

## Environment Secretary, George Eustice, speech at NFU Conference 2021

Thank you very much Minette and I would like to begin by thanking you and your team at the NFU for all of the advice and engagement that you have offered Defra over the last twelve months. In particular, the NFU has worked closely with us as we dealt with an episode of panic buying at the start of the coronavirus pandemic and Terry Jones has been closely involved in the detailed work we did to ensure a smooth end to the Transition Period as our 2016 referendum result was finally delivered at the end of last year.

In many ways, this has been a uniquely challenging year as the whole of the world has wrestled with the greatest public health challenge since the influenza pandemic of 1918. At home, as the Prime Minister has just said, it has been a reminder that domestic food production makes up a critical component of our nation's food security. It has also been a year of some uncertainty as the UK re-established itself as a truly independent, self-governing nation for the first time in almost 50 years. The negotiations on a future trading relationship with the EU were fraught, but we secured the tariff free trade agreement we always sought, but with the freedom to make our own laws again and to chart a new direction for agriculture policy.

Now for agriculture, there have been the familiar challenges with the weather. I started my tenure as Secretary of State a year ago as arable farmers assessed the losses to flood damage of over-wintered arable crops and wondered whether they would ever be able to get on the land to sow spring crops. This was followed by dry conditions in many parts of the country creating major challenges for yields on wheat and barley in particular. And also after some good years, the pig sector also currently faces major challenges exacerbated by severe disruption to the market in China.

However, despite these challenges in some sectors, many others continue to see very strong market prices and a welcome boost to profitability.

Lamb prices have been running at ten-year highs, while the price of beef has also made a very strong recovery over the past year. The average income on livestock farms in less favoured areas actually increased by almost 50 percent.

Despite a blip at the start of the pandemic milk prices have also remained stable, and in the year to February 2020 the average income on dairy farms rose by 6 percent. The UK's self-sufficiency in food production, which Minette referenced is also increasing, it has increased for the first time since 2014 as imports from the European Union start to fall and our domestic production starts to increase.

Although farm gate prices in many sectors have remained strong, food prices to consumers are also stable. In fact, the proportion of household income spent on food by the poorest 20 percent of households is now the lowest on

record thanks to policies that have increased the National Living Wage for the lowest paid.

## **Looking to the future**

So, now that we have left the European Union, we can now face the future with some confidence. We are living through a moment of great change. At Defra, we're thinking through from first principles, what a coherent policy actually looks like, and we are charting an orderly course towards it. We are not wasting time. I am a great believer that whatever you want to achieve in life, you should begin it now.

We have already switched off the so-called greening requirements which achieved nothing for the environment but caused huge bureaucracy. The three-crop rule is gone along with all those rules about what you were allowed to grow over the hedge and the maximum width of a gateway. Endless guidance about whether land is fallow for the EFA or fallow for the three-crop rule are also scrapped and arcane considerations about whether a cabbage is the same as a cauliflower for the purposes of the three crop rule won't be bothering us again.

We have loosened the draconian deadlines and penalties in the legacy scheme and given farmers more time for documents to be submitted and more time for amendments to be made to their application. And we also, this year, will rely more on warnings and improvement notices rather than penalties for every minor, trivial, error. All these changes mean that the guidance accompanying this year's BPS scheme has been slashed from 120 pages to just 50 pages.

Meanwhile, our European neighbours are struggling to get agreement on the legal frameworks of the Common Agricultural Policy in future, with plans having to be submitted to the European Commission for approval. The new CAP continues to pay out the majority of support as area-based payments, with little or no direct link to public goods, and few restrictions on the bulk of such payments going to the largest landowners.

Steps to address the causes of poor profitability and strengthening the role of farmers in the supply chain.

We recognise that there is currently a dependency on Direct Payments for some businesses and that many would lose money if those were taken away overnight. That is why we will phase out subsidies for land tenure or ownership over a seven-year period giving businesses and land rents time to adjust to the market.

Rather than masking poor profitability with a subsidy we should address the causes of poor profitability. Too many farmers find themselves in the position of being price takers with powerful processors or other purchasers pushing all of the risk down to the farmer. The Agriculture Act gives us new powers to create statutory codes and introduce other regulation to bring transparency and fairness in the supply chain. Now we will start with a statutory code in the dairy sector but also intend to use these powers to bring fairness and market transparency in other sectors too.

Last year, we asked for views from dairy farmers and processors around the UK about how contracts and relationships could be improved. It is clear that imbalances of power within the dairy supply chain have caused instability for dairy farmers in the past, with instances where milk buyers could set and then modify the terms of a contract at short notice – which I think is unacceptable.

