

# Speech: Environment Secretary speech: CLA Rural Business Conference

## Introduction

I wanted to begin by reflecting on the past. The CLA has been around for around 110 years now. And as I'm sure every single person in this room knows, the CLA was originally founded following the publication of a pamphlet called the 'Land and the Social Problem by a man called Algernon Tumor. Now, Algernon had been a private Secretary to Benjamin Disraeli when he was Prime Minister. In that pamphlet in 1907 he argued that British agriculture was going through a time of huge change. Of course the political backdrop at that time was a debate about whether or not we should pursue more free trade agreements with countries in far flung regions or whether we should integrate more closely with our European partners. And at the same time as Algernon was making the case for this period of change he also excoriated politicians for their failure to show provide sufficient leadership when it came to charting a clear course for those who own, manage and work on the land. How very different things are, 110 years on. I think the role that you in the CLA have played for over a hundred years has been wonderful. You have been leading the debate over how we use our oldest and most precious national asset – our land. In the face of social, political, economic and technological change, the CLA has always been pioneering new ideas, you have supported imaginative approaches to land management, you've helped us to sustain the rural economy, growing health, guaranteed employment for hundreds of thousands and you continue to shape a progressive future for the countryside.

I want to say a particular thanks to Ross Murray for his leadership and Tim Breitmeyer for his continuing leadership. You are uniquely fortunate in having two such distinguished individuals who understand the reality of the rural economy, who speak with authority and such candour to those in power and are an asset to this country and also to you, the membership of the CLA.

Even in the brief opportunity I had to mix with some of you after lunch earlier, I was again struck by the way in which CLA members lean in. The way in which CLA members embrace the future. When I was talking to Ed Barnston earlier about the work he is doing in south Cheshire I was struck by the fact that he is ambitious for the future investing in an increasing determination to grow and produce more high quality food. And when I was talking to Peverel Manners, I was struck by his desire to clock up the air miles, go out to Australia and further afield to ensure that Great British produce was on foreign kitchen tables. It is that degree of ambition for the future which has always characterised the CLA and one thing that will always be true about land ownership and land management in this country is that we need to be ambitious for the future when it comes to continuing to produce the very best food and drink in the world. Because demand for British food has never been higher.

Food and drink

Our exports now surpass £20 billion for the first time, up by nearly 10% on the last year. That growth has been built on the reputation for quality built by people in this room.

And we know, that the food chain brings £110 billion to the UK economy. Food and drink is our biggest manufacturing sector. That is why I am so delighted that in the Industrial Strategy published by my colleague Greg Clark yesterday recognised the vital importance of food and drink, with a new Food and Drink Sector Council. This Council will help pair the way for a food and drink sector deal in order to ensure that responsibility for effectively marketing and supporting primary producers and others is at the heart of the government's industrial strategy.

When we talk about the industrial strategy it is important to recognise that we are not just world leaders in the way in which food and drink has grown as an export in the course of the last couple of years. We are world leaders in terms of quality. We have the world's highest animal welfare standards, we are moving towards having the world's most ambitious environmental goals and also embedding the most rigorous approach towards sustainability,

All these are good in themselves but it is also the case that they can provide us with an advantage in the marketplace for food and drink. Increasingly consumers – not just in this country but across the world – are demanding higher quality food. Consumers want to know more about the meat they buy, the milk they drink, the provenance of their vegetables, the carbon cost of production, the weight of the footprint left on the planet by particular farming methods and the circumstances under which animals were reared during their lives. Not to mention the way in which their lives end.

The more specific the story we can tell about the care invested in the food we produce the more we actually reinforce our competitive edge. Because if we make quality our hallmark we can secure farming's future.

So when it comes to finding an edge in an ever more competitive world of food and drink, we need to recognise its in goods recognised for their exceptional quality and special distinctive provenance that will become market leaders.

Let me give you one example. As I was searching for an example I was spoilt for choice, thinking about producers in this room who have shown how provenance and quality can give you a marketing edge. So I didn't want to favour anyone by making them teacher's pet. I wanted to choose an example not relevant to anyone in this room but very close to my heart. Whisky.

When I was growing up whisky was produced – in industrial quantities – using industrial methods – for an industrious population – that meant that when you bought your Whyte and Mackay or Bell's or Black and White it was pretty much the same product, the differentiation was price.

Now, whisky is sold more and more not on the basis of price but provenance, not cost but quality. Instead of relying on industrially-produced blends, the Scottish whisky trade is moving to carefully crafted single malts, with water drawn from particular springs, peatiness inculcated from particular islands

and delicate flavour notes imparted by ancient sherry or port barrels for the fastest market growth.

