

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); Alan Brown; John Grogan; Kerry McCarthy; Mrs Sheryll Murray; Angela Smith; Julian Sturdy.

Questions 175 - 271

Witnesses

I: Tim Breitmeyer, President, Country Land and Business Association, George Dunn, Chief Executive, Tenant Farmers Association, and Minette Batters, President, National Farmers' Union.

Written evidence from witnesses:

– [Tenant Farmers Association](#)

Examination of witnesses

Witnesses: Tim Breitmeyer, George Dunn and Minette Batters.

Q175 **Chair:** Good afternoon. You are very welcome. You are the second panel today to discuss the Agriculture Bill. We want you to be completely open and frank with us. If there are ideas you may have on amendments, then please talk to us as we go through the evidence today, because time is very much of the essence. We will probably need to do the amendments at Report stage. We might be able to do some through the Bill Committee stage, but probably the Report stage is the best place for them.

George, if you would like you to introduce yourself for the record, then Minette and Tim after that, please, then we will get going.

George Dunn: Thank you, Mr Chairman. My name is George Dunn. I am the chief executive of the Tenant Farmers Association of England and Wales.

Minette Batters: Thank you, Chairman. Minette Batters, President of National Farmers' Union of England and Wales.

Tim Breitmeyer: Chairman, thank you. Tim Breitmeyer, President of the Country Land and Business Association for England and Wales as well.

Q176 **Chair:** Thank you very much. It is great to have the panel here because time is of the essence. We are right into the Bill now and the Bill Committee has been formed. In fact, George, you gave evidence yesterday to the Bill Committee.

George Dunn: I did, yes.

Chair: I do not know whether anyone else did, but you will do, I suspect.

First of all, should the Agriculture Bill define what agriculture is and who should be entitled to receive financial assistance?

George Dunn: This is an Agriculture Bill and there is very little within it that defines what that means. We have certainly suggested there should be an amendment on two parts in relation to that particular issue. One is to define the land or the unit over which you can receive financial assistance. You would define that so that they are predominantly those that are for agricultural use. There are plenty of definitions around, including within section 96 of the Agricultural Holdings Act, which defines agriculture, which you can link that to.

Secondly, that the recipients of financial assistance should be those who are in occupation of the land, who are taking the entrepreneurial risk for the activities on that land and who are in day-to-day management control of the activities on that land. We would want a two-pronged definition within the Bill.

Q177 **Chair:** That is who you believe should receive the financial assistance?



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George Dunn: Correct.

Q178 **Chair:** Talking to George Eustice, he does not necessarily see the entitlements that are made at the moment for receiving the basic farm payment. I do not think he necessarily sees that as entitlements for the future, does he? He sees it in a separate way. I do not know if those are your thoughts.

George Dunn: Certainly the entitlements are in the hands of certain individuals today. They received those entitlements either because they were allocated originally or they purchased those entitlements or for whatever reason. In order to use those entitlements, they have to have the land at their disposal, which underpins exactly who can be the recipient of that money at first instance. When we move to the new financial assistance provisions within this Bill, we need to have something equivalent to the land at your disposal without making it so difficult for people to change what they are doing.

Q179 **Chair:** Yes. I can understand what he is trying to do, but there ought to be some sort of rollover, I think, because otherwise we are going to make it very complicated, I suspect. Minette, would you like to come in?

Minette Batters: Thank you for the opportunity at this important time to put the case forward. Yes, we feel it is an Agriculture Bill and should be for agricultural purposes. We see food security, green energy and water security all being public goods, indeed as well as public rights.

It effectively is handing over a huge amount of power. If you look at it, there is nothing to stop those moneys being used for refurbishing Nelson's Column if it was so decided. Making sure that it is a fit for purpose Agriculture Bill that is linked to land use and people who are the risk-taker is incredibly important. It is hard to see at the moment how that can be achieved without the amendments.

One of the amendments we will be looking at is for England to adopt the power that is in the Welsh schedule, so that persons who are involved in production of agricultural and horticultural goods are the recipients, and also to seek a power that supports the domestic production of food and other agricultural and horticultural products that the Secretary of State considers necessary to ensure a sufficient level of food security in the United Kingdom.

I also I think it is absolutely paramount that we maximise our food-producing capability. You look at the connected businesses to our primary industry and they are massively significant to rural Britain. It is very easy to talk about this from a farmer perspective, but this is a whole-chain approach. I do not need to remind you that this is the largest manufacturing sector.

Q180 **Chair:** You are saying there is a knock-on effect?



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Minette Batters: Absolutely. Getting this Bill right and making sure it is about agricultural and horticultural use will shape the future for the food industry as well, and indeed the jobs and growth that are associated with it. It is paramount, I believe, that we keep it linked to agricultural use.

Q181 **Chair:** The challenge for us in some ways—perhaps not every member of the Committee, but certainly the challenge for me—is to try to get a wording that maintains our present food production and tries to increase it, probably not setting any actual figures. What we have to do, I think, is set a direction of travel and that is the challenge for us. Figures do not mean a lot, it is the direction of travel, and the whole Bill at the moment is travelling in one direction. Much of the environmental issues are good, but what I want to see is an emphasis coming back towards making sure agriculture is much more linked into that. That is what we are challenging to do.

Minette Batters: That is why I make the point about maximising our food production capability. That is not about just producing more, that is about farming smarter and focusing on productivity. I do not think it is about self-sufficiency, but we should be maximising our food-producing capability. We are already producing 50% of all the food that is consumed in this country. For an island nation, to take your foot off the gas of what we do would be erroneous.

Q182 **Chair:** Certainly it is music to my ears. We just have to make sure it is music to the Secretary of State's ears as well. Tim, can I bring you in, please?

Tim Breitmeyer: Certainly. Where we see the deficiencies, of which there are significant number in the Bill, almost all of them revolve around the fact that agriculture does not feature enough. Certainly from a policy point of view it has always been that profitable farming must be the centre of it all and that is where the deficiencies lie at the moment.

In terms of the definition, I think I would go in line with George that the land manager who holds, either as a tenant or a landowner, those parcels of land is the definition that we would use. Perhaps the nuance that we would add is the fact that bearing in mind the nature of the policy going forward, there should be no reason why that should not include the woodland within that landholding as well. That may well provide an extremely good source of revenue for farmers being able to claim against that.

Q183 **Chair:** I think there is definitely a desire to simplify some of the stewardship schemes and others. The inclusion of some forestry among that could well be useful. There are aspects of the Bill that we do not particularly like; there are other aspects of it that we can very much work with and incorporate and I think that is one of them.

The interesting thing about land manager and tenant and owner-occupier is in some cases it works quite well. In others, successive Governments and the European Commission have spent a lot of time trying to define



what a farmer is. They have never successfully come up with it. Somehow or other we have to get this wording right.

Tim Breitmeyer: To achieve that I think we would support the idea of looking at a negative list, because there are quite clearly people who are at the moment claiming who frankly should not be. I think that does need looking at.

George Dunn: Previously this Committee has corralled around the definition that we proposed, which was you look at a three-pronged definition: who is the occupier, who is taking the economic risk for the activities on that land and who is in day-to-day management control. That is your active foreman and you look for them positively rather than necessarily negatively.

The problem with this Bill, as I have said in other fora, is that it is a scaffolding, not a building. There is a lot here that we are quite pleased about, the supply chain stuff, the standards side, which all needs to hang together here. The Ministers are asking us to take a lot of trust in how they use this scaffold to build the building that will be emerging once it is in place. We want to see a little bit more clarity, particularly on things like how the supply chain stuff is going to work, how the standards are going to be applied across, traded in and domestically produced, how the productivity schemes are going to operate.

This is an Agriculture Bill and it has to support the agricultural industry at the end of the day. There is a lot in here that we could use beyond the finance assistance powers, but we need to have some clarity about how they will be used.

Chair: I made the point in the Second Reading that the last Agriculture Act was 1947. It may not be another 70 years before we see another Agriculture Act, but it may well be. Therefore, I said it is a case that we have to try to make sure it is right. The Bill does contain lots of directions of travel, but no guarantee that the Secretary of State will travel in that direction. That is the worry, is it not? It is going to be difficult to tie the Bill right down. I can understand flexibility is needed, but I think where we can get on to the face of a Bill particular things we would like to see there—ie with the food, food production, who the land managers are and farmers—would be useful.

Angela, you wanted to come in on a supplementary.

Q184 **Angela Smith:** Absolutely. It is quite usual in legislation to define key terms on the face of the Bill. This is a glaring omission. The three different answers that you gave indicate the difficulty with definitions. We are slightly different. A lot of common ground, but slightly different.

I wanted to test the definition a little further with you. Would you classify a grouse moor owner as a farmer who should receive assistance? I do not want to get into the debate about grouse shooting or anything like that, but clearly at the moment grouse moor owners do get a subsidy. Would



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they qualify in terms of your definitions as agricultural producers?

George Dunn: You said a grouse moor owner who is involved in agriculture. That is the question you asked.

Angela Smith: Would you classify a grouse moor owner as someone who could potentially qualify?

George Dunn: If they had a grouse moor and were also using it for agricultural purposes, then yes, they would. But if they were a grouse moor owner who had graziers who were farming that land as graziers—

Chair: Putting the sheep there.

George Dunn: Yes, then it is the graziers who should be the recipients, not the owner of the grouse moor.

Q185 **Angela Smith:** Do you see a grouse moor owner who rears grouse and shoots them for food—

George Dunn: For sport.

Angela Smith: Do you see it as a sport rather than the production of food?

George Dunn: I would see that as a sport rather than food production and that the graziers of that moor, the sheep and beef graziers of that moor, would be the ones who would be the recipients of the financial assistance under this Bill.

Tim Breitmeyer: I entirely agree with the comment about the grazier and indeed the tenant farmer who might have the holding that some of the grouse shooting was on. The difficulty comes then in the public goods arena, where the landlord may say he is producing some of the best biodiversity in the uplands because of the management of that grouse. It is a very difficult nuance. As we have said before in the past, because of the 1947 Act and beyond, the only use of land was agriculture, by and large. Now I think a lot of people see land to be used for many different activities, of which the environment is one. Therefore it would be perhaps difficult to exclude a grouse moor that produced some of the best biodiversity landscape management and health and wellbeing for the public because they enjoy going to see purple heather.

Q186 **Chair:** What it might come down to, Angela, if you had a grouse moor that say, for argument's sake, 30% to 40% of it was grazed and other of it was managed in a different way for the grouse, then you may be able to split up some of the payments in that direction or particular payments for the things that the grouse do. I do not particularly want to get into a vast debate about the grouse moor this afternoon, if we can help it.

Angela Smith: Not at all, but I think it is an interesting test.

Chair: It is an interesting one, yes.



