

Written evidence submitted by the Tenant Farmers Association (COV0132)

1. Introduction

- 1.1 The Tenant Farmers Association (TFA) is the only organisation dedicated to representing the interests of those who do not own the land they use for agriculture, whether through tenancies or other means, in England and Wales. Its membership comprises farms of all types and sizes but active, family farms predominate. The TFA welcomes the opportunity of providing evidence to the Committee for its Inquiry into the impact of Covid-19 on food supply. The evidence which we provide here relates to the impact at farm level.

2. Background

- 2.1 The Covid-19 pandemic and the necessary Government measures put in place to control its spread, is having an impact on every sector of the economy, every walk of life and every part of society. Whilst there have been some significantly acute impacts in large parts of the farming community, overall, agriculture has not been as badly affected as some other sectors of the economy. Severe hardship has been faced by those most exposed to food service supply chains but there have also been major issues resulting from a lack of an appropriate response by food retailers to the emerging crisis.
- 2.2 The two biggest factors which have impacted farmers are firstly the overnight shutdown of the food service, hospitality and out-of-house eating market and secondly the monopoly given to food retailers to supply food to consumers. Other important but more peripheral impacts have arisen from the need to introduce social distancing measures in livestock markets, issues around haulage capacity, particularly where firms have drivers having to self-isolate due to either themselves or their family having Covid-19 symptoms, the availability of PPE equipment (particularly dust masks), veterinary capacity and increased public access, particularly in respect of public rights of way near to dwellings and through farmyards which has created anxiety around potential spread of the virus.

3. The Loss of Food Service, Hospitality and Out of House Markets

- 3.1 The loss of food service, hospitality and out of house markets was a huge shock. With the shutdown in takeaways, coffee shops, restaurants, hotels and sporting venues, a significant quantity of raw ingredients suddenly had no outlet. Given the growth of this sector over recent years prior to the outbreak of the virus, we had seen a significant amount of investment at both the primary production and processing levels to service this increasingly lucrative market. Indeed, a good deal of the business advice to the industry

prior to the outbreak of the virus was encouraging farmers to move away from commodity production and into supply chains that fed into these growing sectors. Surveys of consumer trends were showing that these markets were in long-term, year-on-year growth. Therefore, the impact was felt by some of the farming industry's most innovative, highly geared and previously profitable businesses.

- 3.2 However, some of the previous demand in the out-of-house sectors shifted to retail as consumers increased their purchasing both to fulfil the need to consume more at home and in stocking up their reserves of food to see them through an extended period of self-isolation. Disappointingly, supply chains were insufficiently flexible to allow raw ingredients previously destined for food service to be re-channelled into retail. Consumers were facing empty shelves on meat, dairy and egg counters and were also limited in the amount that they could purchase across those and other product lines. At the same time, many dairy farmers saw cliff edge reductions in their milk prices and some were forced to tip away milk from their bulk tanks. Beef and sheep farmers experienced sharp price falls and potato growers were left holding thousands of tonnes of potatoes in stores previously destined for the fish and chip trade.
- 3.3 As the crisis has gone on, there has been a gradual improvement, particularly in red meat and poultry, but there is still a long way to go for sectors such as dairy and potatoes. Whilst not underestimating the logistical issues involved in switching products from one supply chain to another, within the context of the crisis conditions, the TFA believes that more could have been done to achieve this. Retailers themselves could and should have done more through their buying patterns to procure product from dormant food service supply chains. The TFA also believes that the Agriculture and Horticulture Development Board (AHDB) was late to realise the need to work to secure change. Weeks into the crisis, senior AHDB officials were still taking the view that the market would have to find its own solutions. However, it was clear that the market was not coming forward with solutions. By mid-April, AHDB had become much more active and helpful. The TFA position is that the only role AHDB needed to play within the current crisis was to secure routes to market for farm produce. It was clear that consumer demand was there, the problem was getting the product in front of consumers.
- 3.4 AHDB has also been slow in assisting potato growers with an estimated 200,000 tonnes of potatoes in stock as a result of the loss of the out of house eating market. Some of this product could be found a home through charitable outlets, anaerobic digestion plants and livestock feed for example and there were discussions at the beginning of April about AHDB establishing an online portal to provide a matching service for those looking for potatoes to be joined up with those with potatoes to supply. That portal is yet to materialise and at the time of writing the TFA has been told it will be another

week before it is online. It is difficult to understand why this could not have been achieved sooner.

