

Environment, Food and Rural Affairs Committee

Oral evidence: Scrutiny of the Agriculture Bill, HC 1591

Wednesday 24 October 2018

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Members present: Neil Parish (Chair); Dr Caroline Johnson; Kerry McCarthy; Mrs Sheryll Murray; David Simpson; Angela Smith; Julian Sturdy.

Questions 96 - 174

Witnesses

I: Nick Allen, Chief Executive Officer, British Meat Processors Association; David Brown, Policy Adviser, Horticultural Trades Association; David Christensen, Board of Representatives Member, Arla Foods.

Written evidence from witnesses:

[- Horticultural Trades Association](#)

[- Arla Foods](#)

Examination of witnesses

Witnesses: Nick Allen, David Brown and David Christensen.

Q96 Chair: Welcome and thank you very much. You are the first panel to give evidence on the Agriculture Bill. We have had the Second Reading and it is now going into Bill Committee. We are scrutinising the Bill as it is going through Bill Committee and then looking at possible amendments at Report stage, or perhaps one or two through the Bill Committee. Would you like to introduce yourselves for the record, please, everybody?

David Christensen: I am David Christensen. I am a tenant dairy farmer from Oxfordshire. I milk about 850 cows spread over two grazing herds. That is my primary role and then I have a role representing farmers within the Arla co-operative. Arla is a European dairy co-operative of about 11,000 members, of which 2,500 are in the UK.

Nick Allen: My name is Nick Allen. I am chief executive of the British Meat Processors Association. I am also a farmer, as it happens. The British Meat Processors Association is a trade association representing the larger meat processors in the country. We have smaller members as well; we have quite a range. We estimate we probably handle 75% to 85% of all the meat that ends up being consumed in this country.

Q97 Chair: You previously had another incarnation, didn't you?

Nick Allen: In my previous incarnation, yes, I was with AHDB. I was market development director, responsible for exports, promotion and development of markets and the home market. Before then, I was in charge of the English Beef and Lamb Executive.

David Brown: I am David Brown, policy adviser at the Horticultural Trades Association. We are the main trade association representing the ornamentals industry and the gardening industry. We also have in our membership garden centres, landscape contractors and, as far as the agricultural input is concerned, growers of trees, shrubs, flowers and plants.

Q98 Chair: You will have to be DB and DC, won't you? Nick, luckily you are not called David as well; otherwise that might be very confusing this morning.

First of all, is the balance right between detail on the face of the Bill and powers to make delegated legislation? It is a fairly broad question, but we may as well go straight into it.

Nick Allen: There is probably quite a short answer from our perspective. No. We are struggling to see, out of the Bill, what it is planning to do and the details, and we desperately need a lot more detail. It is very difficult for us to understand what we would even like in the Bill, because we do not know the trading environment that we are working in. Until



everything is settled with Europe and we know the terms that we are going to be leaving on, we are in an impossible situation to know whether we should have this in or have this out.

We are struggling to see the detail. What we can see in the Bill is a lot of potential to add costs to the industry. We are struggling to see where the productivity and market incentive side is going to work to mitigate those potential extra costs that we can see could be added in through this Bill. That is our brief opinion on it.

Q99 Chair: It is an enabling Bill. It is giving a direction of travel, but very little detail. What we are quite interested in is what sort of amendments you think we can make to it. You talk about the trade deal that may or may not happen. I would like in the Bill something that will enable the Secretary of State, whoever they might be, to take action on market conditions in a given time. Hopefully, all markets will be fine, but if they are not we will need to be able to act quite quickly. In the body of the Bill there is some quite reasonable stuff, but it is not really prominent enough. I must not put words into your mouths, must I?

David Christensen: Broadly, we welcome aspects of the Bill. We were keen on the transition period. That was one of our submissions. The idea of what you could call a restructuring and retirement bond, in terms of the basis payment replacement, was a good idea as well, but there are areas that we are really concerned about.

It strikes us that there is a lack of food production focus in this Bill. That is a really key part here and a key weakness. The UK is a fantastic place to produce food, and particularly to produce milk. We are blessed with a really temperate, moderate climate, and that is a great place to start from to deal with climate change, because if you are going to get more extremes, if you start from a moderate base, you are in a great place. We have a lot going for us. We have some really good farmers. We can get better; of course we can, but we have a good agricultural base to start with.

We should be looking to specify a base level of self-sufficiency in food production in this country. Let me be clear; we are not advocating 100% self-sufficiency by any means, but there should be a core recommendation, because we can produce good, safe and affordable food, and that is really important too. We also have a role to play in dealing with the global growth of food. I am not suggesting, again, that the UK is going to feed the world, because patently it is not, but by making sure we feed our own population we can take the heat off the rest of the world. A key focus on food production is lacking.

The Bill talks about raising standards. That is highly laudable and approved, and that is what we are trying to do at Arla as well as a co-operative: constantly raise our standards of production. We are concerned that, if you then allow imports in that are not produced to those same standards, you undercut us and you potentially lower



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standards. You have less control over those standards and you export our industry. That is not right. If we cannot compete on a level playing field, that is business; that is life. We have to find something else to do.

We should be allowed to compete on a level playing field. I hear assurances from the Secretary of State, but at the same time I hear Brexit-supporting Ministers in particular saying that one of the benefits of Brexit will be cheap food. It is a regular refrain. I do not know how in future Administrations we will protect against lower-standard imports coming in.

Q100 Chair: You are seeing in the Bill the phasing out of the basic farm payment. A lot of farmers in the past, rightly or wrongly, have probably used that basic farm payment to partly subsidise their production, not quite so much on the dairy side, but certainly on the beef and sheep side. You are going to put more pressure on. If you have on the one hand the income of the farmers dropping through the basic farm payment going away and then cheaper food coming in, that will not work.

David Christensen: Indeed. There is a really important piece here about our relative competitive position when that subsidy ends. I am on record personally as saying I do not like subsidies. They are not helpful to the industry, but I had always envisaged pan-European reform of the subsidy system. What we are going to have now is us getting no subsidies, and yet potentially all my immediate competitors going on getting those subsidies. How do I compete in that situation? That is another key concern for us.

David Brown: From the HTA point of view, we understand the enabling nature of the Bill. We believe that some aspects of it will be of interest to our members as more details become available or any details become available.

DC mentioned the lack of food production focus in the Bill. I would suggest there is even less of a focus on ornamental production in the Bill, despite the fact that what we produce plays such a key role in the socioeconomic nature, and the health and wellbeing, of this country, between the activity of gardening, the straight economic value and all the trees and shrubs that go into construction sites. In all the years I have been involved, I have often said that we are the Cinderella of agriculture and I am afraid we still are. I hope this Committee will be able to bring that focus and remind people that we have our part to play as well.

Q101 Chair: There is going to be a fundamental change in the way we support agriculture and the environment. Therefore, in some ways, you really do want to state your case now, as to exactly what you might like to see there, because now is the opportunity for us to try. We do not want to say we will succeed in all amendments, but we are quite open to trying, if there is a particular thing you want to do with horticulture or ornamentals in particular. There is not enough in there on either the general production of good horticultural produce or on the ornamentals, shrubs



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side and plants side. It is big business, isn't it? We import a lot of plants, don't we?

David Brown: Value-wise, we import just about exactly the same as we produce at home, so that gives us a huge opportunity going forward, as long as we get the other bits around it right. We have ideas on that.

Q102 **Chair:** Remind me; what is the value of the trade overall?

David Brown: Give or take, £1.1 billion.

Q103 **Chair:** Is that total trade or is that the trade in this country?

David Brown: That is home production.

Q104 **Chair:** That is home production, so it is double that, basically.