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George Dunn: It is an Agriculture Bill and we are talking about agricultural use. As Minette said, you could pay for Nelson's Column with some of this money. There are plenty of good causes out there that might want to attract public finance for things that they do, but this is a Bill about ensuring that agriculture comes out of the Brexit process in a resilient and sustainable manner.

Q187 **Angela Smith:** The key problem here—and I know Minette will want to say something on this—is that the Bill also contains as one of the key uses of public money mitigating climate emissions. It talks about moorland restoration specifically. It is one of the few specific details in the Bill. Moorland restoration would have to make payments to the landowner as well as the grazier if it were to fulfil that detail listed in the Bill, if I am honest.

There is a case being made for co-investment for such things as moorland restoration, which would involve the use of some of the moneys made available under this scheme alongside other moneys for moorland restoration. Whether or not grouse farming is farming or a sport is an interesting question.

Minette Batters: I think, flanked by my two colleagues here, it is important that we find the middle ground in all of this. We have a vast proportion of farmers who are tenants, a lot of landowners, a lot of institutional landowners, ultimately a lot of variation cross the United Kingdom, which on the whole is deemed as a national treasure. I do not think the British public has any great desire to see seismic change. We do not want to be driving people off the land. If anything, we want to be able to make sure that they have more profitable and more sustainable policies going forward.

It is very important that this is all looked at in the round, which is why I come back to people taking the business risk. You have to look at what we have achieved. To buy food in the UK, we have the third-cheapest food supply in the world. If you are going to step back from the market and go completely 100% to public goods and you want to maintain a secure, quality, affordable supply of food, you have to make sure that the market goods and the public goods have a shared ambition and are fully intertwined.

We tend to talk about food and environment, but the market providers and the public good I feel must have a shared ambition. Otherwise we are going to create distortions that are not going to help, that are not going to keep George's members happy, and Tim's members I am sure would want to look at everybody being well-treated.

George Dunn: Perhaps the middle ground that Minette is asking for here is a situation where if we are looking schemes that are involving moorland restoration, which inevitably will involve the landowner, that there is a requirement that the scheme is not just for the landowner, but with the graziers or the tenants as well and that they share the benefits



in return for the effort that they are equally putting into the grazing or the moorland restoration. The problem we have currently is that too often it is only the landowner who gets the benefit of the scheme and the requirement to pass down to the graziers and others without any of the benefits. If we are going to see a scheme as is proposed here, there needs to be a process where the parties apply and are responsible jointly in that circumstance.

Q188 Chair: If it is some form of stewardship scheme in the future, it might well be able to be split by what the grazing is considered to do for the landscape and what it is the grouse do as well, without getting too complex. I would like to park it there, if I could.

My second question we have started to cover and I think I probably know the answer you are going to give. For the record, should food security and supply be included as a public good in clause 1 of the Bill, even though there is a clear market? Naturally it is argued that food and food security and food production should be done by the market and public goods should be other ways, the environment and so on. What is your position? Who wants to start? Tim.

Tim Breitmeyer: Chairman, I think food production we have to consider is paid for by the market. I do think food security is a strategic national responsibility of the Government to make sure we have a plentiful, home-grown, quality supply of food, for which we are paid a fair market price. In achieving that, I think the Secretary of State in this Bill has a duty in three areas. First of all, I think the public goods model has to be broad enough so it benefits farming. There can be some options and elements that will be much more farmer-centric than many are at the moment.

Secondly, that the productivity support that is mentioned in the Bill is genuinely meaningful and loaded upfront so that it can bring the industry from where it is at the moment to a more profitable future. Thirdly and lastly—we have mentioned it already—that it is a fair food supply chain that delivers a fair price to the primary producer at the bottom of the chain. If you do those three, then we can guarantee food security, which will in turn then be able to deliver the non-market goods through a public goods system.

Q189 Chair: In the body of the Bill there is some interesting stuff about intervening in the market in times of problems and so on, but on the face of the Bill there is very little of that. That is our great challenge. Minette, I probably know where you are on this particular one, but how do you see the best way of trying? We have the Bill before us. We are not going to rewrite the Bill. The Bill is probably going to go through. What I and the Committee are keen on is how we can amend it in a way where the production of food and a secure supply of food is more prominent. I think that is the question.

Minette Batters: I think it is paramount that we achieve that. It is clearly defined that food security is a public good. Food security of course



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is often deemed in a global context, so that you shore up your food supply globally with wider FTAs to shore up what you produce or do not produce at home.

That is why I go back to maximising our food production capability, because if we ever dare to try to turn that tap off or even slow it down, I think the car industry would be the first to tell you that you cannot just rebuild supply chains. We have incredibly successful, safe, short, secure supply chains that work on a just-in-time theory, which is effectively over 48 hours. That has been a great British success story, but there are many, many other questions that need answering in the Bill, not least around the whole food standards situation.

I do not just mean food safety standards, I mean food production standards and what that could do to undermine our own marketplace. I would say that if that were allowed and we do not set the primary legislation here on what those food standards should look like, the damage done potentially in the future will be far greater than this budget, so it is paramount that we get that established.

Q190 Chair: You are right about the food security. What we have to be careful of is how we word it. Does it very much have to be home-grown food? As you quite rightly said, when you talk about food security, food security can come from anywhere. We are not going to be able to produce bananas and rice, but we can produce much of our staple diet and we can produce more of it, if we can. That is the challenge for us.

Minette Batters: The Secretary of State, when I met with him the other day, was very happy with the term that we should maximise our home food production capability. He certainly said to me that he was—

Chair: He was happy at that moment, was he?

Minette Batters: He preferred that term to food security.

Chair: He is coming to see us next Wednesday.

Minette Batters: You can remind him.

Chair: I shall be able to repeat that to him, yes.

Minette Batters: Absolutely. It is of course maximising our home production.

Q191 Chair: Yes. That is essential because otherwise it will be misread.

George Dunn: There is obviously a debate about this term “public good”. Economists use it in some ways, politicians use it in other ways, lobbyists use it in other ways, but there is absolutely nothing more fundamental that a Government has to do than to ensure that their citizens have access to good-quality food produced at good standards at prices they can afford and at prices that reward those individuals who are making it. Whether or not it is a public good is immaterial, in my view. It



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is an absolute must and priority that needs to be somewhere in this Bill and front and centre within this Bill.

The way in which the Bill operates in terms of the standards that it wishes to imply to traded and domestic production and the way it looks at supply chains are all integral to this. It is about the health and wellbeing of our citizens. The reports that we have seen over the past couple of days, fake news or not, about the Cabinet talking about chartering ships to bring in food in the event of a no deal is causing concern among individuals who are looking at that story and asking if it is true. People are seriously concerned and worried about access to good-quality food produced to the standards that we wish to see in this country. That must be a fundamental priority of this Bill. Whether or not you have the debate, it is a public good.

Chair: Yes, because the Bill contains a lot about even raising those standards. If we are going to, then we have to maintain that importance. We will talk about that a little bit in a minute. John, you wanted a supplementary.

Q192 **John Grogan:** Yes, one supplementary on that so I fully understand what you are saying. As Angela said, public good is something that is good for the public, but is not provided by the market. The examples that are in the Bill at the moment, things like biodiversity, flood prevention and so on, I can see that a farmer could get a payment and it could be scrutinised that they are delivering on that. Are you suggesting that we should make payments for food security and how would you possibly assess that?

George Dunn: The problem is that the economic definition of a public good is that my consumption of that good does not diminish your consumption of that good. The classic example is a streetlight. My consumption of a streetlight does not diminish your consumption of a streetlight, therefore it is a public good.

Food itself, as Tim has said, is something that is traded in the marketplace and therefore by the economic definition is not a public good. But food security, which is our ability as a nation to ensure that we have access to good-quality food produced to the standards that we wish to aspire to—

Q193 **John Grogan:** Farmers should get paid for that, should they?

George Dunn: If the marketplace will not deliver that and if we are exposed to trading environments where we are undermined by stuff coming in below the standards to which we are espousing domestically, then I would say yes.

Q194 **John Grogan:** Would it not be a large bureaucracy deciding that? It is clear enough if you are biodiverse, you can have standards and you can have someone in checking it and so on, but it is almost in the eye of the beholder, is it not?



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George Dunn: If we are setting domestic standards for food production both for environmental and for animal welfare considerations and we are not allowing farmers to invest in the necessary fixed equipment required to produce to those standards, we are not supporting them in the supply chain to ensure that they are adequately returned for those standards. If we suck in stuff from wherever, produced to whatever standards that we are unable to attribute, how is that creating food security for our nation when we are simply exporting our environmental and animal welfare problems abroad?

Q195 **John Grogan:** All I am suggesting is the Bill is going up, is it not? Would you see 50% or 80% going on food security? I can see there are tight definitions there at the moment, but would you see most of the money going on food security or 20%?

George Dunn: We miss the point if we are just talking about the financial assistance here. This is about the whole Bill. It must be an absolute requirement upon the Secretary of State to have the health and wellbeing of UK citizens front and centre in terms of the food economy across the whole of the Bill.

Q196 **John Grogan:** You could put that in the Bill, but it need not necessarily mean any extra payments to farmers as such. There are other elements of the Bill you could put it in.

Chair: John, I think it is very much about the ability to be able to intervene in the market if there is a problem. That is what we are more interested in rather than carrying on the basic farm payment and things like that. I know you are not keen on that idea.

John Grogan: Not at all, I am trying to explore it. I am seeking to explore it, that is all.

Chair: Minette, please come in.

Minette Batters: Bearing in mind, as we sit here today, we do not have any idea whether we are going to be trading with Europe, we could be crashing out without a deal, the Bill must take all of that into account. It would be a complete dereliction of duty on all of our parts if it does not. I would say it needs to be able to vary, it needs to be able to pause. Absolutely for certain, if we crash out without a deal, it needs to be able to go into full-blown reverse.

Chair: That is clear enough. Absolutely right. Tim.

Tim Breitmeyer: Briefly, I think there are also a number of public goods where we can breach the environmental and farming gap. Soil is one very good example. The nation only has 30 or 40 years' worth of topsoil left. We must at all costs preserve it. If we manage to do that really successfully, we will deliver productive agriculture, we will deliver more nutritious food that is better for the population. We will preserve water because the soil will hold it better and we will produce the best climate



change sequestration that you can get. Therefore the maintenance of soil is a public good that farmers understand. I think it is a very good case.

Chair: Without getting too pedantic, if you take a worldwide environmental plan, you have to be careful we do not import somebody else's water and poor environmental conditions and make their life poorer in order to import more food. That is, as Tim said there, where you could enhance the soil, keep the production and improve the environment, but have the food production with it. That is essential.

I am going to pass on. Angela wants to make a supplementary on this and then move on to questions 3 and 4.

