

Environment, Food and Rural Affairs Committee Agriculture Bill Inquiry

Background to CIWEM

CIWEM is the leading independent Chartered professional body for water and environmental professionals, promoting excellence within the sector. The Institution provides independent commentary on a wide range of issues related to water and environmental management, environmental resilience and sustainable development.

CIWEM welcomes the opportunity to respond to the EFRA committee on its inquiry on the Agriculture Bill.

Summary

- We are pleased that the Bill provides the opportunity to move from area-based payments to payments for public goods, through sections 1 and 8.
- CIWEM questions whether the Bill alone would adequately provide for environmental delivery without the support of an environmentally minded Secretary of State, as we have at present. We believe there should be a duty for the Government to secure public goods that markets are unable to deliver.
- We believe Secretary of State proposals to make support payments in “exceptional market conditions” should be subject to the affirmative procedure.
- CIWEM welcomes productivity, supply chain transparency and fair dealing obligation measures to support farmers in improving their income, as this may allow them to voluntarily take on further measures to protect the environment.
- CIWEM requests that the Bill definition of productivity clearly takes a long-term view of “improving the efficiency of the activity in terms of the resources used” with wording that prevents any environmental damage and ensures that natural capital stocks are maintained or improved.
- We believe that the Bill should make provision to allow funding for facilitation of partnership working.
- We are concerned that where unsustainable practices are uncovered through supply chain information requests there is no mechanism for requiring improvements to be made. If there are already existing mechanisms for this, they should be made clear.

- We would like to see any money released by the termination of greening funding re-invested into securing environmental delivery.
- CIWEM request greater clarity on the circumstances in which extension of the agricultural transition period would be seen as justifiable.
- More details on how delinked payments might work in practice are needed, the Bill does not provide a clear vision. CIWEM is concerned that current proposals for delinking payments do not set enough limits on how the money should be used.
- CIWEM believes that a mechanism to assess and secure required funding should be provided by the Bill to ensure capacity to improve the sustainability of the agriculture industry and deliver against 25 Year Environment Plan goals.

Response to inquiry

1. We understand that the Agriculture Bill is the framework for supporting the agricultural industry going forward and that much of the Bill focuses on mechanisms for delivery rather than on delivery aims. We expect to see more detail on delivery aims for implementation in accompanying regulations and in the Environment Bill and will look to comment on these as they become available. Below we focus on the Agriculture Bill.

Environmental delivery

2. We are pleased that the Bill provides the opportunity to move from area-based payments to payments for public goods, through sections 1 and 8.

3. However, due to the flexibility provided in the Bill we do not feel certain that environmental delivery will be secured. Whilst the Secretary of State is permitted to make payments for management that protects the environment, mitigates or adapts to climate change, or protects or reduces environmental hazards, the Secretary of State is also permitted to make payment for several other justifiable reasons. The balance of payments between these priorities is not indicated, this raises concern that some delivery aims may not secure the required financial support because the Bill lacks clauses to compel delivery.

4. CIWEM questions whether the Bill alone would adequately provide for environmental delivery without the support of an environmentally minded Secretary of State, as we have at present. We believe there should be a duty for the Government to deliver public goods that markets are unable to deliver.

Exceptional market conditions

5. We are concerned with how payments will be allocated post Brexit as the UK settles into new trade conditions. The ability for the Secretary of State to declare exceptional market conditions under s.17 and then provide financial support to farmers under s.18 may prove necessary to use. The current drafting of exceptional market conditions under s.17(2) is concerning in that arguably Brexit could already be seen to be providing “a serious threat of severe disturbance in agricultural markets.”

6. We therefore think that more clarity is needed surrounding how a severe threat is to be determined. Given that the level of support the Secretary of State is able to provide is not limited by the Bill and nor are conditions for receipt of support, it would seem appropriate that any exceptional market conditions proposals should be subject to the affirmative procedure to ensure use of this power is not counterproductive to efforts to increase productivity and profitability independently of direct payments.

Productivity

7. We welcome the ability to support productivity improvements under s.2 as we believe:

- Profitability, which can follow from improved productivity, is important in allowing farmers the financial freedom to choose to invest in the environment
- Efficient resources use to increase productivity, not yield, is important to increase the long-term sustainability of agriculture. It is key that productivity is recognised as a measure of efficiency and not of yield levels.

8. CIWEM requests that the Bill definition of productivity clearly takes a long-term view of “improving the efficiency of the activity in terms of the resources used” with wording that prevents any environmental damage and ensures that natural capital stocks are maintained or improved.

