

Environment, Food and Rural Affairs Committee

Oral evidence: Work of Defra: Health and Harmony, HC 870

Wednesday 25 April 2018

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[Watch the meeting](#)

Members present: Neil Parish (Chair); Alan Brown; John Grogan; Dr Caroline Johnson, David Simpson; Julian Sturdy.

Questions 193 - 289

Witnesses

I: Professor Janet Dwyer, Professor of Rural Policy, University of Gloucestershire and Director of Countryside and Community Research Institute; Phil Stocker, Chief Executive, National Sheep Association; Jilly Greed, co-founder, Ladies in Beef; Peter Dawson, Policy and Sustainability Director, Dairy UK.

II: Peter Stevenson, Chief Policy Advisor, Compassion in World Farming; Vicki Hird, Sustainable Farming Campaign Co-ordinator, Sustain; Professor Tim Lang, Centre for Food Policy, City University; Helen Browning, Chief Executive, Soil Association.

Written evidence from witnesses:

[Compassion in World Farming](#)

[Sustain: the alliance for better food and farming](#)

Examination of witnesses

Witnesses: Professor Janet Dwyer, Phil Stocker, Jilly Greed and Peter Dawson.

Q193 **Chair:** Good afternoon. Welcome to our inquiry. We are looking at the Government's command paper and where we would like to send in advice as to what we think is good with it and what we think is not quite so good with it. We welcome you very much. Starting with Phil, please, would you introduce yourselves across the panel?

Phil Stocker: My name is Phil Stocker. I am the Chief Executive of the National Sheep Association.

Professor Dwyer: Good afternoon. I am Janet Dwyer. I am Professor of Rural Policy and Director of the Countryside and Community Research Institute at the University of Gloucestershire.

Jilly Greed: I am Jilly Greed. I am a suckler beef and arable producer in Devon and I am a co-founder of Ladies in Beef.

Peter Dawson: I am Peter Dawson, Policy and Sustainability, Director of Dairy UK.

Q194 **Chair:** Yes. I understand, Jilly, there is a Great British Beef Week, is there not? Is that right?

Jilly Greed: There is. It is this week, from St George's Day. Ladies in Beef is championing thin-cut steaks. It is all about quick and easy meals and versatility.

Chair: I am not sure we are supposed to use props but, never mind, you have done it. You are very much welcome and that is very good. We are trying to enquire into how much we have done on Great British Beef Week here in Parliament, so I shall be enquiring about that. First of all, a question to all of you is what you expect the impact of phasing out direct payments to be to your particular sectors, across the sectors? I will start with Phil on the sheep sector.

Phil Stocker: Thank you, Neil. The first thing to point out is that the majority of our sheep farms are very heavily dependent on direct support, and many sheep farms would see around 70% of their income made up from support, in one way or another, whether it be first or second pillar support. Removal of that support could have really damaging impacts on our sector.

Many of our sheep farmers have already started to diversify and most of them would have invested in things that bring in income from other sources. That could be energy. It could be accommodation and tourism. It could be buying property and letting property. They have already looked at investing to try to make them more risk-averse, but their farm businesses are still heavily dependent and there would be a lot of damage done by removing direct payments, unless we can find another



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way of keeping the same amount of money coming into farms for different purposes.

Q195 **Chair:** Do you have any idea how many of your sheep farmers are in the uplands and how many are off the hill? There could well be ways that we could replace some of the direct payment, if not all of it, towards the uplands. Have you got any idea how much sheep is produced on the lower land?

Phil Stocker: Just under 50% of our sheep are involved in closed flocks in the lowlands. Just over 50% would be in upland-type areas—LFA, SDA type areas. A high proportion are in the uplands.

Q196 **Chair:** A lot of the breeding stock probably comes from the uplands, does it not, and then probably a lot of the fattening of the lambs happens in the lowlands?

Phil Stocker: Interestingly, if you look at the figures from 2012 to 2015, in 2012 70% of sheep would have been involved in that stratified, upland connected to the lowland system, but now it would be around 50%. There has been a reduction.

Q197 **Chair:** A reduction of sheep in the hills.

Phil Stocker: Yes, largely driven down by agri-environment schemes, I would say, as well as the interest in closing flocks in the lowlands sometimes. There has definitely been a shift away from stratification but the loss of the production of breeding sheep in the uplands would have a serious impact.

Q198 **Chair:** Without putting words into your mouth, if the direct payments go and there is not enough to replace them, do you see that having a drastic effect on both the number of sheep farmers and the number of sheep kept?

Phil Stocker: If direct payments went and nothing came to replace them, and the mechanisms to support farmers through any transition, irrespective of where they end up, were not put in place, that could devastate the sheep sector. Can I just make one other point? You mentioned the fact that our upland farmers could be in a relatively good place in terms of making a case for receiving money. In a real lowland situation, where you have a greater integration of sheep within mixed arable systems, you can make a very strong case for those systems stacking up as well and delivering—

Chair: From a cycle of—

Phil Stocker: From things like rotational farming and reintroduction of mixed farming and those sorts of things, as well as replenishing soil quality, but there is a big chunk of farmers in that middle ground—lowland and mid-ground, permanent pasture farmers—who, if we are not careful, are going to slip through the net as a result of a focus on the uplands and a focus on the reintroduction of sheep in the lowlands.



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Q199 **Chair:** Yes, and yet permanent pasture in a way does capture and hold a lot of carbon. This is the language we are now moving into. It is how we support that farming in the future.

Phil Stocker: Absolutely. A lot of these farmers would be in very rural, isolated and distant places. They often do not have many options available to them, yet they produce a wonderful landscape that people get a lot of enjoyment from. They produce access opportunities. They store carbon.

Professor Dwyer: The impact of the loss of direct payments is going to vary by sector, by scale of operation, by type of farming and by geography and the natural conditions under which farms operate. You get a very marked difference between the level of dependence on direct payments according to those factors. If you are a large dairy farmer on the Wiltshire Downs you might have only 10% of your total income dependent on direct payments. If you are a sheep farmer in mid-Devon on the Culm grasslands it might be 80% or 90% of your income.

Chair: I am glad you chose mid-Devon. That was a good place to choose.

Professor Dwyer: The point is that there are marginal landscapes in the lowlands that are equally challenged by the risks of loss of direct payments and the profitability of their enterprises as a result. That also has an impact beyond farming itself in the wider rural economy. We will come on to that later but it is very important to bear the geography in mind when you are thinking about impacts and how those would work through.

Q200 **Chair:** Where you have a business that does not have such a big turnover, the basic farm payment makes up a much bigger part of your income, does it not.

Professor Dwyer: Yes.

Q201 **Chair:** That is something that, perhaps, the Government are not entirely aware of. We need to reinforce it.

Professor Dwyer: As well as when you have products that are not high added-value products such as you find in horticulture or in dairy.

Q202 **Chair:** Some people can add value; some find it more difficult. Jilly, then, on behalf of the beef farmer, what is your situation over the direct payments and so on?

Jilly Greed: I would like to talk quite specifically about the lowland beef suckler producers, because they are going to be impacted and it could be calamitous for these reasons. We live it day in, day out. We are farming on the flood plain of the River Exe and the River Culm. With flooding we cannot keep them outside—they are housed—so our cost of production is significantly higher. Animal welfare is key, as is the environment. These are pastures that you cannot plough. You cannot arable-crop them. This



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is reflective of the fact that probably two-thirds of the land acreage in the UK is grassland, rough-grazing or woodland. Where we are, and in large parts of the south-west, exactly as Janet has said, there is not any land use other than livestock grazing. Suckler beef is a grass-based system. You are producing a really good, world-class product. This is about food production. What concerns me a lot is this easy pass, to continue to switch to environmental schemes, is actually forgetting that the beef sector is a substantial industry. The suckler beef system of breeding and finishing has included a very large historic payment. It was the suckler cow premium payment, and that was removed.

Q203 **Chair:** The previous system had that in it, did it not?

Jilly Greed: Absolutely. It is built in. It is factored in to ameliorate some of the high cost of production. When the changes took place in terms of support payments, you saw a quite dramatic falling away of suckler herd breeding cows. We are the second largest in Europe. In the last decade 200,000 suckler cows have been removed from the national breeding herd. In the last six years, 100,000 have been removed. We are now in the minority, at 48%, of the British beef supply. It has been overtaken by dairy beef.

Q204 **Chair:** Do you know the present number of suckler cows?

Jilly Greed: It is 1.6 million suckler breeding cows. There has been a stabilisation. That is partly because the market prices have improved. Farms have got more efficient and more productive. Scotland is seeing about a 1% reduction. You are seeing a decline in Scotland. Both Scotland and Wales will be very impacted by this, because they are in less favoured areas. The figures are 83% and 80% respectively. I want to make one last point. Dartmoor and Exmoor are famed for their suckler calf production. About 15,000 calves are sold to lowland finishers. That is absolutely vital in terms of their market. If you take one away, or reduce one, and keep one enhanced, you are going to have a disparity.

Q205 **Chair:** There is no doubt that suckler cows and beef grazing animals are of particular value to particular landscapes. The challenge is how we can look at a system where perhaps that could be rewarded. What I worry about in the command paper is that there is not a great deal about food production and the link between food production and the environment. Without putting words into your mouth, that is where I am concerned.

Jilly Greed: I would like to add to that, Neil. In the current Countryside Stewardship schemes, you will find there are very limited grazing schemes. Many were removed in the latest mid-tier and high-level schemes. They are just for the management of the Culm grasslands in certain areas. That is a real weakness of that, because there are many more benefits. Speaking purely from experience, we are in a mob-grazing system with one-acre paddocks and grass growing up to the knee. What that brings in a biodiversity of plants and seed heads, in mammals, in birds and insects, is really rewarding. You can see it. You



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can see the worms taking down the pats. There are so many great environmental benefits in this scheme that is now being introduced. We are producing grass-based beef at low input and at as low a cost as we can.

Chair: That is very good information.

Peter Dawson: The potential impact on the dairy industry is that production in England, assuming that remains the geographical scope of this policy, could fall. It is reasonably self-evident. While perhaps, on average, the importance of direct payments to the dairy sector is not as great as others, nevertheless it is important to a proportion of farmers and without it they would become less profitable or unprofitable. It is a matter of economics and, potentially, the industry could shrink. The extent to which it does so depends on a variety of other factors, such as the speed with which the direct payments are phased out and then also the availability of alternative support mechanisms and how they can assist farmers in improving their productivity and competitiveness to meet the challenge of life without income support. It is fairly self-evident and it is broadly consistent with what my co-panellists have said.

Q206 **Chair:** We will have some questions about competitiveness later but you are right when you say that some dairy farmers, especially the bigger ones, probably obtain a much more limited percentage of their income from the direct payments. To some it is still very important. When the milk price is not as good as farmers would like, it is still very much part of their equation, is it not?

The NFU told us that the command paper lacks a clear impact analysis. Do you think Defra has properly anticipated the impact of its proposals? Who wants to start? Janet, you are a professor. I am sure you can give an answer to that one.

Professor Dwyer: I would not presume to guess what Defra has or has not done in its preparations but certainly from the evidence of what is written in the paper there is not a lot of detail on exactly how direct payments will be phased out or how any new scheme will replace that. That is absolutely critical to the impact. The sorts of pathway that have been suggested by some people, such as Professor Dieter Helm in his blogs about Brexit, of reducing direct payments by quite large amounts in a relatively short space of time, is going to have a much more significant negative impact than if you are able to phase the reductions in gradually over a period of time.

Strangely in the command paper it talks about whether we should we be targeting the people with the highest direct payments more than those with less. There is no logic to that at all. What you need to think about is the relative vulnerability of the sectors and what you want to achieve at the end of the day. If you want to maintain the integrity of the sheep production system or the beef production system you have to think about how they will adjust. If you think about when we moved from a historic



payments system to an area-based payments system with decoupling, Defra took the decision to phase that over 10 years and to do it gradually, so that farmers knew that that was happening and had that period of time in which to adjust and to make plans. In this sort of circumstance, you should be thinking about something similar.

The big question then becomes about what comes next, what this new system of payments is going to look like and how it is going to achieve both the underpinning of the livestock and grass-based systems as well as all the other things that we want to achieve through a new scheme focused on environmental, social, productivity and other benefits—that long list that has been produced in the paper. All of that remains very unclear at this stage. I do not think you could do an impact assessment based on the text that is currently in the command paper because there is not enough detail on which to work.