Q197 **Angela Smith:** Thank you. Fascinating responses just now on the question raised by John. It arose as a series of questions in this morning's panel as well. Tim's point is a good one, but of course it will take years to deliver increased yield from environmental investment in soil quality. It will take a long time to deliver it, potentially. It will not happen overnight, it will take time.

My question is about whether or not the Bill is robust enough to withstand any outcome to the negotiations. As it stands, will it be able to deliver and shape itself around any outcome to the Brexit negotiation, no deal, Canada deal, a deal that is kicked down the road and is delivered to us in seven years' time while we stay within the Norway single market arrangement? Will it stand up to the test and any potential outcome?

George Dunn: The problem for us on this side of the table is with one Secretary of State, yes, and with another Secretary of State, no.

Angela Smith: Yes, and that came out this morning as well.

George Dunn: Yes. There are substantial powers being reserved here, but no duties. We can have a Secretary of State who decides to use these powers to the fullest extent and we would probably be very content, or we could have a Secretary of State who decides to do none of this because there is no responsibility and no duty to do that. That is the problem.

Q198 **Angela Smith:** For you, it is about duties rather than powers?

George Dunn: Correct.

Minette Batters: Just to say there are 36 clauses, 26 powers and three duties, so it shows you, within a relatively small to medium-sized Bill, where it is lacking. That is why we have put down the option to reverse, not because we are wedded to direct support, but because we do not know who our trading partners are going to be, not least even if we are going to have a trading relationship with Europe. It is very important that we put those markers down now in order to prepare for the future and what that might bring.

Tim Breitmeyer: This productivity with soil, we can get some remarkably quick results, both in terms of water savings and equally of



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productive capacity. Certainly my own experience on farms that really started to think again about their soil management, we have seen differences of 5% in five years, so I think it can deliver quite quickly. The hidden thing is how quickly it can deliver the more nutritious food that goes into the food supply chain because of the micronutrients that are being passed on.

Q199 **Angela Smith:** I understand that entirely. As I was saying this morning, I listened to a project delivered on a farm near Goole last year in which the full benefits of no-till take quite a long time to deliver and it has to be done very carefully. The point is we could crash out on 29 March, so five years will not help. That is Minette's point. If we crash out on 29 March, the key test is whether this Bill, if it is already on the statute book by then, will help rescue a situation in which there are no obvious trading options with the European Union.

George Dunn: The Bill does allow for there to be a pause in the transition, but again it is trusting that it will be used is the problem.

Q200 **Angela Smith:** But there is no transition if we crash out.

George Dunn: No, but in the transition envisaged by the policy statement that came alongside the Bill.

Angela Smith: I am sorry, I do apologise.

George Dunn: Yes, and I suppose the invitation period. As Minette says, what there is not in the Bill is the ability to go back. We need to have the ability to say that if things go pear-shaped we must be able to go back to something that we have known previously that we know works.

Tim Breitmeyer: I know we have submitted an amendment along exactly those lines. It has to have the ability to go back to be able to react to the unforeseen going forward.

Q201 **Angela Smith:** That is really interesting, thank you. The next question is about public health. We have had a big debate in this scrutiny process so far about where interventions on delivering improved public health outcomes should lie. There are two schools of thought. One is that the interventions need to be made strategically and that it needs to be driven via the market so that farmers effectively are responding to market signals in terms of public health outcomes and producing more fruit and vegetables, for instance, because the market is demanding it.

But there are some who believe that this scheme could be used to directly incentivise farmers to deliver food in order to improve public health outcomes. Where do you lie on that debate? What is your view on that debate and where the intervention is best made?

Minette Batters: I came from my farm in Salisbury via the National Fruit Show in Kent this morning. It was very clear to see there that there is an enormous opportunity to grow the horticultural sector, but the big



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challenge that they face and the most significant challenge they face is a future workforce, which again lies in no man's land.

Angela Smith: I completely agree with that.

Minette Batters: I am very grateful to see the global scheme for seasonal agricultural workers. Yes, it is a sector that can grow, but at the moment it is reliant in many cases on the human hand and the labour capability to pick those crops.

It is an important point to make sure that farmers and growers respond to market incentives and very important at this moment in time that we allow the market to work and operate effectively, because farmers are always market-driven, they will always respond to market signals. It is very easy to talk about the past in negative terms, but where we have come with soil health and with animal welfare has been seismic and the consumer has benefited across the board. One of the things that we need to ensure we do most of all is to make sure that every single citizen, regardless of what they earn, has access to high-quality, affordable British food and that no one is disadvantaged from it.

One final point on that. When you challenge, as Professor Manning did, the productivity of agricultural and horticultural sectors, that is as much to do with the economic output. We are not paying any more for strawberries, apples, pears and carrots than we were 20 years ago, so if you focus on the economics you will not get the true reality of what is a very productive, very competitive sector.

Tim Breitmeyer: I think the market will move us in the direction of providing the more nutritious food that perhaps the public's diet is moving towards. Certainly in the horticultural sector that will be the case. I think it will be the case across the other sectors as well. That will provide difficulties for livestock in some areas because the red meat diet will go down, but equally in the cereal sector and my sector we may well find, if we have the correct varieties to do it, we will be growing lentils and quinoa and so on five or 10 years down the line.

George Dunn: I would absolutely agree. It goes back to the debate we have just had about food security. It is not just about the quantum of food, it is the quality of the food and how that becomes available. I would absolutely see that being a front and central requirement in the first section of the Bill, that the health and wellbeing of citizens in the context of food production and consumption is a key priority there. I think we need to be not looking just at horticulture. We are talking about a balanced diet across dairy, meat, white meat, red meat.

Bear in mind that when people consume stuff, what happens to food in the food processing side perhaps is the issue we need to look at in terms of health there. Chicken can be in many places. Some of it might be consumed in a more healthy way than in other places. The debate is much beyond the farm gate, but I think our farmers in all three



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organisations here are ready for meeting the requirements of the marketplace to produce safe, nutritious food produced to the high standards that the British public want.

Q202 Angela Smith: To finish the question, the Government are due to publish a food strategy soon to improve public health. What I gather from what you are saying—and I am just looking for confirmation—is that you would want the voice of agriculture and horticulture to be at the heart of any consultation on that strategy and you would be looking for the voice of farming to be in the strategy as well in terms of the role it has to play.

Minette Batters: Absolutely. That is why we have just published this “UK: A Nation United by Food”. That is not about the NFU’s view, it is about holding roundtables on integrity and standards, agriculture’s relationship with nature, the moral imperative to produce food and health and nutrition so that we can support the Government food strategy. If it is not based on primary production, you would have to question why it would be happening at all.

Q203 Angela Smith: It is about a market-driven drive in the end, a strategic approach, but the role of farmers in delivering that is absolutely central?

George Dunn: Yes, and not to tie the hands of the industry in ways that makes it unable to respond to the challenges that the Government rightly pose in terms of the labour issue, for example, that Minette has raised. Tying the hands of the horticultural sector by diminishing its labour supply is, I would say, immoral in terms of the desire we have to see more fruit and vegetables produced and consumed.

Q204 Angela Smith: We have been making the case for a seasonal workers’ scheme for ages and it has been really poor.

Chair: Yes, we have had several inquiries on it.

Tim Breitmeyer: I come back to the fact that I think farmers are hugely entrepreneurial and innovative. If the market is there for a different product that will get them a better commercial return, they will very quickly occupy that space.

Chair: I shall look forward to buying your lentils.

Angela Smith: They are very nutritious.

Chair: Yes, they are lovely. Carry on with question 4.

Q205 Angela Smith: Changing the subject, do you agree that the Government’s proposals for phasing out direct payments are fair, particularly for larger farms?

George Dunn: We were probably the only organisation that suggested that the smaller farmers should be protected, particularly as 80% of direct payments are less than £25,000, so the vast majority of people are not cashing in, as has been suggested.



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I think the issue about the phasing is a side issue in terms of ensuring that we have a good system that allows us out of the current position and we create a more sustainable position going forward. We can argue until the cows come home about the right way to do it.

What is really good about the Government's proposals, which we support, is the idea of delinking the payments and allowing for individuals to receive a lump-sum payment in lieu of payments yet to come down the years. The reason I think that is really important is because it would be a massive boost to restructuring within the sector. We have lots of members who are in a situation where they would probably like to make the rational decision to retire or to invest in something else, but they do not have the wherewithal to do that.

Q206 Chair: How do we guarantee that that goes to the tenant and it does not go to the landlord? I agree with you and I think it could be very useful, but if it landed up in the hands of large landowners, a large payment, that would land up in *The Daily Mail* very quickly.

George Dunn: In the landlord-tenant scenario, you will be paying out the person who is the entitlement holder and it is only the active farmer, the person who has the land at their disposal who has the entitlement in their hands. You would not be paying out in relation to the land, you would be paying out in relation to the entitlements and then those entitlements would be cancelled. I think it is relatively straightforward to ensure that you are, in 99.9% of the cases, paying the right individual.

We have members who are tenants of Tim's members. Tim's member may be willing to give a sum of money for a surrender of a tenancy, but it is insufficient in itself to set that individual up in another opportunity. Attached with a lump-sum payment for the direct payment, it could be the thing that unlocks a major amount of restructuring in the industry. We are quite supportive of it.

Q207 Chair: Allowing a tenant to buy a small property and what have you?

George Dunn: Yes, or invest in something else or do something else.

Minette Batters: We are not quite as enthusiastic as the TFA, purely because we do not feel that detail is there yet. The detail around whether you can use it for restructuring is not clear. The detail around what that would mean if you had a business that was exiting for a new entrant coming in, does that give them full entitlement to support going forward?

We had a very clear steer from all the member consultations that we did that this should be a fair and equitable approach to all. We had the same responses from small farmers as we did from large farmers, that this should be a shared payment. Many of the small farmers were saying, "If there is going to be a complete step back from direct support and this is the end, we need time to prepare for that. The worst thing that could happen is that we are treated differently and then we get to the end of



the seven-year transition and there is a harsh break". That was the steer we had.

We also feel there is very little correlation between direct support and profitability connected to size of farming business. I also add that as we stand here at present, and this is DEFRA figures, 40% of farm businesses are reliant on direct support to show profitability. It is not as easy as saying this is about small or large. We feel that was the steer we had, that it should be appropriate to all sizes and the ambition should remain the same.

On the delinking, I think there is a lot of detail missing on all of this. Are they looking at capping; is this accessible to all; is it about historic entitlements; is it just linked to the landowner? There are a lot of questions to ask and a lot more detail to come.

Q208 **Chair:** It also will not want to be taxed if it is going to be effective either. It is one of the issues the Secretary of State is very interested in, so I think it may well become part of a future policy. As you are saying, Minette, we need to see a bit more of the detail, but done in the right way I think the principle could well be right. You do not want the Treasury to get hold of it and say that is money to be taxed.

