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## Bill Narrative

When the United Kingdom ended its membership with the European Union, it also left the Common Agricultural Policy (CAP).

For over forty years the CAP dictated our agricultural system. During this time, the Government and farmers and land managers have been subject to rules and bureaucracy that have stifled innovation and productivity.

Free from the CAP, we can [design a bespoke agricultural policy that is best tailored to our own environment](#). Farmers and land managers can continue to produce world-quality food while also making their businesses more resilient, productive and internationally competitive.

The Agriculture Bill sets out an ambitious new farmer support system based on the principle of [paying public money for the delivery of public goods](#).

In place of payments based on the number of hectares farmed, farmers will instead be rewarded for the vital work they do to enhance our natural environment.

We will invest in the delivery of public goods such as the [enriching of wildlife habitats and improving the quality of air and water](#); natural assets upon which our wellbeing and economic prosperity depend.

We will look after our precious landscapes, the health of our plants, our soil and the health and welfare of our livestock.

The new policy will also contribute to [reducing flood risk, preventing and mitigating the effects of climate change](#), and ensuring that the public enjoy easier access to the countryside. It will also help increase productivity in the agricultural, horticultural and forestry sectors.

We will transition from the old CAP-system to our new policy [over seven years](#). This will provide essential stability and certainty for farmers allowing them to appropriately plan and adapt. Transitional support schemes will enable investment in new equipment and technology.

The Bill will also make our agricultural industry fairer. Provisions in the Bill will make for better contracts for farmers and for the sharing of data [to improve risk management, and transparency in pricing](#).

Wales and Northern Ireland will also benefit from the Agriculture Bill as we legislate for [powers to flow back from the EU to Cardiff and Belfast](#).

## Substantive Contents of the Bill

### Part 1 – Financial Assistance

#### Chapter 1 – New financial assistance powers

**Clauses 1-6 will provide the Secretary of State the power to provide financial assistance to further certain listed purposes.** This includes: managing land or water to protect or improve the environment; protecting or improving the health and welfare of livestock; supporting public access to and enjoyment of the countryside, farmland or woodland; protecting or improving the health of plants; and protecting or improving the quality of soil. Funding such purposes will delivery many of the public goods and targets set out in our 25 Year Environment Plan. The Bill will also enable us to offer financial assistance to support farmers, growers and foresters to improve their productivity.

The Secretary of State will also have the power to establish delivery and reporting arrangements. These will ensure public funds are properly given, traced and deliver value for money.

#### Chapter 2 - Direct Payments after EU Exit.

**Clause 9 and 10 allows for further simplification of the Basic Payment Scheme** to remove some or all of the greening rules which have failed to deliver for the environment, as well as improving the arrangements for cross-border holdings to help speed up payments to these farmers as well as the overall power to modify legislation governing the Basic Payment Scheme.

**Clause 11 provides the power to phase out Direct Payments in England** over a seven year agricultural transition period (2021 to 2027) to provide a managed transition away from the current schemes. The reductions in Direct Payments will be reinvested directly into the farming and land management sector.

**Clause 12 gives the Secretary of State the power to ‘delink’ Direct Payments from the land for all farmers.** Delinked payments will immediately replace the current Basic Payment Scheme for all farmers in England and will not be optional. As there will no longer be a need to have land in order to get the payment, some farmers may choose to exit the industry, freeing up land for new entrants and those wishing to expand. We do not intend to place any restrictions on how recipients may spend their delinked payments. Delinked Payments will also bring further simplification. We intend to consult with farmers on the detail of delinked payments before introducing them. Clause 13 aims to offer farmers a one-off optional lump sum payment instead of receiving future basic or delinked payments for the remainder of the agricultural transition.

#### Chapter 3 – Other financial support after EU Exit

**Clause 15 delivers aid for fruit and vegetable producer organisations by providing the powers for the current Aid Scheme to be switched off in England.** The Secretary of State will have the power to make Regulations to modify retained EU legislation for the purpose of securing that it ceases to have effect in relation to England. The Bill does not allow any changes to be made to the existing Aid Scheme but there is a power to make transitional provisions (Clause 47(3)(d)) which can be exercised by Regulations allowing operational programmes approved before the Aid Scheme is switched off to run through to completion.

**Clause 16 provides for support for rural development.** The Rural Development Programme for England (RDPE) will close at the end of 2020 and there will not be a new programme to replace it. Clause 16 allows us to retain EU law relating to current and past rural development programmes and legacy woodland agreements to be modified.

## Part 2 – Food and Agricultural Markets

### Chapter 1 – Food security

**Clause 17 imposes a duty to report to Parliament on UK food security at least once every five years.** The report will contain information on food supply including the role of strong domestic production alongside diverse sources of supply. The report will cover a range of current issues relevant to food security which may include global food availability, supply sources for food, the resilience of the supply chain for food, household expenditure on food, food safety and consumer confidence in food.

### Chapter 2 – Intervention in agricultural markets

**Clauses 18, 19 and 20 provides powers for the Government to act in a crisis related to extreme market disturbances, replacing the Common Organisation of Market (CMO) regulation powers.**

These powers and the disapplication of the retained EU legislation powers in England will come into force when the Secretary of State decides to commence them.

## Part 3 – Transparency and fairness in the agri-food supply chain

### Chapter 1 – collection and sharing of data

**Clauses 21-24 highlight the Government's commitment to improving supply chain transparency** as the Secretary of State may require a person in, or closely connected with, an agri-food supply chain to provide information about matters connected with any of the person's activities connected with the supply chain so far as the activities are in England. This was subsequently increase the flow of consumer demand data to producers and supporting the development of risk-management tools. Better use of data can improve farmers' performance on animal health, welfare and productivity.

