

To: SRoC@cyfoethnaturiolcymru.gov.uk Date: January 2023

Contact: Rachel Lewis Davies
Tel: 01982 554200
Email: Rachel.lewis-davies@nfu.org.uk

NFU Cymru Response NRW Consultation on its regulatory fees and charges 2023/24

NFU Cymru welcomes the opportunity to respond to Natural Resources Wales' (NRW) consultation on its regulatory fees and charges.

NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive. Welsh food and farming delivering economic, environmental, cultural and social benefits for all the people of Wales whilst meeting our ambition for net zero agriculture by 2040.

The importance of the farming industry in rural Wales cannot be over-stated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the £8 billion Welsh food and drink industry which is Wales' largest employer employing over 229,000 people.

Welsh farmers also play a key role maintaining and enhancing our natural environment – Wales' key asset. Farming activity supports a diverse range of species, habitats and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales' tourism and recreation sector worth an estimated £2.5bn annually.

Overall Welsh farming makes a unique contribution to the social, economic, environmental and cultural well-being of Wales in line with the Well-Being of Future Generations Act summarised in Annex 1.

We note the consultation includes proposed changes to fees and charges associated with applications for new permits and amended permits resulting from NRW's Strategic Review of Charging (SRoC). Proposals cover Installations; Intensive rearing of pigs and poultry (IRPP); Medium combustion plant and specified generators; Non-nuclear radioactive substances; Reservoirs; Site-based waste management; Species licensing; Water quality; Water resources; and, Pre-application advice. In addition to the SRoC Programme, NRW is also consulting on proposed changes to the annual subsistence charges for 2023/24.

NFU Cymru's interest is in relation to NRW's proposed changes to the charging regimes that are relevant to agriculture. Our response has been formulated following extensive consultation with our membership. This includes our 11 County Branches and all our Boards including Livestock, Dairy, Rural Affairs, LFA, Crops and Horticulture as well as Poultry. We have also provided information to our members on NRW's proposals via our established communication channels including our monthly magazine, Farming Wales, and we have received direct feedback on proposals as a result.

Summary

- NFU Cymru strongly opposes NRW's proposed charges for new and amended permits resulting from the Strategic Review of Charging. The cost increases will act as a disincentive to take up and/or improve management practices and deter the development of alternative enterprises on Welsh farms in the future, many of which have the potential to bring wider societal benefits.
- NFU Cymru has significant concerns about the proposed level of the charge increases outlined in NRW's consultation. These involve proposals for several fold increases in application, variation and surrender fees, which are disproportionately high and there appears to be little or no correlation in the rate of increase across various charging regimes.
- We also have substantial concerns about the level of transparency in how NRW has calculated the proposed charge increases and any services that will be charged on a time & materials basis.
 - Very little specific information has been provided on the basis of the charge changes.
 - The onus is solely 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 un-adjusted. These could include:
 - curbing the adoption of new technologies or the uptake of new innovations;
 - putting up a barrier to new entrants to the industry;
 - impacts to animal health and welfare; and
 - damaging industry-NRW relations and the development of partnerships that will be central to the delivery of NRW's core objectives– i.e. the sustainable management of natural resources.
- NFU Cymru is keen to identify and develop solutions that provide mutual benefit to NRW and the industry to help keep costs down. These include developing 'model' application templates for the poultry industry, combining on-farm visits where farms conduct multiple activities under different permits, or recognising the importance of a risk-based approach through the permitting process.
- However, we recognise that it takes time to agree and implement any changes. Therefore, NFU Cymru strongly recommends a delay in the implementation of any charge changes to allow for additional dialogue and solutions of mutual benefit to NRW and industry to be discussed and agreed.
- There is a strong argument for the continued use of grant in aid to contribute to permitting fees. A permit has additional, broader socio-economic and public good benefits, for example, flood mitigation, improvement in air quality or water quality or waste recovery.

General principles

Farmers manage over 80% of the land area of Wales and, as such, have a central role to play in meeting Welsh Government's climate and nature objectives alongside their core food production role. Farmers are also fundamental to the delivery of NRW's core purpose to pursue the sustainable management of natural resources (SMNR).

NFU Cymru is clear that the aspirations of Welsh Government and NRW cannot be achieved through regulation alone and a partnership approach will be essential. It is also important to recognise that farmers can only deliver the multiple benefits that society seeks and meet the challenges ahead from a position of economic viability and stability. Overall, it is vital that government and its regulators recognise the importance of the agricultural industry and its unique contribution through the policy and regulatory framework.

We highlight that regulation, by which we mean 'regulatory activity' that refers to the whole range of regulatory options and interventions available to regulators, is an issue that matters very much to our members; it adds cost and complexity and takes time to achieve and demonstrate compliance. The cumulative effect of regulation can undermine confidence and hinder the development of farm businesses.

It is also vitally important that farmers in Wales, through the regulatory framework and associated charging regime, are not placed at a competitive disadvantage.

Through its Strategic Review of Charging, NRW has committed to a number of key principles to guide the implementation of the charging regime in Wales. This includes transparency; avoiding cross subsidy between regimes; longer term planning horizons; avoiding cycles of cutting and then raising charges; keeping charges as low as possible through a drive for increased efficiency; not profiting from charge payers; and, independence from taxpayer subsidies.

NRW states it is required by Welsh Government under Managing Welsh Public Money to fully recover the costs of regulatory services from those they regulate. We note Chapter 6 of Managing Welsh Public Money sets out the main principles for fees, levies and charges.

The guidance is clear, organisations supplying public services should always seek to control their costs so that public money is used efficiently and effectively. The impact of lower costs should normally be passed on to consumers in lower charges. The guidance also states that public organisations are expected to neither to profit at the expense of consumers nor make a loss for taxpayers to subsidise and this requires honesty about the policy objectives and rigorous transparency in the public interest. The guidance also places emphasis on monitoring the performance of a service being charged for.

The principles of transparency and efficiency are reinforced within the Regulators Code which is clear that Regulators should avoid imposing unnecessary regulatory burdens through their regulatory activities (the whole range of regulatory options and interventions) and should assess whether similar social, environmental and economic outcomes could be achieved by less burdensome means. The Code also states that Regulators should choose proportionate approaches to those they regulate, based on relevant factors including, for example, business size and capacity.

When designing and reviewing policies, operational procedures and practices, the Code states that Regulators should consider how they might support or enable economic growth for compliant businesses and other regulated entities. With respect to fees and charges the Code states that Regulators should ensure that their approach to their regulatory activities is transparent and clearly explain the basis on which these are calculated.

