

Environment, Food and Rural Affairs Committee

Oral evidence: Covid-19 and food supply, HC 263

Tuesday 5 May 2020

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Members present: Neil Parish (Chair); Geraint Davies; Dave Doogan; Dr Neil Hudson; Robbie Moore; Mrs Sheryll Murray; Mr Toby Perkins; Julian Sturdy; Derek Thomas.

Northern Ireland Affairs Committee Member present: Mr Robert Goodwill.

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Witnesses

I: Minette Batters, President, National Farmers' Union; Tom Hind, Chief Strategy Officer, Agriculture and Horticulture Development Board; and Jack Ward, Chief Executive Officer, British Growers Association.



Examination of witnesses

Witnesses: Minette Batters, Tom Hind and Jack Ward.

Q1 **Chair:** Welcome to the EFRA Select Committee meeting. Welcome to Minette Batters, Tom Hind and Jack Ward. Minette, could you introduce yourself, please, for the record, and then Tom and then Jack. I will then start with the first question. I am Neil Parish, the Chair.

Minette Batters: Thank you, Chairman. I am Minette Batters, President of the National Farmers Union.

Tom Hind: I am Tom Hind, the Chief Strategy Officer at the Agriculture and Horticulture Development Board.

Jack Ward: I am Jack Ward and I am the Chief Executive of the British Growers Association.

Q2 **Chair:** Thank you very much. Thank you all for joining us. A good number of members will be asking questions, and I will ask the first question. When did it become clear to you that dealing with Covid-19 would disrupt our food supply chain? Either Jack or Tom can start on that.

Jack Ward: I will start. I think it was probably towards the end of March. I was, in fact, out of the country so I got some of this third hand. It was becoming apparent as we progressed through March that the situation was becoming more and more serious, orders for food were starting to ramp up and businesses within the fresh produce sector then had to think about how they were going to resource what looked to be a massive increase in demand with very, very short notice. A lot of people have likened it to the Christmas rush but without any warning. It was a matter of days' warning rather than anything greater.

Q3 **Chair:** I know we have the benefit of hindsight but, of course, all of this was happening in other countries where the disease was in advance of ours; they were having a run on their food supply. Do you think, perhaps, we were just slightly slow in waking up to it?

Jack Ward: I was out of the country—I was in New Zealand—in the run up to the Covid crisis. Yes, I think it was apparent that the situation was getting more difficult. For example, we are quite heavily reliant on imports of fresh produce at that time of the year and there had been quite a lot of difficulties in getting supplies out of Spain. Yes, there was a fair amount of warning because we were sourcing product from countries that were already struggling to produce product. There was also increasing demand across Europe, which then impacts on supplies available within the UK. There probably was a gradual build up but it didn't really start to hit until the middle of March.

Q4 **Chair:** Tom, I was guesting at the International Trade Committee last week and they were saying that when you get to Christmas, a lot of the



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big retailers and others are gearing up for Christmas several months in advance. Of course, they did not have this amount of time. How do you rate generally how the big retailers and the processors actually dealt with the situation?

Tom Hind: Without working within the supply chain, you can only offer a perspective from the outside in. I think everybody was caught by the speed, not just at which decisions were accelerated by the Government, which then precipitated panic buying and a range of other behaviours by shoppers, but also by the rate at which shoppers then responded to that in spite of calls by supermarkets and others to avoid panic buying, and also by the collateral impact of the food service market—the out-of-home eating market—effectively being taken over. In a way it has put retailers and food manufacturers right on the front line in terms of ensuring that the nation is fed. Although the supply chain was tested to its absolute limits, or at least the domestic supply chain was tested to its limits, in that period—the final two weeks of March, I would say—I think over time the industry has managed to overcome the initial rush of panic buying from shoppers that saw an absolutely massive leap in demand and adjust gradually to a new normal. I guess all of us, to varying degrees, in the three organisations that have witnesses here today are obviously reflecting back on what happened, what was controllable and what wasn't, but also trying to deal with the ongoing situations that different parts of the industry face in the here and now.

Q5 **Chair:** Minette, as far as the farmers are concerned, it has become clear that our home produced food is so important at a moment like this. What is your take on the reaction? Would you do anything differently in hindsight?

Minette Batters: I think there will definitely be—and I think we would all want there to be—legacy from Covid and we will all learn lessons.

I don't think anything prepared any of us for the change. We saw £1.5 billion worth of transactions transferred from out of home into retail in less than a month. That was unprecedented. We all live very differently buying out of retail to what we do when we buy from out of home. At home, as an example, we tend to have a Nescafé with a splash of skimmed milk. Gone are the cappuccinos and the lattes. It is a different way of life. This obviously has never happened before and I don't think anything prepared us for the global scale at which this moved, or the pace. The world will learn lessons, and we will most definitely learn lessons, but you could never prepare for the demand that was then put on retail. It is a different way of life, massively exacerbated by the conditions that we are all working in.

We have all reacted, and we have worked with Government to come up with solutions as quickly as possible. We will always look back and think things could have been done more quickly, but what happened to those supply chains was unprecedented.



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Q6 Chair: Have British farmers seen the benefits of increased consumer spending in supermarkets? We will talk a little bit more about the disbenefits in the farming sector in a minute. There has been an increase in consumer spending in the supermarkets. Has that reflected back into the farmers' prices, or what?

Minette Batters: It has not reflected back into farmer prices. In many cases, you have seen more cost incurred for packing and growers are reporting that they have seen increased costs of PPE and everything else involved, but certainly you have seen sales spiking. Flour, eggs, and so on have all seen huge demand. Comparing what we buy out of retail to what we buy out of home, we have tended to buy a lot of mince so there have been massive challenges with carcass balance and, indeed, many of the chillers are absolutely full of prime cuts and steaks. It is very much a question of working with retailers to drive these promotions and I think, on the whole, we are starting to see signs of that working. It is just a case of a different way of life when we buy out of retail and, of course, we are having fewer transactions and we are shopping less often so we want goods to last longer.

Wherever we can—with the biological processes of what we produce, we are dealing with perishability all the time—it is vital that we keep these living, breathing supply chains functioning so when the new normal arrives these supply chains can go back to the level of normality that will be required.

Chair: I put the NFU sticker "Buy British Food" in the back of the car when I drove up to London today, so I hope a few people saw it on the way. British food production and farming have never been more important than they are at the moment.

I will move to question 2 now. We are fortunate to have Robert Goodwill with us—he is guesting from the Northern Ireland Affairs Committee—and he will come in after Derek Thomas on question 2 to talk about the situation particularly in Northern Ireland.

Q7 Derek Thomas: Thank you, witnesses. Minette, if I can start with you, you have touched on this briefly, but overnight we saw pubs, restaurants, hotels, cafes closed. We are interested to know which sectors within food and farming were most affected by this closure of food services and hospitality businesses, really with no warning whatsoever.

Minette Batters: There is no sector that has not been impacted. It is not just about food, of course, because you have seen the complete collapse of the ornamentals market where potentially two-thirds of those businesses are looking at insolvency unless the garden centres open. We have seen a collapse of the market in part of dairy. That is a complex picture. You have got specialist cheese producers, and you have got processors supplying convenience stores and supplying, in many cases, hospitals and other outlets. It is a very mixed picture, but the evidence that ourselves, AHDB and Dairy UK have been looking at and, indeed,



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working from, shows that a third of farmers are impacted and about 1,000 of those really seriously impacted.

We have also seen challenges in potatoes. All our fish and chip shops shut overnight, so those who process potatoes that would normally go into that market have been massively challenged. Malt and barley contracts are not worth the paper that they are written on, and a lot of that malt and barley is looking at potentially going for feed. There are big problems with carcass balance in the beef sector, and the cull cow market has collapsed. There is a huge challenge across every sector.

Of course, there is the lockdown in other countries. We saw the lamb market very close to collapse when we lost access into the French market. That is now starting to recover but, of course, for cuts such as lamb shanks that would be eaten a lot in out-of-home eating, there is just no demand. So you do have areas, and three areas in particular, where you have seen the collapse of those markets but you have seen massive impact across every sector—poultry, of course, 2 million birds lost from the out-of-home market and creating a bottleneck into retail. It is a complex picture and throughout, the one connected theme is perishability. In the case of ornamentals, it is seasonality as well.

Q8 Derek Thomas: Tom, Minette has covered horticulture briefly. In agriculture, where have we seen the real challenge in terms of the loss of food service and hospitality?

Tom Hind: In a couple of sectors. There is an important bit of perspective here in global terms. The retail market is just over £100 billion a year. The food service market in total is a little bit more than that and eating out of home is about 80% of it. If you lose that market, it is a significant amount of value, in and around £100 million-worth, that is taken out of play by and large. Some of that, of course, as Minette and Jack have indicated, has been overtaken by an increase in demand through the retail channels.

