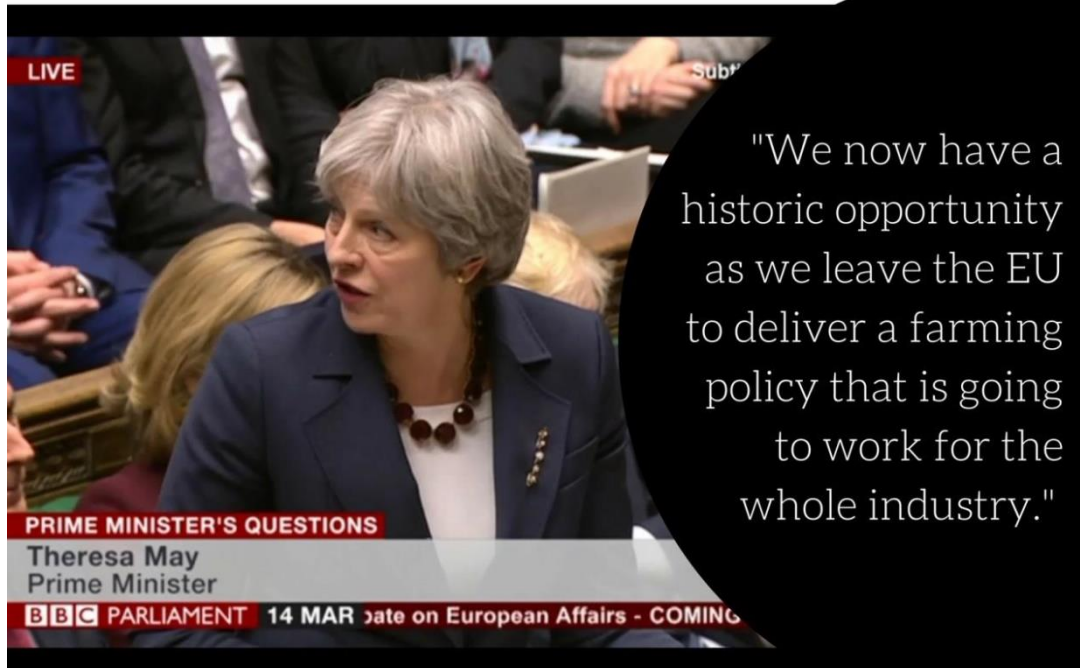




Defra Consultation : “Health and Harmony: the future for food, farming and the environment in a Green Brexit”

Setting the scene



DELIVERING A BOLD AND
AMBITIOUS FUTURE FOR FARMING

DOMESTIC AGRICULTURAL POLICY

A FRAMEWORK FOR SUCCESS

Productivity



Environment Volatility



NFUUnited
There's strength in members.

NFU supported by



NFU Mutual



Defra consultation

Moving away from
CAP

Public money for
public goods



Department
for Environment
Food & Rural Affairs

Health and Harmony: the
future for food, farming and
the environment in a Green
Brexit