In addition, NRW's own Regulatory Principles require NRW to be efficient and effective and to be clear on what they do and why.

In the context established by Managing Welsh Public Money, the Regulators Code and NRW's own Regulatory Principles, NFU Cymru has significant concerns about NRW's approach to the SRoC and the proposed level of the charge increases outlined within the consultation. Whilst NFU Cymru would broadly support the principles underpinning the Strategic Review of Charging, we are extremely disappointed that NRW has not applied these principles in practice.

It is extremely concerning to us that the SRoC proposals, in many instances, involve several fold increases in application, variation and surrender fees, which are disproportionately and prohibitively high. NRW has also demonstrated a complete lack of focus on improving efficiency and the quality of service it provides. In addition, NFU Cymru has substantial concerns about the level of transparency in how NRW has calculated the proposed charge increases.

Overall NFU Cymru is clear the onus is solely on NRW to demonstrate greater transparency and show that these costs are fair, proportionate and competitive. We also call on NRW to show that it is efficient in its processes and doing everything it can to keep the costs of these services to a minimum whilst placing a strong emphasis on the quality of service it provides to its customers.

We note NRW states that charges for their permitting and compliance activities are in line with the 'polluter pays' principle set out in the Regulators Code and NRW's Regulatory Principles.

It is important to recognise that the 'polluter pays principle' is not always clear-cut, we do not support the underlying assumption that permitted activities lead to pollution. NFU Cymru identify that a permit nearly always brings a broad range of additional environmental and socio-economic public goods benefits, such as flood mitigation, improvement in air quality or water quality or waste recovery.

Public goods can be described as *'things for which there is no established market'*. In reality, we identify a broad spectrum of market failure exists and pure public goods are, in fact, rare. Public goods arising from farming are described in a paper by the Institute of European Environmental Policy and includes a range of environmental benefits alongside food security, rural vitality and farm animal health and welfare. As such, NFU Cymru believes where permitting activity contributes to wider environmental and socio-economic public goods benefits, strong arguments exist for government to provide some grant in aid in relation to fees and charges.

We note that this is a principle NRW has been prepared to adopt in some instances, see for example, the proposed charge waivers within the species licensing scheme. NFU Cymru is concerned and disappointed that the criteria by which NRW has determined to waiver charges for some regimes and not in others has not been presented within the consultation. The SRoC process appears inconsistent and lacking in objectivity as a result.

NFU Cymru also has concerns about the accessibility of consultation and ease of use of NRW's consultation template. We have received feedback from our members that they have found the consultation document and online response template difficult to understand and engage with. We are concerned that this may have limited engagement and responses from farmers affected by proposals as a result.

We note the Regulators Code establishes requirements for Regulators in respect of clarity and transparency. NFU Cymru is clear that NRW must improve how it communicates with those it regulates and improve its documentation and response templates for future consultations.

NFU Cymru would highlight that more emphasis is needed from NRW through all its operations on approaches that support the digitally excluded. We refer NRW to Welsh Government's [Digital Strategy](#) published in 2021 which states that *"For people who cannot, or decide not to, participate digitally, we will continue to apply the principles of user centred design so that there are alternative ways to access public services in Wales. The alternative access routes will be as good as those offered online"*.

NFU Cymru is also deeply concerned about the speed and timing of the proposed implementation of the changes to fees and charges. The proposal to introduce the new charges in April 2023 is very soon after the end of the consultation period. We are concerned this allows little time for NRW to undertake proper analysis of the responses, publish a summary of consultation responses to stakeholders or make any amends to its proposals to Welsh Ministers. This together with the fact that stakeholders were asked to submit responses to the consultation as early as possible in the consultation window gives the overall impression that the consultation is a *fait accompli* and changes are being rushed through without due consideration.

In the context of the proposed significant hikes in fees across many regimes relevant to farming, we are concerned that very little time has been given to industry to prepare for such significant charge increases. We strongly recommend a delay to the introduction of any charge changes to allow time for further work for proper determination of fees and charges as well as work to deliver efficiencies in the permitting process aimed at minimising costs.

Until this work is undertaken, we believe the charging regime for new applications and variations should mirror proposed increases to annual subsistence charges i.e a maximum of 6% where absolutely necessary. We do not support NRW's proposal to undertake a root and branch review of subsistence charges, as suggested in the Charge Modelling Methodology paper. This should not go ahead until industry has confidence in the approach and outcome of the current Strategic Review of Charges.

Impact Assessment

NFU Cymru is concerned and disappointed that NRW opted not to publish an assessment of the impact of the proposed changes to regulatory fees and charges alongside the consultation. Following a request from NFU Cymru on 11 October 2022, NRW provided an Impact Assessment relating to the agricultural sector on 3 November 2022.

Our analysis of the Impact Assessment leads us to conclude that it is flawed and incomplete and, therefore, inadequate as a tool to inform NRW decision-making:

- The significance of impact has been determined on the basis of turnover figures provided by ONS rather than farm business income (net profit). Turnover and income are used interchangeably throughout the document – they are not the same thing and turnover is not the appropriate measure to understand impact.
- The Impact Assessment seeks to attribute overall costs to the farming industry rather than understand the impact of proposed charge increases on individual farm business viability, i.e. there are likely to be disproportionate impacts on some farm businesses.
- NRW indicates that the majority of the proposed changes can be built into business plans. However, no assessment is made over whether proposed charges are prohibitively high, deterring projects from being brought forward. Our members have genuine concerns that this is, indeed, NRW's overriding policy objective for some of the regimes i.e to use its charging regime as a means of deterring certain activities/enterprises. It is also important to recognise that it will not be possible to build cost increases into business plans for all regimes where significant hikes in charges are proposed.
- The Impact Assessment is incomplete and not all aspects have been assessed, for example, the proposed charges for non-waste solid discharges to land under the landspreading regime.
- No assessment is made of the impact on particular groups, for example, new entrants/young farmers likely to be disproportionately affected as non-permit holders.
- The Impact Assessment provides no analysis of the unintended consequences of proposals and whether fees will deter applications, placing limitations on the development of farm businesses and working against Welsh Government wider policy objectives such as net zero or the Animal Health and Welfare Strategy.
- By NRW's own admission its understanding needs to be improved as demonstrated through its commitment to improve data collection across the permitting and licensing data systems to improve understanding for future charging reviews. It seems perverse to us that NRW are advancing massive increases to fees and charges on the basis of incomplete understanding and evidence.

