to provide the coordination of its new environmental land management system. Given past performance of delivering rural payments and stewardship schemes, this must include an assessment of what additional skills and resources this body will require.
- Ensuring an effective minimum baseline of regulation will be vital to delivering the government's proposals to use public money to support public goods. Moves towards self-regulation and potential de-regulation following EU exit must not allow a 'race to the bottom'.

- Separate from any increased funding made available to farmers and land owners to deliver public goods, MPs believe that the Environment Agency or equivalent public body must also receive a commensurate increase in funding to ensure public money is being legitimately spent under the new scheme; if needs be, a proportion of that increase could be funded through civil sanctions and fines to support a hypothecated catchment fund.
- The Committee recommends that Defra commits to exploring how the funding of animal health and welfare as public goods could be achieved through trials during the agricultural transition period

NFU position: The NFU acknowledges the government's stated aim that in the future public funds should be used to fund the delivery of public goods and this is welcomed as part of the development of a future policy to support farming. However, while this approach may provide the building blocks for a social or environmental policy, its sole use as a foundation for underpinning agricultural policy raises serious questions. The NFU is strong in its conviction that maintaining a robust and resilient domestic food production sector is in the nation's interest and therefore future agricultural policy must support farmers in their role as producers. Farmers and growers are proud to produce the foods that sit at the heart of every healthy, balanced diet, and the NFU welcomes commitment to creating closer links between food production, health and education. Putting food production at the heart of future policy would truly capitalise on this.

Brexit presents us with the opportunity to define new rules for British procurement, ensuring our schools, hospitals, hotels and restaurants, and all procurement under the government buying standards are, wherever possible, sourcing British assured ingredients.

The NFU welcomes the Committee's findings that Defra must invest in the effect delivery of future schemes. In the short term, improvements can be made to both the delivery of BPS and Countryside Stewardship. We welcome also the government's commitment that the future schemes will be "delivery-focused and non-bureaucratic." However we are deeply concerned by the Committee's conclusions that a source of funding of the government's regulators such as the Environment Agency, be through civil sanctions and fines.

Animal welfare standards on UK farms are already at a very high level and whilst we cannot afford to rest long on our laurels, the NFU believes it would be better use of government resource to focus on supporting initiatives to develop our animal health infrastructure needs first. For example the Livestock Information Programme (LIP) with all of its potential for better data and traceability, the NFU's proposed livestock productivity scheme, endemic disease eradication schemes (BVD, SCAB, etc.) and the creation of an Animal Health England type body to provide structure, leadership and co-ordination so that we can be more competitive in the global market.

Trade and labelling

- The Committee welcomes Defra's involvement in agri-food trade negotiations. It recommends that in response to this inquiry, Defra clearly states that it is government policy that trade agreements should always contain provision to prevent food which does not meet our environmental, animal welfare and food safety standards from entering the country.
- The Committee reiterates its previous recommendation that the government improves country of origin labelling following the UK's departure from the EU and introduces mandatory method of production labelling.

NFU position: The NFU wants to see an outcome on international trade that supports our farmers to grow their businesses and to grow food for Britain and beyond. To do so, we need government to take a bold but composed approach to forthcoming trade negotiations with both the EU and non-EU countries; one that ensures British farmers can continue to produce food to the current high standards

of which they are proud; that ensures they do so on a level- playing field with producers elsewhere in the world; and that maintains access to current markets for domestic produce, while growing demand at home and abroad. We therefore fully support the Committee's findings that call on Defra to state that it is the government's policy that trade agreements should always contain provision to prevent food that does not meet our standards from entering the country.

With Brexit on the horizon clear country of origin labelling has never been so important. The NFU would like to see mandatory country of origin labelling of meat and milk as an ingredient in processed products. This would include pies, ready meals and processed dairy products. The UK is behind many other European countries with Country of origin labelling. A number are running trials to introduce mandatory labelling of meat and/or milk as an ingredient. The NFU has written to Defra asking for the introduction of national measures in the UK. With regards method of production labelling, the NFU does not believe that a system of specific welfare labelling should be introduced. Information on the welfare of food-producing animals is provided by existing schemes and production standards that are indicated on food labels such as the Red Tractor and Freedom Foods.

Devolution

- There may be areas where a common approach to development of agricultural policy is helpful, such as in determining standards for plant and animal health and welfare. Regulatory alignment in these areas will support the functioning of the UK single market. Where these UK wide agreements are made, they must be agreed, following consultation, and with the support of the governments of the constituent parts of the UK.

NFU position: The UK Farming Unions believe that the current devolution settlement of policy and regulation to the constituent parts of the United Kingdom should be respected and maintained. The UK's various governments, parliaments and regulators should take every step to retain and protect a single market access for food, agricultural commodities, live animals and plant and plant products throughout the UK.

In developing distinct agricultural policies to replace the Common Agricultural Policy, Farming Ministers across the UK should ensure that potential differences in application of agricultural policy should not adversely impact on trade within the UK. Farming Ministers across the UK and agricultural departments should establish and maintain regular, formal and cooperative arrangements to manage policy, legislation and delivery of regulation across the UK economic area.

A guiding principle should be that no single country determines or curtail UK policy in the rest of the UK. No part of the UK should be able to act, or avoid action, that threatens to curtail access for other parts of the UK to third country markets, or that question the UK's adherence to its international agreements.