Q207 Chair: You are absolutely right when you say that a phasing out of the payment would be a really good idea, because it gives people a chance then to adapt to the new world. Hopefully that is how we can work out how the new payments can come in to help the situation. You make an interesting point. People very often forget that the largest payments go to the largest farms but the payments are due to go because of the land management. I know we get the headlines of who the particular recipients are but, largely, it does not go to those recipients; it goes to those that are farming, hopefully, and tenanting the land. That is another issue for us: how in the future we make these payments targeted to those that are actually doing the farming and doing the land management.

Professor Dwyer: You could even argue that perhaps the first thing to do is to take out the people for whom the direct payments make very little difference, because then all you are doing is saving yourself some administrative costs for businesses for whom it does not really make a lot of difference whether they have them or do not have them. That sounds the opposite to what the command paper has been proposing but it might be a short-term step. I just wanted to say that when you said it is a good idea to phase them out, that is not presupposing that I believe that necessarily getting rid of them altogether is a good idea.

Q208 Chair: If we perhaps rephrase this, you are saying that the changes need to be made more gradually.

Professor Dwyer: Yes, gradually and with certainty as well, because everything else is going to be so uncertain until the trading arrangements are sorted out. There will be increased volatility and increased uncertainty in all the market-related aspects of farming, so to put increased uncertainty and volatility into the public sector side seems unwise.

Q209 Chair: Does anybody want to add anything on the impact and whether Defra has done a proper impact analysis?



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Peter Dawson: Referring to the evidence compendium that Defra has put forward, it struck me that potentially one analysis was missing. That is the importance of scale of output for the efficiency, productivity or profitability of farms.

Chair: And for farming and food production, if I may be so bold.

Peter Dawson: Yes. Certainly you can get profitable small farms but nevertheless they end up with a small amount of income. You can get unprofitable and inefficient large farms. Nevertheless, farms seek to grow for a reason, and that is still a relatively important dynamic because there are economies of scale that can be obtained and there is a reference to that in the data that Defra provides on the importance of fixed costs relative to variable costs. That raises all sorts of questions about the implications for farm structure of what Defra is proposing to do, and also what the right way would be of phasing out direct payments vis-à-vis targeting larger recipients versus smaller recipients. It is a contentious debate but at the very least I would have thought that Defra should have provided some sort of evidence and guidance on how we should approach these sorts of questions.

Chair: You are talking about what the impact of the changing policy would be on the structure of farming. They probably do not know, but I can largely tell them, "If you do this in too blunt a way you will probably get some very large farms, and you will also probably get some people not being able to farm at all". That is the challenge.

Phil Stocker: The pack of information that was circulated with the command paper was quite impressive, but there was a lack of any assessment of the impact of some of the proposed changes. There are two slightly different things there. Whether they have a grasp of the impact of some of the proposed changes is one question but another question is whether they have a grasp of the impact of some of these changes and they are prepared to accept them.

I worry still that there is an expectation that we are going to lose a lot of smaller family units that are deemed to be unviable, at a time when we are looking for more holistic outcomes from our farms and at a time where most of our smaller family farms and grassland farms would certainly pass the "Countryfile" test. They are the sort of farms that would be deemed to be attractive and acceptable both in policy terms and in public terms. That push towards more efficiency and productivity can sometimes be confused with increase in scale and losing all of the by-products—the public goods that can come with a small network of farms.

Q210 **Dr Johnson:** When you talk about the scale, it is not just the community and the small farms that you are going to lose. Presumably you will also lose the ability for new entrants to come into the market if all farms are very, very large. You are going to make it very difficult for new entrants to come into the market if everything is at such a scale.



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Phil Stocker: That is an interesting one because we do not see any shortage of youngsters coming into the sheep industry. There is a good number of young people coming in because they can still get a foothold in the industry. The capital costs of coming into the sheep industry are relatively low. You can set up a sheep enterprise without necessarily owning land. You can share a farm or take grazing. So there are young people coming into the sheep industry. There is a definite absence of young people coming into the uplands and there are specific reasons for that.

Chair: The dairy farming is also more difficult.

Phil Stocker: Yes, absolutely.

Jilly Greed: I read the paper with a sinking heart, to be honest. I felt that I am being led down the path of being a park-keeper, when actually I am a food producer, trying to farm in a way that is kind to nature, looking after the soil and the water, and the whole diversity of what we are doing. We cannot ignore the fact that we are raw material producers. We are producers of fresh food—certainly fresh beef—and there is a £112 billion food and drink industry which we supply in this country. That is one in eight jobs. We are inextricably tied to what is the largest industry and certainly the largest exporter.

You then play that out and think about the infrastructure, the abattoirs and the processing sector, and there are big implications if there is not a supply chain. Certainly in the beef suckler industry, as we have seen quite evidently, when there are changes and where it is no longer profitable, farmers get out. Therefore, the knock-on effect is quite high.

I also feel an element of mistrust. It is not just a reduction in support payments—and I understand the public argument: public goods for public support—but we have the third cheapest food in the world, and yet we are producing extremely high quality, full traceable, with animal welfare and to environmental standards. Our regulation costs us an average of £5,500 on a farm.

Q211 **Chair:** I have been arguing for some time that food is also a public good. This is where I fall a little foul of the Treasury on this one, because I am not convinced. The public want good food. They also want it at affordable prices. I know farmers want as high as they can, but also there needs to be affordable food, does there not?

Jilly Greed: And they want British food.

Q212 **Chair:** Yes, exactly. The challenge is to keep farming going and to produce food at an affordable price that the public is prepared to pay. That is where the support payments in the past have helped with that. We have got to make sure, as we move forward, that that is in the package. Janet, did you want to come back?



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Professor Dwyer: To make a very brief point, you were talking about transition, and there is a lot of research evidence that suggests that if you trigger rapid structural change in farms you damage the environment. There are reports going back 20 or 30 years that show that when there is sudden change, you are in danger of damaging your natural capital. If the Government are concerned about natural capital, they should be trying to avoid sudden change.

Chair: That is a very good point. We will bear that very much in mind.

Phil Stocker: I just have a quick comment about an observation that has been made. It relates to young people coming in to sheep-farming. We have a network of small family sheep farms and no shortage of young people coming in to the career and to set up business opportunities as well. If you look at the sheep industry, its dependence on migrant labour is very low. That is because it is still attractive and achievable to attract aspiring young businesspeople—men and women—into the industry. It is not a criticism but it is an interesting observation that if you look at the various farming sectors, the dependency of a farm on migrant labour is almost zero in the sheep sector. It is not until you get to the processing end, where you get that concentration of processing, that you get a high dependency on migrant labour.

Chair: Then you get a very high percentage of migrant labour. That is an interesting point.

Q213 **Alan Brown:** We were speaking earlier about the lack of impact analysis in terms of the impact on farms. There is also a wider potential issue, which is the way it impacts the rural economy if there is a withdrawal of direct payments. Starting with Janet, is there any way to assess that and to put forward what the likely wider impacts are?

Professor Dwyer: I tried to do this in a short study that I was commissioned to do for the Welsh Government via the Public Policy Institute for Wales. Unfortunately, we are not very good at keeping detailed statistics on the rural economy. A lot of our basic socioeconomic statistics are done by geographical boundaries, which means that most areas include a town as well as the rural hinterland. Having said that, the more remote you are the more the economy is linked to agriculture. I will not say “dependent” because, in statistical terms, agriculture is still a relatively small employer or a generator of GDP across the nation as a whole.

In remote rural areas, a lot of jobs are linked in to the agriculture sector. If you begin to think of the impact of removal of what, in those situations, are the mainstay of the incomes of those farms, you can see that there are going to be significant impacts on the wider rural economy. The situation in north and west Wales is that the biggest employers are the public sector and then food and drink, in one way and another, and small-scale manufacturing. Those sorts of businesses are often ones that are tied into agriculture or land use, or the tourism related to the



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maintenance of the land. They are connected. The impact on the wider rural economy could be significant in more remote areas.

In more accessible areas, where you have a lot of other businesses, the impact will be different. What might well happen is that the existing high pressure on land in those areas would result in the loss of land from agriculture and moving into other uses, as other people with greater economic capacity will pick up land that is coming out of farming businesses because those businesses are ceasing to be profitable. The impacts will be very different in different places but they could exacerbate the problems of inequality that we already have across the country in respect of access to services and quality of life in the rural environment.

Q214 Chair: In some areas of the country a much bigger percentage of the economy comes from farming and the allied industries. If you saw a real downturn, you would see significant impacts there, would you not, across not just farming?

Professor Dwyer: You are taking £3 billion out of the economy. It is bound to have an economic impact somewhere. Looking also at the way in which different farms link to their local economies, there are some farms where the exercise is usually quite large-scale and generally linking to markets that are a long way away from where those farms are located. You might think of large-scale arable production in the east of England, where people are contracting thousands of hectares and that grain goes directly to a big merchant and goes on to international markets.

I am perhaps being too simple here, but if we compare that to a smaller-scale business, which is a family business, where people are pluri-active—some work on the farm; some work part-time in other businesses—there is a lot of interplay with the local community. A lot of these families will also be embedded within the social structure in the local community. You put those sorts of businesses in a vulnerable position and the impact on the wider economy is greater, not just in monetary terms but in social and community terms as well.

Jilly Greed: There are a lot of agri-businesses dependent on farming and it ranges from the merchants to the tractor dealers to the veterinary. You have also seen the development of farm shops and butchers in towns as well; it is much more complex and varied. We really know. If you take Mole Valley Farmers, for example, they are employing 3,000 people. They are an agri-business. That is a lot of jobs in important areas, in rural areas across the whole of the UK, because they have now become a national farmer shareholder-owned company.

As a consequence—and Janet spoke about this very eloquently—the knock-on effect of the failure to manage the upland and lowland landscape then has an impact on the tourism industry. For certain parts of the UK—Wales, Scotland and certainly the south-west—tourism, hospitality and eating out is a huge and vital sector. That is our asset.



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That is our capital asset. It is our landscape, our countryside and our wonderful food and drink.

Q215 **Alan Brown:** I do not have a farming background in the way that some of the other Committee members do, but I have been on a few farm visits and liaised with the NFUS. One of the farmers very graphically detailed how much money he pays into the supply chain and other agri-businesses. It might even be a blacksmith or a welder or whatever, but he puts an amount of money into the rural economy; it is making sure that we get the Government to understand that.

Phil Stocker: To answer that, I would agree with everything that Jilly and Janet have said. Probably the more remote and the more fragile areas you go to, the more important this is, but networks of small family farms that are dealing with relatively small amounts of money are spending those small amounts of money locally, in local garages, in local shops and in pubs. This not only creates a lot more innovation and business opportunities in those areas but it does provide the infrastructure when visitors and tourism come in. If you can stop them being ghost towns, they tend to be much more attractive to people coming in.

If you look at areas like the Lake District, so many people go to the Lake District because of the landscape, but they also love to see the little farmsteads and the villages that are based on a very localised economy. Within our sector—the upland sheep sector—we are still seeing a lot of pressure from the forestry sector in the north of England, in Scotland and in the Scottish Borders. Whereas it would be nice to think that we could achieve more holistic and integrated management of trees within the farm landscape in those areas, when forestry comes in it is usually the forestry industry that comes in and creates a lot of mess and a lot of noise and then it goes away. It contributes very little.

Q216 **Chair:** I quite like a mixed landscape where you have trees and grass, like we have in my own constituency in the Blackdown Hills. It is a good combination. Where you have big areas of forests, I am not sure that they are a huge asset from a landscape and a tourist point of view.

Phil Stocker: They change the ecology of an area immediately, at a pace that ecology cannot often cope with as well.

Julian Sturdy: I wanted to touch on the area of public money, because obviously this is public money. The scheme any Government will come forward with is going to be dealt with by public money to support agriculture and farming. I want to ask about the justification for that. I ask that in the sense that it is absolutely imperative for the industry to justify at this stage why it needs that going forward. A lot of what has already been said has covered it quite a bit and has explained it.

There was a very good point made that any rapid change can have an impact on the structure of the environment. Jilly talked in quite a lot of detail about managed landscapes and food production. Could you all set



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out the impact of what would happen if that money was not there? Ultimately, what in your particular industry would go and what ultimately would be left? It is important, Chair, that we paint the picture. Alan touched on it in the last question. You have touched on it already, but with the wider impact on the communities as well.

Chair: The actual question is a bit more blunt than that.

Julian Sturdy: That is why I re-phrased it, Chair. You handed me that as I walked in.

Q217 **Chair:** We have to be a bit blunter. Why should public money support unprofitable farms? We have got to go there, whether we want to go there or not. Well done, Julian, but I still got there.