George Dunn: That point applies right across this Bill. The detail is lacking. We have asked, for example, for the regulations to come before your Committee, before a Third Reading, if possible, to have a look at them in draft. I know that is probably not going to happen, but we can ask again. Minette is absolutely right that we need to see the detail of this stuff. I was only saying that the principle behind the delinking and the lump-sum payment is a good one if we made it work according to the way Minette was saying.

Q209 **Angela Smith:** It is also about direct support as well.

Tim Breitmeyer: You have asked two questions. The first one is on the size of payment for larger landowners. We are extremely grateful that the Secretary of State has listened to the argument that both NFU and us—and indeed the Tenant Farmers Association put forward—that this should be across the board. Indeed, that is what we have in the Bill. The fact that larger farmers have been given a slightly higher percentage probably reflects the nature of the industry and what the industry needs.

Q210 **Chair:** You mean a higher percentage of reduction, do you?

Tim Breitmeyer: There is a slightly higher percentage reduction. We would say no business should ever be given, in that transition period, a reduction of more than 20% at any one time, because that will avoid the cliff edge that we argued very strongly for, that if you had a cap then it meant you had unnecessary restructuring. But there is an awful lot of detail, as Minette says, at the moment that we simply do not know about.



As far as delinking is concerned, I will openly acknowledge the fact that we did not think that it was a good idea, as much for presentation as anything else. It is a helpful tool if it could be differentiated perhaps for a retirement and a new entrant tool to try to restructure. I know the Government have said they are going to consult on the matter and we would very much like to take part in that consultation to get the right answer.

Q211 Angela Smith: What I hear is a real plea for detail and we are hearing this in every session that we are holding on this inquiry.

There is a question floating in my mind now about large versus small. Often the debate about farming is related to a mythological belief that large is bad and small is good. Actually it is the application of standards, whether the farm is large or small, that is the key question.

Is there a risk if we get all of this wrong that not only will the industry be severely damaged, but that the landscape will be damaged as well because we will see either restructuring that could be damaging in terms of swallowing up a number of small farms that should be able to survive because they run according to standards and produce good food? In reverse, we could see damage done in terms of where we perhaps could see some consolidation that would be useful. If we get this wrong, could there be some serious structural damage to the industry?

Minette Batters: I think beyond seismic. We have to take on board this is the biggest change that we will have seen since 1957. The checks and balances that need to be put in place are paramount and anything you can do to make sure that this Bill does that will be incredibly important. As we have said and we have talked about, we are going into a different trading relationship, we are going into a very different, globally unique support system with public moneys for public goods. No other country in the world has set a policy in place in this way.

To again remind you, we are the third-cheapest producer of food. It is hard to see how all of those go together, so continual impact assessments of what this is doing not only to farmers, but the impact on rural Britain will be absolutely paramount.

Chair: I imagine the panel will largely agree with that.

Tim Breitmeyer: Very much so. In particular, the start point is very important for this. If we are to move to a system of transiting away from the BPS, we must make sure that the alternative mechanisms that the Government intend to put in place are available and ready to work.

Chair: Work is an interesting point.

Tim Breitmeyer: Our huge fear at the moment is that whether it be a productivity and a comprehensive package or whether it be the new public good scheme, neither will be sufficiently worked up, they will not necessarily have the support and the knowledge that farmers know that



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those schemes are there. Thirdly, there may well not be an institution in place that is capable of delivering something that is far more complex.

Q212 **Chair:** That is where we will have to work very, very hard.

Tim Breitmeyer: That is going to take time and I strongly feel that some sort of a check and balance and a stocktake in 2020, before we start taking money away from the industry in 2021, is very necessary.

Q213 **Chair:** That is where the transitional period is very useful because it does give that opportunity. You are absolutely right. The present structures are delivering different things to what we will be trying to deliver in the future. Are the present structures right for that delivery? That is the key. Part of me feels horror with what we have, part of me even more horror if we try to produce something totally different, but we are going to have to get there. The transitional period gives us that little bit of time.

Angela Smith: I agree, and the present structures also in terms of how the industry functions, never mind how we deliver all of this.

George Dunn: We often characterise this debate as pillar 1, basic payment, bad; pillar 2, rural development, economic environment, good. While it is a blunt instrument—and I recognise it is a blunt instrument—there are plenty of farm businesses up and down this country doing the right thing by the environment, by the landscape, by the biodiversity, by the water, by the air, by the animal welfare because they are profitable on the basis of the basic payment scheme. We remove that our peril without knowing what is coming next.

Q214 **Chair:** Beef and sheep farmers, especially extensive ones, rely a lot on that basic farm payment to keep them profitable and that is what keeps the sheep and cattle on the hillside and on the flat pastureland. Sometimes, you are quite right, we demonise one against the other and I think they both have a purpose. At least with the transition period we have time to consider that.

What I would like to see in the Bill—as you quite rightly said—in 2020, but probably every two or three years, is to look at where we are with the transition, look at what is happening to agriculture, to trade, to the market as we move across, because we do have the flexibility. We should be able to do that, in theory. What we have to do is make sure it happens in practice.

George Dunn: Absolutely.

Q215 **Mrs Sheryll Murray:** Can I take you back to delinking? Minette and Tim, you have both mentioned this. Do you think there should be conditions attached to delinked payments so that they have to be spent in specific ways?

Minette Batters: The challenge with this Bill is there are a lot of things in there that we would like that are enabling legislation, but it will be a success or not with the policy that is overlaid on top of it. When you look



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at delinking, yes, if it is going to be about investment in new infrastructure, which we have not seen within our farming businesses since the 1980s. There are all sorts of things that could be done. Without seeing that detail it is quite hard to be overly positive, because we need to see more detail on it.

Is a landowner going to be having a share? What are the fiscal implications that the Chairman pointed out? None of which we know. The opportunity to pump prime the industry and reinvest and get rid of any debt that has been harboured is to be welcomed.

Q216 Mrs Sheryll Murray: You have said yourself it is enabling legislation. Perhaps I could rephrase my question. Would you like to see certain conditions attached to delinked payments? If you would, where would you want to put it? Where would you want to put those investments?

Minette Batters: Bearing in mind where we started this whole conversation, this is an Agriculture Bill, this is for agricultural purposes, this is—as we all see it—for land use, not for restoring Nelson’s Column, as I rather rudely referred to. It is about setting up a sustainable, profitable, productive industry that is resilient for the future.

Q217 Mrs Sheryll Murray: How would you do that? Where would you like that to focus?

Minette Batters: It is very hard to say because what my members want in the north-west as opposed to what my members want in the south-east is seismically different. The last thing you would want is an over-prescriptive approach. You would want to be able to say that individual businesses within individual sectors can do the right thing in the reinvestment that is needed for those sectors for that land area. I think it would be very dangerous to have a prescriptive approach that is one size fits all, because it certainly will not work for George’s members, mine or Tim’s.

George Dunn: Perhaps as the one who was the most keen on the idea, we would certainly be saying that the initial recipient has to be meeting the same definition as we were talking about earlier in terms of farming the agricultural unit and being the active individual, being the active farmer, so it does not go to another individual. The eligibility is to those individuals. I completely get the point why you might want to have what we might call a Maserati clause so that they do not take the money and go and buy a fast car or a boat or whatever with it.

Mrs Sheryll Murray: I like your description.

George Dunn: That might be very difficult to achieve, because what happens in the circumstances of an individual who takes a lump-sum payment and then six months down the line gets an unexpected inheritance that they buy the Maserati out of? Are they then falling foul of the regulations? I am absolutely comfortable with having a ring-fence



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that says this money should only be used for restructuring or reinvestment, either in your own business or elsewhere.

Q218 **Chair:** Or in retirement.

George Dunn: Or in retirement. I am quite happy to have that. What I do not want to happen, and it is what I am concerned about, is that it becomes too complicated to put that ring-fence around it and that we lose the opportunity altogether. The opportunity out there in terms of the restructuring and retirement that it would allow is, in my view, more important than the one or two people who may go off and do something inappropriate with that money, but I completely understand why there perhaps should be some ring-fence around it.

Chair: Tim's members probably already have the Maserati. That was unfair, Tim, wasn't it?

Mrs Sheryll Murray: Do you have anything to add to that, Tim?

Tim Breitmeyer: I would say we have been told that we were going to be consulted and we must do that. The one thing that we have not spoken about, in addition to what could be quite an unfortunate PR message, is that you could get a case whereby very good agricultural land is almost abandoned for four, five, seven years while the BPS drains away. Whatever anybody says, bringing land back into production after seven years is not as easy as it seems, and that I do not think anybody has really talked about.

I can see that it is a retirement/restructuring tool that, if it were very carefully thought through, could be very helpful for the long-term structure of the industry, but it must be consulted on.

Chair: You raise a very interesting point: will land be farmed in the future? There is a real danger with some of the policies that that will not be the case. Handled in the right way, that will not be the case, but it is one of those that needs to be dealt with. Are there any further answers?

Mrs Sheryll Murray: I think I am good, Chairman.

Chair: I do not know whether you are good, but you are finished. Sorry, Sheryll.

Mrs Sheryll Murray: I am always good.

Angela Smith: You are in a cheeky mood this afternoon, Chairman.

Chair: I am in a cheeky mood, yes.

Q219 **Angela Smith:** That last point is really important. There are other variables in here that could impact heavily and significantly on this, such as having no deal or failing to secure a long-term trade deal and so on. I wonder whether any members of the panel consider that the likelihood of that kind of outcome, where we lose farms altogether and lose capacity, is more likely to be felt in the upland areas than the lowland areas or is it across the board? I am just thinking of my upland sheep farmers, who



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had a particularly big challenge.

Minette Batters: It has been very divisive so far. It is really important that when we talk about livestock, we talk about them in the round. We talk about upland and lowland. Upland will not have a future if we do not have a vibrant lowland livestock sector and the lowland livestock sector will not have a future if we do not have that. It is all about the stratification. We have talked far too much about the polarisation between upland versus lowland. It must be about livestock as a whole and it must be about upland and lowland. I would say that both are completely underpinned by a viable arable sector, so unless you look at all of this in the round, there will be losers. It has to work for everyone.

Angela Smith: That is a really important point, yes.

Q220 **Julian Sturdy:** I just wanted to delve a little more in detail on, Tim, your point about the fact that potentially—I know it is a theory—you could have land that was unfarmed for seven or eight years. Apologies if this has been dealt with earlier on, but it delves into that unintended consequence scenario, doesn't it? Right the way through the Bill there is some potentially really good stuff, but it is how the unintended consequences work their way through.