And Since 2000 there has been a 218% increase by volume and a 415% increase by value in malt whisky exports. The Macallan, Glenlivet, Glenfiddich, Laphroaig and others have become global brands. All by stressing their local, and artisan, origins.

I believe that by stressing the local and the distinctive, whether its lamb or beef, cheese or bacon, cider or beer, bread or jam, that products will become the best in the world. The more the story behind the product speaks of provenance and tradition, attention to quality, respect for the environment and the highest ethical standards, the bigger the commercial opportunity for all of us.

But if we are to continue to strengthen our position as a world leader in quality food production we need to concentrate not just on provenance but also on productivity.

Productivity and technology

And that means investing in the technology of the future.

Today you have already heard from the world-leading academics at Harper Adams University. On a recent visit there I saw for myself the ground-breaking work that they are undertaking.

From the fit-bit for cows that tracks their health and diet, to the 'hands-free hectare' technology, these latest advances will shape farming in the future and also demand of the next generation of farmers a familiarity with robotics and data analytics alongside an understanding of animal husbandry and soil health.

We are on the cusp of a new agricultural revolution.

There is a critical role for Government to play. We need to support the innovation that you will use to reshape agriculture. Scientific breakthroughs in other countries in areas as diverse as nuclear, biotech and digital have been stimulated by Government investment and government ambition.

There is no reason why Britain cannot be the world leader in drone technology, robotics, laser treatment of weeds and pests, the deployment of big data, and also responsible genomics. All of these have the capacity to improve productivity and enable environmental enhancement. And I hope to say more in coming days about how we will advance these technologies.

Of course, we already help farmers, landowners and rural entrepreneurs through the Rural Development Programme, which is supporting thousands of projects in areas as diverse as innovative cheese making and also the deployment of artificial intelligence. Funding is granted to ideas that improve productivity, generate growth and provide additional jobs in rural areas.

Today I am pleased to announce that applications for grants from a further £45 million will open this Thursday, 30th November. Grants will be awarded to projects that support business development, food processing and, in addition, rural tourism infrastructure projects.

Recently, we have also put £60 million into the Countryside Productivity scheme, which makes large grants for projects that add value to farm produce and improve farming productivity. This money can also be used to buy tools like precision slurry application equipment, which reduces ammonia emissions, delivers savings on fertiliser and ultimately helps the environment.

Tools like this are exactly what we want to support when we say you can boost productivity and enhance the environment at the same time. And that brings me to the final and most fundamental aspect of a successful rural economy: environmental stewardship.

As custodians of the landscape, farmers know, and have known for centuries what the rest of us are only just beginning to properly appreciate: without a healthy environment we have nothing.

To take just one example from many, over the last 200 years we have lost 84% of our fertile peat topsoil in East Anglia. It is estimated that what remains, unless we take action, could be eradicated in the next 30-60 years. The rate at which vast stores of carbon held in these soils is being lost is nothing short of an emergency. We know that in many cases this damage is due to the short-term thinking which governed past patterns of intensive agricultural activity.

We know that 95% of food production relies on healthy soil, antibiotics come from soil, a quarter of the world's biodiversity comes from soil, so it is clear that we need to think and act together more sustainably. To everyone in this room, soil is a fundamental asset and its degradation costs us money. So Defra must, in its future agricultural support funding prioritise the health of our soils.

History teaches us that civilisations can survive incredible challenges. Coups, revolutions, secession from empires, all these are survivable, sometimes even beneficial, but one change is fatal. The degradation of our environment. We have only one set of natural resources. We have to protect them and manage them sustainably to make sure our children can enjoy their fruits. No country can withstand the loss of its soil.

At Defra we have made a commitment to be the first generation to leave the environment in a better state than we found it. And if we want a better environment we must protect all our habitats, enhance our biodiversity and safeguard the beauty of all our rural landscapes. And it is for that reason we said we will change the way in which we invest in our countryside. The public money which we, rightly, allocate to land owners to help them manage the land is there, ultimately, to secure public goods. And the pre-eminent public good is environmental enhancement.

We all know that the current system of support for farmers and landowners

shaped by the Common Agricultural Policy is inefficient, ineffective, inequitable and environmentally harmful.

The environmental damage generated under the CAP has been striking. EU-inspired systems of agricultural production have damaged our soil.

CAP-inspired and sponsored methods of agricultural production in the UK have led to soil degradation which costs us £1.2 billion a year according to Cranfield University.

