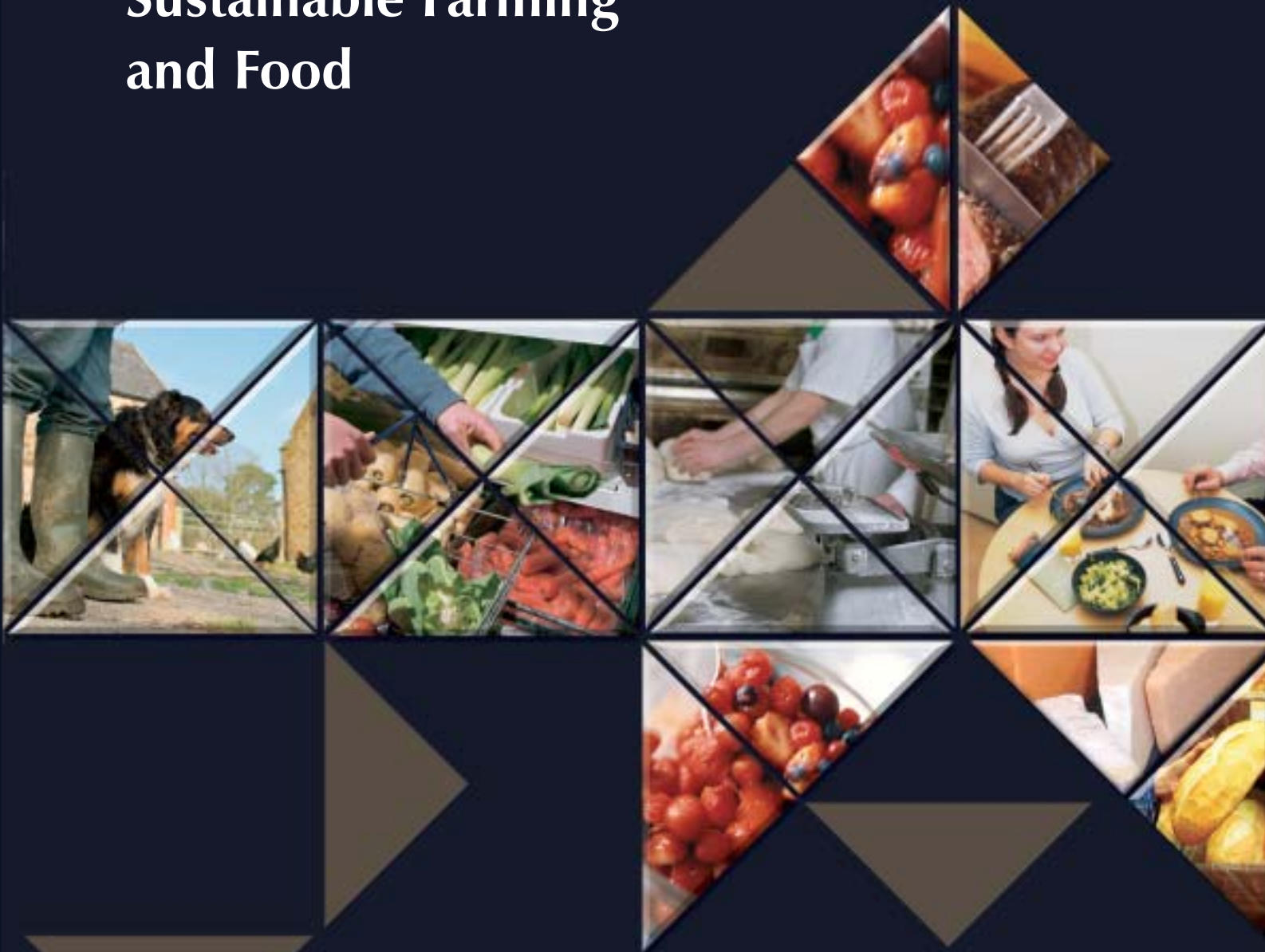


The Strategy for Sustainable Farming and Food



Facing the Future



Our vision of the future is of a world in which climate change and environmental degradation are recognised and addressed by all nations and where low carbon emissions and efficient use of environmental resources are at the heart of our whole way of life; where, here in the UK, rural communities are diverse, economically and environmentally viable, and socially inclusive with high quality public services and real opportunities for all. A country where the food, fishing and farming industries working closely together and with Government are not dependent on output-related subsidies to produce safe, nutritious food which contributes positively to consumer choice and the health of the whole nation. A place where the land is managed in such a way as to recognise its many functions, from production through to recreation; where we seek to promote biodiversity on land and in our seas, and where the promotion of animal welfare and protection against animal disease is at the core of the way in which we farm and live. The pursuit of sustainable development, environmental, economic and social, is vital to achieving this vision.

The Strategy for Sustainable Farming and Food

Facing the Future

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Prime Minister's foreword

Farming and the food industry in England have a proud and impressive history, working at times under the most difficult circumstances – post-war hardship and the recent crises of BSE and foot and mouth. They have contributed billions of pounds to the economy and offered many thousands of jobs. Farming has transformed the landscape of Britain.



Today our food and farming rightly retain a central place in our economy, in our countryside and in our rural communities.

But things are not right. European taxpayers pay around £30 billion a year for the CAP, yet our farm incomes are close to rock bottom. Production is linked to subsidy, not what people want to buy. We deny markets to the developing world, and increase prices for consumers. Our current structure of subsidies to farming mean that the many farmers who actively and proudly maintain what so many of us value about our countryside and environment are not adequately rewarded for doing so.

If there is any light at all to be found in the tragedies of the foot and mouth and BSE epidemics it is in the widespread realisation – in the food and farming industries, in rural communities and among consumers and those who use our countryside – that we cannot go on like this.

I share this belief. It is why I created Defra, to bring together food, farming, rural and environmental policy under one roof. And it is why we pledged in our manifesto an independent review into food and farming. This review, led by Sir Donald Curry has, I believe, transformed thinking. Its vision of 'reconnection' is one I fully endorse.

Our strategy for sustainable farming and food sets out how we will now take this agenda forward. We have to make sure it is properly resourced. That is why we have set aside £500m over the next three years to bring about real change. The Government will deliver on those areas that fall to it, and will show wider leadership. But, as the Curry Commission said, Government can't do it alone.

We all want industries our children will want to work in, producing food which they will want to buy. We all want a countryside which they will cherish. We all need to work together to secure it.

A handwritten signature in black ink that reads "Tony Blair". The signature is written in a cursive style and is underlined with a single horizontal line.

The Prime Minister, Rt Hon Tony Blair MP

Secretary of State's foreword

In the last few years British food and farming has faced massive difficulties and pressures. Inevitably they have taken their toll in effects on confidence and on morale for those who work in the sector. Last year these pressures culminated in perhaps the worst outbreak of foot and mouth disease the world has ever seen and probably one of the worst traumas many sectors of the industry has ever experienced.



But out of the traumas and heartache has come the stark realisation that planning afresh for the future means coming to terms with the prospect of continued change and evolution.

In modern times Britain has never been self-sufficient in food production. But in the aftermath of the Second World War here, as elsewhere in Europe, boosting food production became a more important policy goal – pursued even sometimes at the expense of the long term sustainability of the industry and our countryside.

But today there is a growing recognition that change is needed and change is coming. Everywhere I go, people tell me of the need for new and better farming practices, a change in the balance and co-operation across the food chain, real efforts to protect and enhance the environment.

The present structures of the CAP can be an obstacle to the changes we need – which is why we seek its reform. But that alone will not be enough.

The challenge for the industry is how to create fresh prosperity, how to preserve and enhance our environment and contribute to stable rural communities. In other words the challenge is to rebuild a food and farming industry which is sustainable.

It was some time ago that in casual conversation, I was told that an old maxim among British farmers is:

"Live as if you'll die tomorrow, but farm as if you'll live forever"

What better definition of sustainability could there be?

The challenge for Government is how to work effectively alongside the industry to facilitate and support its development. We set up the Policy Commission (the Curry Commission) to help us all identify the nature – first – of the problems and then some of the potential solutions. Over the succeeding months we held a number of stakeholder consultations to test reaction to their proposals.



Here we set out the Government's own strategic response. This document does not in any way represent the last word on the subject. Among other things it signposts other strategic work which is under way – for example on animal health and welfare. But it does identify the broad direction of Government policy and the role we believe we can play.

Ultimately the success of any industry and of its component parts lies in its own hands. Government has a responsibility to help where we can. But if we are to be a better and more effective partner for the future we must also recognise our responsibility to change Government itself. One of the differences that Defra can make is to build a new relationship with the whole of the food chain – a relationship of greater trust and confidence because we listen to each other and strive to act on what we hear.

The balance and the handling of regulation and the way in which we deal with the individual businesses or sectors who make up the industry are areas where Government is the main or even the only player and where we also must strive to perform much better.

The majority of the ideas and the approach the Curry Commission identifies requires a partnership and a cooperation among a great range of players of whom Government is one. It is in that spirit that we set out what we see as the way forward to address the challenges that face us all.

Rt Hon Margaret Beckett MP

Section 1

The challenge of sustainability

1

► Context

The food chain

The food chain – the production and delivery of our food from farm to fork – is big business. It employs 12.5% of our workers and accounts for 8% of our economy. Farmers manage 70% of the land in England. It is a complex sector, with some world-class organisations set alongside many individual farmers and growers struggling with incomes at their lowest since the 1930s. There is high concentration amongst retailers and some processors; most farms are small individual businesses. Farming has shaped our landscape, but there are negative environmental impacts from the production processes of all elements of the chain. It has wide ranging impacts on our health, on animal welfare and on rural communities.¹

There are a range of pressures at work in the sector. To survive, all businesses in the chain have to respond to what **consumers** care about and want. The evidence shows that consumers are concerned not only with price. They value convenience and quality. They expect food to be safe and nutritious. Many are prepared to pay more for value added products and increasingly eat out. And many wish to buy British or buy local.

The whole chain is faced with the constant need to adapt to changing circumstances and become more efficient. Increasingly, businesses are competing in a **global market** and the consequent demands for cost reduction are felt the length of the chain from retailers and caterers to wholesalers and processors and ultimately to farmers and growers.