When we look at the industries that we work in, something like 30%-plus of beef is sold through the food service channel, whether that is through catering, pubs and hospitality, restaurants and so on. When we look across the piece, I guess the sectors where we focused our attention as an organisation—in no particular order of importance but where we have seen the most significant impact—have been around horticulture, which I am sure we will come on to cover in time; in the beef sector, where we have seen quite significant loss of value that has started to feed back through to farm level because of a change in the product mix that people are buying through retail; and also in the dairy sector. We are keeping a watching brief on the potato sector. As Minette indicated, a large number of fish and chip shops shut down. Some have reopened, but there is a much lower volume of trade than previously. We are also looking to some of the medium to long-term impacts that we might see in, say, the lamb sector as production starts to ramp up in line with British season.



Q9 **Derek Thomas:** We are six weeks into the lockdown now. Obviously, we are hearing there is still demand for retail, supermarkets and so on. What have the challenges been to move the food that would have gone to food service and hospitality into retail? Is that effectively resolved? Has that worked? What challenges are we facing?

Tom Hind: The biggest challenge lies in those businesses in the middle of the supply chain that are ultimately buying product from farmers and selling it to another customer. The retailers will obviously work with a range of different suppliers, but will tend to have preferential supply agreements with a relatively small number of suppliers across the different other-label commodities in which they deal—meat, fish, or dairy, for example. They will tend to be the bigger players. Disproportionately, the impact has been felt by businesses that are generally a bit smaller to medium-sized and that probably, in retail speak, over-index on supplying into the food service market. They found it difficult to move supply, because they do not quite have the same level of relationship with the major retailers.

Some have found a way through, either because they had an existing relationship or they have been able to re-route via the spot market or through other routes. But essentially, it is those businesses in the middle—those processors that are heavily dependent on food service, and eating out of home business—that do not necessarily have the same level of market contact and market dealing with other retail sectors. It is tough for those businesses.

Q10 **Derek Thomas:** Minette, do you want to add to that before I hand back to the Chair?

Minette Batters: I think it is a very complex picture, and I think what we have to be mindful of now is that we are only just starting this journey. It is not all going to be sorted—lockdown is obviously going to be a very phased approach, and who knows what that looks like. The new normal is potentially going to be quite long lasting, so we will have to keep working at how we keep these living supply chains focused so that we don't lose sight of British sourcing as we come back to that. I think the point that the Chairman made around British and buying British wherever we can look to maximise the opportunities that we have—we must take them, because obviously the public purse has never been under more pressure. There are things that can be done around British sourcing, and we really need to work in partnership with Government to make sure those solutions are put forward.

Chair: I will bring Robert Goodwill in now, particularly on Northern Ireland. Robert, welcome to the Committee.

Q11 **Mr Robert Goodwill:** Thank you. We had Wesley Aston from the Ulster Farmers' Union before our Committee last week. As we know, the Northern Irish agricultural economy is very dependent on beef production. Of course, its near neighbour in the Republic is even more



dependent, with 85% of Irish beef being exported and 50% of its beef coming to the UK. Minette has talked about the carcass balance and the demand for mince, but of course one of the big consumers of mince is McDonald's—one in five McDonald's burgers sold in Europe comes from Ireland—and McDonald's buys 40,000 tonnes of Irish beef.

My question to Minette would be: do we see this as being a major disruptive factor in the beef market in the UK? Is there any evidence that people are holding cattle back—there is a lot of grass at this time of year—if the market is depressed? What do we forecast will be the situation in the beef market, particularly with Ireland having a lot of beef to find a home for?

Minette Batters: You are absolutely right that McDonald's coming back online doesn't help us balance the carcass any better, because the demand will be for mince. Don't forget that McDonald's also has a big British sourcing policy as well, so that is 100% potatoes and nearly 100% apples, 100% lettuce when in season and a big requirement for British beef. What we have to focus on, though, is what I said earlier about maximising the use of the carcass, and really making sure that the retailers are promoting the steaks and the cuts. They have been great value for customers at the moment and, of course, they freeze, so that is a really good opportunity.

I have talked about an Irish tsunami that is headed our way. It is not just the situation with beef. If you look at other parts of Europe as well, there are a lot of raw ingredients that do not have a home at the moment. We have to be very focused with a market the size of ours, which is one of the largest markets in Europe, that we are using our own raw ingredients first so we are maximising our own carcasses. If we allow imports to flood in, we will just hold our beef industry back. With PPE and the challenges of social distancing, we are already holding levels of the supply chain back, and of course the moment you get cattle going out of spec you lose value at the farm gate. We have to be able to keep up the throughput; that is really, really important.

As things come back to normality—I have spoken to McDonald's, and it will not be starting with the breakfasts; it will be going for a lunchtime menu—we all have to work collaboratively on making best use of these British raw ingredients in order to, I would say, self-medicate or self-help our own economy. There are lots of ways of doing that if we work collaboratively as chains come back online—indeed, you will see some restaurants and others coming back online, even as takeaways—so that we make sure that those British ingredients have been used and fully utilised. I want to make sure that two years down the line, when I hope 100% normality is here—and hopefully it is sooner than that—we can have more British food on more British plates, our supply chains are still fit for purpose and we have not lost businesses on that journey. That has to be the priority.

Q12 **Mr Robert Goodwill:** Do you think that the British Government could



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take a lead in having more procurement in schools, prisons and other places? Have we made progress on that, or do we need to do more?

Minette Batters: We made a lot of progress under Owen Paterson's time. With the London Olympics, we were 100%, and indeed he had the ambition to roll out, wherever possible, 100% British procurement. I think it is a very good point, and I will be writing on this issue to the Prime Minister to talk about 100% British sourcing. Red Tractor will now have an organic module, so we will be able to deliver in full across the whole of the balance scorecard.

Q13 **Chair:** Tom Hind, there is a lot of worry in this country, because most of the beef processors are owned by Irish companies, that we are going to see too much Irish beef coming into our market. Is there anything the AHDB can do about that, or is it a concern that we shouldn't be as concerned about?

Tom Hind: The Irish industry has always seen the UK as part of its wider market, and I think it will always look to compete on that market, if for no other reason than proximity. I would agree with Minette that when we look at the impact that the Irish industry has suffered in terms of some loss of demand across its key markets in Europe, combined with a number of issues that have been reported in terms of Irish abattoirs, there is a risk as we move through the year that we may see greater volumes being available from the Republic of Ireland into the UK market.

From our point of view, we are absolutely focused on doing what we can to raise value in the beef market in particular. You may all be aware, but working collaboratively with our counterparts in Wales and Scotland we are investing in the region of £1.2 million in promotion, in England primarily focused around steak cuts, to ensure that we do what we can to amplify and lift some of the value for some parts of the carcass that would have previously gone through the food service market and attracted a higher value.

There are some signs that retail demand for steak, for example, has been trending upwards. As Minette indicated earlier, the more retailers can do to support those efforts by bolstering demand through instore activity and retail price investment, so much the better.

Chair: I will declare my seven Red Devons. I do not think I have quite flooded the market yet with beef, but I do have some beef cattle, so I declare that interest.

Q14 **Dave Doogan:** I will try to keep this brief. I seek to expand a little bit on the issue of carcass balance that was set out by both Minette and Tom. In terms of the more expensive cuts that are going to cold storage, we clearly have a finite capacity domestically. Minette, I think you touched on really getting to grips with backing the British product. In the context of more expensive cuts that would have been in restaurants and now are not, what would Government intervention and support in getting the retail capacity to get more expensive cuts of beef out the supermarket



doors and into homes look like?

Minette Batters: Government have worked collaboratively with us in engaging with the retailers and asking them to drive those promotions. You saw most recently that Waitrose had their largest steak promotion ever. You saw Morrisons introduce their steak and seafood bars. You have seen M&S just kick off a brilliant campaign. There have been a lot of promotions going on right across retail and those need to keep going. In the challenging times of what might be deemed protectionism in some areas—Tim Lang made this point the other day—we have to take a different look at food. It is really just about loving British food and doing all we can to make sure that we are fully utilising it here. There will be a danger, and this will be a continuing danger, that as we come back to normality—we do not want to see other product dumped on this marketplace. I think that is a very live challenge. Government getting behind the Buy British message, and loving British food, is incredibly important.

The point has been made about procurement, but particularly with out-of-home eating. Retail is very transparent, so you know exactly what you are buying. Out-of-home eating has always been a clouded area, but we know there are some people doing some great things with very resilient supply chains. It is worth also noting that farming was one industry that could not walk away from its supply chain. You have a living, breathing supply chain, and you had to keep farming. That has been the issue here, and that remains the issue. You could not step back and mothball your business or furlough your workers; you had to keep farming. We have to keep farming; we can't stop that.

That, I believe, is what makes it very different and why we have to look at long-term solutions. Government backing British is essential to recovery.

Chair: Minette and Dave, on that, without second-guessing what the Committee will decide in the future, I would say that we will probably be looking at public procurement of British food at some stage. The point that Robert Goodwill was making is a very good one.

