

## Parliamentary briefing: Second reading of the Agriculture Bill

28 January 2020

### Summary

- Greener UK and Wildlife and Countryside Link strongly support the proposed reform of farm payments towards ‘public money for public goods’.
- Such a reform is essential to secure nature’s recovery, win the fight against climate change, shift towards more sustainable, humane food production and reconnect people to the outdoors.
- With over 70 per cent of England farmed, any move away from this reform would fatally undermine these efforts; farmers are a vital part of the solution to the climate and environment emergency, and need the financial support, advice and guidance to lead this effort.
- There have been some welcome changes compared to the bill tabled in September 2018, but more improvements are needed.
- It is essential that the bill includes legal safeguards on trade standards, to ensure that farmers in the UK are not undercut by imported food produced to lower standards.
- A stronger framework for long term funding is required to provide confidence, and further duties are needed to ensure farmers can achieve a fair market return.
- The bill must also include provisions to ensure high standards of farming and land management, and better regulation. This is currently a major gap.
- The bill should not be seen as the totality of government food and farming policy. A broader set of policy instruments, including the new National Food Strategy, should seek to address issues such as healthy eating, food poverty and food security.

### Payments for public goods and the future of farming

We face a climate and nature emergency. Agriculture has been a significant contributor to this, but is also a vital actor in restoring nature and helping the UK achieve net zero by sequestering carbon. Reforming future payments to **focus on ‘public money for public goods’ is one of the most important steps that the government and parliament can take to fight the climate and environment emergency.** It is also crucial to deliver higher standards of animal welfare and to enhance people’s wellbeing through access to nature. Any dilution of this focus by widening the list of ‘public goods’ in clause 1 of the bill further would jeopardise this effort, and may fatally undermine the much needed shift to a healthier, more sustainable and humane food and farming system.

'Public goods' are the goods and services society needs farmers to provide but which cannot be paid for through the market; they include more wildlife, clean air and water, access to the countryside, high quality landscapes, high standards of animal welfare, and carbon storage and sequestration, amongst others. In some cases, farmers will be rewarded for managing their land in ways that benefit the environment that may be unconnected to food production, such as large scale tree planting. In other cases, public money will pay for changes to the way that farmers grow food that produce wider public benefits, such as the adoption of regenerative and agroecological methods that benefit biodiversity.

Some farmers are leading the transition to tackle the climate and nature emergency. But, to achieve these critical objectives, the Agriculture Bill needs to be a transformational, world leading piece of legislation. It must also dovetail with the Environment Bill to deliver on the promise of leaving the natural environment in a better state.

### **Why change is needed**

For years, many farmers have struggled within a system that delivers little profit and few incentives to maintain a healthy environment and ensure animal welfare. The EU's Common Agricultural Policy (CAP) is widely regarded as inefficient and ineffective by all sides: farmers and land managers, conservationists and economists alike. It has failed to invest in farming businesses or the environment upon which farming relies, despite soil quality, pollinator numbers and water quality all continuing to decline as a result of poor land management. Without action, estimates indicate that some of our most fertile soils could be lost in less than 40 years. We need to move away from the Common Agricultural Policy, and reject any moves through the new bill to slow the transformation of our farming sector.

Given that agriculture is the dominant land use in England, such reform will be crucial if the government is to meet its objective to be the first generation to improve the natural environment, deliver the aims of its 25 year environment plan and achieve net zero greenhouse gas emissions by 2050. The bill is an opportunity to deliver these objectives, at the same time as providing farmers and land managers with a secure income stream, securing the natural capital that future food production depends upon.

### **Food policy and food security**

Public goods are central to our future food security. Protecting and improving soil quality, restoring pollinators and crop pest predators, supporting farmers to adapt to climate change and protecting farming and the public from environmental hazards such as flooding – all covered by clause 1(1) in the bill – are all essential to ensuring the productive capacity of our land, and future viability of food production.

Food itself is inherently marketable and, therefore, not a public good. To pay for it as such through the Agriculture Bill, as some have suggested, would see the public paying for their food twice; once through their taxes, and again at the till. We support the government's efforts to ensure that food is properly rewarded through the market through the supply chain fairness measures described below. The new provision in the bill to assess food security every five years will provide MPs with the information they need to hold the government to account. It is crucial though that this assessment includes a consideration of the

sustainability of food consumed in the UK, whether produced at home or overseas. This is not specified in the bill, despite it being part of the last such assessment in 2010.

To ensure UK farmers can invest in providing public goods with confidence, and continue to produce the food we need, it is also essential that future trade deals protect British farmers from being undercut by imports that do not meet UK standards.

The bill should not be seen as the totality of government food and farming policy. The whole food and farming system needs urgent reform, and the Agriculture Bill should just be the start. Defra are in the midst of developing a food strategy, which should seek to address issues such as healthier eating, food poverty and food security, including via the Food and Farming Sector Deal, national action plans such as that for pesticides, and consideration of public procurement, and research and development in the sector. These broader food and farming policies should seek to promote healthier, more sustainable food. Support through the Agriculture Bill for organic and other regenerative forms of agriculture will be an important part of this, but the bill alone will not be enough.