The different links in the chain are **mutually dependent**. Just as farmers and growers need vigorous and profitable manufacturing, wholesaling, retailing and catering sectors to buy their produce, so these sectors need a successful and efficient domestic supply base as well as imports if they are to meet consumers' demands. Within a highly competitive chain, different parts of the chain need to **work together** to drive out unnecessary costs but they must also recognise the unavoidable costs that each part faces. And they have to ensure that consumers' requirements are communicated and met along the full length of the chain.

The public policy context

Britain has always had a strong reliance on imports from the old Commonwealth, but during and after World War II British Government policy towards food had two strands – direct support to increase agricultural

¹ Full details are given in the supporting document: "Farming and Food's Contribution to Sustainable Development, Economic and Statistical Analysis"

1



production to maximise self sufficiency; and intervention with consumers to enhance diet and food safety. Through all the changes of the last half century, production related subsidies have remained a central feature of food and farming policy. The UK is now 75% self-sufficient in food production – a higher figure than in the 1950s. But in an increasingly globalised world the pursuit of self-sufficiency for its own sake is no longer regarded as either necessary or desirable. As the EFRA Select Committee recently recommended, the Government will continue to assert within the European Union that the best way of ensuring food security is through improved trading relationships, rather than a drive for self-sufficiency. Equally, the distorting effects of production subsidies on markets and on the environment have become increasingly evident.

Environmental issues were not among government priorities fifty years ago. It was taken for granted at that time that good husbandry would ensure viable rural communities and safeguard the environment. It is now recognised that this is not automatically the case.

In addition, domestic and international pressures to open markets, liberalise trade and hence abolish subsidies for agricultural production, are themselves growing.

The Curry Commission

The foot and mouth crisis in 2001 forced people to reassess the place of farming and the food industry in the rural society and economy of today and tomorrow.

That is why the Government set up the independent Policy Commission on the Future of Farming and Food, led by Sir Don Curry. Its report exposed many of the weaknesses and failures in the food chain as a whole. But crucially it also set out both a new vision for the long-term future and some proposals as to how it might be pursued. That vision was of a sustainable, competitive and diverse farming and food sector, playing a dynamic role in the rural economy and delivering effectively and efficiently the environmental goals we as a society set for ourselves.

The Curry report was very well-received and there has been wide-ranging agreement that it identified the key problems and the priority areas for action. This strategy takes as its evidence-base the work of the Curry Commission, the submissions which we received from over 1000 organisations as we consulted on taking forward their conclusions, the views of the 1000 or so people who joined in our regional roadshows, and the wealth of statistics and studies on these issues.

“The Curry report contains an optimistic vision for our industry without underestimating the difficulties.” Participant in the Newmarket roadshow, 21 May 2002



The challenge

In looking at the very serious long-term problems faced by the sector, the Commission set out the food chain's under-performance across all three elements of sustainability.

Economically, profitability is low; incomes for farmers have fallen to their lowest levels since the 1930s; productivity is low – 20% behind world leaders in food production – and extremely variable; investment in capital and people is poor, for example, the number of employees in the food and drink industry with vocational qualifications is 20-30% lower than elsewhere in the EU and Japan.

Environmentally, while agriculture generates significant environmental benefits (which studies have costed in the range of £600-900m per year), it also has significant negative impacts (which studies have costed at £1-1.5 billion). Damage includes the effects of emissions, water pollution and impacts on biodiversity. For the wider food chain, estimates suggest that it takes 10 tonnes of raw material to produce 1 tonne of processed food. The remaining 90% is discarded as waste, with packaging waste including 12 billion plastic carrier bags and 29 billion food and drink cans every year in the UK.

Socially, agriculture's importance to the UK economy is greater once further linkages are taken into account, including the half million UK jobs in food and drink manufacturing. Perhaps most important of these linkages is tourism: foot and mouth disease illustrated the effect events in farming can have on the wider rural economy. And, the impact on farmers themselves of low incomes, isolation, particularly in more remote, and often economically struggling areas, has been significant, as stress indicators show. Food production also impacts on diet: diet-related ill health – mainly obesity leading to cardiac and respiratory diseases – costs the NHS at least £2bn each year.

The Commission's main conclusion – echoed by the recent EFRA Select Committee report² – was that the whole of the food chain has to reconnect with its customers, the world economy, the countryside and the environment. The need for reconnection was reinforced from all sides during our consultation on the Curry report and during the regional and sectoral seminars.

2 The Future of UK Agriculture in a Changing World; Ninth Report of the House of Commons Environment, Food and Rural Affairs Committee Session 2001-02; HC 550-I.




Facing the challenge: Government and industry

In discussion with the Sustainable Development Commission we have put together what we see as the key principles for sustainable farming and food now and in the future:

- Produce **safe, healthy products** in response to market demands, and ensure that all consumers have access to nutritious food, and to accurate information about food products.
- Support the **viability and diversity of rural and urban** economies and communities.
- Enable viable livelihoods to be made from **sustainable land management**, both through the market and through payments for public benefits.
- Respect and operate within the **biological limits of natural resources** (especially soil, water and biodiversity).
- Achieve consistently high standards of **environmental performance** by **reducing energy consumption**, by minimising resource inputs, and use **renewable energy** wherever possible.
- Ensure a safe and hygienic working environment and high social welfare and training for all employees involved in the food chain.
- Achieve consistently high standards of **animal health and welfare**.
- Sustain the resource available for growing food and supplying other public benefits over time, except where alternative land uses are essential to meet other needs of society.

Although this is a strategy for England, given the global nature of sustainable development, we will want to promote these principles wherever our food is produced and processed and will work closely with the devolved administrations to do so.

To meet these challenges, change is both necessary and desirable. The Curry report emphasised the urgent need for action by individual businesses, by the industry working together throughout the chain and by a range of government departments. The new relationship – a new settlement – envisaged in that report is the basis of this strategy document: a relationship in which in the long-term farming and food may be unsubsidised but not unsupported; one where Government plays its part nationally and internationally in setting out the framework for the future, but not one in which there is a single blueprint – a master plan – for all to follow.



In welcoming the Commission's vision for farming and food, Government made it clear that it was committed to helping with change. On behalf of the taxpayer, we must identify the **public benefits**, such as landscape, biodiversity and access to the countryside, for which there is, strictly speaking, no commercial market, and establish how they should be recognised and rewarded.

We must consider what **regulation** is required on behalf of the public as a whole. Making those who cause environmental and other damage financially responsible for the effects of their actions, the 'polluter pays' principle, is an important way of reducing the harm they do. But where regulation is necessary, the Government is committed to developing and enforcing that regulation effectively. Farming and food processors attract significant regulation given the nature of their activities. We know that this can pose real difficulties for the industry. Annex A sets out our proposed approach to regulation for these sectors, in particular for the many small farm businesses.

But the fact that there are such disparities of achievement among different industry players means that there is much that people can learn – up and down the food chain – from others in the same businesses. We will promote **benchmarking and the spread of good practice** as ways of raising performance, by showing what can be done, because it is being done.

For the industry as a whole, the challenge is, as the Curry Commission concluded, to be **flexible, entrepreneurial and close to their markets, suppliers and customers**. Successful businesses talk to each other and **co-operate**. They **innovate**, raise their **skills**, use the latest technology and are prepared to make common cause with others in the chain including those they may previously have thought of as competitors.

They will be aware of their **environmental responsibility** – for farmers, a direct responsibility for the land they manage; for the rest of the chain, issues related to packaging, waste, emissions and transport.

For the largest players, in particular the large processors, supermarkets and large food service companies, there is a clear challenge to recognise their corporate responsibilities to the chain as a whole. And all must recognise and learn to manage the risks they face and be linked into and work with the **communities** in which they operate.

This strategy sets out how Government and the farming and food industries can work together to meet the challenge. It is not a static document. The actions included within it are of varying nature and scope. Some are short term; others will only be fully formed after more work. And as section 3 below sets out, delivering change requires commitment and leadership from both industry and Government and a new approach to working in partnership. As part of that partnership, the Government has set up an independent Implementation Group, chaired by Sir Don Curry, to play a key role in overseeing delivery of the strategy across Government and the industry.

Section 2

A strategy for sustainability

2

▶ 2.1 A more effective food chain

The Curry report and the evidence in our wider consultation emphasised the two priorities of **reconnecting** all the elements of food chain and in particular farmers with their markets, and **strengthening** links between the various elements of the food chain through co-operation and working together.

2.1.1 Reconnecting with the market

Reconnection implies a clear understanding, business by business, of the changing market, and then action to make the best use of the market opportunities identified. But there are vital common themes: the importance of both reducing unnecessary cost and adding value to production; the recognition that a drive for added value is likely to go hand-in-hand with the pursuit of higher quality and that quality will need to be recognised and verified to assured standards.

Several different initiatives have been identified to help this process:

- **Adding value**, including promotion of local and regional foods and farmers' markets;
- **Assurance schemes**, to help re-establish consumer confidence;
- **Organic action plan**, to help create a sustainable and competitive organic farming and food sector;
- **Export promotion**, offering tailored assistance to smaller producers;
- **Improving efficiency** along the food chain;
- **Public procurement**, ensuring that British producers can be fairly considered, within procurement rules;
- **Farm diversification**, helping farmers exploit new markets and new sources of income while remaining in farming; and
- **Business advice** to assist producers in pursuit of these objectives.

2



Adding value

All the regional seminars which followed the publication of the Curry report stressed the importance of **adding value** to increase returns from the market and so improve competitiveness. One way is to respond to the demand for locally produced foods; both delivered direct to local consumers, through box schemes for example, and made available through farmers' markets, multiples and other retailers. It makes excellent business sense and there are clear benefits to the environment if transport and packaging are reduced. And farmers' markets not only benefit producers, but help bring life to town centres and connect consumers with the rural economy.

"Our research among low-income consumers has shown that they would like greater access to locally produced food, which has not had a damaging effect on the environment and which meets high animal health and welfare standards." National Consumer Council.


There is a challenge for the supermarkets and caterers too. They have a vital part to play in giving prominence to locally produced products. The Institute of Grocery Distribution has organised a series of workshops to bring together small producers and the large retailers and foodservice companies to discuss how to promote local sourcing and overcome barriers to it. The lessons of these workshops will inform further initiatives.

Regional food branding helps make consumers more aware of and interested in the origin of food, strengthening their links with the rural economy and food production. Building on the work already done by Regional Food Groups, the Government will assist small regional food producers to develop their markets by channelling additional financial support via Food from Britain, who will work closely with the Regional Development Agencies to complement the support which they offer. We will explore with Food from Britain, producers and retailers, the potential for making greater use of the EU-protected food names scheme to strengthen regional branding.