I will bring Julian in. Jack, would you like to answer Julian, and then I will bring in other witnesses? I am conscious you have not said anything for a little while. Julian, over to you.

Q15 **Julian Sturdy:** This question can go to the whole panel. Thank you for attending today.

We heard in answer to Robert Goodwill that we are seeing more food outlets starting to come back—very slowly and in a limited way, but they are starting to come back. My question is: do you think Government should be putting more emphasis on getting, and could do more to actually get, some of these food outlets to open up sooner and quicker? I am talking about outlets that currently are allowed to operate in the current lockdown, but that are not. You could argue that some of these



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companies are accessing Government funds to stay closed when they could be operating, and that might be taking money away from businesses in the long term that will not be able to open up for a number of months. Do you think Government should be doing more and potentially changing some of the financial packages that are on offer to make them more tailored to push businesses to open up where they can, and to support businesses going forward where they cannot?

Chair: I will bring Jack in first, and then perhaps Minette and Tom.

Jack Ward: I think as a matter of general principle the sooner we can get back to the new normal or move forward to the new normal the better. From a fresh produce point of view, the one at the top of the list is undoubtedly processing potatoes. The sooner we can open up the chip market, dare I say it, the better for everybody. It is also just worth making the point that I believe—and I have heard this from several sources—that the Dutch and the Belgian Governments agreed to support packages for their potato growers for this season. While we are cutting production of potatoes in the UK, production in Holland and Belgium, where there is a lot of processing capacity, is going ahead full steam. What we are looking at is a mountain of cheap product, which is going to impact the market for the 2020 harvest. That point is just worth bearing in mind.

What has been interesting is that the box schemes have moved up a gear and are beginning to take quite substantial amounts of product, which has been useful. Generally, from the fresh produce point of view, demand has been very, very strong. A lot of people are reporting that sales are up 25% or 30%, and there has been a lot of reorganising of food that was destined for the food service industry into mainstream retail, which has helped the situation. From a fresh produce point of view, sales have been pretty good and demand has been pretty good.

The other point worth making is that you can only sell it once. If we take something like apples, when the 2019 apple crop is gone, it is gone, and then we move into imports. The people that benefit there will be the likes of South Africa and Chile. We have a finite amount of product that we can sell. There is only one harvest each year. If we are selling it at 30% faster than we normally do, we get to the end of that supply sooner and have to move into imports.

Tom Hind: To offer a different perspective, there are two points that I would make. The first is that any business will look to the health and safety of its people, including the person who runs the business and its employees, first. Therefore, there will need to be confidence-building measures right the way around the economy to encourage businesses that might be able to open to do that. Clearly, they will want to ensure that they have the workforce there and the workforce is being protected and looked after. Making sure there is really good and clear guidance on what to do in the workplace will be absolutely vital. We have been working, as has Jack's organisation, for example, with DEFRA, and to an



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extent in Scotland with the Scottish Government as well, on guidance around PPE and how to work in the workplace.

The second point is that what will matter in all of this is the confidence of consumers. The indications from a survey last week by Ipsos MORI, for example, were not encouraging in terms of the number of consumers who would be looking to eat out of home again. There is a part of all of us, whether you are policymakers or whether you are working in a delivery organisation like ours, trying to think what the new normal might be post-coronavirus and post-lockdown, because I strongly suspect it will not be a return to business as usual.

Q16 **Chair:** Minette, is there anything you would like to add?

Minette Batters: Very briefly, Chair. What Tom says about confidence of consumers is absolutely right and to a certain extent is uncharted territory. We have no idea as to how consumers will react. Potentially, a lot of people will not feel comfortable even shopping out of retail for a long time to come. We feel very strongly about pushing ahead on transparency around the barcoding, and allowing people to be able to buy British online; now is definitely the time to progress that and deliver on it. We have talked about it for a long time, but it is within the art of the possible and we ought to do it to give consumers that option.

To the point of social distancing and what can open and what cannot, there is a lot of evidence right across member states that garden centres can implement social distancing. We feel strongly, with the life of the ornamental sector literally hanging in the balance—gardens do not tend to get planted—

Chair: Sorry to interrupt you, Minette, but we do have a question at the end on ornamentals, so we will come back to that. Can we park it there? I want to move on to Neil Hudson up in the Borders to talk about the dairy side.

Q17 **Dr Neil Hudson:** I want to move back into the dairy sector, which has already been touched on in some of the earlier answers. It is high profile and has been acutely hit in this crisis. I know this is a rapidly evolving situation in terms of how things are being responded to. My question is directed to Minette and Tom. What are your thoughts and views on the current state of play with regard to the dairy sector crisis? Where are we at, do you feel, just now?

Minette Batters: I am hoping and praying that we will get the announcement of a hardship payment for those most-impacted dairy farmers this week. There are many farmers now in absolute crisis. We have a lot of them on a relatively stabilised price of 15 pence per litre. That is about 10 pence and more below the cost of production and is not a sustainable place to be. I spoke to a farmer in Gloucestershire last week who has had his March milk cheque of £60,000 deferred until 15 May, with no sign of when the April milk cheque will be paid. He has reduced his herd by 25%. This is a critical area for some farmers. They



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are hanging on by the skin of their teeth. Much as I think the Government have acted swiftly and bravely and they have helped massive sections of the economy, the big challenge with our sector is the perishability and the fact that you have to keep on feeding those cows, looking after those cows, the vet med and everything else. The infrastructure costs stay the same. Nobody wants to lose the critical infrastructure of dairy.

The key point in this is that six weeks ago, before lockdown, all of this milk had a home—all of it was being fully utilised—and now here we are with a third of dairy farmers in a very, very vulnerable place. What we do not want to see is the chance of downsizing the dairy sector and when normality starts to appear back again, we end up having to import raw milk. We have to be looking at added-value opportunities for dairy in the short term, because there is short, medium and long-term action needed. In the short term we have to focus on getting those most in hardship through this period, which is about access to a cash grant.

Tom Hind: I mentioned earlier that the dairy sector was one of our key priorities. That has been on a number of different fronts. It has been about trying to gather the evidence, it has been looking at what we can do to try to stimulate some incremental demand in the marketplace and also trying to provide practical support to dairy farmers on managing production responsibly.

If we come back to the big picture, compared to the situation two or three weeks ago, there are at least some encouraging signs. Nonetheless, we cannot get away from the fact that there is something like 2 million litres worth of milk a day that would have been going into the food service market but is not doing that. Therefore, in spite of the increase of retail demand, you have seen an overall loss of demand that would have otherwise been there. Ultimately that comes back in terms of the returns that are available to the supply chain, combined with some general softening in commodity markets.

Our estimates indicate that something in the region of £7.4 million was lost out of dairy farmers' pockets collectively in April, on the basis of milk-price cuts alone. When we look into May, that increases to something in the region of £13 million to £14 million for the month. They are not insignificant sums. As Minette indicated, they are disproportionately being borne by a sizeable minority of dairy farmers who have been affected by either severe milk-price cuts or by restrictions and limitations on volume.

The other big issue you have at this moment in time is the fact that production normally would be increasing quite significantly. There were some real risks that that would be out of line with the capacity that the industry has to process it. Our indications are that if we look to the course of the next couple of weeks, the measures that have been taken by the industry are probably doing just enough to keep a lid on



production collectively. We have seen a bit of recovery in the spot market as well, which indicates that things might be improving a little bit, but that is not to take away from the significant impact and hardship that a large number of dairy farmers are facing.

Q18 Dr Neil Hudson: Thank you very much. That leads me on to what I wanted to ask next about what has been done by Government. Minette, you touched on the need—many folk, ourselves included, have been encouraging the Government to consider this—for a hardship fund for the dairy sector.

I want to look now at what has been done, and the announcement a couple of weeks back about easing competition law, and whether you have seen that that has the effect of easing down production. I know that they are looking at a storage aid scheme as well. Yes, you want more, but what do you see as the impact of the Government actions so far? Have they helped to stabilise the market?

Chair: Can I bring Tom in here? What is the position now with Dairy UK, and what is the position with the companies being able to co-operate more with each other? Is that helping to stabilise the market?

Tom Hind: We have been working very closely with Dairy UK on a number of processes for the last three weeks. Remember, our role by and large is to provide the evidence and do what we can to help support the industry. We do not control the levers of production as a processor does.

The main benefit that we have been able to see from the easements in competition law has been from the sharing of data. That has enabled us to get a much better picture of the issues in terms of supply and demand from a processor point of view. We had a reasonably good understanding ourselves as an organisation. We have a very strong market intelligence team in dairy, but it has helped us working with Dairy UK to understand what the impacts are on the ground at an individual processor level.