9. More information about how the Secretary of State intends to use powers to provide financial support for productivity are needed. We are keen to see farmers supported during the transition so that sudden structural changes to businesses are minimised and farmers feel able to continue with their current environmental measures.

Supply Chain Transparency and Fair Dealing Obligations

10. We also see measures to increase supply chain transparency, under s.12, as positive. Information gained may be used to increase farmer profitability and raise awareness of any environmental issues which should support voluntary improvements in industry sustainability. We are concerned that where unsustainable practices are uncovered, and are unlikely to be voluntarily improved, there is no mechanism for requiring improvements to be made. If there are already existing mechanisms for this, they should be made clear.

11. When combined with fair dealing obligations under section 25, we see productivity and supply chain transparency measures as having good potential to support the agricultural industry after the withdrawal of direct payments.

Partnership working

12. We recognise that greater benefits for the environment can be delivered through partnership working to create larger habitats through high quality joined up areas. Partnership working also helps support local areas through ensuring that local needs are met as well as contributing to the delivery of national targets.

13. Collaborative working is often expensive due to its time intensive nature and often requires management capacity to ensure that a joint vision is created and executed. Funding is needed to support a facilitation role. We believe that the Bill should make provision to allow funding for facilitation of partnership working.

Greening

14. S.6 provides for BPS to be simplified and improved and for greening payments to be terminated, indicating an intention to remove greening requirements and its funding. Whilst this could be seen as having the potential to reverse environmental benefits gained, greening measures have been generally thought to be ineffective so there may be limited loss in practice. It is unclear how the funding freed up from terminating greening will be used, we would like to see this re-invested into securing environmental delivery.

Transition period

15. The agricultural transition period is not certain. Although s.5(1) states that the period will last for seven years starting with 2021, subsections 2 and 3 allow the period to be extended multiple times as long as this is done before the transition period has already ended. It is not clear whether extension can only be granted within the initial transition period or during an extended period as well.

16. Extension is subject to the affirmative procedure, providing accountability, however we do not know what circumstances will be considered acceptable to justify an extension. In this respect the clause does not provide as much certainty for farmers as it could. Having a clear understanding of the transition period will help farmers to best plan their business changes and their environmental management.

Delinked payments

17. The power to delink payments, provided under s.7, is a source of concern. We understand that moving land into the hands of trained individuals often results in increased productivity which may allow more money to be invested in to environmental measures. However, we are concerned that the measure as currently drafted:

- Will not ensure that lump sums taken are invested in to the farm business or used to facilitate retirement, and
- Will not ensure that opportunities are provided for the best trained farmers.

18. This raises concerns as to whether delinking payments will provide positive changes for the way land is farmed including care of the environment. More details on how delinked payments might work in practice are needed, the Bill does not provide a clear vision.

Regulation and enforcement

19. Environmental regulation and enforcement are not covered by the Bill. The consultation raised a move towards the polluter pays principle, but the Bill does not build on this. CIWEM remains supportive of a polluter pays system, once market agricultural incomes can support compliance with regulations, and would like to see this taken forward, if not in the Agriculture

20. Bill then in the Environment Act. We do not believe that compliance with regulation should be secured through payments. The appropriate enforcement body should be well resourced to ensure compliance through an adequate inspection regime.

21. CIWEM would like to see provisions for a strong regulatory baseline and appropriate enforcement measures included in the Bill. Provision should be informed by the current review of Farm Inspections and Regulations.

22. Enforcement is covered in the policy statement¹, including “earned recognition”, greater scope to remedy underperformance before sanctions are applied, and the intention to legislate for new civil sanctions. The policy statement provides assurance that “alternative enforcement mechanisms will be introduced before Direct Payments are delinked so that we can maintain agricultural and environmental best practice”. CIWEM welcomes this commitment.

Funding

23. The Government has only formally promised funding at current levels until 2022. The Bill does not provide any new funding commitments or any mechanism for assessing and ensuring that adequate funding is secured. We view this as an omission and believe funding should be addressed by the Bill to ensure capacity to improve the sustainability of the agriculture industry and deliver against 25 Year Environment Plan goals.

¹ <https://www.gov.uk/government/publications/the-future-for-food-farming-and-the-environment-policy-statement-2018/health-and-harmony-the-future-for-food-farming-and-the-environment-in-a-green-brexit-policy-statement>