Defra will also provide support through its **Processing and Marketing Grant Scheme** and the **Rural Enterprise Scheme** to encourage innovation and investment to achieve added value for English primary products.

Assurance

Assurance schemes have helped re-establish consumer confidence in the safety of British food. They can assure safety and other standards to which food has been produced and in many cases help provide traceability. Branding of assurance provides an opportunity to distinguish products in the market place by highlighting food that is produced to British standards or has particular qualities. Baseline or higher-level assurance schemes can help producers add value and access new markets by capturing a niche, building on a trend, or addressing customer concerns.



The Government welcomes these developments and encourages the industry to continue to build on their foundation. But assurance scheme standards must be credible and realistic, and both standards and the way they are set and monitored must be transparent. Assurance is one of the priorities for grant aid under the Government's new Agricultural Development Scheme.

“Farm assurance schemes, when supported by accurate and informative labelling, are an important way of establishing stronger relationships between farmers, retailers and consumers ... [but] it is vital that ... schemes are transparent and offer meaningful choice and benefits if they are to be of value to consumers and producers.”

Council for the Protection of Rural England (CPRE)

The Curry Commission recommended that the Red Tractor should be a baseline standard that all food should attain, and that the standards underpinning it need to be owned by the whole food chain and managed by Assured Food Standards on their behalf. The Government agrees and welcomes the work that Assured Food Standards are doing to establish consistent standards on traceability, environment and animal welfare for schemes that use the Red Tractor logo – recently relaunched with clear industry and government support. We would like to see as many producers as possible involved.

The Government will also work with Assured Food Standards to ensure that the schemes develop in a way which is co-ordinated with our whole farm approach. We must ensure that the schemes genuinely challenge farmers to improve their environmental and food safety and animal health and welfare standards. **Higher-level assurance** schemes offer products which comply with standards over and above normal good farming practice, in terms of animal welfare, the environment or organic production.

Organic action plan

Assurance is a key concern for organic produce, but there are other issues to address if it is to be a flourishing sector. The UK currently imports around 70% of the organic produce we consume, offering real opportunities for producers to exploit better the domestic market. The recently announced **Action plan for organic production in England** is a first stage in a strategy to create a sustainable and competitive organic food and farming sector. It:

- provides for ongoing payments to organic farmers to recognise the environmental benefits they deliver;
- proposes the development of targets for meeting a higher proportion of demand from British sources;
- improves the market information available for the organic sector;



- encourages sustainable procurement of food, including organic food; and
- sets aside £5m over the next five years to support the organic sector's R&D priorities through the LINK programme.

We will work closely with the multiple retailers and other stakeholders to deliver this plan.

Exports

As trade in agriculture becomes increasingly global, English producers will need to offer value-added products to compete on world markets. UK **exports** of food and drink and of primary agricultural products make an important contribution to the economy, bringing in some £8.5 billion in 2001, of which about three quarters was accounted for by value-added processed products. With financial support from Government, **Food from Britain** promotes exports of processed food and drink and offers tailored assistance to small producers new to or inexperienced in exporting, such as at the "slow food" Salone del Gusto exhibition in Turin in October where our exhibitors were praised for the quality of their products.

Improving efficiency in the food chain

The Government welcomes industry initiatives already taken which show what can be achieved to reconnect the market. For example, the **Red Meat Industry Forum** is tackling questions of benchmarking, skills and the pricing transparency needed to underpin the direct contracts between farmers and processors or retailers recently recommended by the EFRA Select Committee. Benchmarking, and the opportunity it provides to learn from and share best practice, is a valuable tool to improve competitiveness, and will be a priority within the Agricultural Development Scheme.

"In recent years the representative organisations of the different sectors of the food chain have worked – in partnership with Government – to break down barriers and increase communication between the sectors." The Food and Drink Federation

The Curry Commission felt that a new centre of expertise would be beneficial in bringing together the resources and expertise dispersed through the industry. The Government agrees and the **Food Chain Centre** has been established to:

- map and measure the chain, searching for inefficiencies;
- recommend ways to reduce cost and waste;
- test and promote techniques to improve the chain;
- publicise best practice; and
- encourage teamwork among all members of the chain.



The Centre has launched its initial programme of work including: a project to reduce waste in the red meat chain; a review of current benchmarking practice throughout the food chain; studies to examine how information sharing can benefit supply chain partners; and research on how farmers access and use information on consumer trends and other market data. The Government is keen to see the Centre succeed and is supporting it through grant aid and secondments³.

In addition, the Institute of Grocery Distribution, in conjunction with the Food Chain Centre, will undertake analysis of the impact of nutrition initiatives such as the National School Fruit Scheme and the 'five a day' programme, on the food chain. This will highlight the commercial opportunities for English farmers and growers.

"We don't believe in saving cost by cutting corners, reducing quality, damaging the environment or exploiting any members of the chain. There are better ways to find savings through the reduction of waste."
Food Chain Centre Director.

The industry – and each sector within it – must identify what more can be done to make the domestic supply chain work better and meet customers' requirements. The Government will continue to encourage and facilitate further contacts between the different parts of the food chain in sectors such as dairy, pigmeat and horticulture to help deliver a more joined up approach.

The major disparity between many very small producer businesses at one end and very large supermarkets at the others has led to tensions within the chain with concerns that the smaller players – manufacturers as well as producers – are unable to secure a fair return. Following a report by the Competition Commission, the Office of Fair Trading (OFT) drew up a **Code of Practice** which defines the principles and practices that apply in order to achieve fair and balanced trading relationship between the largest supermarkets and their suppliers. The OFT will now **continuously monitor** the practices of the four supermarkets to which the Code applies. The OFT will publish an annual report on how the Code is working, particularly in relation to dispute resolution. Interested trade bodies are invited to put their views on the operations of the Code to OFT at six monthly intervals. The Code also contains useful guidance for others in the supply chain.

"The principles underpinning the Code, and many of the practices enshrined in it, represent good business practice that is applicable to all grocery retailers. BRC therefore encourages those not bound by the Code to follow these principles and practices as appropriate on a voluntary basis." British Retail Consortium.

³ Further information can be found on the Centre's web site at www.foodchaincentre.com



The Government strongly agrees with the BRC view and calls on other sectors, including the food service industry, to take the same approach.

Senior retail managers often have a good understanding of the importance of relationships with suppliers. But this must be shared by buyers at the sharp end. The leaders of the industry should look at the incentives and performance of buyers where this is not the case.

Public procurement



The Government has a specific responsibility in procuring food and drink to various parts of public sector. Defra Ministers are discussing with other government departments how far, without breaching the EU procurement rules, **public procurement** can focus on sustainable products and ensure that English and indeed all UK producers are fairly considered.

Farm diversification

For some farmers looking for new markets and new sources of income **farm diversification** can help to sustain jobs and provide new employment opportunities, by using the skills and resources of the farm and the wider labour pool. It maximises the value that farms generate, so maximising economic activity in the countryside. Section 2.5.4 below looks at diversification outside farming, but opportunities for diversification within farming can have similar benefits in maximising income.

The Government is committed to extending the competitive **non-food uses** of crops, and agrees with the Policy Commission that we need a long-term strategy for creating and exploiting opportunities in non-food crops. For example, crops and their co-products can provide alternatives to fossil fuels or be used as industrial feedstocks. Crop-based biodegradable products can reduce the amount of waste going to landfill. The Government-Industry Forum on the Non-Food Uses of Crops has recently reported⁴ on linking technological developments to the market place. In responding, the Government will look world-wide at the impact of policies and research strategies on non-food crops, and intends to increase the resources allocated to this area. The Government is working with partners to establish a non-food crops centre to drive forward innovation. Defra and DTI are also considering the potential role of **demonstration projects** to increase commercial uptake of renewable raw materials, working with the key players in industry, research and technology transfer.

⁴ Annual report of the Government-Industry Forum on Non-Food Uses of Crops
www.defra.gov.uk/gifnfc



Biomass products can contribute both to the UK's climate change and renewable energy targets. Defra's **Energy Crops Scheme** provides grants towards the costs of establishing short rotation coppice and miscanthus, and for establishing producer groups set up to supply short rotation coppice to power stations and other energy end uses. Market development funding of at least £66m for the heat, electricity and combined heat and power sectors is available through the Bio-energy Capital Grants Scheme, and in 2003 we shall introduce a scheme to develop bio-energy fuel supply infrastructure. This will contribute to sustainable forestry management as well as agriculture by including forest woodfuel along with purpose-grown energy crops. In a further step to promote cleaner fuels there will be a 20p a litre reduction (equivalent to a 45% cut) in the duty on bioethanol.

Business advice

In support of all these objectives, Government provides additional assistance for farmers to appraise their businesses and assess opportunities to diversify. This includes the Defra-funded **Farm Business Advisory Service** delivered by local Business Links.

2.1.2 Co-operation

Primary producers need to offer the scale and continuity of supply sought by their customers, gain efficiencies of scale and introduce more professional approaches to their businesses. Working together provides one obvious solution. Many farmers and growers are already members of co-operatives or other groupings. However, far fewer are members of co-operatives here than in many competitor nations.

“The best way for a small farm business to get the benefits of being a large farm business is to collaborate with others.” Curry report

A clear message from the stakeholder consultation was that co-operation and collaboration, formal and informal, between producers and with others in the food chain should be encouraged and supported.

The Government will help collaborative initiatives by providing capital grants under ERDP schemes and support for non-capital projects to improve competitiveness and marketing under the **Agricultural Development Scheme (ADS)**.

Defra has worked closely with an industry group on proposals to set up a new industry body, **English Farming and Food Partnerships** (the ‘Collaborative Board’ recommended by the Curry Report), part funded by Government to promote co-operation. The new body will:

- develop a strategy to encourage co-operation between farmers, and between farmers and the rest of the food chain;



- champion the strategy within the industry;
- provide specialist advice and project delivery to farmer-controlled businesses to help them improve their profitability and sustainability;
- provide training and education to those involved in farmer-controlled businesses; and
- provide a signposting service to the industry and through this achieve greater focus and co-operation.

The competition authorities look at the extension of co-operatives and their operation in the market in the same way as they would look at any other business. The **Office of Fair Trading** will provide confidential guidance at an early stage to parties considering specific proposals so that any potential competition problems can be identified and taken into account at that stage. It will also publish a set of answers to frequently asked questions as a further help for farmers and growers. The OFT has already met farming interests to explain how competition law works and that it presents no special problems for co-operatives.