4. The Monopoly Given to Food Retailers to Supply Consumers

- 4.1 The loss of the out of house market gave food retailers the monopoly in delivering food to consumers. This was enhanced by the Government announcing the suspension of the normal operation of competition laws to allow retailers to liaise in ways which would otherwise be illegal to reduce the risk of disruption to food supplies to consumers. Despite these two significant advantages for retailers, it was disappointing that the Government didn't place any conditionality upon the way in which retailers operated either in terms of the responsibility to their upstream supply chain or in their commitment to sourcing British product.
- 4.2 At a time when consumers were queueing up at retailers keen to buy meat, dairy and fresh produce, it was unacceptable that this demand was unfulfilled despite the fact that sufficient quantities of food were available in the country. Understandably, there was a huge spike in consumer purchases of beef mince which was both easy-to-use and easy to store. However, retailers failed to encourage consumers to switch to other forms of protein preferring instead to allow shelves to empty of cuts and joints of meat which consumers would have purchased in substitution if there had been availability. Instead, some retailers (notably Asda and Sainsbury) attempted to secure mince from Poland in order to meet demand. However, by contrast, it has been good to see stores such as Morrisons, Aldi and Waitrose look to increase their offerings of British meat to consumers through in-store promotions. Sainsbury has also been less than helpful in its decision to provide shelf space to New Zealand lamb and Irish beef rather than more UK product. For such a time as this, with the advantages handed to retailers, there should have been a greater degree of requirement upon them to source British products and to support the upstream supply chain.
- 4.3 With the dairy sector continuing to be under severe pressure, the Government made a further announcement about competition rules on 17 April to the effect that it was temporarily relaxing elements of UK competition law to allow the dairy industry to work together to address market challenges, avoiding waste and maintaining productive capacity to meet future demand. This is against a background of on-farm disposal of over 1 million litres of milk in April and many millions of litres more having seen unsustainable cuts in farm gate prices.
- 4.4 Whilst the Government suggested that the relaxation would allow retailers, suppliers and logistic services to work together to move more product into retail, there is no evidence that there has been much success. Although fewer farmers are being asked to throw milk away, prices continue to be under severe pressure despite the spot price for milk seeing some improvement in recent days. It would seem that the principal intention of the

work that AHDB and Dairy UK (representing the processors) are doing to utilise this relaxation is not in fact to get routes to market, but to find capacity to convert liquid milk into powder, butter and cheese for storage. The TFA believes this is a major missed opportunity given the increased retail demand which is still being thwarted by retailers imposing purchase limits on consumers. Clearly, it will be impossible to find a home for all of the milk previously destined for cafés and restaurants however taking product of the market through storage will have major implications for the milk market when it begins to return to something like normal. With significant stocks overhanging the market, prices will continue to be depressed for some time to come. Instead, the TFA believes that there is a role here for Government to step in to fund the purchase of this product for onward distribution through charitable networks such as food banks, homeless projects and refuge shelters which are all under pressure at the current time.

5. Livestock markets

- 5.1 Although the limitations in force as a result of the Government's necessary social distancing rules, it has been a real boon to farmers to be able to continue to have the availability of livestock markets which have provided transparency, in particular, to red meat supply chains. The recent announcement of the reopening of livestock markets to breeding stock has also been widely welcomed as farmers begin to position themselves for the next season. The TFA congratulates the Livestock Auctioneers Association for the work it has done with DEFRA and the Welsh Government to ensure that the services of livestock markets have been available to livestock farmers throughout the current crisis.