Overall, NFU Cymru is extremely disappointed with the Impact Assessment which is of poor quality and we are very concerned that NRW appears to be moving forward with proposals without a clear understanding of the impact on the viability of farm businesses affected.

Comments specific to NRW's impact assessment of individual regimes will be included in our responses to the consultation questions.

Modelling

In the context of fees, levies and charges, Managing Welsh Public Money places an emphasis on public bodies being honest about its policy objectives and having rigorous transparency in the public interest. Similarly, the Regulators Code states that Regulators should ensure that their approach to their regulatory activities is transparent and clearly explain the basis upon which fees and charges are calculated. NFU Cymru is deeply disappointed that NRW's consultation falls significantly short of providing this level of transparency.

The consultation refers to further information on cost modelling being available upon request. NFU Cymru has requested this information in relation to agriculture. However, the paper supplied by NRW entitled 'Charge Modelling Methodology' provides insufficient information to aid understanding on how the charge proposals have been arrived at. NFU Cymru has subsequently contacted NRW for further information and a response to this request is awaited.

Specifically, further information has been requested in respect of the following:

- The number of hours to determine each type of permit (new, variation, transfer, surrender) for each regime applicable to farming;
- The number of hours to undertake each step (application receipt, duly making, permit determination, issuance of permit) for each type of permit;
- The grade mix required for determining each type of permit together with the hourly rate (though we note for some regimes this is determined to be £125/hour overall and we ask how this has been determined);
- The calculations underpinning the annual depreciation charge and cost of capital related to those fixed assets from which each regulatory regime benefits.

Overall, the NRW modelling fails to provide information on how direct activity costs and overhead costs have been determined. In the absence of this information, NFU Cymru remains highly sceptical that the proposed hikes in charges can be justified.

We also remain highly sceptical that NRW have sought to implement efficiencies to its permitting processes to minimise negative economic impacts. Moving forward, NFU Cymru is keen to identify and develop solutions that provide mutual benefit to NRW and the industry to help keep costs down.

As with the Impact Assessment, NFU Cymru notes that NRW have again projected impact on the agriculture sector rather than on individual farm businesses effected. We also identify gaps in the modelling as NRW has appeared not to model the costs of permits of non-solid waste discharges.

The Farming Economic Landscape

At the NRW SRoC meeting for agricultural stakeholders on 7 September 2022, the significant inflationary pressures facing agriculture were highlighted. Following the meeting, NFU Cymru provided NRW with the NFU Cymru/FUW submission to the Agricultural Wages Board which included evidence pertinent to discussions around affordability.

It is our strong belief that Government and their agencies should give due consideration to the affordability of proposals and their impact on farm business viability as well as the untended consequences and impacts to Welsh Government's wider policy agenda in relation to animal welfare and building economic and environmental resilience for the future. In the face of proposed significant cost increases, the need to redouble efforts to drive efficiencies and streamline processes for

charging schemes in order that a sustainable outcome for farming can be achieved cannot be overstated. We ask what account NRW has taken of the evidence provided by NFU Cymru in finalising its proposals ahead of formal consultation.

NFU Cymru is clear that NRW's proposals for its fees and charges need to be considered in the current economic context. Welsh farming is facing a wide range of challenges and farmers are dealing with significant economic turmoil as a result of factors completely beyond their control.

The price index for agricultural inputs increased by 32.6% in the 12 months to July 2022. The largest upward contribution to the 12-month inflation rate for agricultural inputs came from fertilisers and soil improvers (11.6 percentage points), followed by compound feeding stuffs (5.9 percentage points), and energy and lubricants (5.7 percentage points). No downward contributions were recorded for July 2022. Agricultural inputs have seen month-on-month price inflation throughout 2021 and so far in 2022, with particularly large increases observed between October 2021 and June 2022. July was the twenty fifth consecutive month to report price inflation in agricultural inputs.

Gas prices have increased 11-fold in the last two years and have a very close impact on broader energy costs such as electricity. As well as the cost of energy, the vastly unpredictable nature of the market is increasing uncertainty for whole supply chains. Natural gas is a prominent energy source (and therefore cost driver) given its role in fertiliser production (it takes approximately 365 therms of natural gas to make a tonne of Ammonium Nitrate).

Forward gas prices through 2023 remain elevated by at least 10-fold versus typical pre-September 2021 levels. The market is impossible to predict and remains highly volatile. The current forward energy prices suggests that farmers are unlikely to enjoy any correction/deflation in input costs in the short to medium term.

As a result of the high gas prices, CF Industries recently announced that they will 'temporarily halt' production of ammonia at their Billingham site. This is the only remaining domestic production site for ammonium nitrate in the UK. The company will import ammonia to continue running the ammonium nitrate (AN) and nitric acid upgrade facilities. As a result, CF anticipate they will be able to fulfil all contracted orders of AN in the coming months but domestic fertiliser production beyond that is uncertain. Fertiliser production across the EU has been severely reduced as a result of the high gas prices.

According to AHDB figures in September imported Ammonium Nitrate (AN) increased by 5% to £870/tonne compared to August and has increased by 120% compared to September 2021's price of £395/tonne.

The well documented increases in electricity prices as a result of gas price rises also continue to have a direct and rising impact on farm businesses, particularly those such as dairy farms which have high energy consumption. Prior to Russia's act of war, Promar International had predicted a 76% increase in electricity costs for dairy farmers in 2022, up from £46 a cow to £81 a cow. Such increases now look modest given wholesale prices for electricity are currently around five-fold what they were in 2021.

The UK Governments' Energy Bill Relief Scheme (EBRS) is expected to bring some short-term relief from further spikes through the winter when demand for energy is high. However, the impact of the scheme on short-medium term food production and prices must be questioned given that the scheme is only six-months in length and dwarfed by the decision-making timelines of food production.