David Brown: It is double that, farm gate value, but retail value, going to a garden centre for example, it is much, much higher than that.

Q105 **Chair:** That is right, yes. I imagine we could have a slight debate over how much the garden centres take from what you produce, but we had perhaps better not get into that debate this morning.

David Brown: Could I follow through with one in particular where we are very much seeking clarity, as far as the Bill is drafted at present? That relates to schedule 1 and the agricultural product sectors that are listed. As far as the marketing standards section is concerned, it refers to "live plants", which we are assuming includes ornamental plants, although there is no clarity. I cannot find the definition of what the Bill means by live plants. Then, when we get into producer organisations and fairness in the supply chain, the schedule refers to "other plants", as opposed to "live plants".

Q106 **Chair:** You would like that to be made slightly clearer, would you?

David Brown: Yes, a lot clearer.

Chair: Now is the time to come forward with some direct proposals. We reckon we are going to be through Report stage by 20 November, so time will move on.

Q107 **Mrs Murray:** You talked about the market and regulations, Mr Allen. You said because you were uncertain about what the final deal was going to be you could not plan and you were confused as to what you could do. Have you considered what would happen if we left on World Trade Organisation rules and there was no final trade deal with the European Union?

Nick Allen: We have indeed, and it depends on the sector you are talking about. The Chairman will be aware of this. The sheep sector in particular is staring down the gun barrel if that happens, because we are so dependent on the export market on the sheep side. Well over a third of our sheep gets exported and a lot of it goes to Europe. While we are



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making ground in the Middle East in finding extra markets, it will be devastating for the sheep industry.

Q108 **Mrs Murray:** Will that be short term or long term? You said you are looking outside the European market to build markets elsewhere. How long do you think that will take?

Nick Allen: The problem is that you have one lambing per year. The last time this happened and we lost our export market was in 2007, and the sheep price plummeted by 30% to 40% overnight. Most sheep farmers will take that one hit and then they will decide that is it. It will take an awfully long time to rebuild the sheep industry if that happens. It is one hit like that. It is not like dairy where there is monthly production. You have one time when there is lambing, so it will be absolutely devastating for that sector in particular.

Q109 **Mrs Murray:** How much of our sheep production gets exported to the EU and how much to outside of the European Union?

Nick Allen: Certainly, 70% to 80% of it gets exported to the EU. We are totally dependent on that market.

Q110 **Mrs Murray:** Is there an ability for the European market, which clearly depends on that lamb and sheep meat from the UK, to source it cheaper elsewhere from within itself? Would the market still be there despite the fact that we did not have a trade deal with them?

Nick Allen: The market will still be there to a point, but we have some friends on the other side of the world in New Zealand and Australia who are queuing up to supply that market. They would be there like a shot, I am sure, and would be very competitive.

Q111 **Angela Smith:** I have upland sheep farmers who may find it even more difficult, frankly. To that point on the final deal, I entirely take the point that not knowing what the outcome of the negotiations looks like makes analysis of this Bill and the provisions within it more difficult. Have you any ideas on how perhaps the Bill could be amended to take account of that fact? Is it possible, do you think?

Nick Allen: You mentioned upland farmers. Right from the start, we have said it is really important that there is some mechanism in there to support upland farmers. They are in a unique position and have a unique role in how the countryside and tourism are shaped in this country. It goes way wider than food production. We believe there should be a bit of it that makes clear that upland farmers are a special case.

Our main concern is that we would just like to see more talk about how we are going to improve production and keep food production going, because most of our members would say, looking at the way things are going at the moment, food production in this country is going to decline and we are going to be more dependent on imports. That is the feeling about the direction of travel.



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We would like to see much more coming through in this Bill on how we are going to improve production. This is a fantastic opportunity here to demonstrate that environmental improvement and improving production can go hand in hand. I honestly believe they can, if it is well thought out. That probably means not having some generic rules for the country and for farmers, but almost having an individual business plan for each farm, so that they can tailor the environment support to their particular farm and their particular situation. That sounds like it could be a bureaucratic nightmare, but I believe it can be achieved quite succinctly and quite well. We have a great opportunity to show the rest of the world how it could happen, if we could get this right.

Q112 Angela Smith: That reflects entirely what we heard from David a few minutes ago, this concern about food production, which I absolutely understand. Of course, this scheme is about environmental improvement. The WTO GATT rules prevent us, once we have left the European Union, from applying subsidy to food production. The rules are very complex, but broadly speaking that is why the Secretary of State is going down the road he is pursuing. The point you just made, Nick, is really interesting. It would be helpful to amend the Bill to provide for professional, kite-marked advice to farmers on the basis of producing plans for integrated farm management, and that would fit neatly within the Bill.

Nick Allen: Yes, it would. Once we know what is trying to be achieved, there is an opportunity here to use environmental payments not in the way that subsidy is used, but as a bit of a safety net. Farming is very volatile. It is up and down, and those payments over the years have provided a safety net for agriculture. If that could still happen but being used for environmental improvement, and then in the production part plenty of effort is put into improving productivity, there is a win-win to be had there, if you could get it right.

Angela Smith: I have visited many projects that have demonstrated exactly that, so I take the point entirely. It is really interesting.

Q113 Chair: The sheep sector is an interesting one, because the environmental conditions on the uplands are very much related to those sheep being there. Also, they are the breeding stock basically for the rest of the country. I used to have a lot of sheep, virtually all bought from the north of England and from Scotland, because that is where they are normally bred. They are usually tougher as well. When they get to the soft south of England, they can cope with the weather when they are older, because they are used to a tougher climate. The whole thing is structured, and it is not a formal structure, but it is there. I do not know quite how we incorporate that in the Bill, but it is about making sure we keep the breeding stock, and we will need the production levels up as well. That is what we are particularly interested in.

Julian made this point last week. It is about how we put into the Bill a level that we do not want production to fall below and that we try to increase from. That is the bit we are toying with. I do not know if you



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have any direct ideas on that one.

David Christensen: No, other than a target, I do not know how to do it. I would go and talk to the ag economists at the universities, who could help guide policy on this. I would add support to Nick's point. We have an unparalleled opportunity here to get this right and we can have it all. We can have great production, great environmental protection and great biodiversity production. We have the tools out there. We just need to be smart about doing it. This is a really exciting opportunity.

The final point I wanted to make on that is about the role of technology in this. We have a bit of a strange attitude in this country towards the uptake of technology in agriculture. GM is a classic example. The most important prerequisite for going forward is going to be keeping an open mind, because as a farmer I am going to need all the tools in the toolbox, whether they come from organic, conventional or GM.

Q114 **Chair:** Yes, especially if you are being asked to be more competitive.

David Christensen: To be competitive and productive while protecting the environment and biodiversity, I am going to need all those tools. Any help that you could give us in sending that message of the benefits of technology across to the wider sector would be helpful.

Q115 **Chair:** There is concern that the Bill contains lots of powers for the Secretary of State, but it does not really contain many duties. I just wonder broadly what your view would be on that, or do you not want to tread into that territory?

Nick Allen: We have drifted into whether food production is a public good or not, I guess.

Chair: Do not worry; I have this argument all the time, so carry on.

Nick Allen: I do not see it as being about whether food production is a public good. The amount of food is not a public good, but food production is, if you see what I mean.

Chair: Security of food supply is.

Nick Allen: Yes, and encompassing environment and sustainability. It is the Government's responsibility and duty to the public to deliver us an industry that is sustainable environmentally and is putting food on the shelves at a reasonable price. I sincerely believe that that is a public good and should be considered as a public good. As David says, on food security per se, we cannot supply all our own food. There are certain things we cannot grow and that is not realistic.