February 2018

Cm 9577

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Risk management

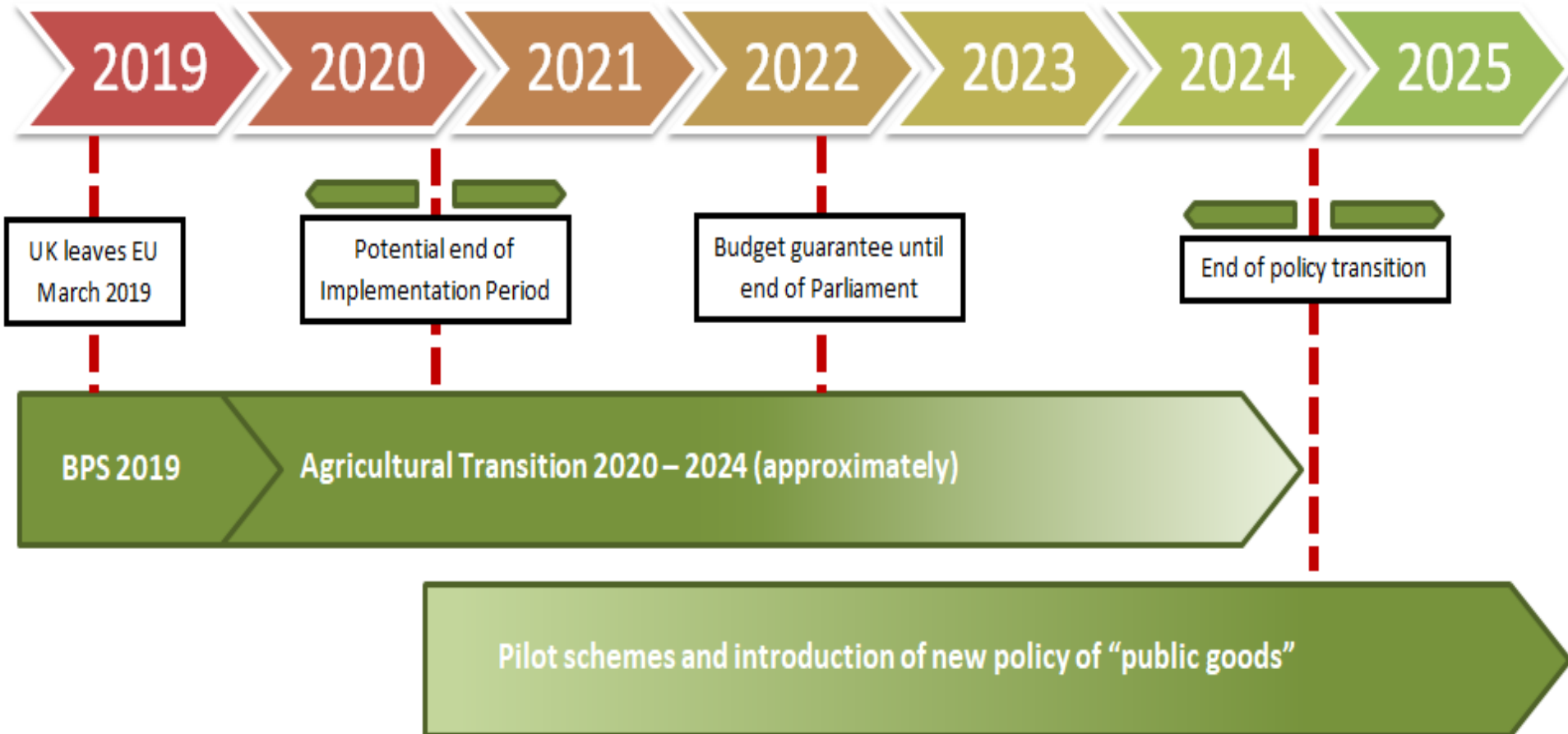
Supply chain

UK framework for new
policies



Defra's proposals : Moving away from the CAP

- Defra views direct payments (BPS) as *“poor value for money”*
- Proposes to *“move away from them, eventually phasing them out entirely”*
- Establish an *“agricultural transition”* period which will last *“a number of years”*



Defra's proposals to phase out BPS

Option 1 – Progressive reductions

- Like income tax bands.
- Impacting more farmers in the early years in a smaller way

Option 2 – Cap to the largest payments first

- For example no claimant can receive more than £100,000
- Impacting less farmers in early years in a bigger way

Option 3 – Hybrid

- Change the % level of reduction in each “band”
- Change the level of a “hard cap” i.e.: £150k, £75k etc

Band	Reduction applied to amounts within the band in Year 1
<£25k	0%
£25k - £30k	5%
£30k - £40k	10%
£40k - £50k	15%
£50k- £75k	20%
£75k - £100k	25%
£100k-£125k	30%
£125k-£150k	40%
£150k-£200k	50%
>£200k	75%

£45k would get £43k in 1st year
£75k would get £67k,
£100k would get £86k
£1million would get £344k



