

Oxford Farming Conference, 6 January 2016

Thank you very much for inviting me here today and giving me the opportunity to speak.

I've been looking forward to this since Charlotte Smith first approached me, but quite a few in the farming community have expressed surprise that I'm attending both the Oxford Farming Conference and the Oxford Real Farming Conference. I don't want to discriminate between farmers; there is a lot I can learn from farmers across the industry and I will support any farmer striving to achieve the highest standards.

From my visits to farms - pig, sheep, dairy, arable and mixed – and discussions with the NFU, the Landworkers' Alliance and others, it's clear that farmers are facing a number of serious and common challenges.

From falling commodity prices, unfavourable exchange rates, the fall in the basic payment allocation, complying with CAP criteria, farmgate prices, the cost of buying land, and unpredictable weather. No other business has to overcome droughts, floods, pestilence and variable yields. Or the Rural Payments Agency.

What's struck me is how few people claim to have all the answers. Usually in politics there is no shortage of people beating a path to your door, insisting that only they can put the world to rights.

But I have not found that in my discussions with the farming community.

There is a recognition that these issues are complex.

- And we have to recognise that some issues are within farmers' own control;
- Some we can look to the Government to do something about, while others we can only mitigate;
- and some factors are out of our control.

My priority is to look at how we can address the risks and uncertainty threatening British farming and put the industry on a stronger footing.

There are two dimensions to this - **economic viability and environmental sustainability** – which I want to focus on this morning.

I don't need to tell you all how important the farming industry is for our economy. 476,000 people working on agricultural holdings. And a total Income from farming of £5.4 billion.

And yet, too many farmers are struggling to make a decent living, or are caught in a Catch 22 – reliant on Basic Payments, but struggling with the bureaucracy and boxes upon boxes of paperwork that goes with them.

From my perspective, one of the biggest problems is that you're being forced to operate in a **broken market**. If the market was working, our dairy farmers would not be forced to accept a price below their cost of production, or watch helplessly as prices fall still further.

Pig farmers would not judge a good day by how much they managed to minimise their loss when selling to the supermarkets.

And although the focus tends to be on the dairy and livestock sectors, it's wider than that, as you will know.

Farmers are working incredibly hard; you take pride in your produce, and yet the market doesn't recognise this.

I can't stand here today and honestly say I know how to fix the market. **In global trading, much is beyond our control.** So the Chinese market has contributed to falling commodity prices, while the trade ban with Russia has hit prices across the EU.

But we can look at how power is distributed within the market, and the unequal relationships between producers and purchasers.

Supermarket price wars are great for customers, but it is too often the producers who are paying the price.

Time and time again, farmers and other food producers are telling me we need to strengthen the role of the **Grocery Code Adjudicator.** And you have my full support in this.

Just 3% of dairy producers are direct suppliers to supermarkets, so we need the GCA to **cover the whole supply chain** – from farm to checkout.

And, as the Tenant Farmers Association and others have argued, we need to give the GCA the power to **initiate its own investigations.** As things stand now, there is too much at stake for whistle-blowers to come forward.

The Adjudicator is only a part time role with a team of just 5. In two and a half years, not a single investigation had been completed. Isn't our food industry more important than this?

But I'm not going to suggest that a more robust Adjudicator, or even an Ombudsman, is the silver bullet that will fix your financial difficulties, especially when you're competing in a global market.

While the global market brings **opportunities** – as we have heard **from the Secretary of State** – there is also a downside.

Something has gone wrong when British farmers have to look to the export market because they cannot buy shelving space in our own supermarkets. **Yes, I want to support exports, but I also want people to be able to buy British and buy local.**

In 2014, we imported £8.7 billion of fruit and vegetables. £6 billion of meat. We need to promote home advantage, not least by improving food labelling so customers can choose to buy British or local produce.

With the UK's **food self-sufficiency** down to 60% from 75% and our imports of indigenous food – that is, food that could be grown here - increasing, we need to work with the supermarkets to make sure British produce is on the shelves.

Buying local is better for the economy, better for the environment and, if we are to be more vigilant on food crime and food fraud, we need to pay more attention to the provenance of our food. So I hope we can work together on **food sovereignty**.

How else do we make the agricultural industry more competitive?

Banks should not have to set aside contingency funds for farmers because their **Basic Payments** are delayed. So we need a **Rural Payments Agency** that's fit for purpose.

My Labour colleague, the shadow Farming Minister Nick Smith, has been pursuing the RPA relentlessly over delays to payments – indeed, he wrote again to the Chief Executive yesterday. And he's keen to hear from you if you've had problems.

When prices are being pushed downwards, any business will of course look at ways to reduce costs. In farming, **intensification** is often touted as the solution for the future. It may not surprise some of you that I don't think it is.

I believe championing British produce should involve bringing the fork closer to the farm, making a stronger connection between the producers and the consumer.