It is difficult to say that processors have necessarily collaborated on reducing production. They certainly have collaborated on the spot market and milk swaps and milk exchanges, but where those processors individually have put in place steps to encourage producers to reduce production, either through a voluntary arrangement like Muller Dairy's or through what they call A&B quotas where they flex the amount of milk that is priced at a different level, they are starting to have an impact. Milk production is generally trending at around about a 500,000-litre increase, which is significantly less than the profile that we would normally see, so our indications are that those measures taken individually by processors and unilaterally by farmers are starting to bear fruit, but they are obviously borne by a segment of producers. There are some farmers out there that are carrying on producing pretty much as they would have been doing.

Dr Neil Hudson: Thank you. Minette, do you have thoughts on that?



Minette Batters: The point that Tom makes about the sharing of data has been absolutely key to this. I do think that Government were slow off the mark. DEFRA would be the first to say that it wished it had got the approval in place sooner so that we could have had those conversations earlier. That would have certainly helped.

The big watch point now is that the Commission has been very slow to act in all of this. If you look now at the routes to market around private storage aid, we have to be mindful that there will have been a lot of milk bought very cheaply and turned into processed cheese that will all be waiting to come back on the market. Everything that is going into private storage aid across Europe will also be stored up as well to come back on to the marketplace.

It is very important to keep saying that this is about short-term action. The Government have done that with the approval of the competition law and the sharing of the data. If we can get this aid package in place, we must be able to have the medium and the longer-term conversations to manage what will be an ongoing situation if we are to retain the dairy industry as we know it.

Q19 **Dr Neil Hudson:** To follow up, finally, Minette mentioned this, and it is important to stress that we need the dairy sector and all the farming sectors to be there on the other side to start up again, so we do not want significant structural change now. It is always sad to hear reports of farmers radically restructuring and losing cattle, and that side of things. There have been some examples, have there not, of farmers who have been able to ease production without having to dry off their cows, so we can maybe have potentially less structural impact?

Minette Batters: The industry has done a great job at coming together. We had between 5% and 7% of overproduction that we are managing, but it is a very fine line to walk at the moment and it is very fragile. The spot market could easily collapse, as it did a few weeks ago. We have to be mindful of all these events that will drive change. Do not forget we are in May now. I want to go into the autumn with a resilient dairy sector, not one that is in crisis, as some parts are now.

Chair: I can assure both Minette and Tom that we are all working hard with the Secretary of State to get a fund that will get to those farmers who most need it. There are a number of farmers who are still on good contracts with good prices, but there are a lot of farmers out there really suffering and who are not getting their milk cheques. That is where we need to target our support. Like you, Minette and Tom, we are expecting something from the Secretary of State this week and we will be pressing hard for that.

Q20 **Mr Toby Perkins:** I want to ask Tom and Minette about the subject of migrant labour. We were all very conscious of all the publicity about the initial shortage, and subsequently the talk about how many had applied and how many did not end up being employed. First, Tom, what is the



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current situation in terms of labour shortages, and what are the prospects over the next couple of months in terms of the amount of labour needed in the horticultural world?

Tom Hind: I will start first, but I suspect Jack will probably want to come in on this, given the membership base of British growers. The industry is still nervous and anxious about the situation for the forthcoming season. Looking at the picture on the ground now, the impression that I get is that the labour providers who are among the key providers of seasonal labour to the sector, as well as those growers and businesses that recruit directly, are just about managing. They are just about getting through in terms of the availability and supply of labour, either because workers were here in the country already or because they have successfully, at a local level, been able to recruit from among the workforce in a local population.

Q21 **Chair:** Tom, sorry, to interrupt you, but this particular question is about domestic workers. We will go on to talk about importing seasonal workers. There was a lot of talk about getting many more domestic workers from the country to do this work. How is that going?

Tom Hind: Nobody has a national picture of this, I am afraid, Chair, but as I indicated earlier, some businesses have been successful at a local level and have been able to recruit. The impression that you get from talking to growers is that it is not easy. The labour providers would also indicate that while they have had a massive amount of interest, the conversion of that interest into workers on the ground is not absolutely perfect.

The one thing I can assure you is that the industry, between ourselves, British Growers, NFU and working collaboratively with Government, came together very early to work out what we could do. The result of that was the launch of the Pick for Britain campaign that launched two or three weeks ago. That is building steam. We manage the website on behalf of the industry and Government, and it is getting quite a lot of interest from the general public and quite a lot of interest from others as well. Therefore, the industry is doing what it can to try to support itself in terms of labour. We are making a lot of training and support available to growers who will need to induct new workers into their businesses, but it will not be easy. It requires some new reflexes from growers themselves, and of course you need to ensure that you have an available pool of workers who are relatively close to you who want to come and do the work.

Jack Ward: Let me put a more positive spin. The response has been very good from the UK, and a lot of growers had a lot of approaches from people who were local to them. There have been lots of success stories. I was talking to a grower this morning who had 2,000 applications, and they offered jobs to 500 UK workers. They went through the applications very carefully to try to pick people who they thought would best suit the kind of seasonal jobs that were available rather than just take everybody,



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because it is quite physically demanding and they wanted to try to get people who would last the course. They have been very impressed by the commitment, particularly of student workers. On the productivity levels, there were some issues about quality but they are confident that they will get there. Yes, there has been a good response, and throughout this season there will be some significant opportunities for UK labour.

Q22 Mr Toby Perkins: On the broader question about the dependence on migrant labour, is it your sense that in terms of attracting UK-based labour the issue has been not that people are too lazy to do it, but that the amount that gets paid in comparison to the demands on your lifestyle and how hard the work is means that it is not competitive for many UK workers in comparison to the other things out there? Would that be a simplistic but basic analysis for why most of these jobs have tended to be filled by migrant labour in recent years? That was to Minette, the NFU.

Minette Batters: No, I do not think it is. I have heard from a lot of young people who are saying, "We want to know where these jobs are, and we can earn far more money picking than we can in our previous jobs of working in bars and hotels". It has been very well paid if you look at the exchange rate. It has had to be in order to get people to come here. Indeed, we have been one of the most desired countries to come and work in for seasonal workers.

I agree with Jack that there have been a lot of positive comments. There has been a huge amount of engagement. The Pick for Britain website had 40,000 hits in its first week alone, which shows what huge interest there is out there. We need to learn from this. We will need to go back to the global pilot scheme, which obviously has had to be put on hold, but now we are asking people to act in the national interest and to pick for Britain.

We are approaching the peak time. This is a nervous time for growers as we come into May and June, because that is the peak period. This is where all of us need to get behind it. Waitrose has come out as a retailer to back Pick for Britain and work with the industry. This is about all of us championing the sector and encouraging people to take on those jobs in this extraordinary time.

Q23 Mr Toby Perkins: We heard about the fact there were 50,000 applications in the first instance, and there was a rather dismissive media story about how 50,000 applied but only 100 turned up. I know that that was a gross distortion of what happened. Is the message now that we need new applicants, and that we need people who will be available for the next few months, not just for the next few days? What is the message to people watching this, who might be interested in offering their labour, about what they can expect and what we need from them?

Minette Batters: I would encourage them to go on the Pick for Britain website, to keep a very close eye on it. The Secretary of State, George Eustice, when he did the No. 10 press conference, encouraged people to look at those jobs that are out there. He mentioned that June is going to



be the challenge. In order to be fair to people, we have to give them notice that we are coming into a very busy period. It is no good getting to June and saying, "Now we have this massive challenge in picking the harvest". We have to allow people to have notice and time to prepare, because a lot of these jobs are in very rural locations. We are coming into that busy time and we all need to get behind and act in the national interest.

Q24 Mr Toby Perkins: Where, in general terms, would people be? Are you expecting people to travel to work? Are they going to be accommodated on site? What is the expectation that people would take on here?

Minette Batters: All the details are within that site. It is not just a question of turning up and being allowed to get on with it. There is obviously quite a lot of training involved, both health and safety training and food safety training. People need to feel reassured that that training will be there and they will be working with fantastic growing businesses. They have been the pioneers and the growers in this country. It is outside, with social distancing.

Q25 Mr Toby Perkins: In terms of this impression that is being given that loads of people apply but no one wanted the jobs, is that misleading? Is that untrue?

Minette Batters: That sort of attitude does not help anybody, I do not think. There has been a bit of that from the media, but it is unhelpful.

Mr Toby Perkins: But it is not true?

Minette Batters: The point that Jack makes says it all. You have growers out there who have been very, very pleased with the number of applicants they have had. Yes, they have had to go through them and prioritise, because it is hard work, but they have been very pleased with the applicants. I am ambitious and optimistic. Telling people that they are not going to do a good job is not a good way to establish a workforce. Let's look at what is working. There are some great examples of people coming forward to pick.

Chair: Thank you, Minette; that is very positive. I will bring Sheryll in because this is very much on the same subject.

Q26 Mrs Sheryll Murray: I would like to turn my attention to the seasonal workers. Could I ask Minette first and then move on to the other witnesses? Does the Government share your concerns about seasonal labour, and are they providing enough support? I am talking about seasonal workers and especially referring to the pilot schemes.