The damage is more than just towards soil. Since we joined the EU the number of farmland birds has declined by 54% while the populations of priority species overall have declined by 33%. And also, in recent years, intensive agricultural production systems of the kind driven by the CAP have reduced the numbers of pollinators. With a 49% decline in some specific bee populations, scarcely mitigated by a 29% increase in others.

All of this has happened under a system where the majority of financial support allocated to farmers and landowners has come under "Pillar One" of the CAP and has all been related to the size of productive agricultural land-holding rather than any wider benefit.

And even though Pillar One funding has recently been changed to incorporate explicit environmental goods – the greening of CAP, the evidence that Pillar One funding encourages genuine environmental improvement is slight. In a recent paper by Alan Matthews for the RISE Foundation he pointed out that Pillar One funding had done little to improve land use.

"The maintenance of permanent grassland requirement and the crop diversification obligation have led to minimal changes in land use, and the fact that the great majority of land enrolled in EFAs is used for productive options are pointers to that the additional environmental benefits, relative to the pre-greening baseline are likely to be low"

The lion's share of current support for land owners is, clearly, inefficiently allocated. It does not secure the public goods the public wants and needs if you want to provide resilient habitats, richer wildlife, healthier rivers and cleaner water, trees and peatland to absorb carbon and provide a home to precious species.

We do know, however, that, public money, properly allocated through agri-environment or environmental land management schemes, can secure significant gains.

Analysis of how farms in one particular set of Higher Level Stewardship schemes have done over the years are encouraging. There is no perfect single measure of biodiversity but the Farmland Bird Index is one of the best. And it has shown that in farms operating countryside stewardship schemes there has been an increase in the Farmland Bird Index of up to 165% even as the numbers nationally were in decline by 24%.

Effective environmental land management schemes can do so much to protect our countryside. It can help protect moorland and heathland, encourage tree

planting and wildflower meadows, mitigate the impact of flooding and climate change, improve water quality and lock in improved soil health and fertility. But it is still the case that of the money we allocate from Defra to the CAP, only around one fifth of the goes on environmental land management schemes, around 80% goes on the inefficient and ineffective pillar one payments.

I believe that has to change. And I know that one of the major reasons why there has been such a relatively low take-up of appropriate environmental land management schemes so far has been the dreadful way in which we in Government have actually administered them. Natural England does many many good things but I have to say that Natural England and Defra scarcely deserve medals for the operation and administration of the Countryside Stewardship scheme.

That is why I have asked Andrew Sells, Natural England's brilliant Chairman, and James Cross, The Natural England Chief Executive, working with the Rural Payments Agency, to overhaul delivery of the scheme. The first part of that reform is a simplification of the application process and the creation of four new, hopefully much more streamlined offers, which I hope will be routes to securing support. These changes will, I hope, encourage more land owners and managers to adopt stewardship schemes but I, and the leadership team at Natural England, know there is still much more to be done.

Because as everyone here knows – if we can get more investment in environmental land management schemes we can generate more economic growth. Studies of rural development spending have shown that schemes with an environmental focus have a very good return on investment, with each pound spent generating £3 in return. Natural capital analysis shows that the priority habitats which environmental land management schemes protect and enhance provide more than a billion pounds of economic benefit every year. And, of course, that investment, properly directed, also helps support food production. Wildflower margins which attract bees and other insects not only help pollination they also attract the predators who deal effectively with crop pests.

In addition, as everyone here will also know, rural tourism is a vital, and inevitably growing, element in driving rural economic growth and wise environmental land management is critical to encouraging that tourism. Whether people are drawn by the chance to see rare flora and fauna, enjoy green space, appreciate the wild and untamed, follow traditional country pursuits or go glamping within easy reach of a gastropub, the quality of the environment is a critical factor in bringing visitors, and money, into the countryside. The consultancy GHK has estimated that 60% of rural tourism is dependent on high quality landscape and wildlife, generating around 5 billion pounds a year and supporting at the moment nearly 200,000 jobs.

## Conclusion

As we prepare to leave the European Union we have a once in a lifetime opportunity to refashion how the state supports farming, what we pay landowners and what we want from the land.

Government I believe has a vital role to play. It's our role to champion food production, it's our role to help you invest in new technology and it's our role to pay you if you enhance the environment. Because ultimately our landscapes are beautiful and special not because the state or any Minister decrees it so but because those, you, who work on the land love what you do and where you work. Which is why we in government are grateful to all of you. Thank you.