Is there anything that could be put in the Bill going forward that will protect against that, so protect against land not being farmed or protect against those unintended consequences where it becomes more attractive to take land out of production than to keep it in production, which would obviously ultimately mean that food security and our UK supply base would fall?

Chair: We did talk about some food security issues and amendments, but I think there is a bit more to the answer than that, yes.

Tim Breitmeyer: I will be honest, Chair, I think we were all really taken by surprise by the fact that this delinking appeared in the Bill. I would err on saying that we need to think it through very carefully and be consulted on.

If you take an arable farm, if an individual took their payment and walked away and it was not farmed for five to seven years, the build-up of weed burden and so on will take a long time to be brought around before they get back into production really well. We have seen it with set aside. Set aside has shown that if you leave the land, if you do not have anything growing in the land, the soil structure tends to slump and there is another unintended consequence. We are in very early days.

Q221 **Chair:** I also think, without leading you all, if the public saw quite a lot of money still being paid to people that were—fair enough if they were managing it from a landscape point of view—like you say, just setting it aside, then they would not like the idea that payments are being made to those particular farmers—

Julian Sturdy: Food prices rising at the same time.



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Chair: Exactly.

George Dunn: Just to push back a little bit on this idea that we are going to see lots of land abandonment, we are inundated in our show stands and events around the country with young people who are looking to get a start in agriculture. I talk to members of ours on a daily basis who are farming land on farm business tenancies, who say to me that the BPS is a cost on their businesses because they have to factor that in when they tender a rent for a holding, particularly where it is a retiring farmer who has the entitlements and they want to make sure they are getting most of it. I think that the delinking and the lump-sum payment create opportunities for other people.

What I see in some of the young people who are coming forward today is a willingness to be more plural in their economic existence, so they are not reliant wholly on the farm and they are using that as a stepping stone to other things. The farm is here, but economically they might be driving a lorry, doing events management or whatever else, because that is how they get into the industry. I think that we will create opportunities for people that are not already there at perhaps lower rents than we have seen in the tender market than we have seen to date. I do not get the idea that we are going to see a substantial amount of land abandonment. Bearing in mind that we are talking about paying people out for their entitlements, the land will still be available for other people to use.

I also understand that we need to think about unintended consequences and things like the feed-in tariff, which created maize production all over the place, which is a huge unintended consequence and a massive cost on the environment and on business because of the amount of money being spent on that. I get the point, but I think we need to be cautious because there are plenty of people out there who want the opportunities and do not have them at the moment.

Q222 Kerry McCarthy: The one thing that CAP did give was certainty, or a degree of certainty, over future budgets. I think you have all called for multiannual budget frameworks. Do you have a view as to how the Bill could be amended to include that?

Tim Breitmeyer: Probably we have to look and see whether there is any precedent. A lot of people have said it is completely unrealistic to try to say that you can have a long-term budget and I understand particularly with figures that that is not the case.

If you look at Government, there is precedent there whereby Governments have been prepared to look to long-term plans. I would not suggest that one is going to get anything as detailed as their 10-year NHS plan, but the Treasury has Treasury-Government backed guarantee schemes, which it has entered into, and equally it has productivity funds that it has entered into. These are 10 years in one case and I think five years in another. There is precedent there.



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If we are going to move to a system whereby we are going to ask people to invest in alternative enterprises like environmental management and they are going to take land out of production that otherwise they might use for a different purpose, if they do not have the certainty in the contract that they sign up to and that payment is going to last for the full term of the contract, then they will not be interested in doing it. What will then happen is that the money that is available will have to honour those contracts and then there will not be any money for productivity to make sure that farming gets better. It is one of the key tenets that I think we all agree about.

We had the palliative care blanket of the common agricultural policy for 40 years, and we knew that every seven years, particularly with the French and German farmers, as militant as they are, we were probably going to get a reasonable outcome. Actually, as of 29 March, we do not have that any longer. It is beholden on the Government—we come back to this responsibility of a strategic food supply—to make sure that that is underpinned with a long-term commitment.

Q223 **Chair:** In the CLA, you put forward some ideas about a sort of contractual arrangement, didn't you?

Tim Breitmeyer: Very much so, absolutely, but a contractual arrangement—

Q224 **Chair:** You are still pressing that, are you?

Tim Breitmeyer: Yes, we are, but it is not worth the paper it is written on if there isn't any money to pay out against it.

Q225 **Chair:** If the Government do enter into some form of contract with a farmer, landowner or manager, it is surely more difficult for them to get out of that contractual arrangement, I would have thought.

Tim Breitmeyer: One would hope so. Also, we have to remember that—

Q226 **Chair:** Do you mean to say you do not trust Governments and you do not trust politicians?

Tim Breitmeyer: I will put it this way. We trust them to pay us on time and that part of the contract does not work very well at the moment. Anything could happen. We need that long-term certainty to be able to invest.

Q227 **Kerry McCarthy:** Do you feel that there is no certainty as to the size of the overall pot? In terms of the conversations you have had and feelings you have picked up, do you think there is a significant risk that the pot is going to be cut, that we are not going to be guaranteed to get—

Tim Breitmeyer: I hear a lot of people saying that unless we put together a really cogent argument that justifies the money to the Treasury, we could easily be at £1.5 billion in five years' time, rather than £3.2 billion. The countryside, the rural communities and the rural



economy as a whole will suffer if that is the case. I do not know whether that is true.

Q228 **Chair:** It is a fair point.

Minette Batters: It is a very good point, and we absolutely believe that a multiannual budget is essential for the future and also that this discretionary spending should not be politicised, effectively versus the NHS. How should that £3 billion be spent? Of that £3 billion, bearing in mind that even if we only dealt with 20% of food waste, we would have the whole budget. £3 billion effectively runs central government and their Departments I think for 10 days. It is very easy to talk about this as if it is a huge pot of money, and indeed it is, but when you are looking after 70% of the United Kingdom, it has shown a phenomenal return on investment. It will not work if it gets politicised, so it needs to have a long-term approach and it needs effectively to have cross-party support for the ambition, otherwise there are a lot of challenges ahead.

We worked for all these years with the common agricultural policy, and we must—and I am sure you are coming on to it—make sure that the framework is fit for purpose and we do not have a divisive nature within the single market, within the UK.

I would also point out—and I think this marker has to be put down, and I am often reminded that many farmers voted out—that they were made some very significant promises. They were promised a trading relationship with the European Union, they were promised all of the money and more, so it did sound like a very appealing proposition. It is fit for all of us to make the case that it has been a good return on investment. We are one of the cheapest producers of food in the world. We are doing a brilliant job with the environment. We can now have a bespoke policy that works totally for the UK and does not have to fit around 27 different countries, but it needs to have a long-term approach. A multiannual budget will be absolutely paramount to its success.

Q229 **Kerry McCarthy:** They were promised all the money, but without what they would call red tape and bureaucracy.

Minette Batters: Yes, and the bonfire of regulation as well.

Q230 **Kerry McCarthy:** Yes, and I suspect it might end up being the other way around.

Minette Batters: We have always said—and I think we would all absolutely agree with it—we want to maintain our high standard of animal welfare, environmental protection and food safety. We have always held very strong on that and will continue to do so, but that was the promise that was made.

George Dunn: We have talked about some really important and serious issues already today of food security, landscape improvement, moorland



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restoration, clean air, clean water and all of those issues, which are very long-term things. They do not happen overnight, as Tim was saying.

Fundamentally, there must be a Government commitment to a multiannual budget position. We do not want the number, but we need to have a process for every five or so years deciding what the budget is. We are supporting the NFU's amendment to part 9 of the Bill, which includes an amendment to bring that in. It is a fundamental prerequisite as far as we are concerned.

Q231 Chair: I think you are absolutely right. The Secretary of State made the point when we were debating in the Second Reading that, as far as practical, the best form of continuity is if we can get some form of cross-party support because then it does bind in successive Parliaments and that will be useful. I also think some contracts there in place would be very useful.

Angela Smith: The successive Governments can then—

Chair: They can wriggle.

Angela Smith: Gove could make that commitment now. He really could, yes.

Tim Breitmeyer: The point was made that it is perhaps not very easy or very realistic for Government to make long-term commitments. We have done a little bit of research on that and I can certainly share those figures with your Committee if you want to see some of the examples that we have dug up.

Q232 Chair: You have come up with parts of Government where there has been long-term commitment?

Tim Breitmeyer: Yes.

Chair: Yes, that would be very useful if you share that with us.

Q233 John Grogan: I will ask about data in a second, but just to follow on from that, you have nearly convinced me about these multiannual settlements.

Minette Batters: Only nearly?

Chair: You have to keep working on John.

John Grogan: You said that you were not committed to a figure at all and I have yet to see a piece of paper that says why it has to be £3 billion or £3.5 billion. They are significant sums of money. If we could do it for £2 million, wouldn't that be a good thing? I am really impressed with those lentils and all that entrepreneurial flair we have been hearing about, that these people are going to take up the land and young farmers will want to get in there and perhaps do other things as well. Some of our most successful sectors, like poultry and pigs and fruit and vegetables have never been subsidised. Can you decouple the idea of having certainty going forward and does it have to be £3.5 billion? Any



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Government is going to look at whether it needs to be £3.5 billion. Perhaps rural broadband should get some of it.

Minette Batters: You say pigs and poultry have never been subsidised. None of the livestock sectors would be anything without a viable arable sector. A viable arable sector underpins the entire livestock sector and that would count for poultry too.

An absolute prerequisite for stepping back from direct support must be the supply chain. Anything that you can do to put a check and balance in here, because there is a lot of great stuff on the supply chain, but that has to happen before you get to the end of the seven-year transition. I do not know one single farmer or grower who would not happily reject all support going forward if they earned a fair return from the supply chain. When you look at the devaluation of milk, when you look at the devaluation of fruit and vegetables, when you look at prices in general, that is the primary reason why agriculture is supported, to maintain the stability of food prices. It is why we talk about three cornerstones. Volatility is the most important thing in here to do with market failure and volatility within the market.

That is effectively what has to be done in order to move then to the public moneys for public goods. If you can get that bit right, you are sorted, but that is quite a challenge. We have failed in the past. It has been cross-party support on the GSCOP since 2015 and we are no further down that road than we were then. The supply chain functionality and the fairness and the transparency must be prerequisites and any checks and balances that can be put in place in the Bill will be enormously appreciated. Then you can start to drive your budget down, potentially.

Tim Breitmeyer: John, interestingly, the two examples you have given are also the two sectors that have no land. Therefore they have to manage no landscape and they do not have any of those responsibilities. Those are responsibilities that have quasi been paid for by the common agricultural policy with a system of cross-compliance, which we are now going to move away from to a system of public goods. The RSPB itself says that we need £2.2 billion to satisfy the Secretary of State's ambitions.

Q234 **Chair:** That saves £1 billion, does it not?