Minette Batters: There were enormous concerns with immigration policy and what it was going to hold—indeed, terrifying concerns from growers with many of them thinking that they were going to get out of business or move their business abroad. I would like to think that we are approaching a new chapter in our lives, with a new immigration policy.



That is my hope and I am sure your hope from where you are based in Cornwall.

We have always felt that seasonal workers are not an immigration issue. We know who comes here, we know how long they are here for and we know they go home again. Indeed, we have been exemplars in running the Seasonal Agricultural Workers Scheme in the past. The pilot is very important. We look forward to working with Government in making a success of it. Yes, I am hoping we will see a new immigration policy.

Mrs Sheryll Murray: Do the others have anything to add to that?

Jack Ward: Can I add to that to give you a bit of background here? Across the season, we will be looking for the equivalent of 70,000 seasonal workers. Historically, probably at least 90% of those have come from overseas. Why have we got to that position? Certainly in recent years because levels of employment have been so high. If you look at the areas where fresh produce is grown, either it is in areas where there are not very many inhabitants—Lincolnshire is a good case in point, as it is the fourth most sparsely populated in the country—or you go down to the south-east where, never mind growers, everybody's topic of conversation is the inability to employ enough staff to do the jobs that there. Therefore, we have a reliance on seasonal labour.

We are not the only country that does this. Most first-world economies rely on bringing in labour to do some of these jobs. If we stay with the immigration policy as stated, we have 10,000. Where will the other 60,000 come from? The logical conclusion is that we start to export our production of seasonal produce, and we are back to where we started on how resilient the supply chain is. We are going down the route of saying, "We do not want to do this in the UK. Let's offshore it to another country where the costs are cheaper or it is easier or people have a different attitude." It is massively serious in terms of creating a resilient fresh produce sector for the future.

Q27 **Mrs Sheryll Murray:** Tom, did you have anything to add to that?

Can I move on specifically to the Government's seasonal workers pilot? When the Government evaluate this pilot, what lessons should they learn from this crisis? Do you think there could be improvements in any future seasonal workers scheme as a result of the measures we are taking now? I know you have already mentioned Pick for Britain, Minette. Do you think that may encourage more home-grown people to apply for these jobs in the future?

Minette Batters: I very much hope it will. Jack makes the key point, though, that this work is in isolated areas. If you look at Herefordshire as another great example, you were looking at a scenario of 600 unemployed and 2,500 seasonal workers needed in that county alone. It is all about looking at what we need. We absolutely should be leading a horticultural revolution. The fact that we only produce 7% of our fruit in this country is shameful. We have some of the best growers in the world



and we should be growing more here. We only grow 53% of our vegetables. It is in the interests of this nation's health that we grow more here. Obviously, we are massively investing in automation but the human hand is still a vital attribute and will be to build a bridge to that automated world, so let's concentrate on what the nation needs, which is more fruit and vegetables, and have an immigration policy that matches it.

Q28 Mrs Sheryll Murray: Clearly, when these seasonal workers come from abroad, they have to have accommodation, and a lot of farmers do provide accommodation. Is there any reason why you could not say to students, "You can come to these areas like Herefordshire and Cornwall and you do get accommodation provided"? Our student populations and other groups could take up some of that slack rather than people coming and travelling here from abroad.

Minette Batters: I have never in my position had more people coming to me saying that their son or daughter was due to go on a gap year and they are not going to be doing that now, so what jobs are there within farming and growing in this country. I have never had that happen before and I have had an unprecedented amount of demand with people saying that. It is early days but if we can reconnect people with their food and with those jobs, that is what we should be aiming for in success.

Mrs Sheryll Murray: Thank you very much. Do you have anything further to add to that, Jack or Tom?

Jack Ward: Can I make a couple of points on the pilot scheme? The pilot scheme is effectively on hold because the visa offices that issue the all-important visas to the people who are coming from outside the EU, which is the whole point of the pilot scheme, are closed and we cannot access the people who would have come under the scheme. There is a real possibility that we are going to run for a year without an effective evaluation because the scheme has not really been up and running. We need to factor that into our thinking when we are evaluating the scheme, which we cannot run at the moment, because we have to make some fairly serious decisions for 2021. We need to think about making those decisions quite soon.

Tom Hind: The other point that I would add, and it is not in relation to the seasonal workers pilot, is that there needs to be recognition that at some point, as a consequence of economic growth in Romania and Bulgaria, which have been the two key sources of overseas labour, that will gradually start to dry up, as a result of growth in those countries and elsewhere in Europe. Therefore, it is imperative on the part of the industry and Government to look at trying to lead that horticultural revolution, as Minette says, but partly through valuable and rewarding work for workers here in the UK as well. It is something the industry is very, very mindful of and exercised by, demonstrating that these are valuable jobs and highly skilled jobs, and as the industry meets that revolution, they become even more skilled.



Q29 Dave Doogan: We have touched on the challenges of domestic labour in the context of rurality, we have touched on it in the context of the physical nature of the work and we have touched on it in terms of the seasonal nature of the work, all of which are impediments to building a career as a picker. What do people think, and what do the witnesses think, in terms of the challenge? It used to be piecework. You used to get paid for what you picked and now you get an hourly rate. If I pick twice as much as the person beside me or half as much as the person beside me, we get paid the same. What is the industry saying about ways to get around that to make what is a hard job more incentivised to delivering that productivity that the producers require?

Jack Ward: Piecework is still the preferred method of paying people. The majority of jobs would be on piece rate unless there is a particular issue relating to the conditions. However, what employers have to do is to make sure that everybody earns the national living wage. There is an opportunity to earn—we have had reports of people earning £20 an hour picking produce, but you have to be very, very good, but nobody would earn less than the national living wage.

Q30 Chair: One question very quickly from me. Taking on furloughed workers at the moment could be slightly fraught with difficulty because of them going back to their employment a bit later in the day. Some people are not very keen on taking on furloughed workers. Jack, do you have any comment to that?

Jack Ward: Yes, I think that is a concern, because in terms of the fresh-produce season we are just getting going. It is going to hit top gear in about June and it will run from June almost to the end of October and then there is a bit of a rush around Christmas. What people are anxious to avoid is having to recruit now and then re-recruit in July and possibly re-recruit later in the season, because every time you recruit you see a massive dip in productivity, a significant cost in retraining everybody. Ideally, they would like to find people who can commit to the entire season. Obviously with furloughed workers, their original employer is going to have first call on their time and their input. Therefore, there is a real prospect that as the season progresses successive waves of furloughed workers will be returning to their original jobs and you would have to go through the whole process of recruiting again. Yes, that is a serious concern.

Chair: Moving on to question number 6 with Geraint, we go over to Wales now.

Q31 Geraint Davies: I want to ask about the state of the export market at the moment and its prospects for the future. I understand that lamb in particular been hit on the domestic market and on the export market as well. In the case of pork, I understand that, because the Chinese have been so successful in combatting Covid-19, they are beginning to open up their market again. What do you think are the prospects for exports and whether there is a prospect for lamb in China? Could I ask Tom to



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start and then Minette after?

Tom Hind: We are speaking on almost a daily basis to some of the key traders and processors, particularly in the meat sector but also to an extent in potatoes, where we are heavily involved in export activity. I will deal with the pig sector first and come back to lamb and try to sum up.

In the pig sector in the early days of the crisis, particularly given the lockdowns that were imposed in China, that had an impact directly in landing goods into Chinese ports but also the movement of containers or ships that were then displaced, and that had some knock-on impact. That has started to work its way through. Gradually, as China has moved away from lockdown, demand has increased and that has been quite a positive for the pig sector through the course of what otherwise may well have been very difficult circumstances.

Nobody is taking that for granted. Shipping costs have gone up so there are some additional costs the supply chain is bearing. Of course, a second wave, a further implication in another market, a dose of protectionism elsewhere or the fallout from the situation in the US as a major exporter could all have a knock-on implication for the UK as a relatively small player in the export market.

Looking at lamb, the situation in France probably happened at the least worst time, in the sense that the UK was in the shallow season when generally Europe is dealing with imports from New Zealand. Clearly if we had have seen a lockdown in France and elsewhere in Europe going into the autumn, that would have been significant because it would have coincided with a larger volume of exports moving out of the UK. The indications from the trade and from our people in France at the moment are that the trade is still going. Yes, France is still in a situation of lockdown and there are concerns about the number of restaurants and bistros that will be viable in France thereafter, but the trade is still just about moving, albeit at a lower value and with some greater degree of friction than would have otherwise been the situation. That is something that we are monitoring and our colleagues at HCC in Wales are doing the same as well and looking at what that might mean.

Clearly it is going to be important that we diversify, and your question about China is important. That is why we as an organisation have invested in building our resources and capability in China so that we can open markets, but it is also why it is really important that we work hand in glove with Government to ensure that we have technical market access. We have seen some positive moves, initially in the pig sector, latterly in beef as well, and we are hopeful that we will achieve technical market access into China in terms of the coming months.