6. Farm Shops and Other Local Routes to Market

- 6.1 Farm shops, local butchers and other local routes to market for food have reported a surge in demand through the crisis. This is good news for the sustainability of local food networks but also for the extent to which it enables individuals to become newly connected with local suppliers and with the provenance of their food. However, there have been reports of some farm shops and butchers struggling to obtain adequate supplies of meat as their usual abattoir slots have been overtaken by the requirements of larger retailers who are soaking up available abattoir capacity. These local routes to market are of great importance and they need to be supported and assisted at the current time. They have provided an important route to market for suppliers and source of good quality, local produce for consumers.

7. Labour issues

- 7.1 The extent to which farmers and growers of fresh produce will have access to sufficient labour this year remains to be seen. The travel restrictions associated with the Covid-19 outbreak has brought forward the deficit in labour supply that was expected beyond the transition period following our

EU exit. Before the current pandemic struck, suggestions that British workers would be able to fill that post Brexit void in labour would have been considered improbable. However, there is now evidence of an emerging supply of labour from individuals either furloughed from their usual roles or having lost work as self-employed individuals or through zero hours contracts.

- 7.2 The launch of the “Pick for Britain” web portal is a significant step forward in turning this enthusiasm into practical reality. At the same time, farmers and growers have a major opportunity to ensure that all British workers are given the best experience they possibly can have this summer in the hope that many will return in future years and that those who will be going back to their usual employment can spread good news stories to encourage others to come into the sector.
- 7.3 Retailers too have a massive responsibility here. This is a whole supply chain issue and supermarkets must not play fast and loose with growers at this critical time. Retailers must deliver fair returns to growers and ensure that they maintain clear lines of communication, avoiding last-minute changes and cancellations to orders. At the end of the day, growers will only be able to look after their workers if those growers are in turn adequately and fairly rewarded by retailers.
- 7.4 The TFA welcomed the early identification of farmers as essential workers in the economy allowing them both to continue their normal operations under the cloud of the wider restrictions and to have access to schooling opportunities for their children whilst they were busy working on farm.

8. **Future policy**

- 8.1 The current crisis has tested the domestic food system in ways in which it hasn’t been tested since the second world war. That testing has exposed stresses, strains and failings in the system which need to be considered carefully. Consumers who have been experiencing empty shelves and panic buying will be more acutely aware of issues around food security than perhaps they have been hitherto in what has seemed to be a land of plenty. It is likely global trade flows will be affected for some time to come as a result of the pandemic and therefore we ought to be considering how we should be proceeding with future policy to ensure our long-term food security and environmental well-being.
- 8.2 With the UK’s exit from the European Union and the forthcoming end of the transition period at the end of the year, it remains the intention of the Government to begin the transition to a new food and farming policy next year. However, the TFA argues that a further period of reflection is necessary before significant adjustments are made. The Government’s Health and Harmony policy for agriculture and the farmed environment was drawn up within a much different set of circumstances to those we face now. Everything has changed massively in such a short period. We all need time to

reflect about how we respond as we re-map what our future looks like, not just domestically but globally. It might be the case that we decide to follow the same or a similar strategy, but we must give ourselves the opportunity to reconsider the best way forward.