Professor Dwyer: If I could start, farming is a unique kind of business. As a farmer, you are a manager of multiple assets. You are not simply taking inputs that come from somewhere else and turning them into outputs as you might be in a manufacturing business. You are working with the land. You are working with the natural environment. What you do critically affects the quality and diversity of that natural environment. In your market activity you are rewarded, hopefully, for the value of the food that you produce, but you are not rewarded for all those other things that your management can help to ensure. The argument is that there are multiple benefits that can come from sustainable land management, which will not be rewarded through food markets. They can be rewarded to an extent through labelling, through better consumer awareness and through trying to strengthen the links between product, place and environmental quality, but by and large there is an expectation that that full value is not captured through just the food product that you are selling.

Q218 **Julian Sturdy:** How do you quantify that then?

Professor Dwyer: You do not necessarily quantify it. You see it.

Q219 **Julian Sturdy:** Treasury will want to quantify it.

Professor Dwyer: Treasury will quantify it by doing lots of different types of economic valuation, where you can look at the way that a well-managed environment increases house prices in an area. That is called hedonic pricing. You can ask people how much they are willing to pay for a beautiful countryside and you can put values on the things that they have come up with. A lot of this work has been done. It is quite controversial because it is dealing with values that people do not put into money prices, and so there is a lot of controversy about whether these methods are robust or not. By and large, they tend to suggest that the public believes that there is a value there that is worth supporting. At what scale it is worth supporting is more of a difficult issue to determine.

If you think about the total amount of money that is currently going into agricultural subsidies, it is a relatively small proportion of our total GDP. It is a relatively small proportion of our total public spending budget.



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Work has been done at the European level, with the Eurobarometer and asking European consumers about whether they are willing to pay the sort of money that goes through the CAP for supporting agriculture, and usually the answer comes back as “yes”. About two-thirds of people who are asked in these surveys will say, “Yes, we think it is worthwhile”. Some will say it should be more; some will say it should be less. There is quite a broad support for a level of support to farming in recognition of the fact that it is a multiple asset manager and we need to take care of the assets that it is looking after.

Q220 Chair: Playing devil’s advocate, we do not support other businesses that are unprofitable; why do we support farms that are unprofitable? I am sympathetic to the cause but I am giving you a straight question.

Peter Dawson: It is not just a question of supporting unprofitable farms. The profitability of farms varies over the price cycle. Farm structures can change and hopefully can adapt to the commercial environment. The first argument and principle that has to be addressed is: why give any support at all to agriculture in general? Developing on Professor Dwyer’s argument, it is about the issue of taking responsibility for sustainability. Dairy is a significant part of the British diet. It is likely to remain a staple for some considerable length of time. It is responsible of Government to ensure that production of dairy products supplied to the British consumer is sustainable.¹ We, the British domestic dairy industry, can supply a significant proportion of that. In being a domestic industry, it gives the Government significant levers over the sustainability of the production in this country.

If you are indifferent to supporting agriculture in general then you are saying you do not care whether you just export the industry and leave it to other countries to take responsibility for the sustainability of production of that product. You could argue that we could control it through standards or whatever, but that is going to be control and exercising responsibility at a very remote level. If we want to take responsibility for sustainability, for our food production and the extent to which we manage to produce our own food then, yes, we need to be involved in supporting it and ensuring its sustainability going forward.

Q221 Chair: Jilly and Phil, do you have anything to add?

Jilly Greed: I am going to take it back to our farm in a very practical way. We are about six miles north of Exeter, and we are in a flood plain. One of the things that would be a public benefit is to take the flood waters. We do that already. That stops the Penzance to Paddington line being washed away. That happened in 2012 or 2013. That was a massive £6 million hit on the south-west, especially Cornwall and Plymouth. That is one thing.

¹ Note from witness: This sentence should instead read ‘It is the responsibility of Government to ensure that production of dairy products supplied to the British consumer is sustainable.’



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We are working really hard to stop diffuse pollution into the river with a water treatment works three miles down the road. That is a quantifiable cost that could be analysed with South West Water, and we are in an upstream thinking scheme in terms of working along the whole catchment of the River Exe. That includes working with the farmers on Exmoor and not digging out the ditches and the moor acting as a sop. We have got 200 acres of meadowland grass. That is a brilliant carbon sink. We are not ploughing so we are really helping the soil and the worms and the invertebrates. We are seeing more birdlife. Instead of one hare on the farm, we have three pairs of them, in just a year.

On top of that—I think this is the best bit—we are producing world-class grass-based beef, which is highly nutritious with protein, iron, minerals and vitamins for the home market. This is not just for retailers but for the independent sector as well, which is really critical to give consumer choice at a commodity price. This is a premium product that is actually supported, because we are not paid the true cost over production.

I must have given about eight or nine points about a farm, and we are not alone in that. Those would be quantifiable by an economist.

Q222 Chair: It is an interesting point on the premium product. We get that almost as a by-product now, not as a direct product, so it is about how we support that in the future. Is that what you are saying?

Jilly Greed: It is all integrated together. That is what the production system is doing. That is really important. I had forgotten about the manure from the beef cattle, because that goes back on to the land. Therefore, there is less fuel being used, there are fewer gas emissions, fewer inputs—everything.

Q223 Julian Sturdy: You are absolutely right to talk about the carbon sink on the peaks. We have the same in North Yorkshire, where they are extending the sphagnum, are they not? You can create and extend the carbon sink that has suddenly been decreased. All that is happening though landowners but also through charities and organisations. It does not get the recognition it should.

Jilly Greed: It does not, and that is a really good point.

Q224 Chair: As you rightly say, the holding of water in land is not only where you are but up on Exmoor. It is about how we contain water through flood and how we can reward farmers and landowners for doing that. If we are looking at the environmental route, there is nothing more than that. The public can also see if it is not only doing good for the landscape but also helping to stop flooding. The trouble is that we or the public do not particularly understand what is actually happening with a lot of these things that we are trying to measure at the moment. Holding water and stopping flood is one of those things where people can see a tangible difference.



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Jilly Greed: Can I do a follow-up to that? This is about housing. In our valley take the example of Tiverton, and particularly Cullompton, which is going to be a garden village or town. Our farms, on the Culm water meadows and on the River Exe, truly hold water. The Culm is a tributary of the Exe. The huge run-offs that come from housing development, from rooves, tarmac and new houses has a very big impact. That is another tangible benefit that farmland does, certainly in the lowlands. It holds water.

Q225 **Chair:** Phil, do you have any last points?

Phil Stocker: I do not want to repeat everything that everyone has said. There is a lot of unity amongst people. To follow on from what has been said, we need to change the language. This is not about supporting unproductive farms. This is about getting some level of recognition for all of the wide range of activities and the outcomes and outputs that come from our farming activity. There will be some that you could argue are not productive enough either in their farming output or in their public goods output. We need to change the narrative and get people to start to think about the delivery of opportunities for public access, things that contribute to well-being and environmental factors, to get farmers to understand that these are outputs from the farm in the same way that producing sheep meat or beef are outputs. They need to be producing quality outputs where they can get a realistic value and reward for those outputs.

We have just done about 40 sustainability assessments on sheep farms, as part of a European innovation project, Innovation for Sustainable Sheep and Goat Production in Europe. They assess about nine different points in Europe around a spider web chart. They are looking at things such as energy use and carbon storage, animal welfare and agricultural diversity, alongside environment and biodiversity. There are a wide range of outputs, and it has been surprising to me how, when they are measured, most of those farms are delivering good outcomes across the board in almost every sphere of that spectrum. They are already delivering a wide range of outputs that they are simply not being rewarded for. We need to somehow change the narrative so that this money goes as an open and conscious reward for delivering these goods, so that we further increase the quality of the goods that are being delivered.

Chair: That is a very good point.

Q226 **David Simpson:** On the issue of profitability, do you consider that there are enough opportunities for your sectors to deliver public goods and remain profitable? We had a breakfast yesterday morning with the pig sector and others and the whole issue of sustainability came up. Where do you see that? How do you see that picture evolving, especially when we are leaving the European Union? I am not talking about Brexit today but that is part of it. Where do you see that picture? How do you see the industry and your industries getting into profitability? We have talked



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about some farms that are not profitable. How do we change that?

Professor Dwyer: I do not have a sector, so I will start and then the others can come in with more detailed information on their sectors. Profitability is very important in the sense that, at the end of the day, these businesses see their job as trying to produce food at a price that gives them a reasonable return and keeps the business going. That is the motivation for farming, with all those other things that come along with it as well. We should not be seeing this as a situation where there is a trade-off between public support for keeping people managing the land and food production and profitable food production. The two things have to work together. They have to be synergistic.

Sometimes we have not given enough emphasis in recent years to business profitability in farming. We have seen it too much as the basket case that gets the money from Government. I do not mean to be rude as I respect farming enormously but that is the way in which it has somehow been played in the press. That is unfortunate because when it works well you have very profitable businesses that are also delivering incredibly well for the environment, for the community and for wider social value in the countryside.

Q227 **Chair:** And affordable food very often.

Professor Dwyer: Yes, they are producing all those things. Sometimes you need to challenge very established views about what does or does not make a profit. When Tom Lancaster was here from the RSPB, I do not know whether he told you about the work they have been doing in the uplands looking at ways of moving to more extensive systems and increasing profitability by doing that. It is interesting. There is a view in many farmers' minds that the way to be more profitable is to get bigger and to perhaps intensify. At any rate, there has been in the past.

Since decoupling, people have been questioning that. There are a lot of people experimenting with different ways of making money. Sometimes it is being the multiple outputs person diversifying into a number of different businesses, each of which can benefit the others if you manage it correctly. You have to have a certain kind of mind set to operate a diversified business.

Q228 **David Simpson:** Is it the case that it is all about economies of scale, where the beef producer, pig producer or lamb producer has to get bigger not to necessarily make more money but to stand still?

Professor Dwyer: Not always. I know of a business in the Peak District where the dairy herd halved in order to increase profits because they started going for a particular niche market. It depends on your business model and there are some very profitable small businesses and there are some very profitable big businesses. You really need to understand your market. You need to think about how you maximise your efficiency. You need to think about how you sustain things in the long term. That is why you have to think about the assets that you are managing.



Phil Stocker: I would like to answer that and first pick up on that point about getting bigger to be more efficient and to reduce your costs. For our sector it is more about making sure that people apply an appropriate amount of input and time to the enterprise of the scale that they are operating and making sure that they are doing something useful for the remainder of their time. We have to try to optimise efficiency and look at the whole of the resources around us rather than just simply think we are looking at one thing through a single lens and get bigger and more efficient to make it profitable.

To answer your original question, in general, across the whole sheep industry, health is the area on which we need to focus to optimise our efficiency and productivity. There has been a large focus on welfare throughout all these Brexit discussions. In our industry our view is that we generally have a relatively good welfare image. Our health record could be improved; we could focus on health, with the greater involvement of qualified sheep vets, or interested sheep vets, a greater uptake of accreditation schemes and health screening schemes, more testing and analysis and more contribution to disease and parasite surveillance. Those are the sorts of things that would improve our productivity and efficiency. We would reduce our carbon footprint and, as a by-product, we would improve our welfare even further. That is where we in the sheep sector would like to focus.

In this holistic world where we are trying to think about integrating a whole range of different things we need to be careful not to further commoditise our product. We are producing a premium product. We have a highly diverse sector. We have 83 breeds affiliated with the National Sheep Association. That gives an indication of the genetic diversity we have, and yet we still try and funnel all our product into one box that says "lamb". We follow markets—and so we should—but we should also take advantage of creating markets based on the diversity and the product quality and the variation that we have, and not try and squeeze it all into one box. By doing that, hopefully you get the balance between optimising productivity and product quality alongside environmental management.

Peter Dawson: In terms of the ability of the dairy sector to provide public goods there is a significant range of opportunities for the dairy sector to do so. Principally they come into the area of water quality and also air quality. There are a lot of things—investments—that could be done on farms to help improve the industry's footprint in respect of those two areas. There are then broader issues of landscape management and biodiversity. There are plenty of things that dairy farmers could do to provide public goods.

The question is what the nature of compensation that farmers would receive to undertake these measures would be. The Defra consultation document is very largely silent on this. What we should be seeking is a system that incentivises a level of participation that achieves the



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objectives that the Government want to reach, but how that mechanism would work is not entirely clear. Before we can go down that road of providing those public goods, the industry would first have to improve its productivity and competitiveness. There is an issue of prioritisation in terms of the schemes that Defra should make available to the sector.