“Farmers need to be prepared to work in partnership with other farmers and with consumers, and in co-operatives to build local markets”. Friends of the Earth

However, there are other potential obstacles to the development of co-operatives – for example, the £20,000 maximum shareholding of co-operative members under the Industrial and Provident Societies Act. A recent review has recommended that this limit be removed and the Government will respond after external consultation. It has also begun work to examine whether there are other legislative changes that would encourage the development of agricultural co-operatives.

▶ 2.2 The global context

While there is undoubtedly much that producers can themselves do, liberalisation of agricultural trade, and the removal of trade distorting support and protection are key steps in allowing producers and food processors to reconnect with the market. Of course, many important parts of farming, such as horticulture, poultry and pig production, operate without subsidies, but the two largest sectors – livestock and arable farming – are amongst those which receive substantial subsidies and price protection. All **World Trade Organisation** members, including the EU, have already committed themselves in the current trade round to “substantial improvements in market access (import tariff reduction); reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support”. WTO members are committed to reaching a draft agreement on implementing these changes by the end of March 2003, in advance of a Ministerial meeting in September 2003.



To fulfil these commitments the EU can either reduce substantially the overall level of subsidy payments, or alter the nature of support payments to make them less or non-trade distorting, or a combination of the two. An innovative way of making payments less distortive ('decoupling') was advocated by the Curry Commission and is proposed by the European Commission as part of the Mid-term review of the Common Agricultural Policy (CAP).

We support the European Commission's proposals for reform based around:

The 'decoupling' of support from production: that is, breaking the link between what a farmer produces and the subsidies received, which would at a stroke remove the CAP's main incentive to overproduce.

A shift in support away from production subsidies and towards agri-environment and wider rural development measures. In the words of Curry, "the guiding principle must be that public money should be used to pay for public goods that the public wants and needs."

Market Reform: we will continue to push for further market reform and liberalisation, whether it be as part of the current reform round, within the World Trade Organisation negotiations or beyond. In particular, we will be urging the Commission to bring forward early legislative proposals for further reform of the dairy regime.

Securing significant reform will not be easy, given the range of interests of EU Member States. The October 2002 Brussels European Council agreed spending limits for CAP market support and direct payments until 2013, which will help put the CAP budget on a sustainable footing. But limiting expenditure is not enough and we will continue to stress that CAP reform should underpin the creation of a sustainable framework for EU producers and allow them to truly connect with their markets.

Over the last few years, the weakness of the euro relative to sterling has been a major factor in the fall in incomes. Farming is particularly affected by this impact both on commodity prices and the sterling value of CAP subsidies, all set in euros. Those pressures have driven a rapid, if often painful, increase in productivity within farming. While a change in exchange rates would ease the downward pressure on incomes, that alone would not make a secure foundation for long-term prosperity. Only sustained improvements in productivity through investment and reform are likely to achieve this.

While there is an overwhelming case for reducing the negative effects of market-distorting subsidies there is an equally strong case that public support should be available to help farmers conserve and enhance the rural and environmental heritage of the country. The Policy Commission made a powerful case for expanding funding for agri-environment schemes under the



England Rural Development Programme (ERDP), funded in part through increased 'modulation' of direct payments. The Government has announced its intention to do so. However of equal importance is the need to allow greater flexibility and to reduce bureaucracy and we are therefore pressing for reforms to the present rules.

▶ 2.3 Enhancing our environment

The twin environmental challenges: reducing the environmental damage caused by agriculture and the wider food chain, and enhancing the positive impacts, are closely interlinked. Both require new approaches from industry and Government.

2.3.1 Reducing pollution

Diffuse pollution

One of the biggest challenges facing us is the need to control **diffuse water pollution** from agriculture. A Defra review aims to identify cost-effective measures to control diffuse water pollution from agriculture, to improve the water environment, to meet European obligations and to improve the sustainability of agriculture, learning from other countries' experiences. We will consult next year on possible policy measures, including next steps on the work announced in Budget 2002 to review the role that economic instruments could play.

"The control of diffuse pollution is necessary to underpin the protection and restoration of biodiversity in freshwater, wetland and some inter-tidal and marine habitats." Environment Agency

Pesticides

Defra has also introduced a range of measures to tighten controls on **pesticides**. We are playing a leading role in a major, long-term EU review programme designed to ensure that all active substances used in pesticides meet modern standards of human and environmental protection. We remain committed to reducing the environmental impacts of pesticide use. Defra provides guidance on best practice based on the advice of the independent Pesticides Forum to help farmers and the agrochemical industry balance the need for safe effective control of crop pests and diseases with economically viable agriculture.

We have welcomed the development of the Voluntary Initiative, an industry-led group of stakeholders which delivers environmental benefits through a package of measures including the adoption of Crop Protection Management Plans, a National Sprayer Testing Scheme, environmental information sheets for each crop protection product, additional training of users and "best practice" publicity campaigns. However the voluntary initiative must deliver

measurable, lower impacts. The Government is carrying out further work and analysis on a possible tax or other economic instrument in case the voluntary initiative does not succeed.

At the same time, the continuing availability of a range of effective pesticide products is essential to the competitiveness of UK agriculture. The development of new products is a matter for the crop protection industry but we are taking forward a number of initiatives to maintain the availability of pesticides for minor crops.

The environmental challenge: regulation and a whole farm approach

The Government is launching several initiatives to develop capacity and skills, and to help farmers manage the environmental challenge facing them:

Information access. “Netregs” is an internet-based resource that will allow industry, particularly small businesses, free and full access to a wide variety of advice on environmental issues, including the key measures they need to take to ensure they meet regulatory requirements.

Joined up advice. The review of learning opportunities for rural businesses will look at improving the environmental and business planning advice available to farmers. The pilot demonstration farm scheme will also promote best practice in profitable and environmentally-sound farming (section 2.4.1).

Agricultural Waste: Stakeholders’ Forum. The Government and the Environment Agency have established an Agricultural Waste Stakeholders’ Forum to devise practical strategies for addressing the Waste Framework Directive.



Case study 1 Landcare Partnership: Helping Farmers Protect the Rivers and Landscape of South Wessex

Intensive farming brings with it a need for careful land management to keep soil, fertilisers and pesticides on the field where they are of use and out of watercourses where they can do harm. The Avon, Nadder, Wylde and Bourne river valleys are renowned for their beauty and are home to a diversity of wild animals and plants. But the area suffers from “chalk stream malaise” with symptoms of increased cloudiness, excessive weed growth and smothering of the river bed with mud. Salmon cannot breed in these conditions.

The Landcare Partnership, the Environment Agency and others help support farmers to put in place Best Land Management Practice. The Partnership consists of many interested groups, with representatives from the NFU, Country Land and Business Association (CLA), English Nature and local fishery groups. The Landcare Partnership provides information on best practice and helps farmers demonstrate to their customers that they can deliver the goods and still protect the environment.



While we are committed to light touch regulation, the Government adheres to the principle that the polluter must pay. From the Water and Waste Framework Directives to the Wild Birds and Habitats Directives, there will continue to be new and difficult problems to address. We must not reinvent the wheel every time a new directive is introduced. We recognise the need to handle further regulation in a co-ordinated way.


To assist in doing this, we aim to adopt a **whole farm approach** to our contacts with farmers, redesigning them all – subsidies, regulation, advice – around on-farm activities, making the best use of the information available to us and minimising bureaucracy and duplication. The Rural Payments Agency is already rewriting its IT systems to draw on the information about cattle held by the British Cattle Movement Service (BCMS) at Workington so that it can generate subsidy claims without asking farmers to repeat the information. If farmers agree, we could use the BCMS information to help identify where best to concentrate inspections and other enforcement activity by the Environment Agency and State Veterinary Service. The need for farmers to provide fresh information would be reduced, the number of inspections could be cut, and an integrated approach to regulation could reduce burdens while optimising outcomes. Farmers could have access to all government information for their own planning and management purposes and the approach could be reflected in the assurance system, giving confidence to buyers throughout the food chain as well as to consumers.

There are some complex privacy and technical issues to be resolved in partnership with the industry before we can move ahead. But meanwhile the whole farm approach is beginning to influence the ways government tackles its contacts with farmers. The EA is working with the NFU to develop its **Environmental Management Systems (EMS)** for farms. The EMS will be a package designed to incorporate environmental management into farmers' business planning. A pilot scheme has already been launched.

The Government also plans to develop an **audit-based approach** to identifying a farm's strengths and weaknesses, as recommended by the Policy Commission. Such an audit could form the basis of continuing participation in the agri-environment schemes, helping farmers to improve business management, and allowing Government to concentrate advisory and enforcement effort in areas where risks are high or difficult to manage. The Government will work with organisations such as Linking Environment and Farming (LEAF), the National Trust and others who have expertise in farm audits, to develop pilot studies.

2.3.2 A new approach to agri-environment schemes

Food and farming have invested a huge amount in our landscape and rural heritage. The rural environment in England is the product of several thousand years of interaction between human beings and nature and is one of our most important national assets. Agriculture is essential to the maintenance of our



biodiversity and the rural environment contains a high proportion of our cultural heritage. It is important for recreation, for our economic and physical well being and for our sense of local identity and history.

Between the 1930s and 1980s there were large scale losses of habitats, drainage of wetlands, reclamation of moorland and losses to many historic features in the UK. This led to Government intervention in the form of new legislation, stronger planning policies and agri-environment payments to farmers to maintain valued areas of countryside. Together these measures have reduced or halted the large scale loss of habitat and removal of landscape features. However, significant problems remain, including continued attrition of the historic environment, serious overgrazing in some upland areas, declines in the population of widespread species and the loss of biodiversity within some surviving habitats.

“All individuals and organisations with an interest in agriculture need to be involved in resource protection.” Environment Agency

We know from public attitude surveys that the rural environment is valued by a high proportion of the population. Most respondents say they would support paying farmers to regenerate threatened landscapes or habitats. Investing in the quality of the rural environment can attract tourism, contribute to the quality of life for rural communities, and can help pay for traditional forms of land management, which are often labour intensive, helping keep traditional skills alive.