### Chapter 2 – fair dealing with agricultural producers and others in the supply chain

**Clause 27 will utilise the Fair Dealings provisions to introduce statutory codes of contractual practice**, which would apply to processors and other businesses when purchasing agricultural products directly from qualifying sellers. The Government wants all farmers to receive a fair price for their products and is committed to tackling contractual unfairness that can exist in the agri-food supply chain.

### Chapter 3 – Producer Organisations

Producer Organisations (POs) are legally recognised entities which enable groups of farmers to coordinate their activities to become more competitive. The 2018 Health and Harmony consultation revealed strong support for the government to promote POs and similar formal structures that facilitate collaboration. The existing European PO regime has been brought into domestic law through the European Union (Withdrawal) Act 2018 and our aim is to repeal and replace with a tailored domestic successor which would reduce the burdens of PO recognition. **Clauses 28, 29 and 30 commit to maintaining the current scope of the CMOs competition exemptions for POs**, and these will be available to groups of producers who obtain recognition. Farmers operating in any of the agricultural sectors listed in Schedule 1 will be allowed to apply for PO recognition under the domestic scheme.

## Part 4 – Matters relating to farming and the countryside

**Clause 31 provides new powers to enable the UK to continue to regulate existing materials along with a wider range of new and innovative materials as fertilisers, such as soil conditioners, bio-stimulants and organic fertilisers.** We will be able to embed environmental protections and standards into the product function and compositional requirements for fertilisers. New powers are also required to provide for a mandatory process for assessing a fertiliser's conformity with statutory requirements relating to fertiliser composition, content and function. Failure to amend the UK's regulatory system could mean the UK becomes a dumping ground for lower quality fertilisers as the EU moves forward with a modernised regulatory regime for both traditional and innovative fertilising products. The new legislation will provide a framework that improves our ability to meet key Government commitments set out in the 25 Year Environment Plan as well as net zero targets.

**Clause 32 enables the Agriculture and Horticulture Development Board (AHDB) to run the new Livestock Information Service (LIS),** which will provide a multi species traceability system in England, and facilitate the tracing of livestock movements across the UK. The new service will replace separate species-specific systems and allow faster, more accurate livestock traceability, benefiting disease control and trade.

**Clause 33 aims to tackle an unfairness in the GB red meat levy system** so that, under certain circumstances, some of the levy collected from animals that have crossed a border to slaughter can be returned to the jurisdiction where animals were reared. The clause allows for such a scheme to be created by agreement between Ministers in England, Wales and Scotland. Red meat levy is devolved in Scotland and Wales so both devolved governments will consider Legislative Consent Motions before legislation is passed.

**Clause 34 and Schedule 3 set out a package of reforms with regards to agricultural tenancies,** providing tenants with more flexibility, removing barriers to investment and productivity and providing help to modernise the legislation governing Agricultural Holdings Act Agreements and Farm Business Tenancies.

## Part 5 – marketing standards, organic products and carcass classification

**Clause 35 provides the Secretary of State with the power to make provisions about marketing standards to fit the needs of the domestic farming sector.** This will allow us to encourage the marketing of a more diverse range of produce and will reduce food waste. It will also introduce more proportionate inspection regimes based on risk, to create a consistent approach to how the marketing standards are enforced and will reduce burdens on enforcement agencies.

**The purpose of clauses 36 and 37 is to ensure that our organics sector can continue to operate to world-leading standards of organic production, to remain competitive, to innovate and to access global markets as the transition period has ended.** The power in these clauses will allow us to create an organics regime that supports domestic producers, benefits the environment, maintains consumer confidence, promotes research and innovation in the sector, and reflects future trade agreements and regulatory equivalence arrangements.

**The power in clause 38 will enable the Department to make changes in relation to carcass classification rules to ensure they are tailored to English slaughterhouses.** The Government is committed to taking back control of agricultural policy and having rules and standards which are fit for purpose and tailored to those involved in food production and supply.

## Part 6 – WTO Agreement on Agriculture

**Clauses 40, 41 and 42 set out the provisions for making regulations to secure compliance by the UK with obligations and commitments on agricultural domestic support under the WTO Agreement on Agriculture.** These powers are to ensure continued compliance with existing international obligations following our withdrawal from the European Union and the Common Agricultural Policy (CAP), and therefore, there will be no new impacts on farmers or land managers arising through the use of these powers.

**The central aim of part 6 of the Bill is to ensure compliance with the UK Aggregate Measurement of Support (AMS) which applies to the UK as a whole.** Part 6 provides for regulations to be made for setting limits on amber box support for each nation within the UK, for classifying support consistently across the UK and for receiving information from the devolved administrations for the notification of domestic support to the WTO secretariat.

## Part 7 – Wales and Northern Ireland

**Clauses 43, 44 and 45 grant Schedules 5 and 6 powers on the Welsh Ministers and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland respectively at their request.** These powers are broadly similar to those conferred on the Secretary of State for England in the main part of the Bill, including powers relating to: financial support after EU Exit; intervention in agricultural markets; collection and sharing of data; marketing standards and carcass classification and; data protection.

Welsh Ministers have been very clear that these provisions are intended to be temporary and will be superseded by an Agriculture (Wales) Bill in due course. In response to reservations of the Senedd committees around the absence of a time limiting clause in the original Agriculture Bill, the Welsh Government have added a sunset clause to ensure provisions relating to Wales are time limited and will expire at the end of 2024.

Following the return of the Northern Ireland Assembly, DAERA have confirmed that they have no plans at this stage to introduce a sunset clause with respect to the Northern Ireland provisions in the UK Agriculture Bill.

Schedules 5 and 6 do not include powers relating to new financial assistance schemes, phasing out and terminating Direct Payments, delinking and the agricultural transition.