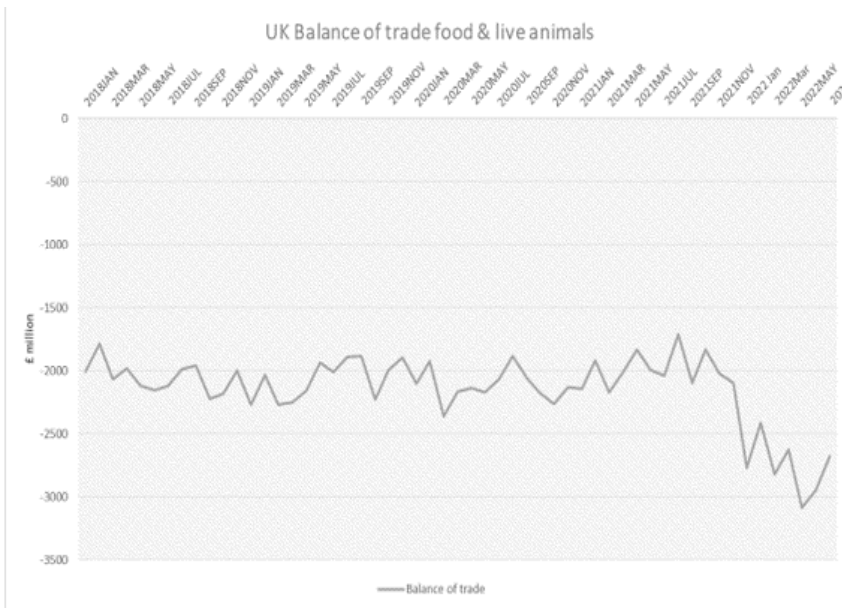
Ukraine and Russia are responsible for the production of 30% of the world's wheat and 50% of sunflower oil, seeds and meal exports alongside other major commodity crops important for food and feed supplies. Ukraine is a key supplier of animal feed raw materials to the world market, it can

typically be expected to export 25 to 30 million tonnes of maize (corn) to the world market, but the country’s ability to harvest and export its crops is being severely disrupted. This, plus the rocketing costs (fertiliser) of crop production, is driving grain prices higher – subjecting animal feed prices to huge inflation.

Overall, it’s reasonable to forecast that recent increases in input costs are now likely to be at least sustained for the medium term.

Brexit and International Trade

Since the end of the transition period on 31 December 2020, we have seen a significant shift in trading patterns with our main international trading partners. During the years affected by the Covid pandemic (2020 and 2021) we saw both imports to and exports from the UK of food and live animals suppressed (source ONS).



Once legal lockdowns and restrictions began to lift and unwind from late summer 2021, we have seen a significant increase in the value of imports to the UK, largely as a result of increased imports from the EU. Meanwhile, the value of our exports has slowly recovered from the immediate shock seen in January 2021 it has subsequently largely flatlined.

UK agri-food exports for the first half of 2022 sit around 3% lower (in value terms) than the same period in 2019. Whilst the value of imports of agri-food products for the first 6 months of this year sits 17% higher than the same period in 2019. This is leading to a significant deterioration in the nation’s Balance of Trade in Agri-food products even though the relative weakness in currency should in theory be bolstering the value and competitiveness of UK exports abroad.

With the UK having failed to implement border checks on imports to the UK, and the EU having implemented such checks since January 2021, thereby favouring importers, and the EU currently pursuing legal challenges to the UK Government’s intention to unilaterally change the Northern Ireland Protocol, and threatening trade sanctions that are likely to target food exports to the EU, the coming year may add significantly to the challenges faced by Welsh food exporters.

In addition to the UK-EU trade deal, the UK Government has reached a number of trade agreements with other nations. The majority of these represent ‘rollover’ agreements that generally reflect agreements that were already in place with the EU.

The two most significant new agreements are those agreed with Australia and New Zealand, both of which are extremely liberal in terms of providing immediate access to duty free transitional quotas for key agriculture products, with eventual tariff elimination.

Meanwhile, the UK is currently involved in negotiations with other major agricultural exporters such as Canada and Mexico, and the cumulative effect of these trading nations being granted similar terms could be devastating for the Welsh agricultural industry and the wider network of industries and jobs it supports.

It is against this challenging economic backdrop that NRW is proposing significant increases to its fees and charges.

Consultation questions

6. To what extent do you agree or disagree that NRW's regulatory services should be paid for by those who use them and not by the taxpayer or other charge payers?

Disagree.

As above, NFU Cymru believes that, in the context of permitting, the application of the 'polluter pays' principle is not clear cut. Where, through the permitting regime, the delivery of wider public goods, including food security and rural vitality and socio-economic benefit can be secured we believe a strong case can be made to support the delivery of the charging regime through grant in aid. There is also a need for NRW to recognise that farmers will be central to the delivery of its environmental objectives going forward and farm businesses can only deliver wider benefits for society from a position of economic viability. An enabling regulatory regime, including permitting, is vital for farmers to develop and build economic and, therefore, environmental resilience for the future.

The assumption underpinning the question also suggests that the regulatory services provided by NRW are efficient, cost-effective and provide value for money. NFU Cymru is clear that this is not the experience of our members who utilise NRW regulatory services currently. In this context, we do not believe it is fair for NRW to simply pass on the costs of its services to permit holders where improvements and, therefore, cost savings could be achieved. This should have been an integral step in the SRoC methodology and we are disappointed to see no evidence or engagement with industry to this effect.

7. Having considered our consultation document and supporting information, to what extent do you agree or disagree with NRW's proposed charge structures?

Strongly disagree.

Please see questions below for our comments relating to each regime.

8. Do you think there are any better alternatives to how NRW proposes to fund its regulatory activities?

Yes.

9. If yes, please explain.

- Working with industry, NRW should undertake a comprehensive review of its permitting regimes to identify where systems and processes can be streamlined and where efficiencies can be made with the aim of keeping cost increases to a minimum.

- The permitting regime should be evaluated to identify where wider public goods benefits for society are delivered with a view to supporting the costs through grant in aid.

Installations

10. Having considered our proposals and supporting information, to what extent do you agree or disagree with our charging proposals for installations?

11. If you strongly disagree with our proposals for Installations, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

NFU Cymru strongly disagrees in relation to proposals for Standard Rules Permits for on-farm anaerobic digestion (AD) using farm waste only including use of resultant biogas.

In line with NFU Cymru's Net Zero Vision, we support the deployment of AD on Welsh farms as a renewable technology aligned to Welsh Government's circular economy principles. AD reduces reliance on fossil fuel derived energy sources, also producing digestate which is a natural biofertilizer that is spread back onto the land as it is rich in nutrients, potentially also reducing reliance on manufactured fertilisers.

NRW states that the process of issuing these Standard Rules Permits is limited to administrative checks which means the application charges are low. NFU Cymru cannot, therefore, understand and does not support NRW's proposals to more than double charges for new applications from £1,995 to £4,510.