An entry-level scheme

We already have in place a range of initiatives, such as Countryside Stewardship and Environmentally Sensitive Areas, which compensate producers for the extra costs involved in enhancing the environment. However, to change behaviour significantly we must go further. Simply adding to regulation could cause problems rather than resolve them. We want to retain and enhance the contributions farming makes to our landscape, many of which are not rewarded directly by the market. We will be reviewing and re-focusing the agri-environment schemes which are already in existence, alongside the creation of new schemes to increase the opportunities for all farmers to take part. By working closely with the industry and offering the right mix of incentives, we can bring sustainability to the heart of farming practice.

So we intend to provide a **broadly based agri-environment scheme** that rewards management practices which go beyond what regulation and the market demand. And in the longer term this scheme will help to underpin the **whole farm approach** to all the requirements and support which the Government places on and offers to the farming industry.



The entry-level scheme will be designed to link several key elements of good environmental management across a wider area than any current schemes. It aims to make a difference over the whole of the English countryside by helping to:

- reward farmers who engage in positive management of the countryside;
- reverse the decline in farmland birds and other wildlife and plants;
- retain features which provide local landscape distinctiveness;
- protect natural resources of soil, water and air from damage; and
- safeguard archaeological sites and monuments.

Defra has consulted stakeholders and will be running a number of operational pilot schemes in 2003 across a range of sectors. These will be in Lincolnshire (arable cropping and horticulture), Devon (pastoral), County Durham (upland) and Berkshire (mixed).

“This is a tremendous leap towards sustainable farming. The pilot entry level scheme will be the first practical example of the new drive to make agriculture more environmentally friendly and less subsidy-driven” Royal Society for the Protection of Birds

If the scheme can be piloted successfully (something the Implementation Group will be tasked with assessing) the Government will make national funding available. Matching EU funding, which will take resources to £150million, will come either from increased rural development funding following the mid-term review of the CAP or from making use of the existing flexibility to transfer existing EU payments into rural development.

The new scheme will be open to as many farmers as possible and, in time, to all. It will be kept simple for farmers and easy for Government to administer. Payment will be on a flat rate basis per hectare to support activities going beyond good farming practice but less arduous than the targeted prescriptions for existing agri-environment schemes. Because of the large number of potential participants, it will be vital to minimise administrative costs, and the pilots will help with this. Provided that pilots are successful the scheme will be made available across England during 2005.

“The broad and shallow scheme will encourage more farmers to think about resource protection and provide revenue to help them through the transition to becoming long term, truly sustainable businesses.”
Environment Agency



Higher level schemes

The Government is also reviewing the existing agri-environment schemes. These have 4 broad objectives:

- wildlife conservation;
- protection of the historic environment;
- maintenance and enhancement of landscape quality and character; and
- improving public access.

All of these objectives remain valid, and the Government remains committed to a multi-objective approach, which could in the future include other objectives such as managing land in ways that reduce the risk of flooding. Ultimately the Government is aiming to amalgamate and simplify all agri-environment schemes into one structure, with an entry level scheme supplemented by more stringent upper tiers. The new scheme structure will include support for the environmental benefits delivered by organic farming and for environmental management measures in the uplands.

2.3.3 Climate change

We must tackle agriculture's contribution to **climate change**: agriculture was responsible for about 7.5% of UK greenhouse gas emissions in 1990. The UK climate change programme does not have sector targets for emissions reduction, but on current trends agricultural emissions are expected in 2010 to have levelled out at about 14% below the 1990 level.

Despite this progress, a great deal more can be done. We already have policies in place to support UK commitments under the UN Framework Convention on Climate Change to protect and enhance carbon sinks such as forests. The Woodland Grants Scheme, Farm Woodland Premium Scheme and the Energy Crops Scheme encourage the planting of trees on agricultural land, and the English forestry strategy recognises the contribution of woodland to carbon sequestration. But there are a number of farming techniques such as minimum tillage, improving grassland management and where appropriate increasing tree cover on marginal land which, when fully tested, may improve carbon storage in the soil and lead to other benefits for agriculture. In the long-term, the use of industrial crop by-products as substitutes for more traditional materials in the manufacture of plastics, cosmetics and pharmaceuticals may also be a viable method of carbon sequestration and CO₂ emission avoidance. Defra has commissioned research on the potential for further reducing agricultural emissions.

Specific climate change issues arising for the wider food chain, in particular the need to reduce carbon emissions, will be addressed in the sustainable food industry strategy (see section 2.4.3).



Agriculture itself will be affected by climate change. Agricultural land has already been used in flood management schemes and in certain areas this may increase. Farm and land management practice will need to change to respond to increased pressure on water resources and changes in crop yields and types as well as pests and diseases. Defra funds a continuing programme of research on the impacts of climate change on agriculture and a summary of results was published in 2000. We will be reviewing the scope for greater incentives for farmers to move to trickle irrigation, which is less wasteful in its water use. Further advice on the impacts of climate change is available from the Defra-funded UK Climate Impacts Programme. In two new initiatives, Defra is due to publish a wide-ranging assessment of the implications of climate change for its policies, including those for agriculture, and to establish a new Rural Climate Change Panel as a sub-group of the Rural Affairs Forum, by early 2003.

Climate change is also likely to increase the risk of **flooding**. Defra is commissioning research on the exact interaction between flooding and particular agricultural practices or forms of cultivation. The results of that research will feed into our consideration of the use of agri-environment measures to achieve flood benefits, and into future discussions in the European Union on the Rural Development Regulation. In addition, the Environment Agency have been asked to prepare pilot Catchment Flood Management Plans in five pilot areas examining the full range of options for flood management, including land management changes.


▶ 2.4 Investing in the future

2.4.1 People

Improving skills

The workforce is one of the most valuable assets of any industry. Yet the evidence suggests that in both agriculture and the food and drink sector the UK work-force has a lower level of **skills** than in many competitor countries. A study in 1998 found that the number of employees in the UK food and drink industry with educational qualifications was 30% lower than the EU average and 40% less than Japan, and that the number of employees with vocational qualifications was 20-30% lower than the EU and Japan.

Research shows that this deficit in skills has hampered productivity in some sectors of the UK food and drink industry, particularly for small and medium sized plants. Unless these industries are employing people with up to date skills in the latest and most sustainable practices, they will be unable to exploit opportunities or respond to pressures – a message we heard regularly as part of the consultation process.



“Despite the tremendous attention paid to upgrading business management skills since the 1960s, there is still a large number of farmers who do not have adequate accounts or planning procedures.”
Country Land and Business Association response to consultation exercise.

Both farming and the wider food industry are responding to the Government's policy to develop and support a network of Sector Skills Councils to boost skills and productivity. The Councils will analyse and then address the skills and workforce development priorities of employers in the sector. Lantra, the former national training organisation for land-based industries including farming, was awarded 'trailblazer' Sector Skills Council status in December 2001. The retail sector, including the food sector, was also successful with a proposal for a new Sector Skills Council, Skillsmart, which was launched in April 2002. Defra has been encouraging food and drink processors and manufacturers to develop a proposal for their sectors too. Cross sectoral work on this is underway.

The Government has an important role to play in improving skills by creating the right conditions and incentives. But the real lead must come from employers, particularly those working in rural communities and their representative organisations. They face particular challenges including:

- the need to reflect the latest and most environmentally friendly practice;
- that learning has to be delivered in a way which addresses the fact that remoteness from traditional facilities can make it difficult to improve learning opportunities easily; and
- that farming businesses are often small, and this can make it difficult for those in work to take time away to improve their skills and knowledge.

“There is a need to raise skill levels to enable farming businesses to diversify successfully. Many farmers will find diversification difficult to do.” Farmers' Link

Skills and learning review

The Government is working with key partners to carry out a **review of learning opportunities for rural businesses**. This will cover the provision and delivery of education and training, knowledge transfer, advice and information services, and measures to stimulate demand for learning. The review is aiming for interim conclusions by July 2003 and final conclusions by December 2003. As part of this review, Defra will also discuss with partners the possible development of a 'Best Practice Observatory' on our web-site where practitioners will be able to see at first hand how successful actions in the areas described in this strategy are already working.



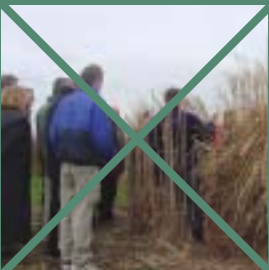
Safety at work

A lack of adequate training is one of the factors which contributes to agriculture having the worst fatal injury rate of any broad employment sector – on average, one fatal accident a week. This represents an avoidable human tragedy. In addition, over 100,000 working days are lost a year as a result of accidents in the agricultural sector, costing the British economy around £130 million. The agriculture industry has been identified by the **Health and Safety Executive (HSE)** as one of eight priority areas where improvements are required if the national targets are to be met. The HSE will work with the industry to embed health and safety into their education and training, influence standards for safety and design of machinery and maximise the effective and efficient use of public resources.

Demonstration farms

Farms that open their doors to other farmers to demonstrate and share experiences and best practice can be an effective way of encouraging more farmers to adopt new ways of working. They can be used to demonstrate specific techniques or broad approaches: for example, existing demonstration farm networks promote effective business practices, integrated farm management and organic farming. They also have a role in extending and deepening wider public understanding of farming and food production, making an important contribution to the Policy Commission's goal of reconnecting farmers and the community.

The Government has accepted the Policy Commission's recommendation to set up a **pilot network of demonstration farms**, which will be in place in early 2003. The aim of the pilot is to test the effectiveness of different types of demonstration farms and associated activities. So that the pilot is adding value




Case study 2

The Agricultural Development in East Region (ADER) project provides a single route into the mix of training, education and support available. It has worked with more than 2,000 people in two years, with £2million from the East of England Development Agency and match-funding and industry contributions bringing the total budget to £5million.

Its aims include:

- to change the business support, education and training network of the region to ensure co-ordination between all public sector providers working with agriculture; and
- to change the culture of the support providers to make them market-led.

Support of industry bodies including the National Farmers Union, National Pig Association, Country Land and Business Association, and Tastes of Anglia has been vital to the project's success.



to existing networks, it will focus on testing three specific types of demonstration project:

- monitoring farms providing economic and environmental benchmarking for Arable, Dairy, and Beef and Sheep sectors (maximum of six farms per sector).
- demonstrating the benefits of closer links between producers and their markets, local communities, local landscape and environment (six farms, not sector specific).
- demonstrating networking for the Pig sector (a web-based 'virtual farm').