Tim Breitmeyer: Yes, and he wants half the countryside planted with trees instead. That is before we have any money to make sure that—

Q235 **Chair:** Is that £2.2 billion for England? There are interesting figures here. I think our payments at the moment are something like £2.5 billion in England, are they not, and about £3.5 billion in total? Is that right? It is something like that.

Tim Breitmeyer: I would not know the answer to that.

John Grogan: I think it is UK-wide.



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Tim Breitmeyer: With that, we have to remember the fact that we have to take the industry from point A, where at the moment I am afraid that in 2016, the whole of British farming made a profit that was about an eighth of Tesco's, when you take the single farm payment away. We have to move from that point to a point whereby we have a profitable and vibrant sector going forward that can deliver that environmental good. Therefore that will take funding and I use the term "meaningful productivity schemes". That is going to take a significant amount of money to help the sector get to that new life.

Minette Batters: Just one tiny point. I am sorry to jump in. We talk about the pig sector. Do not forget the pig sector was annihilated. It was halved on the back of the stalls and tethers ban, where we failed to make sure that imported product was not produced to the same standards. That is the real danger that we face now. The budget is one thing. It is important, but the most important thing is getting the standards piece right to make sure that the production standards of food coming in are the same as those here. That is what will have the impact and we have already proved in the past with what happened to the pig sector.

Q236 **Chair:** If John gets his way and wants reductions in the amount of money, we have to make sure that it can be got back from the marketplace. I am sort of agreeing with you, but not totally.

John Grogan: I am just asking questions, Chairman. I am just asking questions.

George Dunn: I go back to what I said previously: there are plenty of people up and down this country doing the right thing by the environment, by animal welfare, by clean air and clean water who are in receipt of the BPS. The only reason why they can do those things is because they are profitable and the BPS is providing that at the moment. We need to move carefully into the future.

What we are not saying is we want it to be £3 billion, £2 billion, £5 billion, £10 billion or whatever. We are saying we need a process to decide what are the commitments we are trying to pay for here? What are the public goods we need to buy? What are the market failures we need to address? At the same time, we need to be fundamentally moving on some of the issues that Minette was talking about.

The first time that Liam Fox has a trade deal with another country, with stuff coming into this country at standards below the production standards that we are allowed to use here, we will know that the Government are not serious about supporting agriculture in the UK. That would be undermining everything that we have talked about this morning. All of it needs to go hand in hand with the wider supply chain and the trading environment within which we operate.

The quicker we can move on some of that stuff, perhaps the quicker that we can move on things like the direct payments. If we get more return



from the marketplace, as Minette said, our members will be delighted, absolutely delighted, not to put their hands out to the state for money. We need to move as fast on those issues as we do with having a multiannual budget framework, while we deal with them along the way.

Q237 John Grogan: I will just move to data now. Thank you for those answers. The Secretary of State has quite extensive powers in the Bill in terms of data and the agri-food chain and so on. Is that going to lead to more transparency on fairness and better operation in the market or is it unnecessary? What do you think?

George Dunn: I think it provides the Secretary of State with some leverage. If the Secretary of State is in a position of saying that he or she believes that there is unfair practice in the marketplace and, "I want to see the information about that" and the supply chain is not prepared to deliver that, he or she has the power to legislate for that information to be provided and action to be taken.

The question is who should be the responsible body for doing that work? The suggestion that it should be the RPA is derisory, in my view. The RPA should not be anywhere near this type of work. It should be a—

Minette Batters: We would unanimously agree with that.

George Dunn: It should at least be part of the Groceries Code Adjudicator's remit to do this, or if not, another equally important—

Chair: Yes. We are going to move on in question 8 to that.

George Dunn: This is where the data will be analysed and looked at and examined. Obviously there will need to be some safeguards around the data that are stored and how they are used and so on and there are lots of data regulations around that we can talk about. Fundamentally, it is a good thing that the Secretary of State will have that leverage. We were quite pleased and surprised to see that level of detail in the Bill.

Tim Breitmeyer: I would say that we just need to make sure that it is a very streamlined process. If my own organisation is anything to go by, the implementation of GDPR has been a nightmare. If the average farm business was subjected to that, then that would be extremely difficult.

Secondly, we have to be very careful that the commercially sensitive information that is there is properly protected.

Q238 John Grogan: A few have been a little critical, haven't they, of this?

Minette Batters: There is a difference between arguing for greater transparency, which we would all want. We feel that the powers conferred on Ministers do go well beyond what is needed for many of the purposes. You cannot get away from the fact that you are handing over a lot of power with very little duties attached to it. I think it is fair and right to ask—especially where we are now—is that the right thing to do? Is it



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right to give that much power to a Minister in the circumstances of where we sit today?

Q239 Alan Brown: We know the Groceries Code Adjudicator covers suppliers who supply direct to large retailers. Clause 25 of the Bill introduces fair dealing obligations for first purchasers of products outwith the GCA. Should we have a system that covers the whole food system?

George Dunn: Absolutely, 100%. It should be with the GCA, as I said, not with the RPA.

Minette Batters: Very much so, and we would applaud the ambition to retain producer organisations and make sure they are exempt going forwards from competition law. We really do need to look at strengthening routes to market across all sectors. That should be something that is worked on in the post-Brexit world.

The point that George makes around the role of the Groceries Code Adjudicator, it has proved incredibly difficult to make progress. We lobbied with others for 10 years in order to achieve the role of the Groceries Code Adjudicator. We were the first in Europe to achieve that role. Now, strengthening its position—bearing in mind we are living with a retail price war and we are going to remain living with one—there are a lot of pressures.

I would like to see further progress made with the supply chain, the fairness and the transparency. Who is going to be indeed dealing with it? Is it going to be the Groceries Code Adjudicator? We do not see that the RPA has the skillset. It has a very good skillset in many ways for the job that it does, albeit that its delivery has not been good. We just do not see it sitting there and we would like to see a lot more detail around how the supply chain can function more fairly and where the responsibility effectively would sit. You have had BEIS and DEFRA: DEFRA putting forward proposals and BEIS deciding not to go with it.

I am delighted to see a Food Minister in the shape of David Rutley, but the largest manufacturing sector has not effectively had an ambassador to drive these reforms. I think his role helps that, but it is early days. That is clearly what needs to happen if we are going to drive a different approach with the supply chain.

I would leave you with one other final thought. We have yet to define where the UK is going to dock in the world. Are we going to retain our relationship with EU competition law or are we indeed leaving the EU and should we be looking at US competition law? All of those will have a big impact on what the supply chain looks like going forward and we should not nail our colours again to any one particular mast without knowing who we are trading with and where we dock in the world.

Q240 Alan Brown: You talk about transparency of the supply chain. Do you see that feeding through into labelling so that there is a much better



source to end product to question all the way through?

Minette Batters: Absolutely. Labelling a robust British brand that is built on integrity and standards, procurement that is about effectively sourcing more British food. If the decision was to Brexit, it should be about more British food on more British plates. Anything that can enable that has to be a good thing that enhances our reputation at home and abroad.

I know from the many countries that I speak to that the world's eyes are on the British marketplace, whether that is Australia, Canada, America or New Zealand. They all want access to the British marketplace and we all want to keep our farms and growers as the number one supplier to the British consumer.

Tim Breitmeyer: I would only add the fact that as public finance gets tighter, which I think it will in terms of what we are able to get in the sector, if we can deliver that little bit more value back to the farm gate, to the primary producer, then that is one very good way of making sure that we have a profitable sector going forward. I see so many examples, whether it be the vegetable industry, who effectively have to beg for shelf space by accepting whatever price the supermarket is prepared to pay. Before they put the harvester in the ground or on the field, they know that they are effectively harvesting the crop at a loss, but they cannot afford not to because otherwise they will lose that particular enterprise. They are being really tightly screwed down.

There are other examples in the cereal sector. My own sector, the milling trade, is forever trying to make sure it can make a quick, fast buck on the back of people's misfortune and very slightly lower quality. Yet one major bread company in this country can accept the wheat at 12.5% protein, while all of the others will give you a £7.50 per tonne reduction. That is 5% of my price. Yes, there is room for manoeuvre, I believe.

Q241 **Alan Brown:** Your view on whether it should be the RPA that is the body that enforces the regulations overseas or the Groceries Code Adjudicator or somebody else?

Tim Breitmeyer: Unquestionably it should go nowhere near the RPA. It does not have the skillset to be able to—

Minette Batters: It is not that personal to the RPA.

Q242 **Alan Brown:** Can you come off the fence and clarify that a wee bit more, please?

Tim Breitmeyer: I simply do not believe that it—

Alan Brown: Sorry, I am just being funny.

Q243 **Chair:** That is one thing you unanimously agree on.

George Dunn: We have agreed on quite a lot, Chair.

Q244 **Chair:** We have. It has been very good.



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I was talking to Greg Clark last night. Julian and a lot of us have done a lot on this Groceries Code Adjudicator and trying to get the remit widened. Christine Tacon has been very good and she has worked well with the big retailers, because I think it is the threat of an investigation as much as the investigation itself. It is just how practically we get the Groceries Code Adjudicator to move to the whole supply chain and have the ability to be able to look in. I do not think she would need to look in on that many cases just to send the right message, sometimes when you have big processors, big meat companies, grading, all of these things. We have looked at that in the past.

Without having to go into too much detail, do you have any real practical ideas? When talking to Christine Tacon, she says it will create too big a bureaucracy to bring the whole food chain in. What is the answer to that?

George Dunn: Certainly, Mr Chairman, we have been involved within something called the Grocery Code Action Network, which includes organisations like Traidcraft, Oxfam, Sustain, Friends of the Earth and ourselves. I know they have provided some evidence for you. We have put forward a way in which the adjudicator could play that role.

The difficulty that I have with this is that clearly there is a concern within Government about the supply chain issues, otherwise they would not be in this Bill. It would not have passed the Cabinet Committee to get into this Bill. Why is there a spat between BEIS and DEFRA over where this should sit? There must be joined-up Government here for such a time as this to ensure that we have the strong powers within this Bill, which I think we all support, placed in the right Department, within the right hands to ensure that they run. There are some models out there that we can point to.

Q245 **Chair:** Greg Clark was sympathetic to my arguments, but it seems that the Government are almost rather driven by what the Groceries Code Adjudicator says what she is able to do, if you see what I mean. I just feel we should drive it a bit harder and say, "This is what we would like you to do". This seems to be the sticking point. This is what I am trying to drill down on. I know Julian probably largely found the same as well because he has done a lot of work.

Tim Breitmeyer: If I can just pick up on George's point about BEIS and DEFRA, the Food and Drink Sector Council has been formed to try to get this cross-Government approach. We do not feel that that is necessarily being bought into by Government as a whole. I am quite sure that that could produce some significant movement in the right direction if that process were really properly driven. Minette sits on it, rather than me.