NRW has provided no explanation for the significant hike in charges through the consultation or charge modelling methodology paper. Nor has NRW explained what steps have been taken to improve the efficiency of the permitting process to deliver costs savings.

Overall, we are concerned that proposals send the wrong message to farmers and will act to disincentivise the deployment of this potentially valuable practice on Welsh farms, working against Welsh Government's decarbonisation agenda.

Intensive rearing of pigs and poultry (farming installations)

12. To what extent do you agree or disagree with our proposals to keep sector-specific charges for IRPP permit application fees?

13. If you strongly disagree with our proposals for IRPP permit application fees, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

NFU Cymru strongly disagrees with these proposals.

NFU Cymru has significant concerns about the proposed level of the charge increases outlined in NRW's consultation for new applications and the very significant hikes to charges for minor technical variations (£388 to £2,614), a normal variation (£388 to £5,562), substantial variations, transfers and surrender (£388 to £5,642). We are also concerned that NRW has provided no explanation with respect to its proposal to discontinue the two-tier application scheme return to a single rate for all farms.

In some instances, the charges are set to increase almost 15-fold and NFU Cymru has very

significant concerns about the level of transparency in how the proposed charge changes have been calculated. NRW has shared some generic information with us, upon request, on the basis of the calculations including direct and indirect costs, but we are clear we need to have a greater understanding of the extent to which NRW's costs levied on operators are fair and proportionate.

The feedback that we have received from members is that 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. We are clear the proposed charge changes will have perverse impacts. We would like farming to continue to improve its environmental performance, but these charge increases could be seen as a disincentive to modernisation.

NFU Cymru is also concerned at proposals to charge time and materials for those applications which take more than 150% of the time covered by the charge. There is a lack of transparency throughout NRW proposals about the time involved in determining permits. We are also concerned that there is no inducement for the regulator to complete the permitting process within a specified time if it can resort to making additional charges. NFU Cymru is clear there should be no charges applied for NRW-initiated variations.

The challenges in the pigs and poultry sector have been well-documented in recent months. Rising costs continue to challenge producers, recovery of costs from the supply chain has not always been possible and margins have tightened very significantly. In addition, some flocks have been impacted by Avian Influenza (AI) which is also undermining producer confidence and investment in the sector. NFU Cymru has called on Welsh Government to investigate whether an 'exceptional market conditions' declaration should be made and, in this context, NFU Cymru believes it is essential that NRW makes more effort to keep the costs of the charges down. As such, we are keen to find realistic solutions that can benefit both the industry and the regulator.

Reservoirs charging scheme

18. To what extent do you agree or disagree with our proposals for reservoirs?

Strongly agree – agree – neither disagree nor agree – disagree - strongly disagree

19. If you strongly disagree with our proposals for reservoirs, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

Strongly disagree.

NFU Cymru notes NRW proposes to change the way they charge for registering large, raised reservoirs for reasons of public safety. This includes introducing a charge on reservoir undertakers to register their reservoir and applying the same registration and risk designation charge to reservoirs under construction.

We note NRW proposes significant increases in charges for the registration of a new reservoir of almost 50% along with the introduction of new charges for the risk designation review (£860), notification of abandonment, reuse or discontinuance. Again, as with other charging regimes, the proposals lack transparency and it is not clear how the proposed charges have been arrived at.

Further we note that Reservoir Registration requirements apply to large, raised reservoirs with a capacity of 10,000 cubic metres or more stored above natural ground level meaning that the majority of irrigation ponds on Welsh farms fall outside this regulation. But we seek clarification from NRW that reservoirs with abstraction licences would already be registered with NRW where the

requirements (as above) apply and will not be subject to additional bureaucracy and charges as a result.

Site-based waste – Environmental Permitting Regulations (EPR) charging scheme

20. To what extent do you agree or disagree with our proposals for site-based waste?

21. If you strongly disagree with our proposals for site-based waste, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

NFU Cymru does not support the proposed increases in relation to mobile plant deployments – waste spread to land for recovery. We note the proposals represent a 3-fold increases in charges and there is a lack of transparency in how the revised charges have been determined. NFU Cymru does not concur with NRW's Impact Assessment that these charges won't be passed on to farm businesses by waste producers and waste operators. Overall, we are concerned the charges may deter the uptake of beneficial practices aligned to a circular economy approach which is prioritised in Welsh Government's Natural Resources Policy.

Species licensing

22. Determining species licence applications is currently funded by the taxpayer. To what extent do you agree or disagree with NRW's proposal to introduce new charges for species licensing?

23. NRW does not want charges to discourage activities that are in the best interests of the public and of protected species. NRW is proposing four categories of waiver which would mean that some specified activities will remain funded by the taxpayer. To what extent do you agree or disagree with the waivers NRW propose?

24. If you strongly disagree with our proposals for introducing or waiving species licensing charges, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

NFU Cymru notes NRW proposals to introduce charges to cover costs for some species licences including:

- disturbing, trapping or handling protected species
- damaging their habitats, for example by restoring a pond or building a housing development.

We note, in some instances, NRW has identified that charging is not the right approach or in the public interest and is proposing to waiver charges.

Throughout this consultation response, NFU Cymru has highlighted activities that are also in the public interest – delivering, for example, food security, high animal welfare, decarbonisation, flood alleviation, biodiversity and many other public goods of benefit to society - which, under current proposals, are to be subjected to significant hikes in charges.

In the context of the precedent established by NRW to waiver some fees and charges for the species licensing regime, NFU Cymru is clear, similar reductions or waivers should be applied to other regimes.

NRW, for instance, proposes that waivers should apply for the purposes of disease control. NFU Cymru would highlight that the practice of sheep dipping is undertaken for disease control and on this

basis, fees associated with this permit should also be waived in line with NRW's policy. Similarly, we identify that licences issued by NRW under the Badgers Act 1992 for the purposes of disease control should also attract no charges across the board.

Overall, NFU Cymru asks NRW to provide the analysis and the objective criteria by which 'public interest' has been assessed across all of the charging regimes relating to agriculture to give confidence that its approach has been fair and impartial.

We further note that the consultation states NRW do not want their charges to disproportionately impact on those with low incomes - again, establishing a precedent across charging regimes. NRW's approach appears to centre on whether the applicant operates on a 'for profit' or 'not for profit' basis which we would argue is not necessarily correlated to income levels or, indeed, ability to pay. The evidence is clear that applicants to other NRW charging regimes may have low incomes and we ask NRW to supply the objective criteria by which 'low income' has been assessed across the charging regimes.