Q116 **Chair:** On the ornamental side of things, we are not going to eat your shrubs and plants, but you would like to see something. We are only supplying half the market at the moment from home-grown plants and shrubs, so there is a real potential there, isn't there?



David Brown: Yes. There is a huge potential and Government could send very strong signals to the market through their own procurement practices as a major buyer of plants. The words “environmental protection” and “environmental enhancement” have been mentioned several times this morning. Much of that will be plant based, thinking about hedgerows. My guys are the people who, given the right signals, can provide the young stock that then does all that environmental enhancement and protection.

Q117 **Chair:** When we looked at ash dieback a year or two ago, a lot of that was caused by sending the seedlings out to the Netherlands for them to be reared there and then brought back here. We can debate that all morning. I know Owen Paterson at the time was very keen to see whether we could create much more bio-secure production, so there is a possibility there and it is something that needs looking at.

David Brown: That is something we are working very closely on at present with a plant health assurance scheme. We are piloting it already and we are nearly ready to go.

Q118 **Angela Smith:** This is a question about the provision in the Bill to collect data. The Bill gives the Secretary of State powers to collect data on the agri-food supply chain. It is a very open question. What do you think will be the consequences of providing the Secretary of State with those powers?

Nick Allen: The devil is in the detail, to be honest. I know that is a bit of a copout. On the face of it, good data flowing up and down the supply chain helps the supply chain work better and is probably a good thing to have. For instance, my members are always saying to me, “We would really like to know what is coming on to the market and when it is going to come on to the market. It would make us so much more efficient”. If it is about improving the efficiency of the supply chain and that helps everyone, that is a good thing.

When you start to drift into collecting data that potentially gives away businesses’ competitive advantage and reveals things that they have worked hard on to give themselves a competitive advantage, if it is suddenly exposed because you have collected it and put it in the public domain, that has to be a bad thing for the supply chain. As I say, the devil is in the detail in terms of what they want to collect. On the whole, we would suggest that more information flowing up and down the supply chain would help improve it.

Q119 **Angela Smith:** Do you think the Government could clarify the point about how that data could improve fairness in the supply chain? This is the point you have just made.

Nick Allen: That is right. It is a very fine line. A lot of debates go on all the time about how much a company should reveal about its trading terms, about the price it is offering and how it is trading. It is a very fine line between making sure that everything is fair on both sides, and giving



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away a competitive advantage and, therefore, meaning that they all just end up doing the same thing, which is to the detriment of everyone. Farmers want processors to compete and be competitive. They want a choice. They do not want them all doing the same thing.

In all honestly, when you look at the Bill, as the Chairman said it is an enabling Bill, so there is a lot in there. I appreciate it is drawn up to make sure a lot of things can happen, but there are some things in there that could be potentially quite frightening for processors and might put them off investing in new technology. "What is the point of doing that if that is going to slip out and our competitors are going to know about it?"

Q120 **Angela Smith:** The ownership and the handling of the data will be a key question here. David is nodding. You are all nodding now.

Nick Allen: Yes. It is something I have encountered recently that farmers themselves are quite nervous about. If an animal comes into an abattoir and you find something is wrong with it health-wise, it is good that you have a system, and hopefully with the Livestock Information Programme going forward we will have a system that can feed that information directly back to the farmer. The farmer is sitting there thinking, "Yes, but who else is going to get that information?", and is very nervous about it. There is nervousness on both sides.

Q121 **Chair:** Bringing DC in on the role of a large co-operative, as you are, how much data do you want to give up and how is it going to affect you? It is an interesting one, how it works in the market. Sometimes a retailer uses it against you as well as for us, if you see what I mean.

David Christensen: Absolutely. A key point for us here is that, as we go into a period with less support and thus more volatility, we are going to need information as farmers to make those right decisions. There is a certain amount of information that needs to go out there, but I would share Nick's point about the competitive advantage and giving away that information.

I am no expert at interpreting proposed parliamentary Bills; I have looked at it and tried to get my head around it, but it appears to me that he has sweeping powers. They have put sweeping powers in this Bill to get a whole load of information. Are they going to park someone in Arla's office the whole time, just to find out exactly what we are doing? I am being slightly facetious there, but it seems a bit heavy-handed to me. If all partners in the supply chain are treated equitably, it is marginally less of an issue, but it comes down to this competitive issue.

This is not a high-margin sector, full stop. There is not a magic money tree in there, to coin a phrase, and no one is getting rich in the dairy sector. I can assure you of that. The redistribution idea is laudable, but there are not masses of margin to move about.

As a final point, there is a precedent for this. AHDB used to do this in dairy until about 2015. They stopped because they could not get the



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information. That was a broader gross margin report and it was quite useful. I have a copy here, if you want it, of the last one that they did. It gave an indication as to where the different margins lay in the sector and that was quite useful, but did it change anything? I do not know.

Q122 **Chair:** The idea now is to go further than what AHDB was doing then and try to get more information out of the retailers as well. Is that what it means? Is that how you interpret this? I do not know. It is slightly open to interpretation.

Nick Allen: I agree with David. When you read it, and like David I am not a solicitor or an expert in interpreting it, there are some massive powers in there, on the face of it. If this was all implemented, you could be looking at a completely different state than we have at the moment. I understand they want to put these things in place because they get one shot to do it and it is good to have them there.

Q123 **Angela Smith:** It will all depend on who the Secretary of State is and which Government are in power, so it is on one level a leap into the dark in terms of knowing how the final scheme would take shape, because it is so loosely defined. David, you wanted to perhaps comment on this point about data.

David Brown: As written, I have to say, because it is the agri-food chain, it does not have implications for the ornamental sector, apart from the fact that the Secretary of State retains the power to move into other sectors as he or she sees fit.

In my experience, my members and our growers are quite happy to share information if they can see a valid reason for doing so. Taking to its extreme what is in the Bill, we cannot see quite why all that information should be needed, how much time it is going to take to provide and, therefore, the cost that is going to be associated with that.

If there was any suggestion that it was going to be introduced in the ornamental sector, we would want to be working very closely with Government and DEFRA on the design of it, quite how much information is trying to be collected and what it is going to be used for, because there is no point in collecting it and, therefore, putting all that onus on producers or retailers to provide the information if it is not going to be used.

Nick Allen: I was just going to pick up on the point that David made about working with industry when you come to writing this regulation. It is so important and we all stand willing to say, "Work with us to get this right". We have had had a number of examples recently where, probably because a regulation has been written poorly, it has backfired. CCTV, for instance, is one of them. We supported it. We are now looking at it and thinking, "This has added an enormous cost to no avail because of the way it was written".

Q124 **Angela Smith:** Do you mean CCTV in slaughterhouses?



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Nick Allen: Yes. We supported that. We are now looking at it and thinking, "Because of the way it was written, it is now adding a cost and the benefits that were originally envisaged will not necessarily be achieved for the cost it is incurring".

Q125 **Chair:** You ask farmers to be competitive. We want the figures from the big retailers. Why is it that Lidl and Aldi can take probably about 4% when Tesco takes about 16% through the margins? We are not necessarily going to get there, but that would be really interesting because, if we have to be competitive, so should they be. Naturally, a lot of this would be very market-sensitive information. I do not know whether the Bill goes there, but perhaps in my slight naivety I wonder whether it could go there. I just float that as an idea.

David Christensen: You do not have to worry about competitiveness in the retail sector. Aldi and Lidl are driving that agenda anyway, quite seriously, with the announcement of 100 new stores from Aldi last week, with Tesco responding with their Jack's proposition and Amazon chomping at the bit, coming down the line. There is going to be a lot of ongoing pressure in the retail sector anyway, which will drive efficiency, because they will have to restore margin.