- 8.3 As noted above, much of the leading edge of our farming industry has capitalised on the growth of the food service sector, out-of-home eating, convenience shopping and wider diversification. These have all but disappeared in our response to the Covid-19 pandemic, with retailers handed the monopoly on delivering food to consumers.
- 8.4 Panic buying, closed restaurants and take-aways, empty supermarket shelves and restrictions on imported food were unthinkable concepts just a few weeks ago. The Covid-19 crisis has underlined for us just how fragile we are and we should take the opportunity of looking at ways to build future resilience for our food and environmental security. We won't do this through slavish adherence to the plans we laid prior to the current crisis. Neither can we afford to jump to knee-jerk changes without proper consideration.
- 8.5 The first step is to decide whether the Agriculture Bill contains the right framework for developing future policy for food and farming. Whilst there are voices suggesting that we need to scrap the current Bill, the TFA does not believe that is necessary. However, we do need to push back the start of policy transition from 2021 to at least 2022. At the same time, those aspects of the Bill around food security, the importance of food production, targeting active farmers and the operation of supply chains should be strengthened to be equal with environmental priorities. This will give us a firm basis for a resilient food, farming and farmed environment policy for the future.
- 8.6 Officials have indicated that the bar will be set high in terms of accepting amendments to the Bill. This is a completely inappropriate and disappointing response given that we will be putting in place a legislative framework will have relevance for many years to come. Now is the time to carefully consider how the Bill should be amended, seeking cross-party consensus, with a view to tabling Government amendments.
- 8.7 Within this space, in terms of the amendments already tabled for the Bill, we would encourage the Government to accept the following:
- Either amendments NC1 in the name of Simon Hoare or NC2 in the name of Neil Parish concerning protecting standards in trade.
 - Amendment NC3 in the name of Sir Edward Leigh to provide that the current Groceries Code Adjudicator oversees the additional supply chain measures within the Bill.
 - Amendment 2 in the name of Sir Edward Leigh adding food security to the list of objectives for future financial assistance schemes.
 - Amendment 4 in the name of Sir Edward Leigh ensuring that future support is targeted at active farmers.

- Amendment 6 in the name of Sir Edward Leigh which changes the start date for transition away from the Basic Payment Scheme from 2021 to 2022.
- Amendment 7 in the name of Sir Edward Leigh requiring the Government to set food security targets and actions in light of the food security report to Parliament.
- Amendment 8 in the name of Sir Edward Leigh providing for financial assistance in respect of chronic problems or natural disasters.

- 8.8 In developing new food policy frameworks for the post Brexit transition era it is vital that we do so well rather than just quickly. Covid-19 has just added to the reasons why it is important to ensure that the right frameworks are put in place. As we get our hands on policy levers for the first time in half a century and as we do so in the context of devolved Government within the United Kingdom, we must give ourselves the time to make a success of these new arrangements. The Welsh Government has already decided to wait until after the 2021 National Assembly elections and DEFRA needs to lengthen the timetable for England too.
- 8.9 The received political and economic wisdom of the 1980s and 1990s was that, in itself, globalisation was the way to ensure growth, prosperity, security and resilience. It was such adherence that led the then Labour Government of 15 years ago to state in a joint HM Treasury/DEFRA publication that “domestic production is neither a necessary nor sufficient condition for food security”. The clear conclusion was that it was considered possible to import our way out of any food security problem.
- 8.10 Whilst globalisation has certainly brought benefits, it has also presented us with some problems not least in respect of the impact of carbon emissions through global transport networks, widespread biodiversity issues as we offshore our environmental costs through importing products without adequate consideration of the standards to which they are produced and easy conduits for global disease spread.
- 8.11 Recently, the Farming Minister, Victoria Prentis MP said that by insisting that imports of food meet our high animal welfare and environmental standards could be dangerous for our maintaining our food security. However, food security is more than about quantity, it is also about quality. If our standards are important for the health and well-being of our citizens, then they should be applied equally to food which is imported as to food which is produced within our own shores.
- 8.12 It will be important to find the right balance between producing food from our own resources and enjoying the benefits of international trade. The Agriculture Bill gives us an important opportunity to put in place the right strategic framework that allows the benefits of globalisation to be garnered whilst we deal with the potential downsides through ensuring that we do not

simply rely upon the free market to deliver the outcomes that we desire as a nation.

01 May 2020
GWD/0503