

Shaping Welsh Farming's Future:

NFU Cymru's Policy Priorities For
Welsh Government's Agriculture (Wales) Bill



In the coming months, Welsh Government is expected to bring forward the Agriculture (Wales) Bill to the Senedd. This piece of primary legislation will establish the framework for future agricultural policy and support. This legislation comes at a pivotal time and it will define farming in Wales for a generation or more.

NFU Cymru believes the introduction of the Agriculture (Wales) Bill presents us with a once in a lifetime opportunity to design, build and implement a comprehensive 'farm to fork' food and farming policy that is 'made in Wales'. We are pleased that Welsh Government continues to recognise the strong case for supporting farming in Wales for the essential role it plays and for the unique and multifaceted benefits it provides. Through the Agriculture (Wales) Bill, NFU Cymru believes Welsh Government must establish the policy framework to:

- Secure the production of high quality, affordable food for all in society by enhancing our ability to produce food for the nation
- Improve on-farm productivity promoting the sustainable growth of the Welsh food and drink sector – Wales' biggest employer
- Underpin the financial resilience of our family farms and, in so doing, sustaining our rural communities, language, culture and heritage
- Maintain and enhance nature and our environment while also supporting the delivery of our vision to reach net zero agriculture by 2040.

NFU Cymru is ambitious for the future of Welsh farming and rural Wales. Our vision is for a productive, profitable and progressive farming industry producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive.

In this paper we present a summary of our key asks of the Agriculture (Wales) Bill so Welsh farming is able to thrive and continue to deliver high quality, affordable food and wider economic, environmental, social and cultural benefits for all the people of Wales, whilst meeting our ambition for net zero agriculture by 2040.

Further information can be accessed on the NFU Cymru website.



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BUT WE CANNOT
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ON OUR LAURELS.
WE MUST ALWAYS
BE PIONEERING."**

Aled Jones,
NFU Cymru President



NFU Cymru

Key Principles For Reform

In 2016, following the EU Referendum, NFU Cymru launched the biggest internal consultation in its history, establishing the following set of key principles to underpin new Welsh agricultural policy:

- A policy that underpins and secures the continued supply of safe, high quality, traceable, affordable food for our nation in the context of future global challenges must be at the heart of future agricultural policy.
- All farmers must be fairly rewarded for the environmental/public goods they already deliver and will continue to deliver in future for society.
- Policies must be simple to administer, easy to understand and target support at those active farmers who take the financial risks associated with food production.
- Investment measures are required to ensure that farming businesses are well equipped to face the challenges and maximise the opportunities of a post-Brexit marketplace.
- The regulatory regime must be proportionate and evidence-based and policies must be adequately funded to ensure that Welsh farming remains competitive with farmers in the UK, EU and globally.



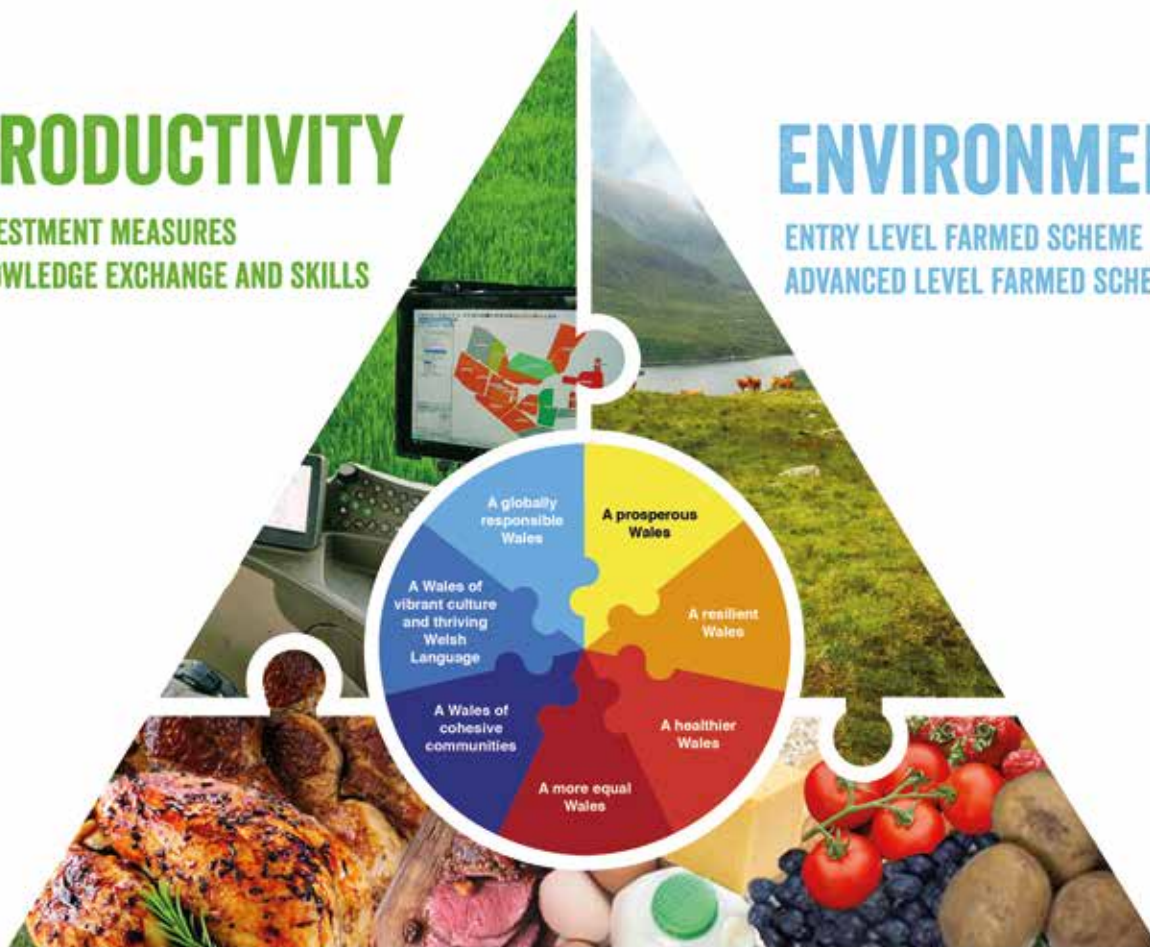
NFU Cymru Vision for Future Agriculture Policy