Minette Batters: It is fair to say it is a very good point, but it is not one of the current work streams. It is not embedded as a work stream at the moment.

Q246 **Chair:** Perhaps it is something that could be considered, is it?



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Minette Batters: I think everybody would agree that the Groceries Code Adjudicator, as is at the moment, does not have the capability because it does not have the team available. It would already say that it is very hard-stretched with the team that it has available to do what it does. It would have to be an enhanced and very different-looking Groceries Code Adjudicator that is fit for the future. That is where you would base it, isn't it? Without any shadow of a doubt, you would go there because that is where the expertise lies, recognising that you would have to enhance the role and the remit of the Groceries Code Adjudicator.

Can I just go back to the producer organisation bit? That will be very important going forwards, particularly for the dairy sector, but also for the livestock sector, that we do really focus on strengthening those routes to market. The producer organisation offers a lot of opportunity there. I do not think it is one size fits all. It is about exploring what works for each sector. We would definitely see the role of the GCA as pivotal in all of this.

Q247 **Chair:** At the moment, as you know, the Groceries Code Adjudicator levies the big retailers, doesn't she? There is no reason why, if we broaden the remit, she should not levy the processors as well. Therefore, without making it vastly bureaucratic, I think there is a way we could raise enough funds to make it happen. It is just that we have to try to concentrate, perhaps through the food and drink sector, this idea that we need to widen it.

There seems to be some sympathy in Government for widening it, but there also seems to be this argument that it will become too bureaucratic, too big and too unwieldy. That is the challenge we have. I think you would not need to investigate that many cases through the wider food chain because it would just send a message that you cannot abuse your position. It is only probably some of the major processors, perhaps sometimes that are very big. They are not household names necessarily, so the naming and shaming probably would not work quite so well as it does with some of the retailers.

These are the challenges, but I do not think we will get the supply chain working in the right way unless we do this.

George Dunn: Where the adjudicator has scored massively is in having those conversations with the code compliance officers within the retail sectors, which has fostered good practice within those direct supply chain relationships, where there has not had to be an investigation then. If we had that remit right across the supply chain, then there would be code compliance officers in processors, in first purchasers, who would deal with the adjudicator in terms of putting in those good practices.

If the adjudicator had the ability to have Ofsted-style powers to drop in to a retailer and say, "I want to see your books on chicken today" then everybody would know that there is a possibility of an inspection at any time on any aspect, so they would want to work with the adjudicator in



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terms of ensuring they were code compliant so they did not get an inspection. There are absolutely ways to ensure this could operate without the nightmare scenario that you have painted.

Chair: I feel it is the powers to be able to investigate. She would not necessarily have to investigate if she has those powers, the moment they know she has them. We will keep working on that. If we are going to be absolutely realistic about getting the supply chain to work properly, making sure that the grower and the producer get enough of the overall price of the product at the end sale, then it is essential to get that right.

Q248 **Angela Smith:** Minette just mentioned producer organisations, which was timely, because I am going to ask about producer organisations. The Bill does not contain much detail about what the new regime will look like in relation to these organisations. Would you like to see more detail now or are you content to wait for secondary legislation? Minette can go first because you raised it.

Minette Batters: With all of this secondary legislation, this is very much about setting the ground rules now. We know that secondary legislation tends to go through effectively unchecked.

Q249 **Angela Smith:** Yes, that is the problem.

Minette Batters: Getting this bit right is incredibly important. I think producer organisations have been a great success, so we would not want to see much change. It is vital that they remain with exemption from competition law. When I look to other European countries, we have done little to roll out the ambition, so it very much sits predominantly within the horticultural sector, with some in the dairy. When you look at other member states, they have worked on strengthening their routes to market. They have many more producer organisations and they have a completely different relationship with the supply chain because indeed the farmers end up owning quite a bit of it.

We are in a very different place in the UK and we cannot and should not underestimate the challenge of the cheapness of the food in this country and the pressure that puts on the primary producer. When we look at input costs continually going up—massive challenges with fertiliser, with crop protection tools—and food prices continually have downwards pressure put on them, it is essential that the UK does make sure that we are trading in a fair way. That I do not think we should underestimate the challenge of. It is really going to be difficult. We will have to look at how competition law works.

As I said at the beginning, Angela, I think it is an absolute prerequisite for stepping back from direct support. Going to 100% public moneys for public goods and allowing the market to run itself, as it works at the moment, is not going to work. That is for certain. Making sure that supply chain is functional is absolutely paramount to making sure the other side will deliver.



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Q250 **Angela Smith:** It almost feels as though all these changes are going to make Government intervention far more likely as a consequence of leaving the European Union.

Minette Batters: Yes. You would have to ask the question—I have to think carefully how I word this. Successive Governments have not had to be particularly involved with agriculture because we have sat under the European banner. There is a big learning and re-evaluation job to happen as we become much more closely connected. That should be positive, but we should not underestimate the challenge of doing that.

Q251 **Angela Smith:** We had a member on the panel this morning from Arla Foods, a representative. He was absolutely clear that as far as Arla is concerned, the producer organisation arrangements that we have at the moment should not change too much in terms of any future scheme and you seem to agree with that, Minette.

Minette Batters: As a co-operative they have their terms and conditions of trading. We have enormous variance, I would say, in how we trade, which is ultimately not beneficial to the primary producer. We want everybody having a fair contract to work with. Unfair trading practices have to be ruled out.

Q252 **Angela Smith:** Is there any way in which the primary legislation that we are scrutinising now could be changed to reduce the risk of secondary legislation, which will have to vary—I take your point—sector to sector, but will effectively go through unchecked? Is there a way that you think the Bill could be changed to produce a more robust approach to this particular point or aspect of the Bill?

Minette Batters: It is all very enabling legislation, but what is missing is the detail and the plan. I would like to hear from the Secretary of State how he plans to do that. He has clearly put in motion the powers to do it. How are they going to do it? It will be a massively comprehensive piece of work. There will be resistance to it. You have enormous challenge within that supply chain. We live with a totally globally unique price war at the moment. There are not many winners. The consumer is a phenomenal winner because we have been able to maintain long-term cheap supply of very high-quality food, but who pays in all of this is a real challenge. I absolutely know that if we are going to go to the public money's future, we have to look at how the supply chain functions.

George Dunn: It is also about creating the beneficial environment to allow these types of initiatives to flourish and to grow. Let's not forget that the competition law that we have had in this country has not been particularly beneficial to producers banding together to do stuff together and the farming community has a long memory of issues that it has had in the past with this type of activity. If you look at countries like New Zealand, it has gone down the co-operative and collaborative model both horizontally and vertically in terms of supply chains and it has done that



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very successfully over the years. The nuts and bolts are here, but we need to—

Q253 Chair: Of course what you would argue about New Zealand is a lot of it is an export market, therefore it tries to exclude its domestic market. The argument that is made with competition here—and I am just playing devil's advocate for you—is that when you have a very competitive home market, do you allow the co-operatives and others to have too much control of the market?

George Dunn: What we have allowed in the way in which we have operated things is the atomisation of production so that the power goes to the retailers and the processors. What we need is to change that and to say, "Here is a new era wherein we are looking at facilitating and providing a beneficial framework for producers to be more horizontally co-operative and more vertically co-operative as well".

Tim Breitmeyer: The culture of collaboration is definitely the way forward here. There is a correlation between these producer organisations and, as they have developed, some extremely profitable farming businesses. There is that clear indication that they give that much more power in the supply chain and therefore produce the better result for the primary supplier down the bottom. I would not add any more than that.

Q254 Julian Sturdy: Just before I come to number 10, I wanted to come back on something that was talked about earlier on, if I can. We talked about the impact of trade agreements., George, you touched on it specifically, though all of you touched on it through the discussion so far, that if we signed a trade agreement that does not maintain our food standards—I think you said if Liam Fox does that—it ultimately shows that the Government are not going to support agriculture, which I personally entirely agree with you on.

Is there anything we can put in this Bill, or it might have to be in other legislation, that can protect against that? Should there be some form of impact study before a trade agreement is signed, an impact study on agriculture or on food production?

George Dunn: We have certainly argued and I know the NFU has argued for an amendment to the Bill that ensures that the marketing standards that this Bill seeks to impose would apply equally to domestic and to internationally-traded products. I understand there was an opportunity to do the same in the Trade Bill recently, which did not get through. Therefore we are concerned that this is not a serious consideration for the Government. We hear the Secretary of State and others saying, "Over my dead body" and, "This is not going to happen. We are going to maintain our standards" but when it comes to putting the ink on the paper, we seem to fail every time.

There needs to be a cross-reading of this Bill and the Trade Bill to ensure that any standards that we impose are imposed domestically and on



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internationally-traded product. That is really important because in a WTO environment we have the national treatment rules. Anything that we impose nationally can be imposed on internationally-traded product. Unless it is within statute, we will not be able to do that on the WTO rules. We think this is vitally important.

Minette Batters: There are shipments of South American beef, as an example, which arrive in Rotterdam, which then get checked and are turned around because they deem it not fit for market access. We need to be asking the question: who is going to do those checks when that shipment turns up here? There is every chance it will come from Rotterdam to the UK before it heads back to South America.

Also this business of standards is a difficult one because when we talk about food safety, it is very easy to get harmonisation of food safety standards because no Government anywhere in the world wants to see unsafe food. When we talk about standards of production, so animal welfare and environmental protection, it was this Government under David Cameron's premiership, that he decided to be a global leader in AMR and responsible use of antibiotics. This industry has risen to that challenge. We do now lead the world on the back of the O'Neill report.

With the best will in the world, Liam Fox at one side, the US at the other, what is our offer? The US has not had that conversation yet about the usage of antibiotics, so its production for poultry meat is very different to ours and the chlorinated chicken aspect is a complete red herring in all of this. That is scientifically safe. Its production method, on the other hand, is very different to the UK.

Q255 **Chair:** I think I am right in saying it uses five times the amount of antibiotics that we do.

Minette Batters: Because its production is different. To talk about food safety standards is dangerous in isolation. It must be about the three cornerstones of safety.

Q256 **Chair:** Yes, welfare standards.

Minette Batters: Exactly. This Bill must reflect that ambition. The honesty and the ambition will be declared or not in the Trade Bill. That is where it will rest in legislation.

Q257 **Chair:** Are you seeking for amendment of this Bill then on the food standards?

Minette Batters: We are.

Chair: I think that is something we will need to take action on.

Q258 **Julian Sturdy:** Just to come in, do you think it is feasible to do that? To be honest, I have asked that question of the Minister and the Minister feels it is the wrong place to be looking at putting that into legislation.