Q229 **Chair:** So you want a bit more detail on how that would work.

Peter Dawson: Yes, because profitability, competitiveness and productivity is specific to each individual farm and how individuals run their farm, their business plan, their product and input. Initially, you would want a scheme that would give a greater degree of flexibility to farmers as to what they would want to invest in to achieve that productivity, competitiveness and profitability on top of which they can then provide public goods. That is something that needs to be examined in further detail. To qualify my earlier remarks on the importance of economies of scale, I am not arguing that that is the only thing that drives competitiveness and productivity; I am just saying that it is a significant factor that needs to be examined.

Jilly Greed: On profitability, the beef sector is the vulnerable child. The average income for lowland beef suckler producers is predicted to be £16,000 for the 2017-18 year. Three years ago, when market prices were again falling, it was £12,000 a year. The uplands do better. It is £25,000 a year and when they fell back, which was not great, it was about £19,000. If you go to £12,000, that is below the minimum wage, is it not? Yes.

That shows very clearly that there is a high risk with this sector because it is taking nearly two years in terms of realising any cash, and there are all the challenges. I want to talk about some of the challenges that come. Disease is one of them. TB makes a huge impact on farm profitability. Thankfully there is now a strong strategy and we are beginning to see that that is working. That is one. There are also some other diseases but there are now measures that are being taken on farms and farmers investing in preventative measures, and that includes responsible use of antibiotics and such like. It is a supply chain that is partly impacting and also where there is competition for cattle. In certain parts of the country there are more abattoirs. These are also some factors that come into these measures.

Q230 **David Simpson:** To finish, Chairman, in relation to the industry—lamb, beef or dairy—do you feel that long-term partnerships with the processors in relationship to contract prices going forward for six or 12 months is an option to try to bring profitability into the sector? We have seen it in the poultry sector. We have seen it in the pig sector. In your sector, do you think, if there was a genuine attempt by the processors for their sustainability and there was—as we have used in this Committee before—the trust factor between the processor and the farmers, that would be an option? I know the dairy sector is within the contract side of things but is that an option to look at to try to bring profitability back in?



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Q231 **Jilly Greed:** It would be really good because it helps to start to get some premiumisation, some innovation and some brand work, and it is also relevant for export markets in China and such like. It needs notice. It needs discussion and debate and forming those contracts, because the lead time is so long.

Q232 **David Simpson:** I appreciate that.

Jilly Greed: I want to say something about specifications and labelling as well, because the processors through the retailers have gone into a great tightening of specifications, and you have to fit within quite narrow bands in terms of weight and fat cover. If you take those retailers that are 100% British sourcing—Waitrose, Morrisons, Co-op and M&S; they are supporting Great British Beef Week, by the way—they are really working at that. That gives some confidence.

Q233 **David Simpson:** Another point is that when we listen as a Committee to the processors, the processors say that if the farmers produced what they want, they would get a better price. The days have gone that you pile the weight on to an animal, and there is the waste, and they have a certain pack for the supermarket, and it has to fit the confirmation of it. If that is done, they believe that the grading will be better and there will be better pricing for the farmers.

Jilly Greed: I do not know how much I can say here, to be honest.

Q234 **Chair:** You do not have to agree with David. The downside of your point, David, is that, yes, it fits a certain criteria that, perhaps, the processors might like, but what it does not do is allow us a diversity of breed and all these other things that go with it.

Jilly Greed: And actually making money.

Professor Dwyer: Very briefly on this issue, those relationships can work but there is an issue about bargaining power in those sorts of negotiations. The industrial strategy calls for new partnerships between business and Government in order to improve productivity and profitability across the board. That kind of model where you have Government involved—perhaps as something of an honest broker, if it can play that role—between the very small-scale, very diverse production base and the processors, who are very large and very few in number, might be a better arrangement than just leaving it to the big versus the very small, trying to work these things out between them.

Q235 **Dr Johnson:** You talked about diversification and how many farmers have diversified already. To what extent is the ability to diversify into new areas limited by access to good roads and other infrastructure, such as super-fast broadband and energy infrastructure? If subsidies were reduced or removed, to what extent would Government using that money to invest specifically in providing these areas of infrastructure just to rural economies help to alleviate the removal of the subsidies from the farm?



Jilly Greed: I can speak now, and this is part of our planning for the future as well. We are Brexit-proofing ourselves quite fundamentally and also proofing ourselves for reduced support payments. We have got a traditional range of lovely Victorian buildings that came as a result of Isambard Kingdom Brunel and the farm investing in courtyards for dairy and beef and pigs and all the rest of it. This is a fourth and fifth generation family farm, and now we are facing the reality that we cannot go on maintaining these buildings. We are looking to do small business office conversions. Last week we went to a meeting with the RDPE and, yes, they have given us a tick on going forward with an application. The local planning authority are really keen because they are finding that the barns are being used for residential. Farmers are looking to go for residential and sell them, and there are small business units for people who are working from their house, with a small office, and wanting to expand. We are close to a larger urban area of Exeter.

We are able to do that because we already have the infrastructure and we will bank-borrow, probably, and hopefully have some grant support to do it, and provide a need. Not every farm can do that, and if you think about the tenanted sector as well, when there are other landlords and such like in control there, it is very tricky. The other key thing is that, if you take the tourism sector, in terms of having holiday units, the market is already quite competitive. There could be an over-supply of glamping to some level. If you take in Ladies in Beef, it is pleasing to hear that there are a lot who are doing direct selling. There are a lot now who are putting in butcheries, who are diversifying to farm shops, cafes and restaurants. They are being really successful. They are putting huge amounts of energy into that, but it depends on your location.

Professor Dwyer: The specific point you made about infrastructure, though, is very well-made. The lack of good broadband coverage in rural areas is a real obstacle to thinking about new business options.

Q236 **Dr Johnson:** I will confess and declare an interest in that I do not have good broadband. In my constituency I get letters virtually every day about the poor broadband coverage.

Professor Dwyer: It is a huge issue. If you are doing tourism, people who come to stay in places, they want broadband. If you are doing business lets, those businesses need decent broadband.

Chair: They will not come to you if you are running a holiday centre and you have not got that coverage.

Phil Stocker: It is one of the big obstacles with young people staying in these more remote areas. Young people do like to be connected and they are part of a wider community.

Chair: I do not think it is possible for them to be disconnected, is it?

Phil Stocker: Possibly.



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Jilly Greed: There are also mobile phone coverage issues, particularly in the uplands, and certain black spots. That also contributes. That is quite a fundamental thing.

Phil Stocker: In terms of diversification, there does need to be more facilitation and a greater strategic direction of diversification because, as someone mentioned, you can quickly see interest in a certain type of diversification. It can quickly get overdone. There needs to be a balance. Someone needs to help these businesses think through what the real opportunities for them are, look at the resources they have available to them, look at their skills-set, their interest and try to tease out what would really work for them alongside other diversification projects.

Professor Dwyer: When we evaluated the last rural development programme for England, the best examples of successful diversification strategies were when they were done in larger-scale partnerships of different organisations working together and planning at a strategic level, determining the need in the area, the capacity and how to develop businesses where there is really a market opportunity, rather than everyone copycat-ing by going into the thing that the most successful business in their area is already in and has probably captured the market for already. It does require strategic thinking and that requires partnerships.

If you can get the farm-based businesses working with local enterprise knowledge—with chambers of commerce and with others—thinking about how the market is developing in that area, what the unique selling point for the region is and where the business opportunities are then it works better.

Jilly Greed: The planning authority is really important in that.

Q237 **Chair:** Yes. Planning authorities are always important if you are going to diversify, as are their attitudes. Peter, do you have a very quick comment?

Peter Dawson: This is not so much about diversification, but the one thing that would also help farming productivity and competitiveness would be provision of rural broadband, because that would facilitate the whole process of collecting data, benchmarking and measuring farm performance. That is also key to the productivity debate.

Q238 **Chair:** The more business-like you need to become, the more you need the broadband coverage.

Jilly Greed: A month ago, the National Livestock Management Database was announced. It is going to help us all with risk-based trade. It has records, and analysis and all the rest of it. It totally relies on broadband.

Q239 **Chair:** Indeed. Do not worry, Jilly. You do not have to persuade me of that because we are struggling to get it delivered. It is so important.



Can I move on? This question is particularly to you, Phil. When subsidies were removed in New Zealand, farms diversified away from sheep farming and productivity improved. Should we do the same?

Phil Stocker: It is a very interesting question. There has just been an industry and Government delegation that have come back from a New Zealand trip two or three weeks ago. A very clear message that came back to me from that was we could do what they do in New Zealand here. We could seek that level of efficiency in cost of production but we would not be allowed to because our regulations and our public expectation do not allow us to farm in that way, and we would also lose so much if we did it. There is the devastation it cost in terms of the loss of farms at that time. They were cushioned by a weakening of the currency at that time, which is something that we probably would not see here.

Q240 **Chair:** They also went into dairy-ing, did they not? Probably there is enough milk here, so the question is whether you would want to do that.

Phil Stocker: I came back from New Zealand thinking that we have a lot to learn from New Zealand but they have just as much that they can learn from us in terms of integrating more holistic outcomes and interests into their businesses. I would not want to farm in the way that I saw some sheep farmers over in New Zealand farming. I would not want to see those environmental outcomes. I would not want to treat my livestock like that. I would not want to treat my fallen stock in the way they treat fallen stock.

Q241 **Chair:** We would not be able to, would we, nor would we want to? I remember talking in the early 2000s to sheep farmers in New Zealand when they said, "We could do without subsidy but we have to do without regulation". The thing is in this country we will probably have more regulation. That is not necessarily wrong, but you cannot expect the farmers, in an international sense, to be very, very competitive if you are going to have a lot of restrictions.

Phil Stocker: We have to recognise that we are very different from New Zealand as well. We might be similar in terms of our interest and ability in sheep farming, but if you look at our population and the way that our markets work we are very different. It is somewhere in the region of 96% of their production is exported. They are providing very distant markets, whereas 60% of our production is sold into our domestic markets with a lot of watching eyes over us.

Q242 **Chair:** Before I bring Caroline in, I have one particular question. I looked in the command paper for where it talked about food security or security of food supply and I have not found it. Without giving you too leading a question, should food supply and security of food supply be part of a public good or not? Where do you see it?

Professor Dwyer: There is an argument that food security is a public good. It is one of these qualities, so you cannot say it is tangible; it is



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not a physical thing or good, but it is a quality that is in the public interest and, therefore, it has common good in that way.

Q243 **Chair:** You would consider delivering a high-welfare and high-environmental-standard food a public good? Is that what you are saying?

Professor Dwyer: I would consider it as in the public good. I would see it as a public good in the sense that it is good for society and it is an important objective. If you ask consumers, there is an interest and a value in domestic products. They want to be able to buy British food. They are interested in food from other countries as well, but there is a loyalty to wanting to see food produced in this country and the idea that we would become a country that sourced all its food from elsewhere would not be popular amongst society at large.

Where the level of self-sufficiency should be becomes a debate about relative proportions. There are lots of very good examples of where, when food is sourced locally, you get a lot of additional benefits in respect of the wider rural economy and the social and community benefits of local economies. People talk about circular economies. It has environmental and social benefit as well as the economic value that is there.

I live in Gloucestershire; it is a wonderful county to live in because it is hugely diverse and there are lots of examples of small land-based businesses producing fantastic products. There are a lot of examples of alternative food networks, people buying through box schemes and people buying through their farm shops up and down the road. It is a relatively wealthy county so we, perhaps, have that advantage. It is a wonderful place to live because of that, and people who live in places where there is a viable local economy based on local products produced to high quality standards in the way Jilly has been talking about is hugely valued. It does not have to be expensive because when you are working with short supply chains you are cutting out people in the middle.

Peter Dawson: In the argument for food security nobody is contending that we should aim for self-sufficiency, but it is reasonably self-evident that if you seek to protect or maximise production potential domestically then you are minimising the risks that you expose yourself to from disruption to international trade.

Chair: If we were to cut our production dramatically and then prices increased internationally, you would be really stuck then to import that food and have that supply.

Q244 **Dr Johnson:** Before I start my question, can I ask you quickly whether encouraging farmers to diversify improves farming productivity as a whole, or does it just ask our farmers to work in a different business model as well, in order to subsidise loss-making food production so that the rest of the public can have cheap food?