And with the dairy industry, for instance, I think a lot of the public is uneasy about the idea of their milk coming from a **mega dairy** – wanting assurances on animal welfare and environmental sustainability.

Given the market you are operating in, we cannot simply look to increase output.

So I want to look at ways, such as the role of **research and development**, to reduce farmers' costs and boost competitiveness.

Last year's Oxford Farming Conference report (***The Best British Farmers – What gives them the edge?***) emphasised the importance of research and development.

But spending on agricultural research is declining and, as the NFU has highlighted, the benefits of agri-tech are not necessarily shared amongst all farmers.

So I would like to see the Government doing more on promoting R&D and on knowledge exchange.

- Such as research to develop ways to improve yield consistency or breed-in resilience.
- And a more scientific approach to reduce the threat of plant and animal diseases – and the high cost associated with them.

I want to be open-minded as to what works, while not resiling from saying what doesn't.

Public policy should always be **evidence-based**. It's why I'm opposed to the badger cull. I know this is one area where we will probably not agree.

It's why I am open minded on **GM** – we need to be guided by the science on gene technology or gene editing just as on anything else.

Too often though, there's a **false dichotomy** between high tech farming and a low in-put, back to basics approach. I think the future of our agricultural industry is actually a blend of the two.

Progress can sometimes mean looking to the past.

There is no point trying to improve the industry's competitiveness and finances if we then ignore its sustainability, or don't act to reduce the costs associated with environmental degradation.

For better and worse, farming and the environment are inextricably linked. It is a connection that is all too often overlooked, although not by the industry itself. Indeed, it was great to see the UK farming unions attending the [Paris Climate Change Conference](#) last month.

Our changing climate threatens your crop yield, your water supply and your land.

As the **Intergovernmental Panel on Climate Change** has warned, all aspects of food security are at risk.

But farming can also cause environmental damage itself.

The agricultural sector uses **70%** of global freshwater supplies; and some farming practices can pollute our water, contribute to soil erosion, degradation and compaction, increase our flood risk and exacerbate biodiversity loss.

So I'm not going to pretend that I'm against **environmental regulation**; I think it's in everyone's long term interests.

And every sector, including the agricultural industry, needs to look at how it can reduce its **greenhouse gas emissions** still further.

As my predecessors have argued, the **CAP should be leaner, meaner and, crucially, greener**. Public money needs to be better targeted on public goods – and this means harnessing the potential of CAP to deliver environmental improvements.

A **15% Pillar 2** has to be part of this, but that is only the first step.

One farm I visited last month is, because of the perversities of the CAP, basically penalised for its environmentally responsible land and animal management. We can't carry on like this.

Farmers who are using ecologically sustainable methods should be rewarded. And farms neglecting their environmental responsibilities need to know there will be costs associated with their actions. Because they cost us all.

I recognise that some farmers take their role as environmental guardians incredibly seriously.

Wyke Farm cheesemaker in Somerset, which I also visited recently, is an excellent example of a farm diversifying and adapting to the economic and environmental challenges.

They use **100% renewable energy**, with solar panels on the roof of their cowsheds, and an Anaerobic Digestion plant that not only produces all their own energy but also enough to sell it back to the grid.

They only use inedible produce for AD – apple mulch from the local cider producers, bread waste, or silage from their own and neighbouring farms.

And, as they have worries about the security of their water supply, they have invested in a water filtering and recovering plant to re-use waste water.

Not all farms could afford this initial outlay, while too many farmers that have invested in **renewables** have been hit by the Government's u-turns, so we need to look at how we can support such innovation.

Finally, and topically, I want to talk about **farming and flooding**....

The NFU has estimated that extreme rainfall in 2012 cost the industry **£1.3 billion**.

Last month's floods in Cumbria and Lancashire cost farmers and rural businesses an estimated **£20 million**.

And the costs of the Christmas flooding in Lancashire and Yorkshire are still being counted.

But this will only get worse. Periods of intense rainfall could increase in frequency by a factor of five this century.

It would be complacent to suggest that building flood defences is all that is needed – we have seen that they are all too easily over-topped as flood levels surpass expectations. Not to mention the cost.

So we need to look to **other ways to reduce the flood risk**. This includes looking at the potential for agro-forestry, at surface run-off, and soil management to maximise absorbency.

The Government should be working with land owners and managers to develop a long-term strategic approach to flooding covering adaptation and mitigation, and promoting research into how innovation can reduce the climate threat.

So to conclude....

These are all issues that I want to look at over the coming months.

They are issues I hope the Government will address in its 25 year plan for Food and Farming, but I fear it will not.

For many of you, farming is not just a business producing a commodity to be sold like any other. It is a way of life, a family business for generations, at the very heart of rural communities. And for the rest of us, we rely on farms for our food, to protect our countryside and to safeguard our water supplies.

So, we may not agree on everything but we do have shared goals of a more secure and sustainable agricultural industry that is setting the standards for the rest of the world.

I want us to work together on this, and I hope you do too.

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