Strategically, exports are important for the industry. Our domestic market will always be important because we are a relatively small agricultural player and we have a large domestic population. Therefore, it is an important market for us but we do have to diversify. We have to



seek new opportunities for revenue and growth and that does require some mindset change in the way that we all think about the industry in the future.

Q32 Geraint Davies: I know from going to New Zealand and talking to producers there that they have a limit to the amount they can produce, but it is very much about added value, added productivity, organic production and so on and looking at what they can sell also to China, which is a massive market. Do you see many changes to the UK market in adapting to the new world in terms of the export focus for agriculture?

Minette Batters: Yes, I do, and we have written our submission on the future of AHDB, which Tom heads up as director within that organisation. He is absolutely right—exports are critical. We have a very large home market, which you could say has made us slightly lazy as far as exports go. We have just been focused on the home market but exports are absolutely pivotal, and in the post-Brexit era more pivotal. Delivering on what needs to happen with AHDB and building it as the export platform for British agrifood will be vital. They are a very, very capable team and well equipped to deal with it. With the right support from Government I am confident that it will be very capable and equally as capable as what has happened in New Zealand, where they do not have the size of home market and so exports are the market for them, and it has had to focus on adding value, which is where I believe we should be as well.

Q33 Geraint Davies: Maybe you could make a comment about imports as well and where we are on that, both of product and key inputs for our own agricultural business. Obviously on top of the Covid crisis we are moving towards an end of a transition period and we will have new trading agreements. There is quite a lot of uncertainty. Is there any message from the industry about that or indeed whether to extend the transition period because we have had the unexpected Covid pandemic?

Minette Batters: At the moment we are focused on dealing with Covid but obviously the legislation is going to be coming back on its journey and continuing into the House of Lords. We remain very ambitious about the future but our standards must be protected. I share DEFRA's ambition, which I believe travels across quite a large majority of Government, that we should not be importing food that would be illegal to produce here.

We have lobbied hard on the amendment to go into the Agriculture Bill and work with various Back-Bench MPs on getting that in place. When it goes into the House of Lords, we will be looking at getting that amendment laid down. I do think there is huge support to make sure that farmers in this country are not undermined by imports that are produced to lower standards of animal welfare and environmental protection. We have to make sure that that is legislated on, I believe. Therefore, our ambition remains the same. It is ever more important on the back of Covid.



Q34 **Geraint Davies:** The message is that added value, higher quality, organic production is very important both for the export platform but also to screen out substandard imports, for the health and prosperity of the industry—is that right?

Minette Batters: We have to be very careful in talking about organic in the terms that you just did. Organic is market-driven and always should be. It is niche. We have to remember that only a small proportion of the population can afford to buy organic across the board. My focus is delivering on climate change and sustainability and making sure that we are focused on the best farming practice but that we are also, as farmers, able to produce food for people on all incomes. That is what is important.

Q35 **Geraint Davies:** Can I ask Jack and Tom to make brief comments about exports, imports, the balance of trade and, as Minette has mentioned, the issue of carbon as well? I do not know if you have any comment to make about ammonia and air quality and these sorts of things, but if you could focus for the moment on the balance of trade and the new world we are moving into and the end of the transition period.

Jack Ward: As far as fresh produce is concerned, we import an enormous amount of fresh produce and we import produce from about 100 different countries. Some of this is going to depend on the trade deals that are done, but one cannot help thinking that the 101st country that is eligible to supply fresh produce to the UK has to be able to do it better than the 100 countries that are already doing it.

As far as we are concerned, there is an opportunity to increase the amount of fresh produce that we produce in the UK. If you take tomatoes as a good example—and there is no reason why this figure should be so low—of the tomatoes we consume we import eight out of every 10. Therefore, there is a terrific opportunity to expand our production. But—and it is quite a bit but—one of the biggest issues facing growers in terms of deciding whether to expand is the level of returns they are currently getting for the produce they are producing. Margins in the fresh produce industry are running at 1% or 2%. A lot of growers feel that they have enough risk already, that the rewards are not there, and so will probably continue to rely on exports unless we can see a material shift in the amount of return that growers can achieve from producing fresh produce.

Tom Hind: On the final points around the environment, it is absolutely vital that the industry continues to build on the improvements that it has made over the course of the last few decades in terms of its environmental performance, whether that is diffuse water pollution or whether that is greenhouse gas or other emissions. I do not think that is going to go away, because I sense there has been almost a hard wiring in the psyche of the global population about climate change over the course of the last couple of years.

Coming to the point about trade, whether we like it or not the UK is a trading nation by virtue of being part of the European Union, and in food



we are a massive net importer. I do not think that is going to change. The key question here is whether the dynamics in terms of the competitor set that we will face will change as a consequence of bilateral trade deals. That remains a bit of an unknown quantity but it will be important that the UK industry does two things. The first is to focus on its points of difference that really matter and really resonate with consumers. That requires high-quality insight and understanding of what drives consumers across different categories and different segments.

The second is, again, whether we like it or not, that cost will always remain a significant driver of consumer buying behaviour and therefore we have to compete. The cautionary tale, coming back to the focus of this inquiry, is, looking to the future, how does the post-Covid situation play out in terms of the British economy? The indications to me are, if we look back to the experience of 2007-08 and beyond, we are likely to see a prolonged recession, or at least an economic downturn, and that will fuel and impact in terms of consumer behaviour here at home as well. We have to be absolutely in tune with that. Minette's point about making sure we are not just a niche producer but can supply everybody at every price point will be absolutely critical.

Chair: Geraint, can you ask your supplementary now, please, because I want to keep going?

Q36 **Geraint Davies:** Tom, focusing in on the ammonia point, there have been various studies now showing that there is a direct relationship between particulates and NOx and Covid deaths, and there will be an appetite now to accelerate the improvement in our air quality. In this Covid episode, I think NOx emissions are down 60% but PM2.5 only 10%, and that is put down to a certain extent to ammonia in agriculture. What do you think for the future? Is there scope and opportunity to do better in terms of air quality?

Chair: Those are hardball. Who wants that one? Minette, do you want to have a go at that one?

Minette Batters: I think you need to ask Tom.

Tom Hind: I will be the first to admit that I am not an expert in agricultural pollution or agricultural emissions. The only thing I would say is that the industry has tremendously to improve its productivity. What we mean by productivity is its ability to produce the same as what we do now but with less input. If you produce with less input, you will have fewer emissions. That is something we are absolutely focused on and it forms a key part of the NFU's net-zero commitments to 2040. We are all absolutely focused on achieving that goal and it is vital that we do.

Q37 **Chair:** Tom and Minette, because that question was not on the order paper, what we will do is ask for written evidence in answer to Geraint's question. It is slightly, dare I say it, off-piste. We will get your answers in writing. Is that okay?



Geraint Davies: Yes, unless Jack has anything to say. Does Jack have any comment?

Chair: No, I think you have milked this one enough now. We will get that in writing for you.

Before I move on to question 7, I want to say, Tom, there is an argument that we do not go to enough trade fairs, we do not get stuck into our exports, we do not use our levies from both lamb and beef and all of these things. I know it is an old chestnut but lots of other nations are out there exporting more food, getting into the markets. Surely it is going to be more competitive than ever. Are we not going to have to up our game? Is not AHDB, everybody, going to have to up their game?

Tom Hind: I will be happy, in the further written evidence, to provide you with the evidence of the number of trade fairs that, were it not for a coronavirus lockdown, we would have been exhibiting and participating in. It is a significant number, flying the flag on behalf of our industry. Of course we can and should do more, but it is important to balance off the opportunities that exist in exports with improving our performance within our domestic market as well.

In the beef and sheep sector, over 50% of the levy investment goes into market development activity, whether that is at home or whether that is overseas markets. We know it is important and that is why we continue to do it. We play a significant part in that. As Minette said, we have an expert team who know their stuff technically and in terms of the customer in our key overseas markets. We would love to be able to do more and it is an area that we can and should be exploring with other organisations and with the Government where we can do more. It is also important that we have the industry that is backing that up as well. Sometimes that requires a bit of a change in the mindset culture within the industry.

Chair: Tom, you can reply in writing to that question. I will be looking forward the details because I think Government can do more; we can all do more to get that export market moving. It is going to be a more competitive world than ever because there is going to be a lot of food around. The point is being made by everybody, Minette included.

I will move on now to question number 7.

Q38 **Robbie Moore:** My question is to do with the Agriculture Bill. Minette, if I could come to you first, I would be keen to get your thoughts on this. From what we have experienced so far from Covid-19, how would you like to see the Agriculture Bill amended to take account of lessons learned from the last few weeks?

Minette Batters: A great question. It would be failure on all our parts not to have legacy from Covid-19 of what we have learnt from it, and that should be reflected in the Agriculture Bill. The mechanism to review food security under parliamentary cycles, effectively every five years—



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without any shadow of a doubt, that should be looked at on a yearly basis.

