

# Environment Secretary speech at NFU Conference 22 February 2022

The last time I stood on this stage addressing the NFU was two years ago. And of course since then, we've had two years of extraordinary disruption with the COVID pandemic. I wanted to first of all recognise the phenomenal efforts of the food and farming industry in helping us deal with that pandemic, particularly early on when we had that panic buying episode.

The efforts of the industry to deal with some of the stresses and strains in the supply chain was truly extraordinary. I want to take this opportunity to thank both Minette and Terry and the whole team at the NFU, for all the work and engagement that they gave us during that difficult period, and indeed since.

I also want to thank the NFU and Minette's team for the work that they've done with Defra, helping to develop our future policy. Because this is an area that despite the distractions of the pandemic, we have maintained progress and we have maintained the delivery of the changes that we want to see during the agricultural transition.

And I know that this week, Minette has published the blueprint for the future of agriculture.

That blueprint document is absolutely right when it says that food production and environmental protection must go hand in hand. I've always maintained that they are two sides of the same coin. We want sustainable agriculture. So we want to work with farmers to deliver some of the environmental ambitions that we have.

And the context in which we operate is one of change. Agricultural commodity prices have always been driven principally by oil and gas prices, and by exchange rates and since 2016, we have seen some good healthy rises in some of our commodity prices. Beef and lamb prices are pushing towards new highs. And more recently, we've also seen a welcome recovery in the prices of some of our cereal crops.

Now as a result of this, farm incomes have been boosted in recent years. Some of the changes that we've seen, of course could be tempered. We know that these things go in cycles and commodity prices may indeed fall again. But elements of that change may turn out to be more fundamental and more structural.

After all, there's also a context in which we have a rising world population set to go to 9 billion by 2050. And the context in which climate change is going to mean that water scarcity becomes an issue in parts of the world, and parts of the world that have good and versatile agricultural land today may find it harder to produce crops in future and that means that the temperate regions of the world, including here in the UK, will find strong demand for

the produce that they grow.

But I also recognise that there are challenges as ever with agriculture, and associated with it, that's high oil prices, high gas prices and some really sharp rises in input costs, big rises in fertiliser costs, energy costs rises, the cost of tractor yield rises. I know that these costs will bite on the profit margin of businesses and it will be weighing on the minds of many of you here today.

And as ever, it's also the case that not all sectors are on the up and enjoying the good prices. Indeed, disruption to the markets in China has led to very difficult time for our pig producers over the last 12 months or so. Last October, we responded to the demands of the industry – that they wanted to have a Private Storage Aid Scheme so that they could increase Saturday kills to deal with the backlog and that they wanted to have a temporary visa scheme as well. Both of those are in place.

It is fair to say the uptake of those has not been as good as we'd have liked. But my colleague Victoria Prentis has been working very hard with the NFU and the NPA and the industry to identify ways that we can improve that Private Storage Aid Scheme. And we're also very clear that we took powers in the Agricultural Act for a reason to be able to bring fairness and transparency to supply chains. We've already acted to bring forward regulations in the dairy sector. And we are about to commence a review of the pig market sector with a view to using those powers in the Agriculture Act to ensure that there is fairness in the supply chain in the future.

Now at the heart of our future agriculture policy is a wish to support the choices that individual farm enterprises make. We want to end the top down rule we used to have from the EU, running to hundreds of pages of guidance, and instead the approach is much more modular and more optional where farmers can actually choose what works for their own particular holding and their own particular enterprise and can choose the level of ambition that they would like to adopt in each of those areas.

We've also been clear all along that we want the development of policy to be iterative. We wanted the ability for it to adapt. We wanted the ability to respond to demand from farmers for those policies that work and have the freedom to adjust to those that need further work.

And that is why late last year, we opened the Farming Investment Fund and the small technology grants with an initial pot of £17 million to support investment in farm productivity. Now that fund was heavily oversubscribed. So today I can announce that we are increasing that fund for small technology grants from £17 million to £48 million, which will enable around 4,000 applications from farmers to proceed successfully.

And today I also want to speak about the [Animal Health and Welfare Pathway](#). Our livestock sectors are world-leading in many respects. We have exported animal genetics around the world down the decades. My grandfather used to export prize winning cattle as far afield as South Africa and the United States and Australia and New Zealand. And to this day, we are still the world

leaders in animal genetics. We have Europe's largest sheep sector, and we're one of only three significant producers and exporters in the world.