We also plan to introduce exit schemes to help farmers to retire with dignity and schemes to support new entrants with measures to make more holdings available to those who want to start out on their own.

I think that a vibrant farming industry needs to attract new talent and fresh thinking. We understand that new entrants can find it difficult to start a new business, in part because of strong competition and high prices for land. So we will work with councils with ‘county farms’ estates as well as other landowners to create a scheme that will foster new opportunities and offer business mentoring to the next generation of farming entrepreneurs.

Now that we have left the EU, new payments and incentives will reward farmers for farming more sustainably, creating space for nature on their land, enhancing animal health and welfare, and reducing carbon emissions.

And the centrepiece of our future policy will be made up of three parts; the Sustainable Farming Incentive, Local Nature Recovery, and Landscape Recovery. The first step will be the Sustainable Farming Incentive.

### **Sustainable Farming Incentive**

Since 2018, we have been working with farmers to build up the ideas, gain the insights and experience that are essential to making sure that the new schemes we roll out are ambitious, innovative and effective on farms. That includes more than three thousand farmers helping us so far develop aspects of our new approach through 72 tests and trials.

The Sustainable Farming Incentive will support approaches to farm husbandry that help the environment. That might include promoting integrated pest management, and actions to improve soil health or water quality.

Today, I am pleased to announce that this year we will be working with hundreds of farmers across the country to pilot the Sustainable Farming Incentive, and that we will be inviting expressions of interest in the coming weeks.

The ethos at the heart of our future policy is to support the choices of individual farm enterprises. The era of top down EU rules is over. Some assets that were previously dubbed “ineligible features” under the Common Agricultural Policy, will start to have their value recognised and rewarded.

Take hedgerows – an important ecological building block in our landscapes, and something that farmers have often been under pressure to grub up. We want to reward the work Farmers do to manage every metre of hedgerows on their holdings sustainably – so we can maintain the distinctive character of our countryside, improve local air quality, and provide shelter, nests, flowers,

and berries for a wide range of wildlife.

Pilot participants will be able to select from an initial set of eight standards to build their own agreements and create greener landscapes and improve biodiversity in a way that is right for their own holding.

The standards will be focused on natural assets, which means they will be based on specific features such as soils, grassland, hedgerows, water bodies, or woodland. Farmers will be able to choose which standards they want to apply for and where they want to apply them on their farms, and what level which is right for them.

We will expand the scheme in the years ahead – adding more standards over time as well as taking the first steps of a new animal health and welfare pathway standard; and we will also develop more innovative approaches like payment by results, greater rewards for ambitious actions, and partnership working with conservation organisations or accreditation schemes to help assist in delivery.

We are going to make the early version of the Sustainable Farming Incentive open to all farms from next year but the work this year to pilot delivery will help us with implementation. We will be setting out more detail of the pilot in the coming weeks and by the end of June we will make sure that farmers have the details they need to prepare – so they can take a fresh look at the land they farm, the natural assets that they have and decide what will work best for their own individual holding.

We also want the Sustainable Farming Incentive to reflect a fundamental reset in our approach to checking compliance and monitoring agreements. We want to focus on outcomes and improvement, rather than penalising shortcomings in the way that has been the case under the Common Agricultural Policy.

I know that farmers also need to be able to plan their investments and get their businesses ready. So later this year, we will be opening a new round of grants to support investment to help farmers reduce costs and improve profitability. We want farmers to manage their whole business in a way that achieves profitable food production and the recovery of nature – combining the best modern technology available today with the rediscovery of the traditional art of good farm husbandry.

We will also be working up plans for the Local Nature Recovery schemes this year, ahead of launching the pilot for that in 2022. We will explore how best to bring together groups of farmers to achieve large-scale environmental benefits that complement Local Nature Recovery strategies. We expect to release more details later this year, as well as details of how we will invite nominations for Landscape Recovery – with around 10 large land use change projects, starting next year.

## **Conclusion**

In conclusion, my family have farmed in West Cornwall for six generations. The names of fields were passed from one generation to the next. Like all

farmers, we knew our land and so I understand the responsibility that farmers feel to the hard work of previous generations and also their commitment to the future and future generations. That is why I want to get our future policy right, not just for the farmers of today but the farmers of tomorrow.

We want farmers to be able to access the money and the advice they need to help them contribute to our net zero target, protect and restore the environment, and improve animal health and welfare on the land they manage – as well as helping their businesses become more profitable and sustainable.

We want to support confidence in UK food internationally, prevent environmental harm, and protect biosecurity and animal health and welfare.

And we want to support the choices that farmers and land managers take on their holdings.

Thank you.