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Date: January 2023

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NFU Cymru response to NRW's Consultation on its regulatory fees and charges for 2023/24

NRW has consulted on their regulatory fees and charges to inform their charging scheme from 1 April 2023. The principles for establishing fees and charges are set out in Managing Welsh Public Money which states organisations should always seek to control their costs so that public money is used efficiently and effectively. Rigorous transparency is required. These principles are reinforced in the Regulators Code which states the approach to regulatory activities should be transparent and the basis on which fees are calculated clearly explained.

The consultation puts forward proposals resulting from a Strategic Review of Charging (SRoC) which focussed on changes to the fees and charges associated with new and amended permits. Significant increases were proposed across a number of regimes relating to agriculture. NRW are also proposing a 6% increase to their annual subsistence fees where deficits have been identified. This Briefing summarises NFU Cymru's consultation response submitted on 7 January 2023.

Key points

- NFU Cymru strongly opposes NRW's proposed charges for new and amended permits which involve several fold increases for some regimes.
- NFU Cymru has substantial concerns about the level of transparency in how the proposed charge increases have been calculated. The onus is on NRW to demonstrate greater transparency and show that these costs are fair, proportionate and competitive.
- NRW must also show that it is efficient in its processes and doing everything it can to keep the costs of these services to a minimum and deliver value for money.
- There is a significant risk of unintended consequences or perverse impacts if these proposed changes go ahead including curbing the adoption of new technologies/innovations/enterprises; putting up barriers to new entrants to the industry; impacting animal health and welfare; and damaging industry-NRW relations.
- NFU Cymru is keen to identify and develop solutions that provide mutual benefit to NRW and the industry to help keep costs down.
- We recognise this will take time so we strongly recommend a delay in the implementation of any charge changes to allow for additional dialogue and solutions of mutual benefit.
- NFU Cymru believes grant in aid should continue to contribute to permitting fees where permits have additional, broader socio-economic and public good benefits.

Comments relating to key regimes include:

Water quality permitting - NFU Cymru has huge concerns and is strongly opposed to the proposed level of the charge increases proposed for the disposal of sheep dip. This includes a 10-fold increase in new application fees to £3,728 and additional add-on charges of £1,670 for a Habitats Regulations Assessment which will be unaffordable to many businesses. NRW has provided no evidence to underpin the charge hikes or any explanation of how these costs have been determined. NRW presented no evidence to show that efforts have been made to deliver efficiencies in the permitting process to deliver value for money. NRW proposals are divergent from wider Welsh

Government policy goals and the priorities of the Wales Animal Health and Welfare Group which has the long-standing objective of eradicating sheep scab.

NRW is prepared to apply charge waivers including for the purposes of disease control. The practice of sheep dipping is undertaken for disease control, as such, NFU Cymru is clear the charges for landspreading of sheep should be waived.

Water resources - NFU Cymru strongly opposes NRW proposals to increase fees from £135 to £1500 to £6327 which will have the effect of deterring the number of applications brought forward for hydro-electric schemes impacting on the resilience of farm businesses as well as Welsh Government's ability to address the 'climate emergency'. We are also disappointed that NRW has opted to change from a tiered charge for hydro-electric power applications to a single charge which is clearly completely disproportionate for small scale schemes. NFU Cymru believes small scale hydro should be subject to a lower rate of charges or exempted altogether in favour of a registration system which would incur significantly less cost and regulatory burden.

Intensive rearing of pigs and poultry (farming installations) - In the context of the well documented challenges in the pigs and poultry sectors in recent months, NFU Cymru has significant concerns about the proposed charge increases for new applications and the very significant hikes to charges for permit variations which, in some instances, are set to increase almost 15-fold. We have concerns about the level of transparency in how the charge changes have been calculated. The proposed charges will curb the adoption of new technologies or new innovations, such that producers rethink their plans to improve, update or expand their units, also impacting on competitiveness.

Installations - NFU Cymru strongly disagrees with proposals to more than double charges for Standard Rules Permits for on-farm anaerobic digestion (AD) using farm waste only including use of resultant biogas. The deployment of AD on Welsh farms reduces reliance on fossil fuel derived energy sources, also producing digestate which is a natural biofertilizer. Proposals hinder the delivery of net zero and circular economy policies of benefit to wider society.

Species licensing - For this regime, NRW has identified instances where charging is not the right approach or in the public interest. Throughout our consultation response, NFU Cymru has highlighted activities that are also in the public interest delivering a range of public goods of benefit to society which, we believe, should also be subject to similar reductions or waivers. NRW should provide the analysis and the objective criteria by which 'public interest' has been assessed across all of the charging regimes to give confidence that its approach has been impartial.

Pre-application advice - The pre-application advice charge of £125/hour appears excessively high and, again, NRW has not been transparent in how this figure has been arrived at. The onus is on NRW to show that these costs are fair, proportionate and competitive and that it is working efficiently to keep its costs of running this discretionary service to a minimum. Farm businesses are, in the main, SMEs and micro businesses operating in an extremely complex regulatory environment. We advocate the establishment of a Farm Liaison Service within NRW to ensure that clear information, guidance and advice is available to help those they regulate to meet their responsibilities.

Annual subsistence charges - NFU Cymru does not support NRW proposals to conduct a root and branch review of the annual subsistence charges given that we do not have confidence in the methodology that has been applied to determining charges for new permits. We do not believe NRW's approach to SROc meets regulatory principles, in that it lacks transparency and a focus on efficient processes as a means of delivering cost savings.