### A just transition

The stepped transition set out in the bill must be matched with advice and support to help farmers through this change. Small farms are just as well placed as larger farms to provide the public goods that the bill lists in clause 1. Large farms are, however, more likely to have access to business planning resources and expert advice; the bill must therefore include the provision of advice to help smaller farms adapt to the new system. We recognise that, under the current system, certain sectors such as upland farmers, are typically reliant on basic payments. These farmers are though well placed to deliver public goods, such as improving water quality, enhancing landscapes and managing upland streams to improve water quality and reduce flood risk. These farms can profit from a system based on public money for public goods, and should receive dedicated help to move to the new system.

### Greener UK and Wildlife and Countryside Link's priorities for the Agriculture Bill

The Agriculture Bill represents a once in a generation opportunity to move to a system of farming and land management in England that enables farmers to restore wildlife, fight climate change, improve the welfare of animals and enhance public access to nature, whilst continuing to produce the food that we need. Our priorities for the bill are:

- **Maintain the core principle of 'public money for public goods'**. This is essential to the reforms set out by the government, and to meeting a range of environmental and animal welfare commitments. The public goods that farmers will be rewarded for are contained in clause 1.1 of the bill.
- **Secure legal safeguards on environmental, food safety and animal welfare standards of imports**, to ensure that farmers in the UK are not undercut by imported food produced to lower standards. This is not currently included in the bill.
- **Build on the Conservative manifesto commitment to maintain funding**, with a long term

funding framework in the bill, providing the certainty that farmers need to have confidence in these reforms. There is currently no long term funding framework outlined in the bill.

- **Funding commitments should be backed up** by a duty on ministers to set budgets for the proposed multi-annual financial assistance plans that reflect the scale of financial need associated with the aims of the bill, targets in the Environment Bill, and needs of the climate and environment emergency
- **Introduce powers to protect the environment and animal welfare and better regulate farming and land management**, building on our current baseline standards. This is a major gap in the bill at present.
- **Ensure that all spending on productivity measures contributes to the provision of public goods**, securing win-wins for farming and the environment, and contributing toward more sustainable, humane food production
- **Improve fairness in the supply chain**, by placing a duty on ministers to use the powers in the bill that would better regulate the relationship between farmers and the purchasers of agricultural products

**The Agriculture Bill is a once in a generation opportunity** to move towards a more sustainable, agroecological food and farming system.

## Further information about the Agriculture Bill

### What the bill will do

The Agriculture Bill grants the government powers to develop post-Brexit farming and land management legislation and policies in England, with specific schedules granting more limited powers to the Welsh Government and Department for Environment, Agriculture and Rural Affairs in Northern Ireland. Specifically, it:

- grants powers to give financial assistance for a range of purposes largely relating to services under supplied by the market – also known as public goods – such as environmental improvement, public access and climate change mitigation; in addition, to these, it provides similar powers for the purpose of improving agricultural productivity and ‘ancillary activities’;
- grants powers to amend EU retained law, specifically relating to the CAP;
- outlines a time limited transition period of seven years for the withdrawal of direct payments, with associated powers to effect this transition;
- grants powers to collect and share data, and to set marketing standards;
- grants powers to improve transparency in the supply chain, through support to establish Producer Organisations, and to regulate the relationship between farmers and purchasers of agricultural products;
- outlines the exceptional circumstances that would justify market intervention, and the powers to do so;
- outlines the approach to meeting World Trade Organisation (WTO) rules associated with agricultural support, and mechanisms by which the UK will continue to meet these obligations.

## Changes from the Agriculture Bill tabled in September 2018

In addition to these clauses, the bill tabled on 16 January 2020 includes a range of new provisions. These include (amongst others):

- New financial assistance purposes in clause 1, adding conserving native breeds of livestock, rare agricultural plants and improving soil quality as reasons to support farmers and land managers.
- A new duty to have regard to food production when designing financial assistance schemes under clause 1, and to the production of food in an ‘environmentally sustainable way’.
- Major new provisions requiring ministers to establish a multi-annual financial assistance plan, annual reports on financial assistance given and a requirement to monitor the impact of any financial assistance.
- A duty to report to parliament every five years on the UK’s food security.
- A broadening of the powers to regulate the relationship between farmers and the purchasers of agricultural goods, from just the ‘first’ purchasers, to all ‘business purchases’, incorporating more of the supply chain
- New powers relating to agricultural tenancies, including a provision to ensure that tenants can secure better access to public goods schemes

We welcome many of these changes. Especially welcome are those relating to multi-annual financial plans, and broad powers to ensure fairness in the supply chain, although we believe that these can be strengthened further

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