Defra's different timescales for BPS phase out

5-year transition

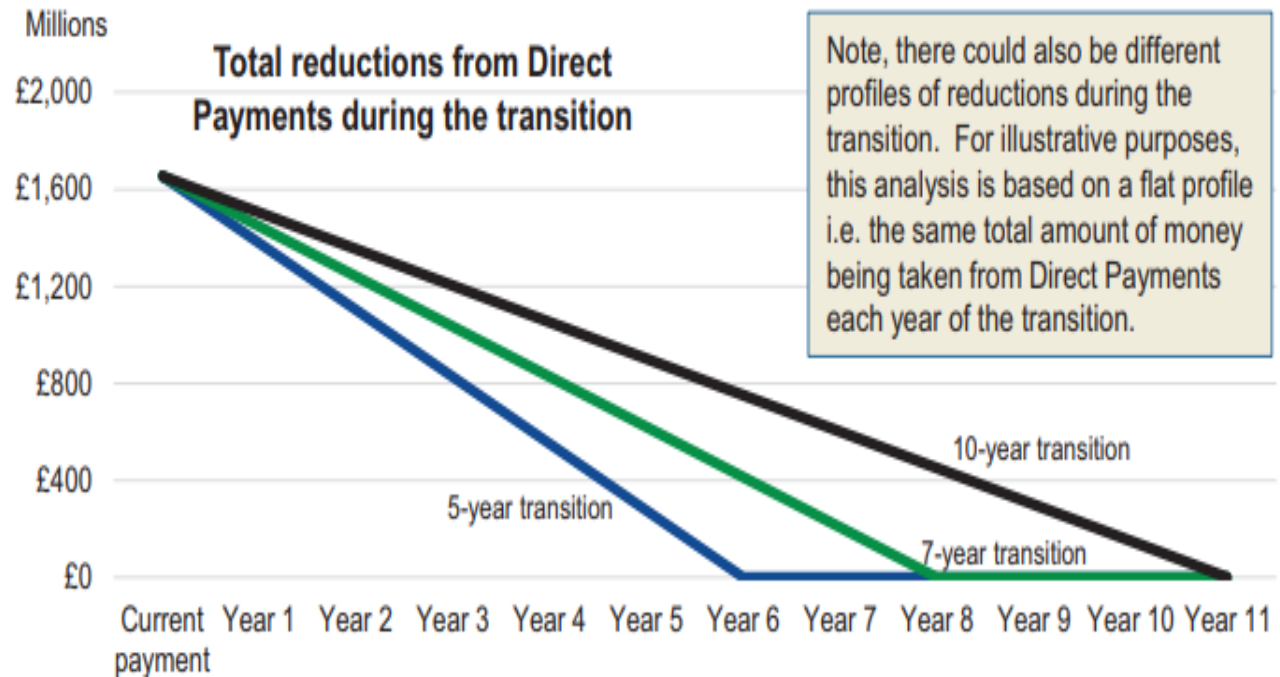
Reduce Direct Payments by £276 million per year

7-year transition

Reduce Direct Payments by £206 million per year

10-year transition

Reduce Direct Payments by £150 million per year



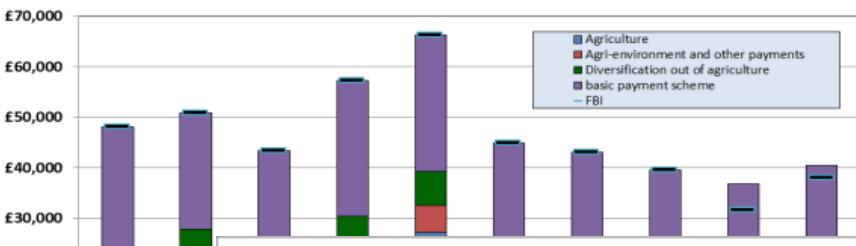
Defra's possible conditions for receiving payments during the agricultural transition

- Broadly retain and simplify, in particular ***“it could simplify cross compliance and remove some or all of the current ineffective greening rules”***
- Alternatively, **“continue to make payments to current recipients irrespective of land farmed”**
 - No requirement to remain a farmer
 - Remove the need to meet land eligibility or comply with greening
 - Based on historic reference period
 - Choice to stay or leave the sector
 - New enforcement mechanism