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Minette Batters: Yes, but I have just responded to a letter from George Hollingbery in *Farmers Weekly* last week absolutely promising that the standards will be maintained; there is no threat of product coming into this country being produced to different standards. If that is the case, there is no reason whatsoever not to put the legislation in. I personally do not think it is good enough to say, "Parliament will decide. Parliament will not allow it". It will be too late for Parliament. Setting that primary—

Q259 **Julian Sturdy:** They will not get a chance to, if I am honest.

Minette Batters: They will not. Setting the primary legislation—

Q260 **Chair:** They will be presented with a whole Bill as well. If it is the Trade Bill, it will be extended to the whole Bill.

Minette Batters: Absolutely, so I think it is something that is a yes or no answer.

Tim Breitmeyer: To back up, I was sitting with the American agricultural attache only 10 days ago. As far as he is concerned, if the food is safe, then they should be able to import it in this country. He sees no reason whatsoever why, on the grounds of environmental or animal health and welfare, that should be a reason for them to have the market excluded.

Q261 **Chair:** We had a private meeting with Sonny Perdue, who is the Secretary of State, USDA, and he talked virtually the whole of the time about chlorinated chicken and how were the Americans going to get access to our market, basically. That was virtually the whole conversation.

George Dunn: No longer a private conversation then.

Tim Breitmeyer: As far as they are concerned, their food is safe.

Q262 **Chair:** We had an interesting discussion. You can see exactly where they are coming from and that is why you are quite right to see we have to go in with our eyes open. That is what they will want to do. There are great trade deals to be had out there, but they will want to do a good deal for themselves, like we will want to do for ourselves. You have to be realistic that you have to be very firm on these issues if you are not going to give way.

George Dunn: If our standards mean anything to us at all, we must protect them full stop.

Q263 **Julian Sturdy:** To sum it up, the warm words from Government have to be backed up in the legislation?

Minette Batters: In the legislation, yes.

Chair: Anything you put forward on an amendment we will look at very sympathetically.

Q264 **Julian Sturdy:** Number 10, powers versus duties. Is the balance right



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between the detail on the face of the Bill—I think I know the answer to this—and the powers to make delegated legislation? Does the Bill contain too many powers for the Secretary of State compared to duties?

George Dunn: Mr Sturdy, we probably covered this when you were absent. We absolutely agree that this Bill has too many powers and not enough duties within it. I think you gave the figures, didn't you?

Minette Batters: Thirty-six clauses, 26 powers and only three duties. That does not stack up.

Tim Breitmeyer: The word "may" occurs throughout the Bill, rather than "shall".

George Dunn: We definitely need to sharpen it up in quite a few areas.

Julian Sturdy: Sorry to ask it again. I do not know why the Chairman permitted it.

Q265 **Chair:** I am being slightly facetious, but do we need to actually go through the Bill and just replace "may" with "shall"? It is an interesting point. I did say to the Secretary of State, slightly tongue-in-cheek, in a private meeting, "This is licence for you to rule by decree" but that is almost what it is. It is fine if the Secretary of State, whoever he or she may be at the time, is going in the right direction, but if they are going in the wrong direction, I do not see what we do about it. That is the problem.

Minette Batters: That is a very important point. For the CLA and the TFA with the farming unions and indeed all farming organisations as a group that I chair, we, as a group, have collectively agreed a framework, and that goes across the farming unions as well. A framework that is common will be absolutely essential, but the consultation process will be even more important. Being able to consult formally with a collective will be paramount, otherwise there is potential for just a divide and rule policy that will not be beneficial to anybody. As yet, it is unexplained as to how a Minister would consult with the UK.

Tim Breitmeyer: Our amendments were delivered into the House today, but with a Director of Policy who is a lawyer, it definitely looks as if he has gone through it with quite a fine-tooth comb for that type of language.

Chair: We will be very happy to look at that. Talking to Clare Moriarty, the Permanent Secretary, she is talking about between 80 and 130 statutory instruments once this Bill goes through. We are going to have to be pretty smart if we are going to scrutinise those properly. Probably 60 or 70 of them are absolutely fine, but what you will be absolutely certain of is that there are probably 10 or a dozen there that need to be looked at really seriously. As a Select Committee, those cross not only through the industry, but through the environmental organisations. Everybody is going to have to look at these things very quickly. This is for



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us now. I am talking about us as a Select Committee. We are going to have to work out smarter and faster ways that we can look at that quickly. What we will rely on with organisations such as yourselves and others is to try to also find them for us.

Government have this habit—it does not matter what colour they are—of bunging things through very fast, very often at the last minute, and this is what we are going to have to watch, because there are these powers in this Bill to be able to do that. As scrutineers, that is what we are particularly worried about.

Angela Smith: Just to add to that, the evidence is as well that the new sifting mechanism, which should guarantee that controversial secondary legislation gets more serious scrutiny in the House, is actually significantly slowing down the secondary legislation process, particularly in DEFRA. I think we should have gone further and that the sifting mechanism is not really strong enough.

The point is that even given what we have, which is a slightly stronger scrutiny mechanism, that in itself could significantly delay any implementation of any scheme, which will have consequences for the industry as well.

Q266 **Chair:** In a way, Angela, that is the total dilemma of us and the Bill, that you need the Secretary of State to have powers to be able to move quickly when they need to, but we also need to have those scrutiny powers so that if we believe they are moving in the wrong direction, we can stop it and change it. Those will be the balances.

Very excellent evidence from you all. Are there any last points you would like to make, please?

George Dunn: We would like to place on record our major disappointment that there was not a part in this Bill for agricultural tenancies. We had the Tenancy Reform Industry Group report that went to DEFRA a year ago almost to the day, which is still extant, sat there going nowhere. We were promised that the Agriculture Bill was going to be the place that we would see some of that stuff coming forward. I know Tim will say that it was not wholly agreed because the CLA did disagree with certain aspects of the TRIG report, but it was a consultation among all the stakeholder organisations: farming organisations, between the NFU, ourselves and the professional organisations.

There were two particular aspects of concern for us. One is that if we go down the public good route or we go down the productivity route, there are many tenants out there with agreements that provide that they have to farm only. Agricultural use only is in their agreements. They cannot go down the public good route unless they get the consent of their landlords and lots of agreements say, "No additional fixed equipment, no changes to fixed equipment, no new investment on the holding without landlord's consent". We know in a lot of cases, particularly the older-style tenancies, where landlords are quite keen to get rid of tenants, those consents will be very hard to come by. We need to ensure that tenants



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are not disenfranchised by the new regime that is going forward, so we would definitely like to see a part 10 to this Bill that includes changes to tenancy legislation.

Q267 **Chair:** I hope you might get what you wish for. This is very much an enabling Bill. You are not going to see any vast changes probably until 2021 or 2022.

If we go down the serious route about soils and enhancing soils, there is one where you have to have a length of tenancy where it is going to be worthwhile for the tenant to be able to do that, so there are lots of issues linked to this that look at the tenancy. Then we have to sit down with the landowners as well and agree all these things. Certainly I do not want to second-guess what the Committee will decide to do, but I would have thought that is something that we could well look at.

At the moment we are doing the Agriculture Bill, the Fishing Bill and the Environment Bill. Those will come through quite fast. After that, there will be time to look at the effects of what this Bill will do. I think the tenancies rules and certainly grass keep and all these types of things that are all part of our farming practices may well have to be looked at quite seriously.

George Dunn: We have talked a lot about powers and duties within this Bill and hope and trust. We do not even have any hope yet that the Government are going to come forward with the changes that we need to see if tenants are not going to be disenfranchised from the new world that is being created by this Bill.

Q268 **Chair:** I will certainly talk with Committee members, but I suggest we probably would not be against having an inquiry into that and looking at it and at least that starts the ball rolling. Is there anything else from Minette or Tim?

Minette Batters: Chairman, just to say thank you very much to you and the Committee for having us in today. One of our greatest concerns is the lack of time allowed. This is being forced through in a very short space of time.

Q269 **Chair:** Yes. We wanted prelegislative scrutiny, you see, but we did not get it.

Minette Batters: I really would like that recorded because I think something with such significant change to the farming systems since 1947 should be allowed more time, especially when we live in a moment of such huge uncertainty. I felt the fact that only 82 MPs attended the Second Reading was incredibly disappointing, but then when you looked at the time allowed, there simply was not time for more of them to comment. That is an oversight.

Q270 **Chair:** That is a pretty good attendance, to be honest with you, Minette.



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Minette Batters: It is a good attendance, but there was not more time allowed. More time should be allowed. When you are talking about something as important as the nation's future food supply, it will impact on every single MP in the country. I do not think that point is being widely understood at the moment. It is slightly polarised to agriculture.

Q271 **Chair:** Food supply and food security is rather taken for granted. That is something that we have to say: remember that a lot of it is about home production. That has been emphasised this afternoon, but you have reinforced that. Yes, we will pass these messages on, have no fear. We have been trying to get the prescrutiny.

The point I made in Second Reading when I spoke, I said, "Don't worry, Secretary of State, we will scrutinise it" and we intend to. Not only will we scrutinise the Bill, but we will scrutinise the effects of the Bill. In a way, that is probably where we will have more time. What we have to try to do in this instance, in these next few weeks, is to try to get those amendments and get that direction of travel adjusted. I said during the debate that the direction of travel is okay, but it needs some tweaks. It needs some movement back towards linking the environment into the food production, which is missing there at the moment. The points have been made very well by you all today.

Tim, any last points?

Tim Breitmeyer: No, Chairman. Thank you very much for hearing our evidence. Just following on on the time front, I do think that the business of a check and a balance and almost a sort of stocktake every two years or whatever is utterly critical. I am afraid I do not believe that we are going to be in a position with these schemes that the Bill talks about in the timeframe that they are wishing. Then what will happen, which we have not talked about today, is the black hole will appear. The money that had been farmers' in the basic payment scheme will disappear into the Treasury never to be seen again, because the schemes will not be ready and farmers will not be sufficiently confident that they want to engage in them with what little evidence they have seen.

Chair: You hit the nail on the head, because the Treasury is very good at looking around and saying, "That money was not spent so that money was not needed". Of course if the schemes are not up and running and the farmers are not able to take them up, the money will not be spent and you do not want to make it self-fulfilling. No, we accept that very much. We really appreciate the good, solid, frank and open discussion this afternoon. We will endeavour to get amendments in and we will also endeavour to scrutinise it.

The one thing I will say back to you all is I suspect this Bill is going to go through. Hopefully we will get some amendments. The Bill will run on and then I think we are really going to have to be wide awake, eyes open, as all these statutory instruments come through, work out what they are about and we can pounce on the ones that we need to. We are just not going to be physically able to scrutinise everything, so we have to make



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sure we target what we really need to. Thank you very much and we look forward to seeing you again.