It is very easy to focus just on food supply rather than resilience. If you think back to the early days when we had empty shelves, I know there were many in Government absolutely petrified at what they were witnessing. It goes back to the old analogy that if you cannot feed a country you do not have a country. We must remember that, because it was a very, very fragile time when people could not get the food that they wanted. That created in turn more panic buying and that took a while to settle down. Indeed, across some items it still has not fully recovered.

To be able as an island nation to review food security—and by that I mean food resilience at home, food supply at home. We tend to talk about food security in global terms. Indeed, successive Governments have always prided themselves on sourcing out of a global food larder and many people will want that to remain the same, but of what we are good at we absolutely should be prioritising being able to produce here, being able to add value to it and add value to our own GDP in the process. That is one element that I would pick out that makes it an Agriculture Bill for agricultural purposes.

I would still say at the moment it is an Agriculture Bill that is more of an environment Bill. It will set the framework for decades to come. For an island nation, if Covid has taught us anything, it has taught us that you have to be able to feed that country.

Q39 **Robbie Moore:** Following on from that, you mentioned food security and food resilience. To summarise your points there, would you say that the Agriculture Bill in its current draft format is too heavy, or that too much weight is given to the environmental policies that are contained within it, rather than to food production, food security, food resilience and maintaining supply chains?

Minette Batters: First, I want to make it very clear that this is as much about the environment as it is about food production. What we are saying is you have to have a sustainable food production to be able to deliver for the environment.

This is as much about the policy as the legislation that underpins it. For our entire time as members of the European Union we have been working on the active farmer element and what that entitles you to. That does not exist within the current Agriculture Bill. Effectively these moneys could be going anywhere. If we are going to encourage the younger generation to come in, we have to be looking at those who are farming the land, in order to make sure that we have that thriving agricultural sector. At the moment it is very grey as to who is going to be accessing these moneys. We are a farmed landscape right across the United Kingdom, so making sure that this is about working businesses, about people who are earning their living off the land, will be a natural public requirement.



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Robbie Moore: Thank you, Minette. Jack, maybe I could come to you?

Jack Ward: Yes, I reiterate some of the things that Minette has been saying, first and foremost this point about it being an Agriculture Bill and that the Government and the country see a role and a need for having a domestic food production capability. I am not entirely sure that is spelled out and what is required around that to make sure that we can maintain that and sustain that.

One other area it is worth raising is the point about supply chain fairness. There is an element further down the Bill about supply chain fairness. One of the issues we face is how do we make agriculture economically sustainable, because, as Minette has said, if we are going to deliver on the environment, we need a profitable agriculture. Probably one of the issues at the moment is that the price of food may be too cheap to deliver all the things that we want. We have touched on the issue of cutting ammonia emissions and there is a whole big environmental agenda. Yes, we can do that, but it comes at a cost. For a lot of producers, what they would like to see is the ability to recover those costs from the marketplace rather than have to come to the taxpayer to do it.

I have touched on the issue of margins. We need to look at the components of the cost of food and come to a view on what is a sensible way to share out the proceeds across the supply chain so that we have a resilient, profitable agricultural industry that can deliver all of the other things that people are looking for.

Robbie Moore: Thank you. Tom, it would be good to get your thoughts as well, if that is okay?

Tom Hind: I do not have thoughts on the Agriculture Bill. I will defer to the trade associations to talk about the components of the legislation.

On a final reflection on that point that Jack was making about the cost of food, my sense is that the industry for decades has been locked into almost a vicious circle, which is that we operate in a fiercely competitive domestic market where nobody earns massive amounts of money. The kind of sums that retailers earn may look eye-watering on paper, but when you look at it from a turnover basis it is small percentages in overall terms. When we look into the future, if we are likely to see greater proportion of sales through the retail channel—and we are also likely to see recessionary behaviour from consumers, and consumers in some parts of the country like where I come from in the north of England being even harder up than they were before—then the cost of food will be a really important and focal point for them.

I guess the warning sign in all this is that while we may all want from our own perspectives food supplies to increase, there is a broader macro-economic perspective out here. Particularly in those parts of the country that are just about managing, or may not manage in the future, and



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where food is not too cheap, we will have to strike an appropriate balance between on the one hand making sure there is sufficient profitability in the chain, and fundamentally making sure we deliver against those expectations consumers have.

Q40 Robbie Moore: Chair, if I may ask another question just slightly on from this to do with the environmental land management schemes, because looking at the cash flow of many farming businesses, they will undoubtedly be looking forward over the medium to long term on the back of the current situation. There is obviously a delay in the pilot schemes that are being progressed with ELMS and I wonder what your thoughts are on the lessons learned from the current Covid-19 situation and what we should be considering about the implementation and the timing of ELMS alongside the proposed BPS reduction?

Chair: I will pass that one to Minette, I think. Thank you, Robbie.

Minette Batters: Again a really good question because I think it is a chance to rethink the policy. We have been talking always about a three-legged stool, effectively—environmental delivery, access to all, productivity and volatility. What has happened with Covid-19 has really shown how you can suddenly arrive in a market failure situation. Of course that is one of the powers within the Bill. The challenge will be, and indeed the question has been asked to the Secretary of State, George Eustice, would what is happening now trigger that mechanism within the Bill that this is market failure with Covid-19—and he said yes, absolutely it would.

You have to have a mechanism in order to stop everybody then having a disaster and going to the Treasury and saying, “We have a disaster. What do we do now?” You have to be able to look at how you manage volatility within a new policy. I think it is an opportunity to have a new look at what the policy looks like, and it will be a failure if there is not a lasting legacy from Covid-19 because it has been a global first and we have to be prepared that the impact is never, ever the same again. I think there are many things that can be done with the industry working in partnership with Government to deliver the outcomes that we all need.

Chair: Okay, Robbie, I think we had better leave it there because of time. I think affordable British food is so important and I think the Agriculture Bill needs to reflect that more. That is why amendments we have put down will help with that and I also think we have to look at the BPS and whether we need to roll out the ELMS perhaps a year later, but that is something a little further down the road. Thank you for that.

Julian, I am going to move on to you now. Question 8, please. Where is he? He is turning on his computer.

Julian Sturdy: I think I am on, Chair. Thank you.

Chair: You are, yes. You are coming in from Yorkshire.

Q41 Julian Sturdy: Obviously the Covid-19 pandemic is having a huge



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impact across the country on health and mental health. What direct impact do you think this is having on mental health in the farming community, and how can we in Government provide support?

Chair: Who wants to come in? I think probably Minette. I think it is probably your call on that one.

Minette Batters: It is really interesting. Obviously, with many of what I would call hard to reach members who are not actively engaged on social media—and there are still quite a few of those who are reliant on maybe e-mails, maybe not e-mails, so on the whole they might read the front page of the *Farming Press* but they do not have that much interaction—they have always lived isolated lives and now they feel they live really very isolated lives. They cannot go to the Yorkshire marts where many people would go and get a meal and have a chat to friends, because obviously with social distancing they are only allowing 12 buyers in, so the fabric of rural life has been changed in an unprecedented way, as indeed it has for the whole of society.

Mental health is a huge concern to us. We are working very closely with the farming charities. The message to Government, and this is what I try to say to George Eustice as Secretary of State, is please engage. This is not about press releases or anything else. This is about empathy and showing that we are in this together and reaching out and telling farmers as much as Government can what is going on, that Government wants to work with them and absolutely understands about perishability. It is about that human interaction. It is as simple as that, and I hope we can see more of that. It has been great to see George Eustice doing the press conferences and mentioning it, Michael Gove of course, and even reference from the Prime Minister. The more members of the Cabinet can talk about rural communities and isolation and tell them that they are supportive and we are working together on all this is really appreciated by farmers.

Q42 **Julian Sturdy:** Minette, can I come back on one thing there? I think the NFU is doing a bit of a ring around to members, asking them how they are feeling about the situation and so on. I do not know whether you have any initial feedback at the moment and whether mental health is cropping up.

Minette Batters: It is always bubbling away, Julian. We have done recent surveys on farmer favourability with the public and that is growing in support, but our analysis around mental health and wellbeing is something that we are constantly in touch with. I think it is very difficult to evaluate it, if I am honest. Farmers, by their very nature, do not tend to be that open about discussing their feelings and we are trying to support communities to be in touch, saying that it is okay not to be okay, and encouraging people to make that phone call and ask how their neighbours are. Those who have lived isolated lives are now leading much more isolated lives and of course they now have all the uncertainty with what is going on. I think the duty of care falls on all of us in trying to



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encourage farmers to open up and talk to people. That is much more difficult for a lot of farmers who are not in touch with the channels that a lot of us are through modern day life, as we are doing today, with this virtual conversation which is incredibly successful. A lot of people just do not have access to that and I am very mindful of those people that we look out for them.