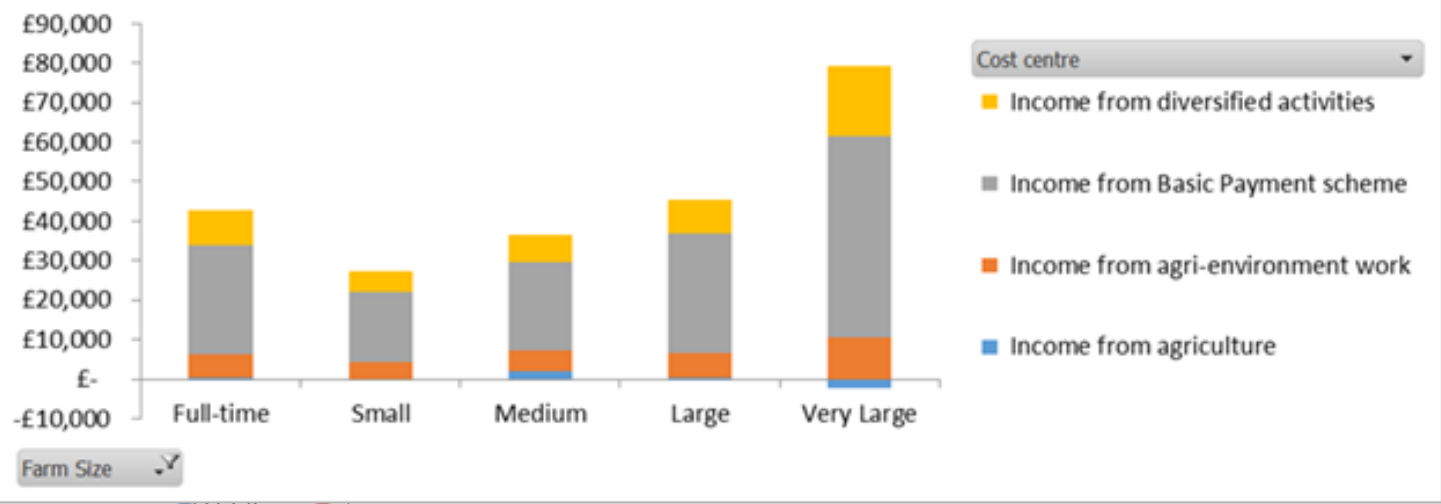
NFU Economics analysis underway

Farm Business Income 2007/08 - 2016/17 - All types

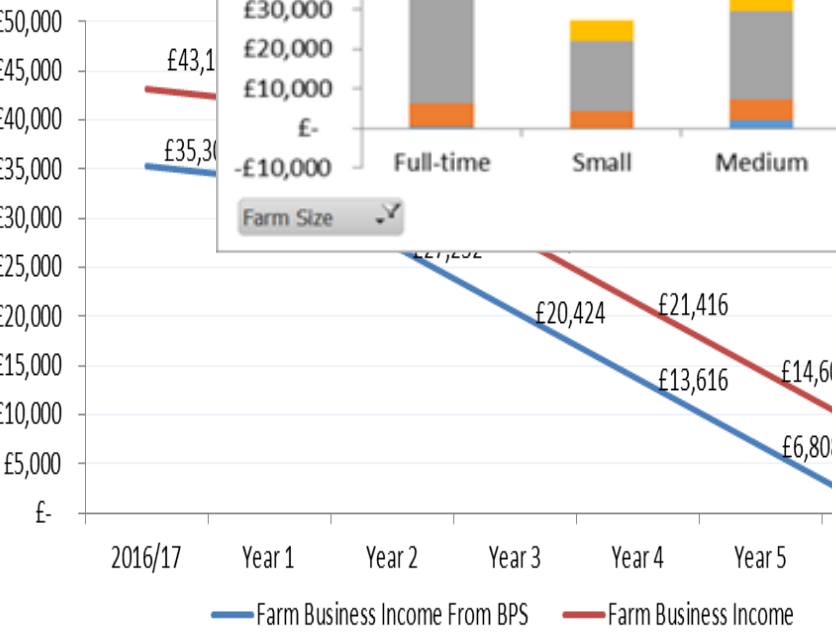
Bands	Total EAGFT (£) - 2015 BPS year/2016 FY	No. of Beneficiaries (excluding those receiving zero)
£0 - 25000	£ 537,814,001	71,528
£25000 - 30000	£ 88,562,973	3,235
£30000 - 40000	£ 148,329,658	4,295
£40000 - 50000	£ 112,429,737	2,543
£50000 - 60000	£ 67,750,000	2,958
£60000 - 70000	£ 35,000,000	1,208
£70000 - 80000	£ 15,000,000	614
£80000 - 90000	£ 8,000,000	331
£90000 - 100000	£ 4,000,000	299
£100000 - 110000	£ 2,000,000	291
£110000 - 120000	£ 1,000,000	87,302



Sum of Medium performance (middle 50%) (5 Year average)



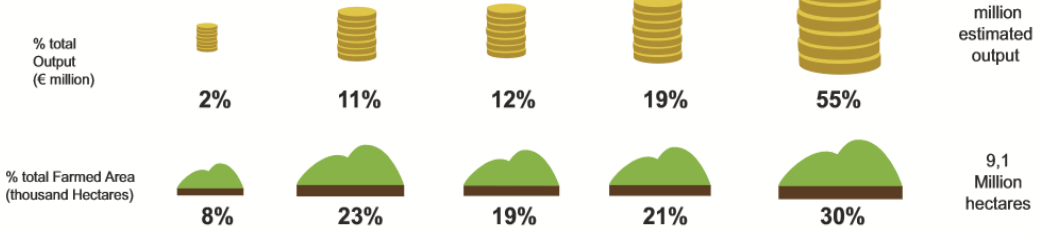
Cereals



duced over half

Very Large
Last €500K

Total
97,900 Farm Businesses
€16,200 million estimated output
9,1 Million hectares