Finally, in the context of Welsh Government's Outline Proposals for the Sustainable Farming Scheme we are concerned a number of proposed Universal and Optional Actions could potentially link to species licensing activity. This includes the Universal Action to restore and manage existing permanent wildlife ponds and/or create a number of temporary ponds and the Universal Action to manage historical environment features. We seek reassurances from NRW that this will fall outside licensing requirements and any associated charges.

Water quality permitting

25. To what extent do you agree or disagree with our proposals for water quality permit charges?

26. If you strongly disagree with our proposals for water quality, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

Strongly disagree.

NFU Cymru has huge concerns and is strongly opposed to the proposed level of the charge increases outlined in NRW's consultation 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 farm businesses in Wales.

Despite requests from NFU Cymru, NRW has provided no evidence to underpin the charge hikes or any explanation of how these costs have been determined or justified. Nor has NRW presented any evidence to show that efforts have been made to deliver efficiencies in the permitting process and deliver a service that represents value for money. We also ask NRW to provide more detail of the requirements around the Habitats Regulations Assessment and how this charge can be justified in addition to the cost of the permit.

We are concerned that NRW proposals are divergent from wider Welsh Government policy goals. The Wales Animal Health and Welfare Group has long prioritised the eradication of sheep scab. Welsh Government's Animal Health and Welfare Implementation Plan 2022-2024 identifies that sheep scab continues to be a major threat to sheep welfare in Great Britain, and can result in significant costs to sheep farmers, including production losses and treatment expenses. This disease is a particular problem to our sheep industry in Wales because of the large number and size of sheep flocks in Wales, patterns of sheep farming and extensive use of common grazing.

Ideally, sheep scab needs to be prevented, rather than cured after it has arisen. There are limited treatments available for sheep scab. The dipping of sheep with organophosphate dips forms a key part of the treatment and prevention options for farmers and is identified within the Implementation Plan as *'integral to the long-term control of the disease'*. Dipping is the most effective method of controlling sheep scab and other ectoparasites and we are clear NRW proposals send the wrong message to the industry and will hinder farmers ability to control sheep scab effectively.

In limiting sheep farmers from utilising organophosphate dips through prohibitively high costs it will continue to put huge pressure on the injectable products available (e.g. moxidectin) and, in turn, the resistance of sheep scab to these products, also limiting their efficacy for the treatment of internal parasites which is a very significant concern. Long-term there may be significantly reduced efficacy of injectables.

The proposed costs of new licenses are incredibly restrictive to the average sheep farmer, especially in the context of the profitability challenges facing the sector and the inflationary pressures set out earlier in this response. Welsh Government's Farming Incomes Statistical Release for 2020-21 shows almost 40% of SDA Sheep/Beef farms had an income of less than £10,000, 20% made a loss.

Proposals will particularly affect new entrants/young entrants requiring a new application and work against the imperative of farmers to work together with neighbours and other flocks with whom their sheep have had contact to quickly stamp out the disease.

Ultimately, in reducing treatment options the welfare of sheep will be compromised and this is unacceptable. Given that around a third of the lamb produced in Wales is exported and we rely on a high health status in terms of maintaining productivity and producing a high quality product, NFU Cymru is clear that we cannot compromise on our reputation and the high health status of our livestock. We reiterate our opposition to proposals in the strongest terms as a result.

It is perverse to us that NRW is bringing forward massive charge increases at the same time that Welsh Government has announced a three-year project aimed at supporting the industry to eradicate sheep scab from Wales and in so doing is placing limitations on the use of the most effective treatment available. In the announcement the Minister for Rural Affairs, Lesley Griffiths MS identified that the *'effective control of sheep scab, both on a local and national scale is essential'*. NRW proposals are in direct opposition to this.

It is also important for NRW to recognise that transporting waste sheep dip over longer distances has its own risks and costs, none of which have been taken account of within proposals. We note that NRW has failed to present evidence of the current risks and impacts associated with the permitted landspreading of OP dips, NFU Cymru believes the charges are completely disproportionate to the risk and NRW is not adopting a risk-based approach as a result.

NFU Cymru is also disappointed that NRW's approach fails to recognise the potential of new and emerging technologies which have the potential to further reduce environmental risk. Chemical treatments on the market have been shown to significantly reduce the polluting value of sheep dip. However, the charging framework currently offers no incentive to farmers to invest in treatments that could reduce the polluting potential. We would urge NRW to look at this again, recognise the reduced risk that these new products offer and allow these to be utilised responsibly within a future charging framework.

As highlighted above, NFU Cymru is clear that NRW's Impact Assessment is flawed. We note NRW makes no assessment of the costs to industry of the disease or of alternative treatments or disposal methods.

In considering the unintended consequences of its proposals, we are disappointed that NRW also fails to recognise that active management through grazing is key to the delivery of public goods on common land, in particular. There can be no doubt that proposals will have the effect of limiting options for farmers to control sheep scab and, as a result, impact the ability to effectively manage common land which is environmentally and ecologically significant and strategically important to public goods delivery in Wales going forward.

Overall NFU Cymru would reiterate its opposition to proposals in the strongest terms. Appendix 6 of the consultation sets out the circumstances in which NRW is prepared to apply charge waivers. This includes 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.

Non-waste solid discharges to land

We note the NRW consultation references non-waste solid discharges to land including the disposal of animal carcasses when derogations from the animal by-product regulations are in force (for example, as a response to an animal disease outbreak in an emergency).

NRW does not explain whether these are new or existing charges, we also note that this aspect is not specifically covered within the Impact Assessment. As a result, we believe the consultation is flawed and NRW should not move ahead with the introduction of charges until proper consultation with industry has been undertaken.

Given that the Animal By-Products Regulations 2014 allows for derogation for burial in exceptional circumstances we are unclear why a permit would be required. We are unclear who the applicant would be – the appropriate government agency or the farmer? We are also concerned about the likely time taken to determine the permit when time will be of the essence and the ability to pay severely challenged. It would be unacceptable to NFU Cymru for a farming family dealing with the utter devastation of a notifiable disease outbreak on farm to also have to deal with the additional cost and bureaucracy of such a permit from NRW.

Overall, at a time of emergency it would seem appropriate to address via derogation rather than NRW's cumbersome and costly permitting regime.

Water resources

27. To what extent do you agree or disagree with our proposals for water resources?

28. If you strongly disagree with our proposals for water resources, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

Strongly disagree.