Professor Dwyer: You can find examples of both those things among diversified businesses. You find people who go into it because they are losing money and they do not know what else they can try to do. Quite often they then have trouble with the diversified business as well. It does not necessarily get them out of the problems. You talk to farmers who will tell you, "My tourism business subsidises the farm and I would not be able to keep going if I did not have that successful tourism business", but you also see examples where the two things are really working in synergy. If you have visitors on the farm and you have environmental investment and you have quality product, the things work together and you are selling more because you have got people on the farm who appreciate what you are doing, see what you are doing in the wider countryside and want to pay more for what they are then buying from you. There are all kinds of models of diversification. More than half the farms in the country are diversified. The average income from diversification is relatively small on most of those farms. There are then a few for whom it is vastly bigger than their farm income.

Q245 **Dr Johnson:** The command paper wants to encourage more farmers to develop skills, and there are schemes, agricultural colleges, university courses and things like Nuffield for farmers. How do you think we can best share knowledge and practice among farmers?

Jilly Greed: It is a really good point. I am really heartened by the generation that are coming after us. They are accessing technology and science, and they come with an open mind. The education system—whether it is a land-based college, a university or learning from networks of farmers—is really encouraging. I have huge confidence that we are going to see a dynamic, can-do attitude, and that is great for succession and sustainability. It is not gender-dependent either, thankfully, anymore. It is about business acumen and being there and making it happen.

Q246 **Chair:** We have a good panel this afternoon because we have two of each. We will be talking later on about making sure our witnesses have got a gender balance. You are perfectly gender-balanced. Farming can be gender-balanced as well. You are right, Jilly; it is not just the males that need to go into farming now.

Professor Dwyer: Can I say something about what we know about training and where training has been supported by Government? Part of the problem with getting it to work right is that if you ask farmers what training they need they usually focus on technical skills and things that are the latest advance in their particular area, which is important to know, but there is a feeling that maybe training for business skills or training for wider strategic business development gets underplayed if you have a demand-led system.

A lot of work has been done in different countries around Europe looking at how you involve farmers in feeling that it is a profession for which you need continuing professional development. It is particularly positive



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when farmers themselves become involved in groups and work together in those groups, working on particular issues that interest them. That becomes a learning community, accessing external expertise where needed but the farmers themselves driving an agenda forward. I have seen that happen very well in Wales with the Agrisgôp scheme. I have seen it happen in northern Germany with another scheme. The key thing, as you were saying with the younger generation, is that they are in a network of like-minded people who are interested in learning and continuous improvement; that is the dynamic you have to engender. The training can then be really valuable. If you try to push training at people who do not already see the need or the interest, then it will not necessarily get you anywhere.

Q247 Dr Johnson: Certainly in my constituency there are small, relatively informal groups of farmers meeting. They have a lecture, a beer and a chat afterwards, and they seem to work quite effectively. We had a gentleman come and talk to the Committee, and he mentioned something like NICE guidance. It was the idea that we could have some sort of national framework of best practice. That was quite interesting. I put that to some farmers who feel that that would not be workable because of the various different geographies, the different qualities of the land and different types of farming practice throughout the country. What is your view on that?

Phil Stocker: I am not sure if I can answer that specifically, but I want to pick up on this theme about farmers working together. We have some really good models where farmers are coming together and setting their own agenda. It is them that are discussing what they want to talk about. It is them that are learning from each other and learning from people they respect. They still need facilitation. They do not necessarily need experts. They need facilitation and people that know where they can go to get expert advice and guidance and the information they need. We need to change the culture from one of "Thou shalt learn" to one of "We want to learn". Somehow, we need to change it so that people are hungry and seeking to learn.

Q248 Chair: The whole world is going to change. Farming will need to come to Government with what we actually want rather than what we have been told we want before, with the common agricultural policy. It is how we get into that new world as well.

Peter Dawson: Just elaborating on the point of how you get farmers to want to learn. This goes back to the point about broadband and digitisation of agriculture because if you have that you can then allow people to share data. They can benchmark their data and then they can identify those issues on which they need expertise, because they can see whether their performance is deficient compared to their peers and then they could decide what advice and guidance they need. That would help you to create a demand pool. That goes back to the infrastructure question of broadband. That is key to pushing the industry in the direction of pooling data.



Chair: We will leave it there because we have had some really good evidence. We are leaving it on a very positive note: that the younger generation and all those coming forward will embrace the great new world. We have got to deliver it and make sure we have great healthy food and a good farming population that is delivering that. Thank you all very much for your evidence this afternoon. I am sorry we could not go on longer. Thank you very much for that.

Examination of Witnesses

Witnesses: Peter Stevenson, Vicki Hird, Professor Tim Lang and Helen Browning.

Q249 **Chair:** Welcome, everybody. It is great to have you all here for our second session. Starting with Peter, would you introduce yourselves and we will carry on our evidence.

Peter Stevenson: My name is Peter Stevenson from Compassion in World Farming.

Vicki Hird: Vicki Hird, Sustainable Farming Campaign Co-ordinator at Sustain.

Helen Browning: Helen Browning, Soil Association. I am also a farmer.

Professor Lang: I am Tim Lang. I am Professor of Food Policy at the Centre for Food Policy at City, University of London. I am sorry about the length of the title but that is it.

Q250 **Chair:** Do the Government proposals offer a bright future for farming—yes, no, or a little bit in between?

Professor Lang: I am the non-farmer here, although I was a farmer so I am always interested and supportive of farming. If we are talking about “Health and Harmony”, it is an interesting document. It is a progressive document. It is the first seriously interesting document we have had from Defra for eight years, but it is only about farming.

The problem for Britain ahead—I know you are not talking about Brexit but it is looming—is about what the role of farming is in the food system? I am a food system man. Farming is squeezed. This says nothing about ending that squeeze. It says very interesting things about farming’s role for eco-systems but does not say anything about food. As I have said to Mr Gove himself, the only two times the word “food” features are on the front cover; that is it. The notion of health is completely absent. Although I am a social scientist, I am also a fellow of the Faculty of Public Health. Human health is not there at all. Regarding ecological health this is great. This is really interesting and progressive, but all the academic data about the food system worldwide shows that we have to link ecosystem health with human health. It does not do that. It is the total failure of this paper, if I may so, although there are some good things.



The second thing is that it does not say anything about food security. That is a serious deficit. We have declining UK food security. I noted the previous discussion with previous witnesses with great interest. There comes a point where that is strategically important. I personally think we are already beyond that point. We are not producing apples and pears and horticulture that we could and should. We need it for public health reasons. There is nothing about that in this. That is a critical issue. Having said that, there are some interesting things in this paper but it is completely missing the point, and I have said this to Mr Gove.

Q251 **Chair:** Helen, that links you in quite well to the sustainable production and how we produce food in the future and whether the command paper talks enough on that subject.

Helen Browning: I would agree entirely with what Tim said in terms of this needing to be focused around human health as well as environmental health. The opportunity to do that is extraordinary. We have an amazing opportunity but it feels also—I could hear the quivering in voices around the place—that there is a huge amount of risk too. There is a real need that we provide that real sense of what the future is going to look like, to give real confidence about that future before we pull the rugs of the past away.

We are in that really interesting moment where we have to get that balance right, where we have to give some confidence back about what that really looks like at the next level down in terms of the policy detail. There is a lot to welcome here, and the public goods that we are talking about in the paper are entirely right but they need to be added to. I have heard Michael Gove say, in private conversation and in meetings, that food is around and that agriculture is about public health. He has made that link and now we need to build on what that looks like in practice. I could go on; there is a lot to say. I am sure we will get into some more detail around that.

Vicki Hird: At risk of repeating, I totally agree with what has been said around public health. We have made that quite clear. We were very pleased that Michael Gove stated that at the event that we co-hosted with Defra a couple of weeks ago, and made it very clear that he felt that was a gap and there was work to be done. We were pleased about that.

Given your opening question, we have some very significant concerns about what could happen to the farming community after this. There are some real risks. There is a potential 25% loss of farms. This would have a big impact on rural cohesion, on landscapes, on habitats and features that are crucial for all sorts of reasons for landscape as well as ecosystem services, for jobs, for livelihoods, for the local food economy and for local food links. We have done briefing on this and a statement with the Tenant Farmers Association and others, which I can provide. We are very concerned about that. We give a set of proposals that need to happen in order to safeguard against that, but the big risk of losing direct payments



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without a really good scheme in place and a really good transition process is one of our biggest concerns about this.

There is another big gap in the proposal paper. We do like the paper. It has a lot in it. It is an integrated paper with big gaps. The issue of supply chain fairness is covered in a chapter but there is not nearly enough. We have been really clear that we need to see far greater measures, not only in the extension of the Groceries Code Adjudicator, which Julian has done work on, but on transparency and cost transparency. We need to see action on that.

It is very important to make all of this work. We need to make the market work. We need to make the public payments work. We need to make the new markets work. We need to make procurement work, which is entirely absent from this paper. I find it absolutely extraordinary that we did not grasp the opportunity that public procurement could provide for championing an integrated healthy welfare market for our producers in the UK and the local market potentially. There are lots of gaps but there is potential.

Q252 **Chair:** Peter, what is Compassion in World Farming's view on life?

Peter Stevenson: The paper is very ambitious on animal welfare. It talks about wanting world-class animal welfare but it does not give us any idea of what it means by this, which is a problem. It places a lot of emphasis, rightly, on how subsidies can be used to improve animal welfare and the environment. It gives very little attention to the role of consumers and public procurement, both of which are important, and are hopefully themes we can develop over the next little while. Again, it has a strong vision about the environmental sustainability of the future of farming but, again, tends to be unclear about what the components of that future are. There is a huge emphasis on technology but it never mentions agroecology. It barely mentioned rotations or integrated crop livestock systems. It is not giving farmers enough of a vision of what things we want in the future. There are a lot of good things but a lot needs detailing.

Q253 **Chair:** There is not a lot of talk in the paper about health or horticulture. Fruit and vegetables are also very much part of our healthy diet. Horticulture receives very little support, if any. Do you think in the future there needs to be some support, and can that be linked to health in particular?

Helen Browning: There is a huge opportunity to expand our range of horticulture, and it is not just horticulture; it is also fruit, nuts, pulses and herbs. The diversity of our diet needs increasing enormously, just as the diversity of our landscape and our wildlife needs to be supported. There are opportunities for new entrants. There are opportunities to start urban growing projects. There are also opportunities for some of these higher tech systems as well.



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The emphasis on horticulture should be really ramped up, because that is where we are in deficit. If you look at things like the school fruit and veg scheme, only 15% of the apples are home-produced. Only 5% of our pears are home-produced. It is a complete gap there and one that we would really like to see focused on from a human health point of view, as well as from a new entrants and employment point of view too.

Q254 **Chair:** Yes, because naturally very often horticulture can be delivered on less land as well, can it not?

Helen Browning: Yes, absolutely.

Professor Lang: You have said it. I think all four of us have said what I would call an ecological public health framework is what we need. That totally transforms what we think of the value of land and what the purpose of land is. It starts introducing, expanding Helen's point, a principle of biodiversity into the field and on to the plate. That kind of thinking is what I would want from a command paper at a critical time like this, and it is not there. It should be there, and I think, with respect, your Committee could recommend that.

It would be a very simple thing for Defra to recommend an expansion of British horticulture. There is basically only one success story within that. I hope I am not going to offend anyone, but it is in summer fruits and soft fruits. That is being hammered by Brexit because of the labour issue, which you know about. Let us put that to one side, although it is critical. We need to have a huge investment of time and energy, colleges, infrastructural support and research into encouraging a completely new and revitalised British horticulture industry. We have pockets, sometimes put in rather inappropriate places in inappropriate technology. I mean the sort of plastic greenhouse phenomenon.

In fact, now is a chance for us to really think about producing more nutrients per hectare. That is in the next 30 years. I should just declare an interest. I am the policy chair of the working party on the forthcoming EAT-Lancet Commission on the future of the world's food system and diets. That is one of the key things that comes out. There is a squeeze on land, more people to be fed, we need to shift diets to being plant based, less animal based, and that therefore means attention on horticulture. If there is one thing I would say to Mr Gove—in fact, I am about to say it to one of his spads after this—it is horticulture, just horticulture. If you think horticulture and horticultural use, other things start altering and you have a totally different message down the supply chain. That is a critical issue.

Why has horticulture been squeezed? It has been squeezed because basically horticultural primary producers do not make much money.