Q126 **Angela Smith:** Alan Brown is not here; otherwise he would have wanted to take this question. It is about devolution. We have the devolved nations of Northern Ireland, Wales and Scotland. Unfortunately, the north of England does not seem to enjoy devolution as yet.

Chair: Or the west of England.

Mrs Murray: Or Cornwall.

Angela Smith: You are putting me off, Chair. Are you concerned that, where supply chains span across England and the devolved nations, there would not automatically be any arrangements in place to share data? In other words, it may be only where we have a wholly contained English supply chain that it applies, whereas in reality quite a lot of the supply chains will be across the UK.

Nick Allen: There is a danger that that could happen. I have been closely involved with the Livestock Information Programme, and that is one thing we have been talking about. It is not beyond the wit of man for databases to talk to one another, so there is no reason why Scotland, Wales and Northern Ireland cannot have their own databases that can be made to talk to one another. We are not concerned about the technology. Whether the politics will allow them to talk to one another is a different story. We have an overriding concern that we will end up with four different agricultural policies and systems. Fundamentally, our members trade across the UK and anything that creates confusion or added bureaucracy in there is a cost that someone has to pick up the tab for.

Q127 **Angela Smith:** Your point goes beyond the data. It is across the whole of the business of agriculture and food processing.



David Christensen: That is the key point. We are trying to keep our bureaucracy cost to a minimum. If you have different regimes in different devolved states of the UK, that is going to complicate it, on top of Brexit. Ideally, we do not want a patchwork of different regulations etc. We want them all to be the same, because that streamlines the operation.

Q128 **Chair:** Future trade deals will depend on having similar regulation across the four countries of the United Kingdom, won't they? You will not be able to do trade deals if you do not have some sort of uniformity. I know we want devolved power as well, but it is about how we balance this, isn't it?

David Christensen: Indeed. If we have different regulations for our cheddar plant in Scotland to our one in Devon, how does that work?

Q129 **David Simpson:** You are very welcome, gentlemen. I hope you are not getting too hard a time. The Bill introduces fair deal obligations for first purchases of produce. Should fair dealing obligations cover the whole supply chain? Taking into consideration that the fair deal obligations will not cover contracts where the purchaser is covered by the remit of the Groceries Code Adjudicator, will this create a two-tier system? It is a very simple question.

David Christensen: I am answering this with my Arla hat on, as a representative of a farmer co-operative. We are sat there at the moment saying, "We think we are really delivering for our owners as we operate now and in the framework we operate in". Our whole ethos and rationale is to maximise returns to our owners. We have no third-party owners of the business, so it is only farmers who own Arla. Therefore, any funds that we raise go back to producers, either in the monthly milk price or with an adjusting 13th payment at the end of the year. We are wary of anything that might affect our model.

Democratically elected farmers oversee that process. I have a role in that. I have to be re-elected every two years, as does our board of directors. If our farmers do not like the way I am acting and they do not think I am up to it, they will boot me off. Dairy farmers are very vocal when things are not going well. They have no hesitation in picking up the phone.

Chair: I know exactly what they are like.

David Christensen: They will vote accordingly, so we are kept honest by that. Furthermore, we do not just deal with the pricing side. We also try to deal with the sustainability of our producers. We are running programmes to try to improve their productivity, their sustainability and issues like that, so it is not just on price. It is also about cost, because as farmers we cannot affect the macro picture in terms of pricing. We can make sure we hit the targets in our contracts, but other than that we cannot affect the macro. We can affect the productivity of our business and that is where our focus should be.



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I am wary of anything that interferes with our business model, given that it is so successful anyway. We are paying the highest milk price at the moment. We have just announced this year that we will pay out the capital investment that we normally keep in the business, because it has been such a tough year for dairy farmers because of the weather. There you are. There is a business working in the interests of its owners.

Nick Allen: From my perspective, my answer is quite simple. We want one set of rules right the way through the supply chain. If you treat one part of the supply chain differently to another, you will have some problems, because it is passed on. My answer is very simple. If you are going to regulate in the supply chain, do it for the whole supply chain from start to finish.

Q130 **David Simpson:** I mentioned contracts, and I know the dairy sector and the poultry sector do that. Do you, with your hat on for the meat side and the lamb side, see the industry moving more in that direction where there are contracts with farmers, which in a way guarantees consistency of supply for the processor, but also consistency of profit margin for farmers?

Nick Allen: A lot more of our members, the big processors, are talking to the farmers and creating that link with them. That is a different scenario. It is very hard to move from that to a contract to supply. Having been at the farmer end, I have tried to sign up for contracts to supply. They are very dangerous things. It is a double-edged sword. You might get a very good price. If suddenly you fall short on that contract and have to make it up, on the whole as a farmer you are quite exposed.

There is probably a reluctance in the beef and sheep sectors in particular, because there are so many small players, to move to those contractual arrangements, but there is a lot more integration going on. There are lots more discussions going on about what is coming down the supply chain and working together. You have producer groups being formed to encourage improvement of productivity on the farm. There is much more integration. We are a long way, in the beef and sheep sector, from having too much in the way of the contractual arrangements that you have seen in the poultry side or the dairy side.

Q131 **David Simpson:** If it was to move in that direction, the retailers would have to play a major role in that, so there was flexibility in price going forward six months or whatever the case may be.

Nick Allen: Absolutely. The problem when you get the retailers involved is that they only sell some bits of the animal. They do not sell it all, as I am sure many of you know, so it is left for the processor to find markets for a lot of the other parts of the animal. How involved they are going to get, I do not know, because, as I say, they do not buy whole animals. They just buy bits of animals.

Q132 **David Simpson:** I appreciate that. DB, do you think horticulture is



adequately protected under the unfair supply chain?

David Brown: We have consulted our members on this on a number of occasions. We have no great demand among ornamental growers to bring in a statutory code of practice. We do not seem to have experienced some of the issues that, for example, fruit and vegetables have. Many years ago, I was chief adviser of the National Farmers' Union when the voluntary codes were being discussed. In fact, I wrote one of the very first ones, but we have never really had any great demands from the ornamental side because the market works very differently.

Q133 **David Simpson:** You are making too much money, so you do not need them.

David Brown: Not this year. We are so weather dependent. Quite frankly, a code of practice can do nothing if there is no water and people are not planting because they are not sure whether they will be able to keep their plants alive. It does not matter what code of practice you have if they are just not going to buy the plants.

Q134 **David Simpson:** Is the Rural Payments Agency the right body to oversee and enforce regulations on contract terms? You are smiling, DC.

Chair: Speak your mind. Do not feel held back.

David Christensen: Chairman, if I spoke my mind you would run me out of the room for the language.

Chair: It is all right. We have been fairly blunt.

David Christensen: Are they the right body? No, they are not, in a short, sweet answer.

David Simpson: Do you not want to think about that?

David Christensen: I will stop there. I have to deal with the RPA on a reasonably regular basis. The people on the ground are fantastic. When I ring up, they are really helpful. They are really trying to get an answer, but further up there seems to be a disconnect somehow. There needs to be a degree of cultural change within the RPA towards the way they work with farmers.

Do I think that loading more workload and power on to them is sensible? No, clearly not, at the moment. Let us solve what we have first and then maybe look at doing something else with them. Are they the right people anyway to be looking at fair dealings? I am not sure they are. I am not sure that is in their remit or in their experience, rather. There are other bodies potentially that would be better placed to do that than the RPA. No, in a short answer.

Q135 **Chair:** Without wishing to lead the witnesses, we say in the question that the fair dealing obligation will not cover contracts where the purchaser is covered by the remit of the Groceries Code Adjudicator. Many of us have been trying to broaden the scope of the Groceries Code Adjudicator.



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Would it be better to do it in that way than to bring the RPA in to do a job that it has never been used to doing?