The pilot network of farms is on track to be operational in early 2003 and the project will be evaluated by April 2004. Eventually the practices of such farms may well reflect the basic practices required under **whole farm management and entry level agri-environment schemes**.

New entrants

It is clearly important for any industry to be able to attract skilled and committed **newcomers**. Defra will discuss with interested stakeholders possible mechanisms to help overcome barriers to new entrants. The National Farmers' Union is developing proposals for an advice scheme for new entrants, and the National Federation of Young Farmers' Clubs is working on mechanisms for bringing together new entrants and retiring farmers; Defra will work co-operatively with those proposals, linking in to the review of learning opportunities for rural businesses which will include proposals on advice services.

Tenant farmers

It is also vital that **tenant farmers** are able to contribute to this sustainable future. Just over 3 million hectares of land is rented, some 30% of farmed land. The Government believes that a thriving tenanted sector, involving a range of tenure arrangements, is a key element in a sustainable and diverse farming industry. Letting land can provide a way for farm businesses to expand or to contract, as well as offering a way into the industry for new people. The Government also recognises that many sole tenants are among those that have been hardest hit by the slump in farm incomes.

The Government wants to ensure tenant farmers can:

- diversify where this will improve the viability of their business; and
- take steps to help enhance and protect the environment without fear of losing their tenancy or jeopardising succession rights.

Tenants must be able to restructure their businesses without jeopardising their rights. Of course we need to maintain appropriate balance between landlord and tenant interests, but improved flexibility is vital to ensure restructuring.



Following informal consultation, the Government is considering a number of possible changes to legislation in order to help meet these objectives.

The Tenancy Reform Industry Group will seek to establish an industry consensus on tenancy reform that can be recommended to Government. The Group has started its work under independent chairmanship.

Agricultural wages board

Developing a skilled and committed workforce means ensuring fair wages and conditions. Although the Curry Commission proposed that the Government should review the future of the **Agricultural Wages Board** in 2004, we do not believe that the prospect of CAP reform removes the need for the Board. The way in which the Board operates will be modernised in consultation with the NFU and the TGWU, but the Government remains committed to it continuing to operate subject to the normal periodic review.

2.4.2 Investment, research and new technology



Just as a flexible workforce is key to sustainability, it is only those sectors which are open to using all available technologies which can respond effectively to changing market patterns. This is particularly true in farming where the latest technologies often embrace environmental protection.

A Defra Task Force on Inputs concluded that the lack of speed and efficiency with which new technology is applied within farming was an important component in explaining its slow productivity growth. A detailed study by McKinsey's – comparing the UK with the US and (West) Germany – also showed weaknesses in innovation and technology transfer in the food sector. In particular, McKinsey's found that UK companies:

- tended to be more likely to manufacture low value added products;
- had higher levels of product proliferation which resulted in lower levels of automation; and
- lacked marketing skills.

Defra will be promoting more collaboration between industry, government and scientific institutions. Industry must play a more prominent role in identifying research needs for sustainable food and farming, and in supporting that research. Defra is ready to match increased industry funding for additional LINK research.

Industry will be encouraged to take up new developments in **relevant science and technology** through Defra support for the Teaching Company Scheme and through the Regional Technology Transfer Centres. Science and engineering must underpin the industry's ability to meet market demands for high-quality, nutritious and competitively priced foods and to generate innovative approaches to reducing waste and natural resources use.



Co-ordination between the Government and industry on science and research is vital. The Policy Commission recommended a new **Priorities Board** bringing together the whole spectrum of interests (including research councils, levy bodies, industry, consumers, statutory advisers and Government) to identify overlaps in research and agree a common agenda. Consultation with stakeholders demonstrated strong support for this and action is in hand to establish a Sustainable Farming and Food Research Priorities Group. The Group will aim to define an overall focus and specific priorities for the research effort. Industry has the lead in applied research and the levy bodies are setting up an **Applied Research Forum** which will be represented at meetings of the Group.

Economic analysis of food and farming's contribution to sustainable development will help us judge whether the strategy is making a difference by monitoring trends in performance (economic, environmental and social) and analysing the contribution which different policies have made to delivering improved performance. We welcome the recommendation of the EFRA Select Committee in its recent report entitled "the Future of UK Agriculture in a Changing World" that the Government should commission an **annual financial assessment** of the state of British farming which goes beyond looking at farm incomes. This we shall do, developing a broader analysis of current and future prospects for the industry in an international context in consultation with external representative bodies. The possible effects of current and future policy proposals will be judged against this analysis.

The techniques of **genetic modification**, if applied safely and responsibly, have the potential to contribute to sustainable food and farming. But genetically modified organisms (GMOs) may, as well as bringing benefits, pose an as yet unknown risk – not to human health – but to other biodiversity. The Government's top priority on this issue is to protect human health and the environment. Defra adopts a precautionary and evidence-based approach when considering proposed GMO releases, and we will continue to ensure that they are properly monitored and controlled based on sound scientific knowledge. The Government is now sponsoring a GM dialogue focused on the issues and concerns highlighted by the public to broaden and deepen understanding of this technology. There will be no commercial growing of GM crops in the UK before the results of the current Farm Scale Evaluation trials, which are testing herbicide tolerance, have been assessed. Even preliminary results are not expected until the summer of 2003 and any decisions the UK takes on possible commercialisation will also need to be taken within the context of the EU regulatory framework.



The Defra science programmes which utilise GM approaches for improvements in sustainable farming and horticulture are aimed both at providing a better understanding of the potential for uses of GM approaches and the underpinning science needed for the development of low-risk GM crops. In addition, the Department funds a programme of research to underpin the safety assessment of GMOs which is aimed at ensuring that up-to-date methods and knowledge are available for GMO risk assessments.

2.4.3 A sustainable food industry strategy

The food chain beyond the farm is a major employer, in both rural and urban areas. The businesses vary hugely in scale, from multi-national processors and retailers, to local and niche businesses. Elsewhere in this strategy we have considered the economic issues affecting the chain, steps being taken to address its efficiency and skills, and issues relating to consumers, nutrition and food safety. But like all other sectors, the food industry needs to look at all the aspects of sustainability. The Food and Drink Federation (FDF) and the British Retail Consortium (BRC) have already published sectoral sustainability strategies, along with key performance indicators. These have made a useful contribution in encouraging progress within the food manufacturing and retail sectors. But more work is needed, to ensure all sectors are covered by a comprehensive and challenging set of Key Performance Indicators. The Government has already announced its intention to work with the industry to develop a **comprehensive food industry sustainability strategy**, to provide strategic direction and set priorities.

The **Pioneers** programme is a framework sponsored by Defra, DTI and the Sustainable Development Commission, to develop industry-specific sustainability strategies. This toolbox, based on the collective experience of 20 key sectors in drawing up such strategies, will be used to develop a sustainability strategy for the food industry.

The strategy must address the most difficult issues in this sector – pollution, litter, energy use, transport issues and waste. In doing so, we will aim to develop the debate on complex issues like food miles.

Consumers increasingly want to know more about the provenance of the food they buy and the impact upon producers in developing countries in respect of commodities such as coffee, cocoa and tea. The market has responded to this with, for example, the development of the Ethical Trading Initiative (part funded by Government) and its code of practice for **ethical trading**. Other codes of practice, which set out basic standards for trading, have been developed by trade associations and individual companies. The British Retail Consortium sustainability strategy includes an objective to develop sourcing policies and an Ethical Trading Standard. The Government welcomes the development of ethical trading policies at both trade association and company level.



▶ 2.5 Healthy communities

The food chain also has a significant impact across the rural community. While agriculture is no longer the major economic player in most rural areas, it does have important links to other industries, such as **tourism**. So, working to strengthen the industry is vital, but so too is **diversification**, because it can help to create jobs and income.

The food we eat is a major factor in our health. Government and industry need to ensure that **health goals** are focused on the same objectives, from the promotion of **nutrition** and **food safety** issues to the maximisation of **animal health and welfare**.

2.5.1 Nutrition

Up to a third of deaths from cancer and heart disease – the country's two biggest killers – could be prevented by better diet. Increasing fruit and vegetable consumption is considered to be the second most effective strategy for reducing the risk of cancer, after stopping smoking. Eating at least five portions of fresh or processed fruit and vegetables a day may help to reduce the risk of heart disease, cancer and stroke by one fifth. Yet on average we currently consume just three 80g portions a day, well short of the 400g health experts recommend. This is why the NHS Plan included commitments to improve diet and nutrition, including:

- reform of the Welfare Food Scheme;
- the National School Fruit Scheme;
- the Five a Day programme to increase fruit and vegetable consumption;
- work to address levels of salt, fat and sugar as part of a balanced diet;
- local action to tackle obesity and physical inactivity; and
- a hospital nutrition policy.

There have been significant improvements in diet and nutrition over the last 50 years. Our food and farming industries can take their share of the credit for this, but there is more we could do.

Obesity is on the increase, with one in five people now classified as obese; three times as many as two decades ago. Experts have estimated that a small reduction in the amount of salt we consume could lead to a significant drop in blood pressure across the population, helping to prevent deaths from stroke.

We make our own choices about what we eat, but we need clear and consistent information on what constitutes a healthy diet. The role of Government is to ensure that all consumers are able to exercise the right to choose a healthy diet if they wish. This must apply to all consumers, irrespective of income, or where people live. The Government shares the view



of the Curry Commission that the diets of children in poorer families should be a particular area of concern. That is why the Government has issued its **Healthy Start** proposals to reform the **Welfare Foods Scheme** and provide a better start in life for children in poorer families.

As Curry observed, Government has an important role to play, both in its own right, and through bringing industry and others together to tackle these issues. Treating diet-related ill-health costs the NHS an estimated £2bn each year. Society will benefit through reduced NHS and welfare costs. And British industry can benefit as well, if producers and suppliers can work together to seize the opportunities that better diet presents.


Central to Curry's observation – and those of many others who responded to the consultation – was the need to look at healthy eating in a joined-up way. The Department of Health and the Food Standards Agency have already brought together key players through the Nutrition Forum, which includes representatives from Government, industry, consumer and health organisations.

We will strengthen links between public health and food producers at all levels. The network of food and health leads in the Regional Government Office public health teams are supporting work on food and health led by Primary Care Trusts. Dedicated 'five a day' co-ordinators in each region will help support new community initiatives funded by the New Opportunities Fund, many of which will link farmers directly to low-income consumers.