Q255 **Chair:** It has also never been part of the common agricultural policy. There has been a bit for fruit and vegetables, but we have never really embraced—



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Professor Lang: There was a bit of fungible marketing.² I was part of trying to help get that through Aprifel and people like that. That is true. Actually, it is good evidence that you cannot knock the CAP for everything, because this was a CAP-free zone and look at it. We have to be thinking about a good British horticultural system, Brexit or no Brexit. It is irrelevant. It is about land use and increasing the enormous availability of fruit and vegetables for the British and getting them into the system.

Peter Stevenson: At the moment, Defra figures show we produce just 17% of our fruit that we consume and 55% of our vegetables. Clearly, we need expansion of horticulture. Again, Defra figures show we use 3 million hectares in this country to grow cereals, nearly half of which are being fed to animals, which animals then convert very inefficiently into meat and milk. Indeed, Chatham House have said that feeding grain to animals is “staggeringly inefficient”.

If we were just to halve the amount of arable land being used for animal feed, we could grow all the fruit and vegetables, or nearly all, that we actually consume, apart from those for which our climate is not suitable. There will be huge health benefits. Indeed, Michael Gove has actually acknowledged the benefits of deriving more protein from plants than from animals, and I totally agree with that.

This is not an argument for vegetarianism, but it is an argument for eating less meat in the western diet. There would be huge benefits. We would be healthier: less heart disease, lower rates of certain cancers. We would be using less antibiotics if we were having less intensive farming. If we were growing less crops for animals, we could farm arable less intensively, restoring soils, water quality, biodiversity, better animal welfare, and we could possibly even meet our climate change targets. Study after study is showing that the current western diet alone will make it almost impossible to meet the Paris targets.

Vicki Hird: Just quickly, I would agree with that. If we matched how our subsidies are used to the Eatwell Plate, that would be the outcome. That would make sense. Thinking about eating less and better, really supporting the extensive good livestock production systems would be a very good idea. I was going to point out the issue of potential carbon sinks within an orchard and top fruit system, which actually the CAP did harm by paying for grubbing up. We can repair that harm that the CAP did by investing and helping farmers to convert to top fruits, to other types of field vegetables, etc. That would diversify production and provide what I think is the 30 million new portions of fruit and veg that we need to deliver the seven a day that we actually need to be eating. It is millions a day that we need to be producing. There is a real

² Note from witness: This sentence should instead read ‘There was a bit of financial marketing.’



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opportunity there, so we should be investing in that and making sure that we get the dividend in terms of jobs, health, carbon and biodiversity.

Q256 **Alan Brown:** I have a very simple question. What kind of market share can realistically be achieved, in terms of sales, by organic farming?

Chair: How big can the market be for organic farming?

Helen Browning: It is an interesting question. When you look overseas you can see how rapid and how large the market can be. In the UK, we are at only something like 1.5%, and yet in lots of European countries now you are looking at 10% or 15%. France has a target of 22% by 2020. These are very strong growth rates we are seeing around the world. Organic could be doing so much more, given all the public benefit that we are looking for.

Q257 **Chair:** It would be higher in things like milk, would it not?

Helen Browning: Yes. In market terms, in milk we are at something like 6%, so in some categories we are getting there, but still nowhere near where we ought to be, given the public benefits that accrue from organic farming systems. Whether you are talking about wildlife, greenhouse gas emissions or animal welfare, organic has got so much to offer. Getting behind organic as a strategy makes a lot of sense. There are strong export markets if that is what we are looking at.

At the moment, we are importing something like 80% of our organic grain into this country. Just in the arable sector, which is one of the sectors that could be under the cosh in the new regime, there is a real opportunity for more farmers to go down that route. There is an opportunity for us to be driving demand and driving the market; there are public procurement opportunities. For instance, we are seeing more and more schools starting to use organic ingredients. That could be accelerated enormously with huge benefits, reducing pesticides and all the things that you know about.

Vicki Hird: And the costs of clean up.

Helen Browning: The costs of clean up, absolutely. There would be a reduction in manufactured nitrogen. With less nitrogen in the system as a whole, there would be some enormous benefits.

Q258 **Alan Brown:** On schools, the local authority that covers my constituency keeps winning awards in terms of the school meals procurement policy. That is left to councils. How does that get driven forward when quite clearly there are massive cuts to council budgets? How do you get that growth in local supplies against that demand?

Helen Browning: One of the great success stories over the last years has been our Food for Life programme, which is now in over 10,000 schools. Half of primary schools are now getting a mixture of fresh, local and organic produce on their plates every day. That just shows what can



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be done. That is by a private scheme that has been up and running, albeit it was backed by the lottery to start with. It is just the way you can revolutionise that if you can decide to. Most of the time, those schools are delivering those much better quality meals at lower costs than they were before they went into the Food for Life programme. They are getting the volumes up. The meals taste better, so more kids want to eat them, and you have a really virtuous circle. They are buying more locally, because that is one of the standards. It is something that Government could really get behind. It aligns with the balanced scorecard. It could be rolled out tomorrow across all schools and hospitals.

Vicki Hird: And care homes.

Helen Browning: And care homes, absolutely. It is all to be played for.

Vicki Hird: There is a real problem for the budgets, you are right, but, as Helen says, sometimes it is neutral or even beneficial when you start doing Food for Life. That is actually proven independent evidence. There is a problem with local authorities' perception of what they can do. The command paper could have started to look at that, and it should start to look at how we can deliver on some good procurement outcomes. That should be specified in the final Bill. It should be a purpose of the Bill to make sure farmers can access those markets by giving the training, farmer-to-farmer training, business advice training, and possibly investment in part processing, for example processing broccoli florets. We actually started to do this quite well after the foot-and-mouth disaster, and we have just let it all go. We need to reinvest in that kind of system that can deliver into a procurement system.

Helen Browning: That does need a bit of local infrastructure. You do need to be able to process and deliver your food more locally, whether that is abattoirs, dairies, processing plants for vegetables or whatever it might be. We need to actually invest in some of that stuff if we want to shorten supply chains. That could enable us to get rid of some of the packaging and all the things we are looking for, but we are going to have to invest in that.

Professor Lang: I agree with all of that. It is probably a bigger issue than this Committee is dealing with, but it requires the infrastructure of education. In the 1880s, the colleges of agriculture were set up to provide a sort of intellectual infrastructure at the local level, to provide exactly what my colleagues have been arguing for. We actually need something new for the 21st century. That is maybe not just colleges of agriculture but colleges of food that link the skills in some of the towns with rural colleges, to re-localise that and capture the innovation that is possible and is going to be needed in Brexit.

Peter Stevenson: The Copenhagen House of Food, which provides all public meals in Copenhagen, has, after many years' work, now achieved 75% of its food being organic, and that is rising. They have done it



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without increasing cost by a very careful balancing of the menu, so it can be done.

I would also like to make the point that, although I have great respect for organic, we should be looking not just for simply organic but agroecology, agroforestry, high animal welfare standards like RSPCA Assured and pasture-fed livestock. This bundle of good things should, by shall we say 2030, be the clear majority of the way we produce food. If we do not do that, the Defra paper's ambitions on the environment and animal welfare cannot be achieved. These things cannot be a minority in which we perhaps go from 2% to 20%. They have to be the majority fairly soon.

Professor Lang: Copenhagen certainly could be a majority actually, picking up. I know them. I talk with the city a lot. There was a really good example of exactly what I was talking about, which was the city mayor giving leadership and an infrastructure being developed to help deliver it, but a target being set very high. That is what this paper ought to be arguing for.

Q259 Dr Johnson: We talked about the importance of food and consumer choice. If you look at the price of food relative to household income in the 1950s, about a third of household income was spent on food. It is now down to less than 10% for the average household. It is about 16% for the poorer households, but that is still around about half of what it was in the 1950s. Despite that, the price of food is still extremely important.

We have been given a consumer attitude survey that says 77% of British consumers say it is important to support British farmers, but less than half of them will pay more for that food. It is great to say we will encourage farmers to produce this incredibly expensive food, but if people do not buy it all we do is increase the amount of food that we import, which is cheaply produced to a lower standard somewhere else. Our businesses then go bankrupt and we end up with no food production in the UK, or reduced food production in the UK.

I think it was you, Peter, that mentioned earlier the idea that we change what land is used for in the UK. I should say I am married to an arable farmer. As I understand it, farmers will generally produce what suits their land, so in the west of the country we see predominantly more sheep than we do perhaps in Lincolnshire, where we see more arable farming. If we want to make land produce things that it is not necessarily routinely used for, because it is not the most optimal productive land for that, again, is that not just going to add extra cost into the system and make us uncompetitive with food imports from elsewhere in the EU or the world?

Chair: Can we produce healthy food in this country at affordable prices?

Dr Johnson: The key thing is the price. Our farmers are all brilliant and they can produce great food, but people say, "You produce great food, we would love to eat it ideally, but it costs twice as much. Actually, I am



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going to buy the cheap import instead". That is what we see. Organic is more expensive. If you look at the broccoli on the shelf you see what looks identical but that one is much more. The consumer is choosing the cheaper option.

Chair: Organic chickens are dearer. I am not saying it is wrong. Is the organic side of things a province of the middle class, to put it bluntly?

Helen Browning: There are a number of things to say about this. The first is that we have a system of farming that does not internalise the externalities, so a lot of the downsides we see from our farming sector are not being reflected within the cost of the food. This is an opportunity to split out those positive and negative externalities and pay for them separately. If organic is better for wildlife and there is a payment for wildlife, organic should get that payment for wildlife. It should not be just down to the consumer to pay for those things.

There is an important fundamental shift away from expecting your consumer to pay for all of the benefits, even though some of those are public, rather than the public purse picking up the public benefits and making it more cost-effective for the consumer to buy that food. I have often said that if we had a sane economic system, organic food would be the cheapest way to produce our food, if you took into account all those externalities. Pay for those public goods in the right way.

Q260 **Dr Johnson:** You are suggesting subsidies for farmers that produce organic food.

Helen Browning: Yes, on the same basis as, if you are going to be bringing in payments for better soil management, or more habitats for wildlife, or reducing antibiotics, or whatever we think we want to encourage through the new support regime—the public money for public goods—if you apply that fairly to the organic system, which delivers so many of those public goods, the cost of that food will be much less. That is one way of doing it. You are actually taking those benefits and paying for them separately. Rather than just saying, "Let us set up a wildlife reserve over here", you are saying, "Organic is an integrated system that delivers all these benefits inherently. We should recognise that and support it". That is what currently happens, to some extent, within the organic farming scheme. You are looking very puzzled.

Dr Johnson: No, keep going.

Chair: Can we keep the answers a bit more concise, because we are not going to get through the questions?

Helen Browning: I have one other point. It is almost impossible, organic or non-organic, to make money out of fresh food. If you want to make money out of food, you have to highly process it, to brand it, to add the value, to disguise the cost of the raw ingredients. If we are looking to try to improve public health, we need to make it possible for people to eat fresh, healthy, minimally or unprocessed food at no more



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expense than they can buy the highly processed long-shelf-life stuff that is doing us all in.

Professor Lang: There were three points in your question, Dr Johnson. One is the point that Helen just answered. Where does the money go? Basically, the money is made everywhere except on the farm. Actually, in public health terms, we are increasingly arguing that we want less, or very often no, processed element to it. That is bad news for the food manufacturing sector, but that is the reality.

The second point is implicit. If we do not grow it here, do we import it? Let me just remind you—I am sure you know—the food trade gap is now nearly £23 billion. This is actually a serious drain upon the British economy. That is where the politics comes in. Government literally just need to say, “If we can grow a food, we should be growing it”, not just internationally but for national reasons.

The third point is the issue about money flows. I have to just state it again. The money is not made by farming. It is not made by horticulture. It is made off the land. There is a battle going on between food manufacturing, food retail and food service. At the moment, food service is coming up and taking an increasing proportion of it. In that, farming is squeezed. GVA figures are about 7%. In terms of the absolute amount of money that consumers spend in Britain, which was £204 billion last year, farming gets £9 billion. If the focus of the “Health and Harmony” paper is only on farming, it is not going to see the realities to the consumer, to the public health and to the environmental externalities that Helen has been talking about.

Q261 **Dr Johnson:** You are arguing that we need to redress the balance in favour of the farmer.

Professor Lang: We need to restructure the food system, and it will take 30 or 40 years. We have to do that for climate change, for biodiversity and for water, and we might as well start planning for it.

Q262 **Julian Sturdy:** Helen, I just want to come back on something you said. You were talking about better soil management, better environment and where we might go with this, as in under the banner of public good and payments to that. Surely it cannot be classified as, “Organic delivers this; conventional farming does not”. It has to be about making sure individual farms deliver the best environmental and public goods that they can. Each individual farm, each individual landscape and each individual soil type is very different. You are not going to just deliver that through organics. You need to deliver that through a wide range of farms.