David Christensen: If you are going to go down that route, they would strike me as far more equipped to do it, even based on resourcing et cetera, but in terms of their experience base they are much more suitable than the RPA.

Q136 **Chair:** It is not in the remit of the Agriculture Bill to alter the Groceries Code Adjudicator's powers, but a lot of the trade will be interconnected and this is the problem.

Nick Allen: To shorten the conversation, I totally agree with what David said. If you told the farmers out there that this is being handed over to the RPA, there would be trouble. I have a huge amount of time for what the GCA has done. They have made a difference and expanding their powers would be a better way of doing it than handing it to the RPA.

Chair: It is probably stimulating Julian into a question.

Julian Sturdy: That is really my question, Chair, if I am honest.

Chair: You have done an awful lot of work on it, Julian, so carry on.

Q137 **Julian Sturdy:** To finish the circle, DB, you talked about the horticulture sector not wanting voluntary codes or there being no need for that, but at the moment that sector is not covered by the Groceries Code Adjudicator. Would you like to see the remit of the Groceries Code Adjudicator expanded to cover your area? Would that help?

David Brown: Thank you for the question, but we are getting no calls for that among our membership. It is going to mean more cost to the business because, if you have a code, it has to have something about it.

Q138 **Julian Sturdy:** It would not mean more costs to the business if it goes to the Groceries Code Adjudicator, would it? Basically it is expanding the powers and the remit of the Groceries Code Adjudicator and what she can do.

David Brown: I am getting no demands from my members that we must have this.

Q139 **Chair:** Your growers are absolutely happy with what the garden centres pay for the plants, then, are they?

David Brown: I did not say that, Chairman. That is about market conditions. When you look at what has happened in the garden centre sector this year, with Wyevalle for example, they certainly were not making that much money because they did not stay afloat.

Q140 **Chair:** That is interesting, because most people like to have a fair price for what they produce and are quite worried about how much is taken when it is retailed to the consumers. Most farmers are very interested in what the purchaser pays for it and how much the major retailers take of



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the final price take. Are your growers a very independent sort of people? It seems strange to me that they do not react more to it.

David Brown: We have a continuum of views, from those who are very happy to those who are not.

Chair: The point that Julian is making is that the Groceries Code Adjudicator has the powers to look at certain contracts to check them. Her having those powers to go in and do that keeps the retailers in a position where they do not really want to fall foul of her, so she does not have to investigate everything. Just having the powers to do it seems to be relatively effective and that is what we are trying to ascertain. Fair enough, if your guys do not want it, I cannot tell them they have to have it.

Q141 **Mrs Murray:** This is to DC. Do you agree with the Government that dairy is a sector where voluntary codes have been unable to significantly improve contractual agreements and relationships?

David Christensen: Speaking with my Arla hat on, no, I do not, because I never get a question about a contract from my owners. I meet our owners at least twice a year and my phone number is on the Arla website, so they can always contact me if they want to. I never get a question about that.

The questions I get asked are what stands behind making the price, i.e. what are the global markets doing? How are we performing as a business? What is our brand share? How will Brexit affect us? Those are the sorts of questions I get asked. I do not get asked about contracts, voluntary codes and stuff like that. From an Arla perspective, we are comfortable with where we are.

It does strike me that most processors have to stay honest in the UK, particularly when you have a successful co-operative, because we keep the market straight. There is no doubt about that. There was some shoddy behaviour among some processors, particularly in the last milk price crash, the 2016 crash period. We just have to be a bit careful that we do not end up using a hammer to crack a nut and enshrining this all in legislation, contracts and stuff like that when only a handful of people were up to no good. There are other ways that you can persuade those processors to change their behaviour, not least because, if they are mistreating their suppliers, ultimately, those farmers can leave and go elsewhere.

Q142 **Mrs Murray:** Are you satisfied, then, with how the Bill paves the way to change the way the market for milk operates?

David Christensen: I guess you mean in terms of the imposition of contracts. No, we are concerned about the imposition of contracts. We are concerned because we think our model is working at the moment and certainly we are getting that message from our producers.



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One of the big pieces here is that this is a period of great uncertainty and potentially unprecedented change, and it is not the time to be introducing legislation like this right now. I have been involved in co-operatives for a number of years and one of the phrases that we have used frequently is the law of unintended consequences. You can bring in a piece of legislation like this with the best will in the world and it can go pear shaped on you.

I know that George Eustice has been looking at the Spanish model as a potential model for dairy contracts. We have done a bit of preliminary work on that, and I stress it is preliminary early viewing. Because it is in Spanish, you have to convert it to English. You have to get Spanish-speaking legal translators to go through it. It is hefty work. For instance, there is a 10% variance clause in that contract. This year, with the drought, 10% would have been all over the place. Does that mean we are all in breach of contract at that point? How does this work?

We had the comment from Nick before in terms of sheep and lamb production this year. The beast from the east did nothing for lamb production this spring. While I can see what they are trying to achieve here, it is a hammer to crack a nut and we have to be very careful at this time.

Q143 Angela Smith: It seems to me that, with this question, the previous one and the one before that, we are talking about the power of the Secretary of State to effectively intervene in the market and supply chain. What I am hearing repeatedly is that, in a Bill that is too wide ranging in the powers it gives the Secretary of State—given that that is the situation we are in—very, very good consultation is imperative, in terms of any implementation of those powers by whoever is Secretary of State. Would it be helpful if the Bill was to reflect that in any way, if it could be amended to make it clear that close consultation with the industry is absolutely critical?

David Christensen: I do not want us to go down this route anyway. I have made that plain. If you are forced to go down that route, it is absolutely critical that you involve us to avoid the abattoir camera fiasco that came about. It is critical. Forgive me, but we have not got a good track record on this. I sat on the better regulation task force in agriculture that Richard Macdonald ran back in 2012 or something like that, and I was part of the implementation group. One of the key recommendations there was to involve farmers in an early stage of drafting legislation, so it is pragmatic and so it works. We do not seem to have listened. The answer is, simply, yes: try to involve us as much as possible in those drafting stages, please.

Nick Allen: I agree with what David has just said. We are not good in this country at working together. We have even seen it in Europe. European countries arrive at the table and they have industry there with them. When you see trade delegations go abroad, industry is right there. Unfortunately, we have a culture in this country of pushing industry and



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the practitioners away and the civil servants saying, "We will deal with the detail". Then it tends to backfire. We have to have a change of culture in this country. It is one of my gripes at the moment.

We have this approach to Europe and Brexit. We have put processes in place and all these consultations are going on. We do not have time to operate in the same traditional way that we have always done, producing papers and 12-week consultations on things. We do not have time if we are going to get everything done by then. We have to find a different way of working together in the new world and that involves working closely with industry.

- Q144 **Chair:** I can see both sides on these contracts, because I quite like the flexibility that is there at the moment, and I know co-operatives have an opt-out on quite a lot of it, don't they? There are also smaller contracts with some companies and cheese producers—not always cheese producers—that can be quite difficult. Some of them want flexibility and some of them do not. George, as Minister of State, is doing this with the very best of intentions. The farming unions are relatively keen on it as well. I am just trying to drill down on this. Much as you do not like it, what are the positive sides of bringing this in? Would it create fairness or not?

David Christensen: If we can get it right, there is potential there, but the concern is that you damage the very businesses that are delivering that now. It is not just Arla. I spoke to the chief exec of First Milk last night. I was trying to get to Dale Farm as well, but I did not have time to because there was TB testing yesterday. We certainly think we are delivering now anyway, and we do not want the added aggravation of this. That would be our view. However, I am fully conscious that the NFU is pushing behind this. If we are going to do this, there should still be a co-op exemption and there should be heavy involvement of us in that drafting of legislation.