Standard Output measures the total value of output of any one enterprise - per head for livestock and per hectare for crops. For crops this will be the main product (e.g. wheat, barley, peas) plus any by-product that is sold, for example straw. For livestock it will be the value of the main product (milk, eggs, lamb, pork) plus the value of any secondary product (calf, wool) minus the cost of replacement.

Defra's proposals for redistribution of funds

Trialling Animal Welfare measures

Trialling new environmental land management schemes

Investing in Agricultural Productivity

NFU initial reaction to phasing out BPS

- Deeply concerned at the apparent lack of Defra focus on the **economics and importance of domestic food production**
- Welcome the provision of a transition period to design, develop and prepare for new policy.
- The industry requires sufficient time to adapt, particularly in light of the ongoing Brexit **uncertainties**, especially int. **trade** relationships : 10 years
- The main features of the system should be retained and simplified during this period.
- Suggest a further option be considered based on the following principles;
 - Equitable and fair for **all active farmers**
 - Should not compromise the **UK's safe, secure and traceable domestic food supply base**
 - Cuts only that are **commensurate** with realistic ability to spend and clearly defined operational means of delivering funds **back to active farmers**

Foundation of Defra's future policy - Public money for public goods

Animal and Plant Health and Animal Welfare

Environmental enhancement

Public Access

Productivity and competitiveness

Resilience, traditional farming & uplands

Foundation of Defra's future policy – other aspects

Risk management



UK framework for new policies



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NFU's initial reaction

Productivity



Environment Volatility

NFU 7 key tests:

1. Ambitious
2. Comprehensive
3. Promote competitiveness and financial resilience
4. Reduce admin burden
5. Maintain a level playing field
6. Provide fair reward for environmental goods
7. Facilitate a smooth transition

How to get involved

- **Consultation period** – paper launched 27th February , all responses by **8th May** (10 weeks)
- **NFU response:**
 - Dedicated section of website <https://www.nfuonline.com>
 - Email address: brexit@nfu.org.uk. **Responses by 27th April**
- **Direct response into Defra:**
 - Through the government’s “citizens space” at www.consult.defra.gov.uk This involves completing a web based questionnaire.
 - Email your response to Defra agricultureconsultation@defra.gsi.gov.uk.

NFU will on your behalf....

Argue for a reform of agricultural policy

- that is **fair** to all **active** farm businesses irrespective of size or system,
- that provides **sufficient time** and **certainty** for active farm businesses to plan and opportunities for them to adapt and invest, and
- that results in a more **profitable, progressive** and **sustainable** farm sector respected by society for its high standards for food production, environmental care and animal welfare.



Questions for members - transition

- Do you agree with NFU's initial reaction on phasing out BPS?
 - What are the factors that should determine the length of “agricultural transition?”
 - What do you think of proposals to change way BPS is administered during agricultural transition?

Questions for members – public goods

- Has Defra missed any public goods farming delivers?
- Do you agree that the 5 public goods identified should be rewarded in future?
- How can an approach to a new environmental land management system be developed that balances national and local priorities for environmental outcomes?
- How can farmers work together or with third parties to deliver environmental outcomes?

Questions for members - productivity

- How can Defra encourage take up of knowledge and advice?
- What are the main barriers to new capital investment that can boost profitability and improve animal / plant health & welfare?
- What are the most effective ways to support new entrants into industry?
- What do you think the impact of Defra's proposals will be on land values and are there particular needs of tenant farmers?

Questions for members –standards and enforcement

- How can Government improve inspections for environmental, animal health and welfare standards?
- How can Government deliver a more targeted and proportionate enforcement system?
- What type of actions will have biggest impact on improving animal health on farms?
- What support, if any can the government offer to promote the development of a bio-secure supply chain across the forestry, horticulture and beekeeping sectors?

Questions for members – supply chain and risk management

- What factors most affect farm businesses decisions on whether to buy agricultural insurance?
- What additional skills, data and tools would help better manage volatility in agricultural production and revenues?
- What are the biggest barriers to collaboration amongst farmers
- What are the most important benefits that collaboration between farmers and other parts of the supply chain can bring? How can Government help?