The Government is reacting positively to the recommendation of the Curry Commission that a strategy on all aspects of healthy eating be developed. The Department of Health will lead the development of a **Food and Health Action Plan** which will address healthy eating at every stage of life. It will build on the work Government is already doing to improve diet and nutrition, including through partnerships with industry and consumers, to support and influence:

- the production, manufacture and preparation of healthier food;
- the ease with which consumers are able to purchase or obtain the range of foods needed for a healthy diet; and
- the provision of information to consumers about healthy eating and nutrition, and the acquisition of the skills and behaviours necessary for good nutrition.

Delivery will require action by all sections of the food chain, at a national, regional and local level, particularly through strengthened links between health organisations and food growers and producers. The Director of Public Health in each Primary Care Trust, working with local authorities as part of Local Strategic Partnerships, will need to ensure that Local Delivery Plans (LDP) provide for appropriate action to overcome local barriers to healthy eating.



Many Departments in Whitehall have a role to play in this, so a cross-Government steering group involving all departments with relevant responsibilities, chaired by the Deputy Chief Medical Officer, will oversee the development and publication of the Action Plan. Stakeholders from industry, consumers and the NHS will be involved and consulted both through existing communication channels and by way of dedicated events and workshops where necessary.

2.5.2 Food safety

High standards of food safety are essential for sustainable farming and food industries. Consumers need to have confidence in the food that they eat.

“Without food safety, there is no market” (European Commission – mid-term review of CAP).

Food safety standards are increasingly monitored from ‘farm to fork’, and this approach is now reflected in industry practice, legislation and international standards. It requires hazards to food safety to be controlled on farm, wherever practical, so they cannot cause problems further up the chain. The Government welcomes the European Commission’s proposal to harmonise EU food hygiene legislation which will, for the first time, require farmers to adopt a risk-based approach to hazards on farm.

Within Government, the Food Standards Agency (FSA) is taking forward a number of key initiatives:

- a strategy to work with industry to reduce **food-borne illness** (food poisoning) in the UK by 20% over a five year period ending in 2006;
- continued monitoring of the controls needed to reduce **BSE** risks. This requires effective enforcement of controls on home-grown and imported beef;
- a review of the **“over thirty month rule”**. Current research will inform a risk assessment, and a stakeholder group will advise the FSA on whether the rule could be changed without unacceptable risk to consumers;
- given that **animal feed** has been implicated in a range of food scares, the FSA has arranged for increased funding of enforcement of animal feed law;
- work to minimise residues of **pesticides, veterinary medicinal products and feed additives** in food; and
- effective **labelling** to enable consumers to make informed choices.



2.5.3 Improving animal health and welfare

High standards of animal health and welfare are important to people both because they are a vital part of producing safe food and because we care about how animals are treated. High standards are also essential for the economic success of the industry, and to avoid damaging consequences for others.

The Government fully accepts the central recommendation of both the Curry Commission and the Royal Society and Lessons Learned Inquiries⁵ into foot and mouth disease that we, in consultation with the industry and other stakeholders, should prepare an **animal health and welfare strategy**. The Lessons Learned Inquiry called for:


"...a national strategy designed to keep out infectious agents of exotic disease; reduce livestock vulnerability by reforms in industry practice; [and] minimise the impact of any disease outbreak."

We will work in partnership with industry, specialists and the wider community to provide an overarching framework for the development and implementation of policies in all areas of animal health and welfare, including BSE, where it is vital that we maintain and rigorously apply the current control measures, and our bovine TB testing programme, which was disrupted by the FMD outbreak.

Following public consultation, our Animal Health and Welfare Strategy (AHW) will be published in 2003. This strategy will identify the respective roles of Government and other parties in delivering the vision and the balance between national policies and local flexibility. It will need to recognise the cost of disease prevention and eradication and the benefits of improved levels of animal health; consider how these costs should be shared between government and industry; and seek the right balance between public and private provision of services.

Strengthening the arrangements to tackle illegal imports is a continuing priority. **The Illegal Imports Programme** has already reinforced controls at ports, co-operation between agencies, the use of risk assessments and intelligence and publicity to traders and travellers. The Government has secured tighter EU controls on personal imports of animal products and, following a Cabinet Office study, decided to unite all anti-smuggling activity on meat, animal products, fish and plants in HM Customs & Excise, backed by a new dedicated target for service delivery in this area.

⁵ The **Response to the Reports of the Foot and Mouth Disease Inquiries**, published by HM Government and the Welsh Assembly Government on 6 November 2002 (Cm 5637) gives a full account of the substantial programme of work in hand to put the recommendations of these Inquiries into practice.



This country has – and values – high standards of animal welfare. The Government is committed to ensuring the welfare of all kept animals and to eliminate cruelty.

Equally, the Government recognises that animal welfare standards sometimes come with a cost. In particular, if this cost is imposed on UK producers alone, there is a risk that retailers, caterers and consumers will choose, on grounds of price, imports which may not meet the same welfare standards. The Government is therefore committed to seeking improvements in animal welfare through international organisations such as the European Union and the World Trade Organisation.

The Government has completed public consultation on modernisation of domestic animal welfare legislation, and in the context of the overall AHW strategy will in due course publish a draft Animal Welfare Bill.

2.5.4 Rural communities

Farming and food within the rural economy

A key theme of this strategy is the contribution that agriculture and related sectors can make to the future economic and social well being of rural communities, both as a viable industry and through the wider environmental, economic and cultural benefits that can flow from it.

However, rural England is no longer driven by agriculture. Between 1983 and 2001 the total number of people employed in farming fell by 45%. In predominantly rural districts, 4% of people work in agriculture, although in some remoter and more sparsely populated areas, it is more significant, exceptionally rising above 15%. Manufacturing and services (including tourism) are now the major economic activities in rural areas. Food processing, catering and retailing are in many areas an important element of manufacturing and services.

This period has also seen far reaching economic and demographic changes, including the net migration of some 100,000 people per year from urban to rural areas. This has blurred “traditional” town and country distinctions.

However, national averages and trends hide significant differences in the fortunes of rural communities. Many rural communities that benefit from good communications and access to markets have thrived, attracting new jobs and good services. Remoter or more sparsely populated areas and those with less well-developed transport and infrastructure are struggling. For example, workers employed in remoter rural districts receive on average earnings that are 13% below the national average.



Diversification

These communities – often those more dependent on farming and food – need help to adapt and develop new opportunities, through diversification.

Sections 2.1.1 and 2.3.2 have described the support for farmers, delivered through the England Rural Development Programme, for:

- diversification within farming eg. to non food crops; and
- environmentally beneficial farming.

The England Rural Development Programme also provides support for farmers to diversify out of farming, offering economic benefits and increasing links with the local rural community including:

- the Rural Enterprise Scheme's support for diversification into non-agricultural activities and marketing of quality food products as part of a total budget of £152 million over 6 years until 2006;
- advice to farmers on planning and other issues raised by diversification projects, currently part of the review of learning opportunities (section 2.4.1); and
- the Forestry Commission's Woodland Grants Scheme to fund the creation of new woodlands and improved management and regeneration of existing woodlands. Woodland creation is also stimulated through the Farm Woodland Premium Scheme and the work of the National Forest Company and the Community Forests.



Case study 3

Devon couple Richard and Anna May, from Marwood near Barnstaple, got a helping hand from Defra to recover from the effects of foot and mouth disease (FMD) and to diversify by creating a much-needed local facility.

A £35,000 Rural Enterprise Scheme pay-out helped the couple open a new children's nursery – the grant covered 50% of the capital costs. Springfield Nursery will be a popular addition to the community and has created five new jobs.

The Mays' farm was badly hit by FMD and lost all its sheep. They had been planning to diversify before they were affected by the disease.

Anna May said: "We decided to look at all the grants for diversification early last year. Then foot and mouth happened, which was just horrific and it knocked us back. But as the year wore on, we were determined to put that behind us and start this year on a different footing. It has definitely been worth it. Farmers today need to have something to fall back on and other ways of generating income."

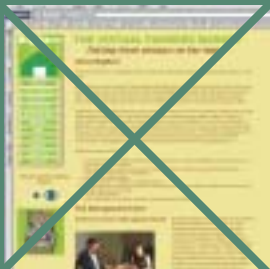
Rural infrastructure and access

Even within prosperous rural areas, success has not benefited everyone in those communities. The Government's wider policy and priorities for rural areas are reflected in Defra's published aims and objectives⁶. Through a range of measures directly relevant to all rural businesses and communities, including farming and food, these priorities are to achieve:

- Prosperous rural economies to which a thriving agriculture industry contributes;
- Cohesive and inclusive rural communities with access to good public and private service; and
- An accessible countryside for all to enjoy.

The Government is determined to ensure that people living in rural areas have access to high quality public services. To deliver change will take time and needs concerted and broad-based Government action that includes the measures contained in this strategy in relation to agriculture, but also wider ranging, cross sectoral steps that include improving: regional economic activity through work of the Regional Development Agencies; rural workforce skills and advisory services; mobility, through better access to transport; and infrastructure, including wide availability of new technologies such as Broadband.

⁶ Deriving from the White Paper *Our Countryside, The Future* published in November 2000 and set out in the DEFRA publication *Working for the Essentials of Life* in March 2002



Case study 4

An enterprising Bedfordshire farmer has used a Defra grant to respond to the increasing interest in locally-produced food by setting up a website linking consumers across England with producers on their doorstep.

BigBarn.co.uk is the brainchild of Anthony Davison and is designed to help consumers anywhere in the country to shop locally and boost sales for local producers. Visitors to the website can see where they can buy local produce, including farms, shops, and markets. Those without internet access can telephone BigBarn for a copy of the maps.

The site now gets more than 9,000 hits per day and employs four people. More than 4,500 producers and suppliers, including around 400 in the East of England, have signed up to the site. Anthony said:

"I wanted to diversify and get away from driving a tractor. I received a Rural Enterprise Scheme grant to help get the project off the ground. It's impractical for many small farmers and producers to advertise widely themselves, so the website provides an easy way for producers to reach their target audience, and consumers to have confidence in knowing where their food has come from."



We are also committed to extending public access to open countryside by implementing the Countryside and Rights of Way Act 2000, while providing necessary safeguards for landowners and occupiers. This is a recognition that everyone should be able to enjoy and benefit from the countryside but it also challenges farmers and other rural businesses to grasp this as an opportunity to develop services to attract visitors and generate revenue. Government support for National Parks, Areas of Outstanding National Beauty and English Nature's national nature reserves have similar objectives.