- Q145 **Chair:** Co-operatives vary. You are a completely farmer-owned co-operative. Most co-operatives by their very nature would be largely farmer owned and invested, but it is about making sure, like I said, that the money that is made gets back to the farmer, which Arla very much does. This seems to be the sticking point. It is a very difficult one, because this is done with the very best of intentions.

David Christensen: Clearly, it is done with the best of intentions. I get all that. The other point is that not all farmers want to be a member of a co-op either.

Chair: No, that is right.

David Christensen: You have to invest if you are going to be in a co-op and some farmers do not want to do that. We have had a very chequered history of co-operation in the UK and farmers have seen co-ops go bust



and their money lost, so some farmers go, "Forget that. I would rather supply direct, thank you very much". It is not for everyone.

Q146 **Chair:** We have had spectacular failures of a few co-ops.

Nick Allen: It is worth noting—and some of you may be aware of this—that the Americans have gone down this road. While there was a lot of trouble at the beginning, they have arrived at some reasonable models. If we are embarking down this route, it is worth looking at what has happened in America and the lessons learned from that. There are other countries that have gone down this route and, as I say, we could learn from that rather than starting from scratch.

Q147 **Chair:** Have the Americans incorporated that into a futures market as well? I know they use the futures market more on dairy than we do.

Nick Allen: I do not know so much about the dairy side. I am just aware that they are probably way ahead of us in terms of looking at this and trying to bring some fairness into the supply chain. Of course, there was some work already going on in Europe about it, and some quite in-depth papers about it. Europe started on this in about 2016, so we should not leave that behind when we leave.

Q148 **Julian Sturdy:** Going further on to producer organisations, the Bill does not really contain much detail on what a new regime will look like for producer organisations. Would you like to see more detail in the Bill or are you content to wait for that secondary legislation to come about? A lot of you have talked about detail and that is certainly what we have found. There is a lot of stuff in the Bill but the devil is always going to be in the detail. I just would like to have your views on where that is.

Nick Allen: I come back to the fact that this is an enabling Bill and I understand that that is in there, but having all those powers and understanding how you implement them are miles apart. Unfortunately, the meat industry is littered with failed producer organisations, going back years. It has not been successful and that is partly because you need the expertise of a processor, and the knowledge and resources that they have, to make it all happen and to get the value out of a carcass. That is very often where they have failed.

Q149 **Julian Sturdy:** Do you want the detail put into the Bill, then?

Nick Allen: I do not know whether it is the detail in the Bill. We would like to understand what their vision is. You cannot see what the vision is or what they are proposing. It could be quite draconian or it could be quite loose; you just cannot tell from what is written there. Yes, more detail would help, but so would a better explanation of the vision.

Q150 **Julian Sturdy:** That is a fair point. There have been a lot of explanatory documents around the Bill, but I do not think anything has talked about that area within those documents, has it? It has not been covered at all, really.



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Nick Allen: No.

David Brown: From the ornamentals point of view, I would refer back to comments I made very early on. What do you mean by “other plants” when you are talking about the sectors that producer organisations could operate in? We do not know whether it has implications for us, or whether we would be able to take advantage of whatever support might be available to producer organisations. If producer organisations were to start up in the ornamentals sector, we would need that kind of detail. Also, we do not know how it ties in with the financial assistance provisions earlier on in the Bill, which specifically mention improving productivity in horticulture, or starting up and expanding in horticulture. Where would the advantage be for a group of my hedging growers to come together as a producer organisation if, in fact, there is no more advantage than if they just applied for the grants that are available under financial assistance in their own right? That is the kind of detail we will need to have.

Q151 **Julian Sturdy:** Until that detail comes out, no one is going to take that leap of faith.

David Brown: Exactly, and that is if we are even covered, because we do not know what the definition of “other plants” is.

Q152 **Julian Sturdy:** Would you argue that it is difficult to put that detail into the Bill but that that vision needs to be explained around the Bill?

David Brown: Absolutely.

David Christiansen: I am not hugely experienced about POs but there was one in the dairy sector: Dairy Crest Direct was an example of a producer organisation and it was quite successful. They can work. They work much more in the hort and what I would call the ag-hort side rather than the ornamental-hort side. They are more common there. It would certainly be worth going and speaking to the representatives of those bodies that have done it. Why did it work in the dairy sector? It worked because, when you have a really good person running a PO, they take a lot of the heart out of the price negotiations between two sides, because they are objective with their head, so you get a much cooler, more honest discussion about the true facts rather than the heart, and that is helpful. They can be a useful tool in those pricing and contractual discussions between two sides, so they have a role, but you need to go and talk to those successful operators to get more advice as to what to put into the Bill.

Q153 **Chair:** It is probably fair to say that the farming sector and producer sector in this country has, over the years, been largely suspicious of producer organisations, partly because of experience. It is about how we bring them together in a way where they can be confident that they believe it is going to make life better for them. As you were saying just now, DC, some farmers want to invest in this and some do not, and it will



be the same with the producer organisations to a degree.

David Christiansen: You will know that we are independently minded people as farmers, but historically we have been able to afford to be independent. There is a change coming here with the potential scenario we are moving to. We might not be able to be quite so independent and we might have to work much more closely together, and that is where the like of POs and cooperatives are going to be really important. Anything that enables the success of those organisations is very valid and very helpful.

Q154 **Kerry McCarthy:** There have been some calls for public health outcomes to be included in the Bill, so that is not down as a public good at the moment. Some people think it should be; others think it is not the place for it and perhaps it should be in the food policy. What is your view on that and how would your sectors contribute to that? I guess the ornamental horticulture is not really appropriate on that front. It is a shame that we do not have the fruit and veg sector here, because that tends to be the sector that is most talked about in this context. Do you think it should be in the Bill?

David Christiansen: There is a danger that everybody has a wish list for this particular Bill and they want to add to it. I cannot quite see how it works in our Bill. For instance, are you going to tell me to stop producing so much milk and start producing more fruit and veg? How is it going to manifest itself? That would be the first thing. This Bill should focus on production, environment and biodiversity protection, and not on other areas.

Q155 **Kerry McCarthy:** The Bill does not include food production at the moment and we have had that conversation already.

David Christiansen: Indeed, and that has been my gripe.

Q156 **Kerry McCarthy:** You are saying that it should be food production across the board and should not be focusing on the production of whatever is deemed to be healthy food.

David Christiansen: The market will determine that anyway. I am very conscious at the moment of the IPCC stuff that was out two weeks ago, and the effect that my cattle operation has on that and how that works. I sit there sometimes and think, "Should I be growing more fruit and veg? Should I unilaterally take that decision?" I think to myself, "No, the market will dictate. The market will send a signal quite clearly that, if people are moving to wanting more fruit and veg, they will be buying more, and they will be buying less dairy".

If we are going to be doing this, we have to make sure that the science is right too. We have seen a complete volte face with regard to dairy in the last few years. Dairy supposedly was bad for you. Dairy fats were bad for you, saturated fat, et cetera. The work that has come out of the University of Reading and McMaster University in Canada is clearly now



showing that a certain amount of dairy fat is good for you. We cannot go at it as much as we might like to, but dairy fat is good for you and good for the reduction of strokes, blood pressure, et cetera. If we are going to make policies based on scientific messages, we need to make sure that our science is right in the first place.

Nick Allen: Bringing public health into this is complicating something that is already quite complicated anyway. As David said, we are never quite sure of the science. Every time we open the newspapers, there is a different story about what we should or should not be eating, or what is good for us and what is bad for us. The reality is that what matters is eating a sensible, balanced diet. Bringing public health into this is an added complication that may set things in stone that, in a few years' time or even in six months' time, might look completely different. It is an added complication.