And we've got internationally competitive poultry and pig sectors. But we also know that the financial performance of all livestock enterprises is heavily linked to animal health and the AHDB have previously done some quite detailed analysis on the cost of animal health problems and endemic diseases to our livestock sectors. They found a cost of over a billion pounds a year for those endemic diseases. Sheep Scab alone costs over £8 million to the sheep sector. Lameness in sheep costs the sector £24 million a year. BVD is estimated to cost our cattle sectors between £14 and £16 million every year.

We also know that in dairy, good production of lameness and good management conditions such as mastitis can significantly reduce costs by up to 15%. And work that's being done by Kingston demonstrates this equates to around £110 pounds of cost saving per cow if you can get those animal health outcomes right.

Now the AHDB as I said has done some really important analytical work here. I know that Nicholas Sapphire's team are revisiting that work and they are doing more work to update some of those figures. I think this is a crucial piece of work.

You also will be aware that we are introducing some changes so that farmers could be much more directly engaged in the strategies planned by the AHDB for sectors in the future. And I encourage all of you to register with the AHDB if you're in those sectors, so that you can take part in their consultation for their next five year programme.

But the [Animal Health and Welfare Pathway](#) is really for those farmers who are in the pursuit of higher profitability through better health outcomes. And it starts with an annual vet visit. Farmers will be able to have a vet of their choice, the family vet that they trust, and the government will pay between £372 and £684 depending on the species – because the cost of test is different – in order to support an annual visit from that vet to the farm. It will remain confidential between the farmer and his vet and that vet will be able to help the farmer put together a plan for improved animal health and improved profitability on their livestock holding.

As part of that plan, it will include some diagnostic tests of key disease. So in cattle, we are particularly interested in the first instance in targeting BBD, in sheep there will be a Drench test to test for resistances to certain worms, and in pigs we will be testing for PRRS which is a growing problem in that particular sector. And this is just the first step because once farmers are engaged with the Animal Health and Welfare Pathway in future years, we intend to make available grant support, for instance, to improve ventilation, improving buildings and housing so that they can get higher health and welfare outcomes. And also to support the intervention of particular approaches that we know will work.

We've always been clear that we want to change from the old system – the Common Agricultural Policy – to the new system in a gradual way. We want this

to be an evolution not a revolution. We've been clear about that from the start. The Agriculture Act actually sets out explicitly a seven year transition period. And this will apply to every element of our policy.

So on the [Sustainable Farming Incentive](#) as you know we've already announced as a first step, there is a soil health module where our farmers can be rewarded for having green cover crops over winter and for doing basic things such as full analysis of each of the areas and each of their soils. In future years we will add modules on hedgerows and on integrated pest management, and we will also provide the opportunity for farmers to do more in each of those modules.

So I know I've heard it said that the payment in this first year is a small payment, the first step. And that is exactly what it is, the first step and I know that there are people who would like it to go faster and to be able to have more of those modules sooner. But you have to understand that the only way we could do that would be to cut the BPS payment faster than we already are. And I'm not sure that is the right thing to do given that we've always promised people that seven year transition.

But we do recognise that there are farmers who want to move faster and embrace things faster and that is why we have also increased payment rates in [Countryside Stewardship](#) by 30% on average, and we are encouraging those farmers who are not already in CS to engage with that programme. And it gives them the opportunity to engage with the schemes more ambitiously than the Sustainable Farming Incentive might enable them to.

And we envisage that Countryside Stewardship will become a stepping stone to [Local Nature Recovery](#) and it will be very easy for farmers to convert the Countryside Stewardship agreements in the future to a future Local Nature Recovery scheme.

We already have 40,000 farmers engaged in Countryside Stewardship, a 40% increase in demand last year. For those of you not engaged I would encourage you to get involved.

So I believe there's a bright future for agriculture and for our part, in Defra, we are committed to designing our future policy with industry. We put in place a principle of co-design with groups of technical experts in each area working with us to design the future policies as we put them in place. We know we won't get everything right in the first step and that why maintaining the ability to adapt and to have an iterative change of policy is also very important.

But I believe there is a bright future for agriculture. We can be internationally competitive. The government wants to support farmers towards that more profitable future and to deliver many of those objectives set out in the NFU's blueprint for the future. Thank you.