Chair: A very good point, Minette. Jack, would you like to come in as far as growers are concerned as well?

Jack Ward: Yes. I would not profess to be particularly knowledgeable about mental health and I am sure there are lots of individual circumstances that come into play. What I would say is that I think over the past few years there has been a growing sense across lots of parts of agriculture that what they do did not matter. If I could be very specific, it reached a really low point at the start of March when I think one of the Government advisers put out a statement suggesting that the UK could follow a Singapore model and that food production was just incidental and that we could all import it. If this crisis has done one thing, I think it has partly restored the pride that farmers and growers have in producing food. Suddenly the nation has woken up to the fact that when all is said and done food is absolutely critical and it is dependent on lots and lots of people up and down the country getting up, day in and day out, and going out there and producing food. If there is one legacy from this, it is to remind us how important that activity is.

Chair: You raise a very good point. Julian, any more questions from you?

Julian Sturdy: No, I think it was a very good point to finish on, Chair.

Chair: Yes. Jack and Minette both make the point that in this pandemic the producing of good food in this country is so essential, and I think this is what farmers then feel they are valued for, and if you feel valued then your mental state is a lot better. Of course they have lots of financial worries as well, so the whole thing is coming together in the wrong way. Hopefully the financial situation may ease and I think the British public are very much behind British food and British farming. We want to make sure as we go forward with the Agriculture Bill that that is reflected in it as well. Julian, you are happy with that?

Julian Sturdy: Yes, I am. Thank you, Chair.

Q43

Dave Doogan: I want to turn to the ornamentals within horticulture and the very challenging, devastating downturn in fortunes experienced by that sector, often overlooked as well as being a valuable source of revenue and employment. I wonder if we could find out from the witnesses, specifically Minette, what it is we are looking for Government to do in terms of financial support but also, possibly more importantly, in terms of signposting and preparing the market, because the market is very much still there—signposting and preparing the market for when they will get access to ornamental products as the lockdown eases, rather than just flicking a switch and that is it, the garden centre is open.



Minette Batters: The garden centres opening is absolutely critical. The sooner that happens the better, but of course there is no way of knowing at this time what will happen there and indeed even if they will open early. We hope they will and all the signs are that they will.

When we look at CBILS, it has been great going to the 100% guarantee by Treasury. That was an absolute essential for my sector of agriculture and horticulture. Six years, if I am honest, for ornamental growers is not really long enough. They are very much focused on cash grants, if you like, to get them through this period. We have to look at what the Dutch have done, which is £600 million-worth of direct aid. The challenge that we face now is that gardens are normally planted out by mid-June, so there are the matters of perishability and seasonality and effectively your asset base being tied to your balance sheet. Then growers are looking to propagate for next year and they need to have the signal and financial assurance that they can propagate for next year. Otherwise the real danger for this very successful unsupported sector—which, according to Horticultural Trade Association figures, is worth £1.14 billion, and including landscaping and others is worth £24.2 billion to GDP, a significant employer, and 10% of farmgate value—is that if they do not propagate for next year, we will see Dutch imports and others coming in and filling that space. We have been talking about mental health and wellbeing. A lot of people have spent a lot of time in their gardens, and growing has been like cooking, a massively growing sector within the UK. I think after Covid-19 a lot more people will want to do even more gardening and even more planting, and we must have a viable British ornamental sector to fulfil demand. It has been one of the great success stories. It is going through unprecedented times; it is hugely vulnerable because of its seasonality.

I have a meeting with the CBILS team in DEFRA tomorrow to look at what I believe is going to need to be a bespoke package if the garden centres do not open. Even if they do open, they have lost the critical markets that are around Easter, Mother's Day and the May bank holiday. We are now into the latter period of those opportunities, so the ornamental sector finds itself in a unique position and you have, as I said, seen total market collapse.

Q44 **Dave Doogan:** Can I ask for advice, Chair? Minette finished a wee second ago on the key milestones in the season that have already been lost. We are, however, still only in the beginning of May. At what stage in the calendar do we just write off the whole year? Presumably it cannot be too far from now.

Chair: I think you made the point, yes.

Minette Batters: Basically, mid-June is the cut-off date when the season finishes, if you like. This year I think that is going to stretch on into July, but the perishability has happened. A lot of these plants have been lost because we have lost the season. The plants are grown for Easter, they are grown for Mother's Day. Those plants have passed their sell by date



and have perished. There is no doubt opening the garden centres within the next couple of weeks would help, but many in the sector have lost a lot of market already.

Q45 Dave Doogan: Finally, Chair, if I could, it is helpful that Minette put a figure on it of £600 million of support for the Dutch sector, which is clearly bigger than ours, but what would a similar package of intervention in the UK sector look like in terms of value?

Minette Batters: I think it is about being able to access a cash grant like the retail and hospitality grant and an extension of the CBILS scheme, so going from six years to a longer period of time—10 or 12 years. I do not know whether that is within the art of the possible but talking to growers, that is certainly something that would allow them to propagate for next year and salvage some of this year. It is a similar situation to the collapse in the dairy market—that your asset base has gone because it has perished.

Q46 Dave Doogan: So if it is £600 million for the Netherlands, what would it be for the UK?

Minette Batters: We know through dairy that we are working through DEFRA to make the case for Treasury, so I am loath at this moment in time to put a figure on it that is unachievable, but it is clear from what the Dutch have done—and they have done it with potatoes as well—that they have put a massive cash injection in to get the sector through. If we are not going to open garden centres in the very near future, we will need to do something similar—a direct aid package for the growers—in order to save the sector.

Chair: I think, Dave, on that one it will be for us as a Committee also to make direct representations to DEFRA. They need to probably also come up with some figures as to the help that the ornamentals need, because they are in a terrible situation. I also think there are grounds for opening the garden centres, but of course opening things up is very politically difficult to do, is it not? I think that would be key as well. I think we would be more than happy from this meeting to make representations, and I am sure the Committee would be happy with that.

Dave Doogan: Yes, thank you, Chair.

Q47 Chair: Before we leave the meeting, I am conscious that we have talked about a lot of sectors today but we have not really talked much about poultry, eggs or the pig sector. I do not know if all three of you can give a little breakdown. I think probably the eggs and poultry are performing reasonably well. Where is the pig sector?

Tom Hind: The pig sector is doing okay. The discussions that we have quite regularly with the major integrators and producers indicate that, by and large, the sector is managing to work through. Yes, there has been the same impact that you have seen in the other meat sectors in terms of that move away from eating out of home to eating in home, and that is likely to have some implications in terms of carcass balance for parts of



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the carcass that would have previously gone into the out-of-home market, like shoulders and bellies. That is an area where we are talking to the industry, but it has been partially offset by the fact that the export trade is still moving. That, combined with the fact that there is still a domestic market pull in terms of retail, is just about supporting the sector. No complacency there and we keep in regular contact with the industry.

One thing that the sector is mindful of is not just what might happen in terms of coronavirus and if there were to be a shutdown of an abattoir, for example, which would be a seriously big issue for both the poultry and the pig sector; they are also mindful in the pig sector of the spectre of African swine fever, which remains as a global phenomenon out there. It has had a big impact on China in terms of its own pig herd but is on the fringes of the United Kingdom. While it is a separate matter outside of the scope of this inquiry it remains a big preoccupation in terms of biosecurity for the industry.

Q48 Chair: On the poultry and the egg side, does anybody want to answer that? I think generally it is balancing. I think there was a problem with some of the poultry going into the catering sector, but I think that has largely been corrected, has it? Am I right in my assumptions? Who wants to answer to that?

Tom Hind: Unfortunately we do not collect a levy from the poultry sector, so I would not be well placed to answer, I am afraid, Chair.

Chair: Okay. Jack, I do not know whether you have any comments on that?

Jack Ward: No, I am afraid we are strictly fresh produce.

Q49 Chair: Okay, well I will make inquiries directly to the poultry industry. We can find that out.

Any last things, Minette, that you would like to add before we close?

Minette Batters: Chair, we put some analysis in our report to you on poultry, so hopefully that will be helpful.

We absolutely support building back better, to working with Government. I fully understand the challenges that DEFRA has faced. It is very easy to be critical of what has not been done, but working together and finding the solutions in all of this I think is incredibly important. I would finish by saying that the British sourcing, buying British, making use of these raw ingredients, is going to be critical, and all of us working together to deliver on building back better is going to be the positive solution that hopefully comes out of Covid-19. Thank you for the opportunity to be here today. I really appreciate it.

Chair: Thank you for coming. Thank you, Minette, Jack and Tom. I think it has been a very good session. I would reinforce what you have all said, which is that buying British, producing British, producing great food is



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more essential than ever, especially in this crisis, and we will work with the Secretary of State to deliver help where it is most needed in the dairy sector and others. We will get on with that.

Thank you all very much and I thank all the Members very much for attending, and I thank Robert Goodwill particularly for guesting for the Northern Ireland Affairs Committee this afternoon.