David Brown: From the ornamentals point of view, I am not sure if the Agriculture Bill is the right place for it but we do have a very significant role to play in public health. This week, the HTA launched its "Gardening is good for you" campaign about the physical activity involved in gardening, the recreational roles of parks and gardens and their role in health and wellbeing. We are also involved in a pan-European promotional scheme at a business-to-business and professional-to-professional level, called Green Cities. Much of that is about the impact of trees on hotspots and heat shading, but also about their role in clean air and decontaminating contaminated land. Of course, all of that is plant-based and we supply the plants for it.

Q157 **Kerry McCarthy:** All of that is important. I suppose the question is whether the right place to promote those sorts of things is the Agriculture Bill, but I take entirely that there is a huge amount of research on the benefits of getting outdoors for people's mental health. There are some really good projects on that. I am not sure that the rest of the questions work, given your initial answers. We had a discussion at last week's evidence session on whether you could guarantee healthy food by supporting farmers, because it tends to be about what happens to food further down the supply chain. Would you reward potato growers if the potatoes are going to be turned into crisps, for example? We can probably skip that one.

We already touched on this right at the beginning, but is there too much of a focus on the environmental side rather than food production? Will that lead to problems such as increasing food prices?

David Christiansen: I covered that off in my initial stuff. We have to be really wary of food price inflation. As a farmer, I want a bit of food price inflation sometimes. The price of my milk sometimes has been absurdly low. Equally, I recognise that we have more people going to food banks than we have ever had. That is at a time when food has never been cheaper: 8% of our disposable income. When you have food never being cheaper and a myriad of choice, and still people are perhaps not eating



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as healthily as they might, it is not a food price issue but an education issue. That is where the work is needed.

Nick Allen: Your question is whether there is too much about the environment in this Bill. Yes, it is a balance. We both said earlier that getting this balance right between production and the environment is a great opportunity. At the moment, I am looking at this Bill and thinking that there is way too much emphasis on the environment. It has got out of proportion. It has lost the productivity side.

Q158 **Kerry McCarthy:** You mentioned the IPCC report but, in terms of the carbon footprint from your sector, there is some stuff in there about farmers being rewarded. How do you see that happening in your sector?

Nick Allen: One of my frustrations around the carbon footprint of livestock production is about the lack of understanding of carbon sequestration of grassland. It is not fully understood.

Q159 **Kerry McCarthy:** They are not talking about the pasture fed or the grass side of things; it is about the associated grain fed and the deforestation.

Nick Allen: When you get into carbon footprint and meat, you have to separate the arguments around the ruminant side from what happens around pork and poultry, because they are produced completely differently. I get frustrated when meat gets lumped together. You have to have two approaches to lowering the carbon footprint of both sides.

Q160 **Kerry McCarthy:** There are figures for how much grain protein is needed to produce a kilo of meat protein, and I know it differs between beef, pigs and poultry. I am very aware of those figures but there is still an issue about the water footprint and the carbon footprint. It is not just about that issue; it is also about fertiliser use and other issues. I just wondered how your sector was going to respond to calls for a reduction in the carbon footprint per se, or are you saying that the evidence is wrong and that you do not have a problem?

Nick Allen: No, I am not saying that the evidence is wrong but there are bits of it that are not included. You have to understand the whole picture.

Kerry McCarthy: I would say that I do.

Nick Allen: But I do not think the public does. It is a really complex equation. It is really good that farmers are given the right information and a good understanding of what they can do to improve the environment. We have been working for years at lowering the carbon footprint.

Q161 **Kerry McCarthy:** It has not been very successful. Since 1990, the UK has reduced its overall carbon emissions by about 44%, and farming has done it by about 16%. You are not keeping up with the national reductions.



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Nick Allen: It depends on the figures. David and I were talking about this beforehand.

Q162 **Kerry McCarthy:** These are the official climate change figures.

David Christiansen: It does depend where you start and how you look at this. From a dairy cow perspective, we have more or less doubled our yield since 1975. Given that it is the emissions from the ruminant that are difficult for us, we have halved it per cow per litre of milk output.

Q163 **Kerry McCarthy:** To what extent have you reduced emissions in that sector since the 1990 base line?

David Christiansen: If the cow number has halved, we have made big inroads and we are still producing the same amount of milk. That is a big inroad.

Q164 **Kerry McCarthy:** But you do not know the actual figure.

David Christiansen: No, I do not. I would not pretend to. On that subject, I have to complete a carbon footprint annually for my milk buyer. My milk is allied to Tesco and, as part of my scorecard that I have with Tesco, I have to produce a good carbon footprint. If I do not, I get marked down accordingly, so the market is responding to that and starting to push me in that direction.

Chair: It is an interesting one with emissions. There is an argument around how long a chicken should be kept for: whether it should be very extensive or whether it should be very intensive. From an animal welfare point of view, you might well be able to argue that the longer you keep it and the more free range, the better life it has. But, from a carbon and an emissions point of view, the quicker that chicken is fattened and eaten, the less it emits. The point that you are making, David, is that, if you have half the number of cows producing the same amount of milk, you are bound to be reducing the emissions overall. It is a rough estimate, I accept, but we have to be realistic.

Nick, you talked about all the time that grassland is holding carbon in it, and it is very valuable from an environmental point of view. If we did not have the sheep and the cows to graze that, we would not necessarily need that grassland and you would release that carbon. All of these things are essential. We have an environmental Bill that is looking at agriculture. This is where the Bill is now coming from. That is where the policies will be developed and those are the arguments we will probably need to use. Ruminants, cows and sheep, will give off methane gas but they also take a protein that we cannot digest ourselves into a protein, so they do a valuable job.

Q165 **Kerry McCarthy:** The main issue is about the grain fed and the input from that. Perhaps we need to have another discussion.

David Christiansen: Let me try to reassure Kerry that we as a business are taking this really seriously. When I was in Denmark two weeks ago



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on a strategy session, we had a whole afternoon based on how quickly we can take our farmers in improving the emissions situation. I wanted to reassure you because, frankly, there is consumer pressure. Millennials are driving us down this route, and quite rightly so too. We take it very seriously and we have a lot of work to do on it.

The broader point is that I do get a bit hacked off that agriculture gets so much focus here. Hang on, let me finish for a moment.

Q166 Kerry McCarthy: It is barely on the agenda at the Paris talks.

David Christiansen: I had the misfortune to end up in Westfield shopping centre the other day on a Sunday, and I looked at the spending that was going on on cheap, disposable clothing. I drove past Heathrow en route, and the flights that are going on left, right and centre. We have our bit to do—I absolutely accept that—but we have to look at agriculture in the whole context.

Kerry McCarthy: The media talk quite a lot about agriculture but, in terms of policymaking, if you look at the Paris objectives, the focus is very much on energy use and the transport sector. It frustrates me a bit that we are not taking a strategic approach to agriculture. If we did, everyone could work together to try to reduce the footprint, whether it is fertiliser use or deforestation. But it is interesting to know that you are working on it. That is good.

Chair: What interests me with this whole argument over the environment and emissions is that, in the world that the press portrays, the longer you keep the animal and the more extensive it is, the better it is for the environment. If you look at carbon emissions, it is quite the reverse. Somehow or other, as we go through this big debate—and we have been talking about being honest with contracts—we will have to be quite honest about what works and what does not work from a carbon and a methane point of view. This is all going to be interesting.

Perhaps this is further than we go in the Bill in the questions from Kerry, but they are fair enough because that is where a lot of the arguments in the future are going to be. Like everything in life, they are never simplistic. From a carbon point of view and a resource point of view, if you want poultry meat efficiently and quickly produced in probably quite intensive conditions, that is your broiler unit that will deliver that. If you want to extend it to a free-range chicken, it is all great stuff, but you will not win both ways because that will have more of a carbon impact and eat more grain because it is not so efficiently produced. That is the issue with a lot of this.