In January 2019, NFU Cymru committed to greater action on climate change with an ambition to strive for ['net zero' agriculture](#) by 2040. Farmers across Wales recognise the role we have to play in building a zero-carbon economy. We are committed to reducing emissions from food production, and we recognise we have a special role in creating balancing 'negative emissions' from the land. We are clear there are no single 'silver bullet' solutions to achieving net zero agriculture. Action to tackle climate change in our sector requires a portfolio of different policies and practices focused on three key themes:

1. Improving farming's **productive efficiency**, to reduce our GHG emissions.

2. **Farmland carbon storage** in soils and vegetation recognising that farming is already responsible for a critical carbon resource in soils, wooded landscape and semi-natural habitat which should be conserved and enhanced.
3. Boosting **renewable energy and the bio-economy**, to displace GHG emissions from fossil fuels, and to create GHG removal through photosynthesis and carbon capture.

NFU Cymru is clear that the achievement of net zero agriculture will not occur without a mix of policy measures and a long-term commitment from government to secure their delivery.

In line with our Net Zero vision, NFU Cymru would highlight that it is the aspiration of many farmers to produce their own energy. On-farm energy generation provides opportunities for farmers to reduce energy costs and diversify farm income and there is considerable interest in utilising the full range of renewable technologies available, hydro being one.

However, farmers who embark on hydro projects cite a number of barriers to scheme development. These include the NRW permitting process, planning, land drainage consent together with grid connection issues. Changes to UK Government Feed-In-Tariffs in past years have also undermined the viability of proposals, however, project feasibility could well change given the recent spikes in energy prices and the global energy security crisis as a result of the war in Ukraine.

It is in this context that NRW needs to consider the proposed increases to abstraction/impoundment licence fees. **NFU Cymru strongly opposes NRW proposals in increase fees from £135 to £1500 to £6327 which we view as disproportionate and unreasonable for small scale hydro schemes.** In the face of an almost 47-fold increase in charges together with the potential for an additional charge of £917 for a Habitats Regulations Assessment, NRW's proposed multiactivity discount of 90% for each additional activity that is part of the same operation and from the same source of supply will offer little comfort.

Whilst NRW, in its Impact Assessment, suggests the increased charges can simply be built into business plans, it is also important to recognise the other costs associated with hydro projects such as fuel, labour and interest rates have also been subject to inflationary pressure. NRW fees at the scale proposed cannot be viewed in isolation and could well make the difference from the scheme proceeding or not proceeding in many instances.

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.

Overall, NFU Cymru is clear that an increase on this scale will have the effect of deterring the number of applications brought forward impacting on the resilience of farm businesses as well as Welsh Government's ability to address the 'climate emergency' and the development of a green economy in Wales. NRW's proposals will lead many to the conclusion that it is using its charging regime as a mechanism to prevent certain activities.

Proposals also hinder the ability of farm businesses to adapt and build resilience in the context of a changing climate. Farmers, now and in the future, should have a fair share of available water to grow our food with improved security of supply at times of water scarcity. The dry weather conditions of 2022 serve to highlight the vulnerabilities of private water supplies and we are concerned that the proposed hike to charges may deter farm businesses from investing in measures that secure access to reliable sources of water all year around. It is important to remember that such investments frequently offer wider benefits, for example, for biodiversity or flood alleviation for properties downstream.

The proposed charges discourage activities that are in the public interest and we reiterate our serious concerns about the level of transparency in how NRW has calculated the proposed charge increases for the Water Resources regime. Very little specific information has been provided on the basis of the charge changes and we call on NRW to show that it is efficient in its processes and doing everything it can to keep these costs of these services to a minimum.

NFU Cymru would welcome the opportunity as industry stakeholders to work with NRW to consider alternative options to the proposed increases which we oppose in the strongest terms. The need to develop an appropriate and efficient permitting and management framework for small hydro and abstraction projects that build resilience in a changing climate cannot be over-stated and we look forward to working with NRW to this end.

Pre-application advice

29. To what extent do you agree or disagree with our proposals for pre-application advice?

30. If you strongly disagree with our proposals for pre-application advice, please give reasons for your answer, suggesting factors we should take into account, or if appropriate, alternatives we might consider.

Disagree.

Free pre-application advice can often iron out many small issues before an application is submitted thus saving the permitting team valuable time and resource in the long term. We have concerns that restricting the service to signposting (often to remedy for NRW's impenetrable website and use of regulatory jargon) together with the high hourly rate will discourage farm businesses from using the service.

The pre-application advice charge of £125/hour appears excessively high and we are particularly concerned that, again, NRW has not been transparent in how it has arrived at this figure. We firmly believe that 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.

Overall, NFU Cymru would stress that the best outcomes for all parties and the environment will be achieved by working in partnership. It is important to recognise that farm businesses in Wales are, in the main, SMEs and micro businesses operating in an extremely complex regulatory environment. For this reason, NFU Cymru continues to advocate the establishment of a Farm Liaison Service within NRW mirroring the valuable service provided by Welsh Government. Such a service would align with the Regulators Code and the requirement to ensure that clear information, guidance and advice is available to help those they regulate to meet their responsibilities.

On a wider point, NFU Cymru is increasingly concerned about NRW's approach to cost recovery in relation to non-planned compliance work. We are worried NRW is applying charges as a result of vexatious and campaigns of organised complaints, which appear to be on the increase, and which impact some sectors such as poultry disproportionately. It is important for NRW to appreciate such reports are not because there is an issue to be addressed, but because there may be local opposition to a type of farming system. It would be extremely unfair for operators to have to shoulder additional costs to deal with unsubstantiated complaints.

Annual subsistence charges for 2023 / 24

31. To what extent do you agree or disagree with our proposals for annual subsistence charge increases for 2023 / 24?

32. If you strongly disagree with our proposals for annual subsistence charges, please give reasons for your answer, suggesting factors we should take into account, or, if appropriate, alternatives we might consider.

NFU Cymru welcomes NRW's commitment to maintain as far as possible the existing annual subsistence charges. We note, however, that for farms holding existing permits for water quality, water resources, reservoir compliance and flood risk activity, NRW proposes a 6% inflationary increase. We ask NRW to consider these proposals in the context of the significant inflationary pressures impacting on food production outlined earlier in this response. NFU Cymru would be keen to explore with NRW where efficiencies and cost savings can be achieved with a view to keeping costs manageable.