Helen Browning: Organic is a really good case study, because it is well evidenced. You have the research around the benefits. We need to see all farming looking a lot more like organic farming does. It is not that everybody is going to become certified organic tomorrow at all. We need



a universal approach that allows, encourages and ensures that every farmer is looking after their soil really well, that rotations are being encouraged, that more perennial crops are coming in and that we are closing the loop on nutrients. All of those organic principles need to be applied across all farmland. We want to see everybody have that opportunity.

Q263 Julian Sturdy: I would argue that, to a certain degree, that is already starting to happen. The science is leading to the fact that actually there is a financial incentive in the longer term to invest in your soils. We are seeing much more of that. We are seeing an attempt to reverse the decline in organic matter and raising organic matter and the real benefits that brings. It not only brings an environmental benefit but also better profitability. We are seeing that through a different range. You could argue some of the old organic principles, such as cover cropping and things like that are now—

Helen Browning: They are starting to come into the norm.

Julian Sturdy: Yes, exactly.

Helen Browning: That is brilliant, but it is not universal. Not everybody is yet doing it. There are those farmers who are doing the right things, because if you have real investment in a farm over a long period of time and you start to see some of the downsides, you will invest in that way. For particularly those in shorter tenancies, we need to make sure that short tenancies and short-termism on land, particularly when profits are tight, does not get in the way of that.

Julian Sturdy: That is a really good point. Can I go back with a very quick point on that? Short-term tenancies could be a difficulty going forward, and also the shared farm contract farming that goes on now. You are right: it is about investing in the long term.

Chair: Yes, why would you build up the organic matter if someone else will be using it?

Q264 Julian Sturdy: Yes. Should it be incentivised to invest on that individual in the long term?

Professor Lang: If you want to do that, you have horticulture. The famous Sheffield study shows that allotments look after their soil better than farming.

Vicki Hird: We definitely need to tackle tenancies. There is no question. If you want agroforestry, if you want farmers to be able to plan for future changes and be thinking about the resilience of their farming system, and have a diverse farming system, you are absolutely right. You are also right that there is a big change in the air. Helen was saying it is small, but it is growing. It is very exciting. The Bill should be capturing that and really supporting it with whole-farm plans, system approaches where farmers can start, bit by bit, to understand and build on and get paid for.



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Q265 **Julian Sturdy:** This is my last question, and it is a very quick question with quick answers. Should that change be science-led?

Vicki Hird: There is an awful lot of science that farmers do that is fantastic. As Peter said, there is a lot of technology in the paper. Farmers are amazing at doing their own science. I am slightly nervous about saying it should be science-led when that automatically means technology. At the same time, there is a lot of technology that can really help, for example breeding the right kind of grains to suit the climate change that we are facing and fit for capturing organic matter in soils. There is a lot to be done.

Q266 **Dr Johnson:** We have established that people do not, in large numbers, spend the extra money on organic food. Do you think that is because they do not see the value in it, or they have not been educated enough to see the value in it? What is being done, if you think something should be done, to change that? Probably anyone who went to a shopping centre in the 90s was given two cups of fizzy pop and a blindfold and asked to decide which they thought was the nicer brand of cola. To what extent do people go out with a steamer into the shopping centre and say "This is organic broccoli that has been steamed. This is ordinary broccoli that has been steamed. Can you actually tell the difference?" Is it that consumers have bought it, tried it, found they could not taste the difference and then decided that it was not worth the extra pennies?

Helen Browning: The great news at the moment is that the organic market is growing really fast in this country. It has been growing at 6% or 7% a year for the last few years. Okay, that is not as fast as our European neighbours, because we are not getting behind it in the UK in the way that a lot of our European neighbours are.

Q267 **Dr Johnson:** Do you think there is actually physical evidence of blinded tests that show that it tastes different or better?

Helen Browning: Taste is always going to be subjective and some people like one thing and some people like another. It is like varieties of wine or whatever it might be.

Q268 **Dr Johnson:** You are not going to sell it if somebody does not see it tastes better; the children eat more of it because it tastes better.

Helen Browning: Let us just take it out of the organic/non-organic debate. Taste is a really important thing for us to be focusing on. If we want our kids to be eating more fruit and vegetables, we need to make sure they taste fantastic.

Q269 **Dr Johnson:** That does not necessarily mean organic, does it?

Helen Browning: No, it does not. I am just saying let us take it out of that debate.

Q270 **Chair:** Do we add sugar? Do we take it away? Do we add salt? We could be here all day on this one.



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Helen Browning: We could, but the market is growing.

Peter Stevenson: Can I make one point in response to what was just said? When you say that consumers are not necessarily willing to pay more for higher quality, part of the problem on the livestock side is that very often meat and milk are being labelled in ways that deceive consumers. They are being labelled to suggest animals are being kept outdoors to high welfare standards when in fact they are indoors all the time. This was exposed in great detail recently by *The Times*. Honest labelling would be important.

Q271 **Dr Johnson:** We will come to labelling. Is there evidence that organic tastes better? Has anyone actually blindfolded somebody?

Helen Browning: There have been lots and lots of taste trials over time. The varietal choice and methods of growing will have an impact. On the whole, in a lot of trials, organic comes out very well, particularly on things like pigs and poultry, where you have a very big difference in the system between organic and non-organic. You can never say, hand on heart, that every time you do a taste trial the organic product is going to come out better.

Q272 **Chair:** I am going to move on. The command paper suggests animal welfare could be funded as a public good. Do you agree this is a role for public money, rather than seeking improvements through legislation?

Peter Stevenson: The paper rather cautiously says that subsidies could be used to improve animal welfare without making a commitment to so doing. Subsidies should be used to help improve animal welfare. The public certainly regards animal welfare as a public good. We recently commissioned a survey. Respondents were asked, in the context of post-Brexit subsidies, "Do you think of animal welfare as a public good?" 71% said yes. Just 12% said no. Respondents were then asked to rank five possibilities in order of importance. They rated improving animal welfare and reducing the impact of climate change as the most highly valuable ways of using this new public money that is going to be released. Clearly, the public regards it as a public good.

Disappointingly and rather oddly, the command paper says maybe subsidies could be used instead of regulation, but both have a role to play if we really want these world class standards that Defra talks about. We need stronger regulations that would raise the welfare bar for all farmers, but then we use subsidies to support those who are willing to go even further.

Q273 **Chair:** Of course, we also have to make sure that imports under lower standards do not come in. You know my old adage: if you do not do that, you will just export your food production.

Professor Lang: I think Peter would agree that they must be legally binding. You cannot have this to be negotiated with Wilbur Ross, if I may be frank.



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Q274 **Chair:** When you say “legally binding”, legally binding on that food that is being imported as well.

Professor Lang: Mr Chair, we are talking about item 15, legislation in the Agriculture Bill. If it was a food Bill and mandated things, as Peter has just been suggesting, it would be the end of the argument.

Peter Stevenson: It is absolutely vital that, when we negotiate new trade agreements, we insist on the inclusion of a clause that imports must meet our standards. An alternative approach would be to have differential tariff rates, so that things that do not meet our standards would be subject to high tariff rates to safeguard our farmers.

We have a problem, which the Committee needs to please take up with the Department for International Trade. Clause 8(5) of the Taxation (Cross-border Trade) Bill sets out all the things the Treasury must have regard to when setting import duties in this new post-Brexit world.

Chair: Leave that there. Give us that in writing and we are very happy to take it on board. I get your argument, but I have not got detail to go into that clause this afternoon.

Peter Stevenson: Can I give one example of how regulation and subsidies should work? Regulation could emulate Germany and Austria and bring to an end the use of enriched cages for laying hens. Subsidies though could make sure that farmers really operate to high free-range standards with low stocking densities.

Q275 **Dr Johnson:** Again, this is about animal welfare, but looking at it from the opposite perspective. Do you think there is anything about the command paper as it is written that will have an adverse effect on animal welfare?

Peter Stevenson: Yes, absolutely. The promotion in the paper of gene-editing of animals is totally at variance with this desire to have high animal welfare standards. Gene-editing is a form of genetic engineering. Its proponents say it is not that much different from traditional genetic selection. This ignores the fact that traditional genetic selection has already caused huge problems to the health and welfare of broilers, laying hens, pigs and dairy cows.

Q276 **Chair:** Yes, but you could select in a different way. It is only because we have chosen to select something that fattens quicker and all the rest of it. You could actually select in a way where you make it take longer to mature and it is easier to walk and all these things. It works both ways.

Peter Stevenson: Yes, you could do that, but that is not what has ever happened in the almost 30 years I have worked in the field. Animals are being selected to grow faster, produce higher yields, and it is a disaster. Gene-editing will be used largely in the same way. That too will be a disaster. There should be a moratorium on the use of gene-editing. It should only be allowed if an impact assessment shows there are going to



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be no adverse health and welfare implications, if it can be shown that there is not a less invasive way of achieving that objective, and if it can be shown that it is not going to promote industrial farming, which has inherent welfare disadvantages for animals.

Q277 Julian Sturdy: Just to come back on the gene-editing, are you saying you are opposed to gene-editing across the board, or is it just in livestock?

Peter Stevenson: Sorry, I am talking about farm animals.

Julian Sturdy: Right, okay. There obviously is a proposal to look at gene-editing in plant breeding as well.

Chair: I thought that is really what it is referring to, more in crops than it is in livestock. We will have to check that.

Peter Stevenson: I am talking about farm animals.

Q278 Julian Sturdy: Right, okay. Just to clarify that for the Committee, you are saying you would like that specified by the Government: that it is referring to gene-editing in plant breeding and not in animals.

Peter Stevenson: Yes, if they made it clear they were only talking about plants, but I do not think they are. From conversations with Ministers, I think they are talking about animals as well. It really is going to be hugely problematic for the health and welfare of farm animals.

Chair: We will make that clear in our findings in our report.

Q279 Dr Johnson: On the gene-editing, I am a doctor and I know that certain aspects of editing genes has been looked at to get rid of really quite disabling or life-threatening conditions, particularly in young people and children. Would it not be possible to use it in animals to get rid of particularly horrific diseases there? Why would you not welcome that?

Peter Stevenson: If it is used in a particular case to get rid of a disease that cannot be addressed in any other way, then it would fall in the exceptions I gave. There would be benefits rather than harms. The reality is that the way gene-editing is probably going to be targeted is the diseases that are inherent in industrial livestock systems. When you keep animals in very crowded, barren systems, this adversely impacts their immune systems. These industrial systems are a breeding ground for the emergence and transmission of infectious disease.

Chair: I prefer "these intensive systems" than "industrial systems". I have never been convinced it is an industrial process. It is still a farming process.

Peter Stevenson: Intensive systems. The proper way to tackle those is to improve the conditions in which the animals are kept, not to gene-edit resistance into them to tackle these diseases that are coming out of the conditions in which they are kept.



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Q280 **Julian Sturdy:** It has been touched on already. Future trade deals could undermine our high animal welfare standards. I have a supplementary to that, which the Chairman is not going to be happy about, but I will open it up.

Chair: I will be, as long as you get on with it.

Vicki Hird: We are very concerned that trade deals could undermine all our food standards: animal welfare, food safety and toxins, for instance, and even labour standards. If we have higher labour standards here, we could see a real threat to those, in terms of pulling in products from overseas. We are looking for definite assurance from the Government that they are going to make that a priority and not undermine those standards when they are doing deals. A deal is a negotiation, so we can do it. Anybody who is suggesting otherwise is wrong. We are also looking for assurance from the Government that they allow parliamentary scrutiny and oversight of these deals on an ongoing basis for all deals, and that MPs have a say.

Q281 **Julian Sturdy:** It is worth pointing out that I think when Europe has done any of the trade deals the real difficulty—Neil, you will probably be more up to speed than any of us on this—has always been over agriculture and agricultural goods. I do not think we are going to see anything different, are we, when we are on our own, trying to strike these trade deals?

Vicki Hird: No. It is going to be very difficult.

Q282 **Chair:** As long as we do not get rolled over on those particular aspects.

Vicki Hird: Yes, absolutely. David Hennig, who used to work in the Department for International Trade and is now independent, has written an article today about this, talking about how we are not really prepared yet to understand what we are going to negotiate on. It is absolutely clear from public polling that the public do not want a lowering of standards and do not want to throw our farmers to the dung heap of low standards.

Chair: To the wildcats.