Angela Smith: One of the comments made by Nick much earlier on about the need for good-quality advice to farmers, in terms of balancing production with the environment, is exactly at the heart of this. We need it on a farm-by-farm basis. That is the way to find a pragmatic resolution to what people think is a tension between the two. Reducing emissions is part of that, of course, but there is a broader issue here, which I raised



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last week, which is that some of the biggest gains on emissions will be made from restoring the sequestration qualities of our moorland landscapes, and that is where the upland farmers come in. The danger there is that some vested interests may not think it right to use the moneys available through these schemes to invest in moorland restoration. They will say it should go to individual farms. That is where the tension is in this Bill. The Bill is totally unclear on it.

Q167 Chair: The final questions are on principles. Are you at the moment able to talk to Defra? Are you able to get your ideas into Defra? This is a Bill that really revolutionises the whole world. It is a complete revolution in the end. Are you genuinely being talked to? Do you feel you are getting your ideas in or do you feel that, from a Department point of view, they need to be more approachable? I do not want to put too many words into your mouth.

David Brown: I would suggest it varies. On the plant-health side, we have very close relationships, do a lot of talking, and we have the impression that we are getting a lot of listening from that side. On some of the trade things side of things, we are talking; whether they are listening, I am not sure. It will come out in time. Again, it is this Cinderella element of ornamental horticulture.

Nick Allen: We have very good interaction with Defra. I commend the civil servants and how hard they are working at the moment to talk to industry and work with us. In fact, we are overburdened with meetings with them to do it, so they are working really hard on this and we have really good interaction with them. If I had a criticism—and they cannot help it really—it is where they are bringing in so many new people and it is a job to know what Defra's new structure looks like. I have often asked to see an organogram of Defra so that we know who we can go to and engage with further, but it does not seem to be there. In fairness to them, they are taking on a lot of extra people. There are some very bright people coming into it and they have more to come. It is a challenging time for them but I would not criticise them for not engaging with us.

Q168 Chair: The other issue is a bit further down the road. We talked earlier on about whether the RPA and others should be there doing policing or managing. There is a role for some advisers, to advise what farmers and landowners can do in the future to engage with these new payments. This is quite a challenge because I do not think it can be done necessarily by Natural England, the Environment Agency or the RPA, because they are seen at the moment as policing everything. I do not know whether you have any ideas on that one. It is a bit wider than what we are talking about this morning.

David Christiansen: Is this ADAS mark 2?

Q169 Chair: Should it be ADAS mark 2? I am not agin that. Is there a way we can involve the private sector but still have some independence? I do not



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know. I throw it open to you.

David Christiansen: There are plenty of good private sector advisers out there that have, historically, helped farmers access these schemes. Probably the mechanism is already there. I am assuming that everybody knows what ADAS is. It was an organisation called the Agricultural Development and Advisory Service. It was a state-run organisation and then it was privatised circa 1990 or something like that. It gave its advice for free when it was a national organisation. It was a really useful tool. Are we going to see the advent of that again? I suspect not. It might be desirable but, in reality, I do not think you are going to see it, although you could do it through the private sector.

Q170 **Angela Smith:** Why do you not think we will see it? It is becoming clear that farmers need to be able to call on almost a kite-mark service. There will be a wide variety of standards out there in terms of advice offered in a very complex area.

David Christiansen: I am sceptical about seeing it because of my scepticism about Government attitude towards agriculture and investment in agriculture. That is probably why I am sceptical about it. It would be desirable because of everything we have talked about today: production while minimising the environmental impact on biodiversity. It could help deliver that target but, equally, there are private sector organisations out there that are very good at what they do and could deliver this too.

Nick Allen: You have to be careful that you do not create a system that spoon-feeds inefficient farmers, and those who are not able to find this out and work these things out themselves. One of the problems the industry has is a lack of rural broadband.

Angela Smith: Do not get me going on that.

Q171 **Chair:** On the other hand, you want to be careful that the smaller farmers who are working hard but do not have access to the information can get it. Do not forget that, further down the route, there is going to be a bit of an argument that a lot of these payments may be going, again, to very big landowners. Somehow or other, without making it too bureaucratic, we have to have that help available.

Nick Allen: That is my point. This is why rural broadband is so important here, because it gives these people access to the information quickly and efficiently. That is the future and it is a barrier to the small farmer being able to access this information and advice. Rather than creating ADAS 2, which it is not what one wants, making sure that there are really good channels of information that they can access is really important.

Q172 **Angela Smith:** I take the point about not wanting to spoon-feed farming businesses and so on but, at the very least, surely, Government should be developing a kite-mark, working with the industry. This is the point that you made earlier, David, about consultation with and involvement of



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the industry. At the very least, a standard needs to be adopted, and Government could play a big role in developing that.

David Christiansen: We already have standards in the industry, with Red Tractor, so that would be the baseline standard for quality assurance.

Q173 **Angela Smith:** I am talking about standards in terms of advice now. I do not think that there is a standard out there.

David Christiansen: No, I think you are right. I would tend to use an adviser who was backed by one of the professional bodies. That is how I gauge if that advice is fit for purpose. That is how I would do it. There are some bright enough and smart enough advisers out there, and some bright enough and smart enough farmers who will get together of their own volition, without the need for too much Government intervention.

There is an example I would use. If you go back to the 1990s, there was a fiendishly complicated subsidy scheme called the Beef Special Premium Scheme. When you overlaid extensification into it, it was a nightmare to do. I looked at it and thought, "How the hell does any farmer working full time—not, like me, flouncing about in an office—who is out there, milking his own cows and feeding his own stock, do this?" The reality was that they found somebody, usually allied to their local market or a local farmer's wife, who would do all that paperwork for them. That still exists today and those mechanisms exist.

Q174 **Angela Smith:** I am not talking about advice in terms of schemes but about advice in terms of integrated farm management. When we have mixed farming, one adviser may not be able to provide all the advice that is needed for an integrated farm approach, for instance. That balance between environment and production is where I am driving at with this.

David Brown: There is a model you may be aware of already or that might be worth looking at. Quite recently, the chief plant health officer, Nicola Spence, launched the register of plant health professionals, starting off aimed at plant health and seed inspectors, but which has now been rolled out to industry to enable them to get this professional qualification, exactly aligned to the advisory role that you seem to be describing. It is run with Harper Adams University. It is one specific example of where Government have driven through that kind of advisory role.

Angela Smith: The reason I raise it is because I have seen one farm that was working with BSF in north Lincolnshire. It might actually be just in Yorkshire. I cannot remember. It is near Goole. That farm has taken two decades to shift to a no-till policy and it needed a lot of expert guidance to deliver that. This is not at all simple.

Chair: Nick made the point that we have to be careful not to support inefficient farmers, which I accept, but there is also the other element of the smaller family farm and others that will need help. It is about how we get that balance right. Sometimes the private sector delivers very well;



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sometimes it very much has a vested interest. Some of the older farmers in particular do not trust that particular side of it and that is going to be our challenge. This is going to be a very different type of policy and it is going to need quite a lot of explaining.

Gentlemen, thank you very much. It has been very good evidence. You are the first ones to start our process. Again, I will reiterate that, naturally, you do not want to draw up the amendments and it is not your job to do so but, if you feel you do, you must let us know very quickly, because the ball is moving very quickly across the field and we are going to be at 20 November in no time at all. Like I said, please let us have that. Thank you very much for very forthright information this morning. It is very helpful for our inquiry into the Bill as it progresses, so thank you very much.