The NRW Charge Modelling Methodology, supplied to NFU Cymru upon request, states that in time, NRW aims to conduct a root and branch review of all subsistence charges. We are disappointed that this information appears not to have been included within the publicly available information within the consultation documents provided by NRW. We identify this may have limited engagement from existing permit holders as a result. Our comments relating to NRW communications are made earlier in this response.

With respect to this proposal, NFU Cymru is clear, we do 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.

Overall NFU Cymru is extremely disappointed with the outcomes of the SROc which will deter farmers from undertaking many beneficial activities on Welsh farms, undermine trust and confidence in the regulator and hinder the development of positive working relationships going forward.

Final question for all

33. Are there any other comments that you would like to provide in relation to either our proposed new permit charges or our proposed annual subsistence charges for 2023 / 24?

Please refer to pages 1 to 9 of this response.

Welsh Language considerations

The Welsh Government Strategy 'Cymraeg 2050 - A million Welsh speakers' – a strategy document for the promotion and facilitation of the use of the Welsh language - identifies the Welsh language as 'one of the treasures of Wales' and establishes a vision for 2050 of a Welsh language that is thriving, where the number of Welsh speakers has reached a million and where there is recognition by all of its contribution to the culture, society and economy of Wales. In this context NFU Cymru would refer NRW to evidence that recognises the role of Welsh farmers as key promoters and protectors of our culture, heritage and the Welsh language.

The Welsh Government Agriculture in Wales document (2019) provides a summary of the number of Welsh speakers based on 2011 census results. Overall, 43% of workers in Agriculture, Forestry and Fisheries speak Welsh compared to an average of 17% across all workers in Wales. This figure is the highest percentage of any sector. Four of the top six counties in terms of the proportion of Welsh speakers mirrors four of the top six counties in terms of the population employed in Agriculture, Forestry and Fisheries (Gwynedd, Anglesey, Ceredigion, Carmarthenshire).

The evidence is useful in highlighting the role of farming within our communities in terms of the preservation of the Welsh language. Overall, it is our strong view that a thriving Welsh language in rural areas is underpinned by thriving Welsh farms; any proposals that weaken the farming sector will ultimately weaken our Welsh language and what defines us as a people and a nation.

Farming is, therefore, central to the future of the Welsh language. Many farming businesses have developed alternative enterprises to provide an additional income stream to keep the family business viable and to ensure opportunities for the next generation to stay within the business and live within the area. In the current climate, the development of such enterprises is likely to be increasingly important on Welsh farms. As a result, we are concerned that NRW, through its proposals for fees and charges, has failed to recognise the negative impacts on Welsh family farms and the fundamental importance of a vibrant and economically viable Welsh farming industry to underpinning the Welsh language.

Annex 1 - The Contribution of Agriculture to the Well-Being of Wales

The Welsh Government Well-Being of Future Generations (Wales) Act 2015 is designed to improve the social, economic, environmental and cultural well-being of Wales. The Act establishes seven goals that all public bodies, including Welsh Ministers, must work to achieve. The contribution that farming makes to achievement of all seven goals is unparalleled by any other industry, as highlighted in the following below:

Well Being of Future Generations Act: Well-being Goals	NFU Cymru: Agriculture is the Answer
A prosperous Wales	<ul style="list-style-type: none"> • 60,000 employed full or part time in farming in Wales • £1.5bn Gross Output • Farming underpins a food supply chain worth over £6bn • Over 220, 000 people in Wales are employed in the agri-food sectors – that’s 17% of the workforce and Wales’s biggest employer • The Welsh countryside managed by farmers provides the backdrop for the tourism industry worth over £2.5bn • The Welsh agricultural industry is a key generator of wealth and employment for the people of Wales
A resilient Wales	<ul style="list-style-type: none"> • Farmers care for 81% of total land area of Wales – that’s over 1.84m hectares • 600,000 ha of environmentally designated areas • Almost 560,000 ha managed under Glastir Entry Sustainable Land Management Scheme designed to combat climate change, improve water management and maintain and enhance biodiversity • Farming supports a diverse range of species, habitats and ecosystems • Farmers provide a range of ecosystem services including carbon sequestration and management, water quality and water quantity management for flood alleviation • Low carbon, local energy installations have the potential to meet 57% of Wales’s electricity consumption and the evidence shows a large proportion of projects are located within Wales’s rural local authorities • GHG emissions from agriculture have declined by 20% since 1990 and further decreases are being achieved through production efficiency measures • Welsh farmers play a key role maintaining and enhancing our natural environment and supporting the provision of a full range of ecosystem services
A healthier Wales	<ul style="list-style-type: none"> • Welsh agriculture is a key provider of safe, nutritious, high quality Welsh food which plays a fundamental contribution in supporting the physical and mental well-being of the people of Wales • Welsh farmers are known to operate to some of the highest standards of welfare and production in the whole world • Welsh farming also delivers a significant proportion of Wales’s access provision which includes 16000 miles of footpaths, 3000 miles bridleways, 1200 miles of cycle network, and 460,000 ha of open access land • Welsh farming makes a key contribution to the physical and mental well-being of the people of Wales

A more equal Wales	<ul style="list-style-type: none"> Rural Wales is home to 33% of the Welsh population. The vitality and potential of rural areas is closely linked to the presence of a competitive and dynamic farming sector. The NFU Cymru 'Why farming Matters to the Welsh Economy' shows that each family farm is typically economically linked to some 40-80 other businesses in the region Through direct and indirect employment in rural communities, Welsh farming underpins the rural economy and contributes to a more equal Wales
A Wales of cohesive communities	<ul style="list-style-type: none"> Local communities in rural Wales are heavily dependent on agriculture for financial and social prosperity. Leadership and voluntary roles in rural communities Welsh farmers make a key contribution towards the provision of attractive, viable, safe communities in rural areas
A Wales of vibrant culture and thriving Welsh language	<ul style="list-style-type: none"> Agriculture has the highest proportion of Welsh speakers of any sector. Farming is the bedrock of rural communities across Wales which have been shaped by farming activity spanning hundreds of years. Farmers continue to maintain these traditions, preserving rural culture and sense of place Welsh farmers are key promoters and protectors of our culture, heritage and the Welsh language
A globally responsible Wales	<ul style="list-style-type: none"> Current levels of self-sufficiency at a UK level are at 62% Future challenges to our global food production system include climate change, a growing UK and global population, water scarcity. Given its climate and rainfall, Wales is predicted to be an area of favoured production in the future Welsh farmers have a key role to play feeding the people of Wales and in contributing to global food security now and in the future.