Vicki Hird: I think this Government would essentially fall on the basis of having some horrible situation in the future where a food disease or disaster comes as a result of their trade deal. This is crunch time, really, and Liam Fox has not got to get his way.

Professor Lang: A colleague, Erik Millstone, at Sussex at SPRU—Science Policy Research Unit—Terry Marsden, at Cardiff, and I produced a paper just before Christmas, fleshing out the poultry standards as an example. What we have got generally is a coming clash between EU, US and Codex Alimentarius standards. The critical issue the British public has to consider is whether it wants to stay with the high standards, or to have



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them set to US standards; if it does not want EU standards, it will go to Codex standards, the WTO.

Those are incredibly arcane policy wonk-ish issues, but they mean the quality of the British public's food. That issue has crept up because of the poultry work that we did, but there is a whole battery of issues that we have been touching upon. That is not just animal welfare but plant health, a whole variety of work on health and safety. Vicki is absolutely right. Codex is why people like me want the Agriculture Bill to be a food Bill and to make food standards a central section of that.

At the same time as we are concerned about this, we have the Food Standards Agency introducing *Regulating our Future*, a very strange mishmash of a restructuring that we are trying to tease out. Erik Millstone and I wrote a paper. It came out two weeks ago. You might have heard about it. With respect, you need to actually put the Food Standards Agency on the spot about that, because it is weakening the system.

Chair: That is something we may well—

Professor Lang: I really would encourage you to do that. This is going to be the crunch between EU, US and Codex standards, and who sets them and how they are set. Codex is a bundle of trouble. Let me just say that. It is lowest common denominator stuff.

Peter Stevenson: I totally agree that trade is one of the key determinants of the future of food and farming in this country. I mentioned one point earlier. It is absolutely vital that we look more carefully at the trade legislation going through. Parliament has to be given a proper role in the formulation of new trade agreements. Right at the beginning, Parliament has to be involved in setting objectives. It has to be able to look at the negotiations at various stages. At the moment, all Parliament will be able to do is ratify, saying that it should or should not be ratified. That is not good enough.

Being really radical, we probably ought to have legislation that prohibits the UK from concluding new trade agreements that compel it to allow the import of products produced to standards below our own, other than possibly in the most exceptional circumstances. We cannot just rely on the goodwill of the current Minister. These things need to be set down in law.

Finally, we need to persuade Defra to stop being quite so pessimistic about the WTO rules, which will govern trade where there is not an agreement, although not George Eustice, who actually has come out against this idea. Defra officials say, "Under WTO rules we cannot restrict imports on animal welfare or other similar grounds". This ignores WTO case law of the last 17 years, which suggests countries can require imports to meet standards equivalent to their own, provided there is no element of discrimination.



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Vicki Hird: We have not done it because we do not have the trade capacity.

Q283 **Julian Sturdy:** Is there going to be conflict going forward with the desire to continue to have cheap food in the UK? Caroline picked it up. The spend within the public's budget is now at about 10% on food.

Professor Lang: That is the big conflict. Let us remind ourselves of our history. In 1846 was the commitment where industrialists won over finance and agricultural capital. Over the next 40 years, essentially British farming gently went into a decline, critically from the 1880s onwards. World War I and World War II shook it up and, essentially, we are now having to rerun that. We have to actually be very clear. Are we going to be Atlanticist? Are we going to be European? Are we going to be mercantilist? Are we going to be neo-colonialist? There is a great slab of that going on, of going to Africa and saying, "You feed us". Africa actually needs to feed itself. These are big policy choices that "Health and Harmony", as a command paper, does not talk about at all.

Vicki Hird: We need an affordable-food Britain.

Q284 **Julian Sturdy:** I think "Countryfile" had it on Sunday. They had the public looking at some bacon and the vast majority went for the high welfare standards—I think it was RSPCA or organic—as a choice. Then when the price was revealed of all of them, a lot of them actually changed what they would buy. It was more led on price than it actually was on welfare standards. This is going to be the conflict, is it not?

Vicki Hird: They do move. Once they understand things, people do start to adopt new patterns of buying. It takes a lot to do that.

Helen Browning: The market must be less of a reliance for shifting our farming and food practice. If we just keep trying to base it on price and what the consumer is prepared to pay, if we need to make sure that people are getting healthy food at affordable prices, that will be a great investment for us in the long term. We will have a much lower NHS bill. We will have better mental health. We will have lower antibiotic resistance. We will have all of those things. Put the investment in on the farm and try to ensure that everybody can afford to eat and we do not end up in this conflict.

Q285 **Julian Sturdy:** Do we need the big retailers, the supermarkets, here in front of us.

Vicki Hird: Yes, absolutely, and you should have the inquiry on the Groceries Code Adjudicator.

Chair: Do not worry, we have her coming in.

Vicki Hird: I am very pleased to hear it.

Chair: We will have the big retailers in. Have no fear on that one. We cannot cover that all today.



Dr Johnson: Peter, I promised we would return to labelling.

Chair: We have covered it a bit, but carry on.

Q286 **Dr Johnson:** The question is whether people have the information in the labels that they get to make an informed choice on what they buy. I think we noticed this, as a Committee, when we had the inquiry into a chicken production facility. It turned out that one of the major farm assurance type labels actually used exactly the same standards as the British Poultry Council when it came for production. As a consumer who had purchased those products, I thought I was getting something different, and, certainly in terms of production facilities, I was not. Do you think there is enough information? Do you think the labelling is transparent enough?

Q287 **Chair:** Also, do the assurance schemes that we have—Red Tractor and others—reflect the welfare? Can a consumer recognise that?

Peter Stevenson: One of the big successes we have is that, since 2004, egg packs by law have had to be labelled as to farming method. Despite those concerns about price, now 50%—it is exactly 50%—of eggs in this country are free-range. We now need the same law for meat and milk. The Agriculture Bill should very specifically require meat, milk and dairy products to be labelled as to farming method. That would have to include not just the high-welfare but the bog standard, intensively produced, low-welfare products. I think we would then start seeing a real change.

Regarding your question about the assurance scheme, RSPCA Assured is very good. Red Tractor really is just, with one or two exceptions, legislative minimum standards. It is good that it is helping those be enforced, but that is not what I would think of as good animal welfare.

Professor Lang: There is an assumption in European law that only things that matter get labelled. Actually, one of the difficulties is that very often the things that need to be labelled are not labelled. Things that matter are not there. In the Nordic countries they have gone a different route. They have had a Government-approved keyhole system, which essentially is a badge of trust, not done by the industry but done by an independent, arm's-length, state-regulated body.

There is room for us to begin to explore things like that, to have a badge of trust. I was in the room when the Red Tractor was launched. I was sceptical about it then, and I am afraid I am still sceptical about it now. It is too loose, too weak, not enough done arm's-length and not enough subject to independent scrutiny.

Chair: We are probably going to do an inquiry into it, so I am very interested in some of your ideas.

Professor Lang: This needs to be opened up more broadly, if I may say. That said, there is always a difficulty in my world of food policy, where we are equally concerned with nutrients and ecosystems and consumer



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information and labour and social aspects of sustainability. It is too much information to put on a label. A label cannot possibly do it, which is why the Swedish keyhole system is so interesting. It is just basically a badge of trust. The farm assurance has been farm-oriented, not total supply chain-oriented. I really think this is something you should not just deal with in a throwaway way, not that you were doing. This is about the relationship between consumers and their knowledge and where they meet the food. It is much bigger than just a label.

Vicki Hird: I just had a quick point about recognition if you are going to be linking the assurance schemes and the accreditation to the payments under the new land management scheme. We have concerns about that. There is potential there for simplification for on-farm inspections. I know there is a review going on, but we are very concerned about that for all sorts of reasons.

Helen Browning: Just very briefly, obviously organic is regulated. It has an EU regulation behind it, so we are under a EUCAS assurance. Just to make the case, it is unusual in that it is so well regulated. I would also like to just pick up on this consumer confidence issue and the opportunities around things like blockchain. We talked about technologies and where new technologies might be helpful. One of the areas where technologies might be particularly helpful is in that whole supply chain trust and confidence. That is one that is worth looking at.

Q288 **Chair:** New technologies brings me into the final two questions. Does the command paper place too much emphasis on the role of technology and innovation? Where do you see the focus of investment in agri-technology in the future? It is quite a big question. Technology and innovation will play a role. How do you see that working?

Helen Browning: When you are looking at technologies it is always worth thinking about, "What are we trying to achieve here"? You should always be judging the method by the outcome you are seeking to achieve. There is lots of excitement around lots of very helpful technologies that we can all be looking at. Some of the monitoring opportunities are enormous.

Chair: We are going to have lasers to kill weeds. We will not need sprays any more.

Helen Browning: Some of the robotic stuff is fascinating.

Chair: There are lots of things you could get absolutely excited about in the sector.

Helen Browning: I could get very excited about lots of things, but we need to be making sure that it is taking us in the direction that we actually want to go in. That is really clear. We do not always have to think about technology or innovation as being whizzy stuff. A lot of eco-innovation is required. One of the reasons I am such a fan of our Innovative Farmers programme is that you have farmers getting



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together, saying, "What do we need to do to innovate, using the resources on our own farm, using nature, using sustainable materials, rather than thinking it is all stuff that we have to buy off the shelf and it is just another market to us?". There is some stuff there that can be useful.

Professor Lang: I agree with what Helen said. Low tech is just as important as the high tech. Everyone always gets seduced by the importance and capacity of high tech, which constantly disappoints, and they underestimate low tech, which actually constantly surprises in how effective it is. That tends to be a general rule. For me, that comes back to a point I made a bit of time ago on the need for a new education and research infrastructure for the food system, and new colleges of food. We need that to emerge over the next half a century anyway.

Q289 **Chair:** You are saying we have to concentrate much more on food, and then back to production.

Professor Lang: Yes. At Lincoln and Harper Adams, there is money flowing into some of the drone-wallahs, as I call them. It is all very interesting and potentially quite useful, but it is not dealing with the totality of the food system at all. We need to invest in the R&D and education and the extension. The function that ADAS used to do was really critical in terms of educating actors in the food system. We need something like that. We need a FOODAS, if that is not inappropriate.

Vicki Hird: I would agree with everything that has been said. I think it was about £400 million that was spent on R&D in food and farming in the last five years. A lot of that maybe has not delivered. It is hard to tell what has been delivered because we do not really know. We really have to challenge those kinds of figures and think about whether they could be better used in the kinds of things that have been discussed, and in farmer extension and farmer-to-farmer training.

A small amount of money would go a long way for farmers talking to each other about how they have done things differently. As we said, we have seen in the last few years things have been going really well. I am speaking at Groundswell in a couple of weeks, which is a great example. If that kind of thing was funded across the country, with farmers talking to each other about what techniques as well as technologies they are using, that would be a good use of the small amount of money that is available.

Peter Stevenson: Michael Gove has said that technological breakthroughs raise political and moral questions and should be approached in a judicious way. None of that note of caution and care is present in Defra's paper. There is a rather gung-ho feeling: technology is, of itself, good. Of course, technology can be good. We are great supporters, for example, of sexed semen that can reduce the number of male dairy calves being born, but we need to look at each case on its own merits.



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For example, they talk about how a very targeted use of fertilisers can reduce the harm of fertiliser use. What they are not grasping is that that is still probably within systems of monocultures and high chemical use. Would it not be better that we try to restore and nurture our soil quality through agroecology, through organic, rather than through high tech? Let us judge technology in each case on its own merits.

Chair: Rotation of crops and all of the traditional stuff as well as the new technology—I think that probably is a lot in the thinking, but I understand that.

Vicki Hird: Could I just say one last thing? I slightly disagree with Tim on the food focus. I think that then can mean what Mr Sainsbury wants or M&S wants. There is a balance to be struck there; it is not just food.

Chair: You have been a very lively panel. I am sorry we have had to trot through it quite fast, but I think we have some very good answers. You had a very good debate as well. That has been really good. We will then reply to the Government's command paper, and so this is the idea of taking all this as evidence, across a wide spectrum of views. You have been very helpful this afternoon in giving us that opportunity to put it all together in hopefully what will be a reasonably balanced way in the end. Thank you very much. When you go away, if you find that there is something and you think in a blinding flash, "I should have said that", then please give it to us in writing.

Vicki Hird: We have sent a submission to the inquiry.

Chair: Also send any more evidence back to us, because that will be useful for us also. Do not forget: we are not Defra. We are EFRA. We are the Environment, Food and Rural Affairs Select Committee that actually review what Defra and the Government do. Thank you very much.