Section 3

Delivering change

3

► Developing and implementing the strategy

The Government is committed to building on the existing strengths of our farming and food sector. We want to see a world class, profitable sector, competing with the best in the world within the framework of sustainable development.

This is a shared strategy and we will continue to take it forward together. There is a huge amount which can only be led by the industry, often working across sectors in a new way. These are also vital issues for consumers.

To act as a driver for change, the Government has established an Implementation Group chaired by Sir Donald Curry, with a small membership drawn from key organisations with expertise in farming, food and the countryside. It has been set up to oversee and assist in the delivery of the various strands of the strategy both across Government and in consultation with industry. The Group will be supported by Defra and the Prime Minister's Delivery Unit. The Government has already committed to making available an additional £500 million in public funds to take forward the core Curry recommendations.

Many of the key actions in the strategy are already being taken forward in partnership between Government and industry. With the Implementation Group, the Government will take an overview of these arrangements to ensure that stakeholders are able fully to contribute to the delivery and further development of the strategy. The Rural Affairs Forum for England will also be consulted on progress at national level and kept informed of developments in the English regions (see the regional dimension section below).

This document provides the strategic framework for continuing to develop and take forward policies across many aspects of agriculture and food production. In some cases, further strategies are already in preparation, taking forward work on the wider impacts of the food industry, animal health and welfare, plant health and nutrition. The goals are clear, and Government is putting in place mechanisms to ensure that the strategy continues to be developed as well as delivered.

We must also continue the momentum by ensuring that effort is sustained into the medium and longer term. Achieving our vision will take time, since it requires significant economic, political and technological change. Business and land management decisions will take time to deliver changes on real farms and in the food industry. Even as current problems are overcome new issues may require different action priorities. We must continue to take a long-term view.

3



Section 4 sets out the major areas where we are looking to achieve change. The actions set out in this document will start to make those changes. But we need both to measure success and to see what further actions are needed. While we cannot predict the future with certainty, we must prepare for it. We must analyse expected developments and attempt to identify and assess uncertain aspects of the future.


Foundations for our Future contained a commitment by Defra to review annually the progress of its Sustainable Development Strategy, in an open and participative way. The arrangements being put in place to deliver, monitor and evaluate the strategy for sustainable farming and food will contribute to this wider process of reporting on sustainable development.

The regional dimension

The strategy will only be effective if it makes a real difference at the regional and local level. In developing the strategy we took evidence from eight regional seminars held in conjunction with the Government Offices for the regions. These events allowed people with an interest in farming, food and the countryside to discuss how best to give effect to the Curry Commission recommendations. We now need to carry this strong regional dimension through into the delivery arrangements. Government can set a national framework, but ultimately it will be for each region to decide how best to take forward initiatives in their areas, and where regional co-ordination will add most value, to respond effectively to local needs and opportunities.

To ensure the strategy is delivered effectively, the Government intends to work with regional stakeholders and organisations in the following way:

- the Government Office and the Regional Development Agency (RDA) in each region will work with stakeholders and organisations in the public, private and voluntary sectors to draw up a Delivery Plan. These plans will set out the actions to be taken within the region to give effect to the Strategy, those involved in the delivery, the timescales on which action will be taken and the intended outcomes;
- in each region, groups representing stakeholders, usually the regional Rural Affairs Forum, and the Regional Chamber will be consulted on the preparation of the Delivery Plan and invited to endorse it. They should also monitor the progress of its implementation. Government Offices will co-ordinate regular reports of the action being taken, which will be made widely available to stakeholders and partner organisations; and
- the Implementation Group will liaise with regional partners, especially the Government Office, the RDA and the regional Rural Affairs Forum, to assist the process of delivery.



A wide range of groups and organisations will need to be involved to make regional delivery of the strategy the success that we all want to see. Groups representing the farming and the food chain, notably the FDF, BRC, NFU, CLA and TFA, will need to engage their members to encourage participation and response to the strategy. The Regional Chamber and voluntary sector and Non-Governmental Organisations (e.g. Rural Community Councils, FWAG, RSPCA, RSPB, local wildlife groups) will be important in engaging the wider community and helping to deliver parts of the strategy through their work. A wide range of public bodies will have important roles to play – among these are Regional Development Agencies and the Rural Development Service (RDS) helping diversification and food chain development; local Learning and Skills Councils and land based colleges with skills development and training; Business Link with business advice; Health Authorities with developing the public health agenda; the HSE with farm safety; the Environment Agency, the Forestry Commission, National Park Authorities, the Countryside Agency, English Nature and RDS with environmental issues. Local Authorities will also be essential partners through a range of their work, on economic development, planning, tourism and education.

Coverage

This is a strategy for English farming and food, but many issues are common to the whole of the United Kingdom. The Government will work in partnership with the devolved administrations.

The Scottish Executive and the Welsh Assembly Government have agreed that the animal health and welfare strategy should be a shared strategy for Great Britain, while recognising the role of the devolved administrations in their respective parts of the country. Northern Ireland will be closely associated with the strategy, while developing an all-Island Strategy in conjunction with the Republic, with whom for some purposes it shares closer disease control links. In England, the strategy will also develop Defra's new responsibilities for the welfare of companion, recreational and sport animals.

Section 4

Monitoring success

The Curry Commission set out a long-term vision for a sustainable farming and food industry. The description on p12 of this strategy agreed with the Sustainable Development Commission outlines the key characteristics of sustainable farming and food. The changes needed are complex and some are long-term, but Government and industry must drive forward real change, and drive it forward urgently. We will monitor and report on that change: both through pursuing the action priorities identified, and by building in the necessary further strategy work on animal health and welfare, plant health, the non-food aspects of the food industry, and the nutrition action plan. We are committed to improving our evidence base to inform this work.

The evidence already points to the need to make long-term changes both in the economic and environmental performance of farming and food, and in their wider impact on our lifestyle, and our communities. As discussed with stakeholders, the Government expects the strategy to contribute to changes in the economic, environmental and social sustainability of the farming and food industries and the wider community.

In some areas, the first step is to develop a clear understanding of the current position, and then to establish the route map for the future. In other areas, the aims are already clear. Working with the Implementation Group, and the industry, the Government will develop the approach to monitoring and evaluating the strategy: based on the evaluation plan already published in draft. The Implementation Group will report publicly on progress.

Our overarching aim is to promote a competitive and efficient farming and food sector which protects and enhances our countryside and wider environment, and contributes to the health and prosperity of all our communities

STRATEGIC OUTCOMES⁷

Economic sustainability

A farming sector focused on the market, successfully producing food and non food crops in a more efficient way, to help enhance the incomes of competitive farm businesses

Greater efficiency of the total food chain

Reduced burden on taxpayers and the rest of the economy

INDICATORS

Greater value added per head

Higher productivity of Food and drink processing

Lower production-related CAP subsidies from consumers and taxpayers

⁷ Note: More detail on the outcomes and indicators is provided in the associated paper "Farming and Food's Contribution to Sustainable Development: Economic and Statistical Analysis".



STRATEGIC OUTCOMES

INDICATORS

Environmental sustainability

Reduced environmental cost of food chain

Reduced greenhouse gas emissions from food and farming
Improved river water quality

Better use of natural Resources

Improved soil nutrient status

Improved landscape and biodiversity

Favourable condition of designated wildlife sites
Reverse decline in farmland birds

Social sustainability

Better public health, in particular through improved nutrition and workplace health and safety

Consumption of fresh fruit and vegetables

Higher animal welfare

Improved time taken to clear up cases of farmland and transportation animal welfare cases

More cohesive and productive rural communities

Reduced gap in productivity between the less well performing quartile of rural areas and the English median by 2006, and improved accessibility of services for rural people

Achieving sustainable farming and food industries requires progress against all of these outcomes and indicators which link closely with the targets that Defra and other Government Departments are committed to delivering as part of their Public Service Agreements.

The strategic outcomes express our overall goals. But to track our progress in delivering them we need more concrete indicators which provide simple points of reference for assessing the success of the strategy as a whole. Some require further work – for example, valuing the environmental costs and benefits of farming and food. We also need to understand and manage the inherent tensions between some of them. A larger suite of “core” indicators is also being constructed.

We will want to consult stakeholders before reaching final decisions on the full set of indicators. Of course, our progress may also be affected by outside impacts and influences. The strategy will therefore also be subject to a process of rigorous independent evaluation to assess what distinctive contribution it has made to sustainable development. We will ensure that we involve stakeholders from all sectors in this process.

Section 5

Related information

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Two associated documents are being published in parallel with this strategy. They set out in more detail particular aspects of the material referred to in this document. These publications are:

- The Government response to the Policy Commission's recommendations
- Farming and Food's Contribution to Sustainable Development: Economic and Statistical Analysis, incorporating economic analysis of the situation and prospects for agriculture and food; an evaluation plan for the strategy; and a report of a joint Defra/HMT study on the use of economic instruments to address environmental objectives

These documents, along with the Agri-environment schemes framework document and a summary of the stakeholder responses to the Defra publication *Sustainable Food and Farming: Working Together* and reports of key regional and other stakeholder events, can be found on the Defra website at: <http://www.Defra.gov.uk/farm/sustain/default/htm>

5



Annex A:

Our approach to regulation

The Government is committed to better regulation across all sectors. We know that this can pose real challenges for the farming and food industry given the number of small or very small businesses which face a wide variety of regulation. We have pledged the following approach to any new regulation:

- i. We will evaluate the costs and benefits and consider alternative approaches before new regulation is introduced, and only proceed where regulation is the best way to achieve the outcomes society wants.
- ii. We will apply the Better Regulation Task Force's key principles that we must be transparent, accountable, proportionate, consistent and targeted. More specifically, to help drive up standards in the least burdensome way, we are already committed to:
 - information – to ensure that those we regulate are able to access good information about current and proposed regulation.
 - consultation – with those concerned on the best way of implementation so that we can achieve the desired outcome in the least burdensome way.
 - co-operation – advice to those being regulated to find best method of securing the outcomes we want.
 - capacity building – to enable farming interests in particular to engage in the policy formulation process in Europe at an early enough stage to make a difference.
 - regular consideration of regulation which is no longer necessary and can be removed, or made less burdensome.
- iii. We are committed to an integrated and co-ordinated approach to improving standards, looking at the whole farm and building around farmers' day to day activities to embed smarter practices into everyday business planning and husbandry activities.