PRODUCTIVITY

INVESTMENT MEASURES
KNOWLEDGE EXCHANGE AND SKILLS

ENVIRONMENT

ENTRY LEVEL FARMED SCHEME
ADVANCED LEVEL FARMED SCHEME



STABILITY

MARKET STABILISATION
BASE SUPPORT

From these key principles NFU Cymru developed its vision for a new agricultural policy in Wales. This comprises a single, integrated, flexible framework based around the three cornerstones of:

- **Stability measures** – a stability and sustainability payment available to all active farmers to underpin food production, the sustainability credentials of the Welsh food and drink brand and to help with income volatility arising from factors beyond the control of individual farm businesses.
- **Environmental measures** – open to all farmers for activity beyond the conditions required for the stability and sustainability payment delivering the enhancement of farmed land for biodiversity, carbon, soils, air and water.
- **Productivity measures** – for investment in on-farm infrastructure and technology and an incentivised programme of advice and knowledge exchange.

Collectively the three cornerstones deliver more than the sum of their parts. Farming businesses need stability to be able to deliver environmental outcomes for society and it is only from a position of stability that farming businesses are able to invest in new technologies and productivity measures.

Sustainable Land Management

Welsh Government proposes Sustainable Land Management as the overarching principle for future agricultural policy. This is defined as:

“The use of land resources, including soils, water, animals and plants, for the production of goods to meet changing human needs, while simultaneously ensuring the long-term potential of these resources and the maintenance and enhancement of their environmental benefit”.

NFU Cymru believes this definition frames sustainability too narrowly through the lens of the environment alone. It does not recognise the importance of broader economic, social and cultural outcomes provided by Welsh farming in line with the Well-Being of Future Generations Act.

NFU Cymru, therefore, proposes an alternative definition of Sustainable Land Management provided by the World Bank as follows:

“A knowledge-based procedure that helps integrate land, water, biodiversity and environmental management to meet rising food and fibre demands whilst sustaining ecosystem services and livelihoods”.

This definition addresses holistically the needs of current and future generations – securing the supply of safe, nutritious and sufficient food for a growing population; sustaining rural incomes; and maintaining and enhancing our natural resources. All are equally important policy goals that must be embedded into the overarching principles of the bill.

Redefining Sustainable Land Management

Welsh Government must ensure equal emphasis is placed on the delivery of economic, environmental, social and cultural outcomes within the Agriculture (Wales) Bill through revising its definition of sustainable land management.



Valuing Food Production

Access to safe, high quality, affordable food is a most basic fundamental right for all people in society. Through the Well-Being of Future Generations Act 2015, Wales is the first country in the world to legislate for the well-being of current and future generations in a way that ties in with the United Nations' Sustainable Development Goals. The second UN goal prioritises ending hunger, achieving food security, improving nutrition and promoting sustainable agriculture.

The COVID-19 pandemic with emptying supermarket shelves, supply chain issues, the need to secure food supplies for the clinically vulnerable and growing levels of food poverty has served as a stark reminder of the importance of this goal.

The conflict in Ukraine has triggered a humanitarian tragedy, and the effects are being felt across the world. Our thoughts are with those coming to terms with the devastating effects of the conflict. The war has also focused attention on the importance and fragility of food security, both at home and abroad. The disruption to our food output, supply chains, availability and affordability, could last for many years. Ensuring a stable supply of home-produced, high quality food should be a priority for Welsh Government and a key objective of the Agriculture (Wales) Bill.

Powers are required in the Agriculture (Wales) Bill that can be deployed at times of crisis to bring market stability and address exceptional circumstances.

People also care about the food they eat, how it is produced and where it comes from, consumers want to see food sustainably produced. In the context of predicted challenges to our global food production systems, we believe Wales has a social responsibility to contribute to global food security, when food production systems elsewhere are expected to face greater challenges due to climate change impacts. Resource efficient and resilient domestic food production plays an important role in limiting our global ecological footprint and displacing the environmental impact of food supply to overseas, where environmental, animal health and welfare and social standards are often lower.

Welsh Government's policy proposals focus on intervening in the process of food production in ways that boost the delivery of environmental outcomes. This is not the same as a policy that underpins food production, the sustainable growth of the sector or our food security. The impact of this approach on the overall quantity of food produced has not been considered.

We believe mechanisms must be established within the Agriculture (Wales) Bill to ensure levels of domestic food production are assessed with measures to ensure it is maintained and enhanced as a key priority.

Securing continued supplies of safe, high quality food

As a key objective the Agriculture (Wales) Bill should underpin the production of a stable supply of safe, high quality, affordable food in Wales and the bill should include mechanisms to ensure levels of domestic food production are assessed, maintained, and enhanced alongside climate, biodiversity and broader environmental objectives.



Safeguarding Our Rural Communities

Farm incomes are subject to significant levels of volatility influenced by a range of physical, social and economic factors. The majority of these factors are completely outside the control of the individual farm business, in Wales characterised by small family farms.

This volatility weighs heavily on farm businesses, affecting farmer confidence, impacting on profitability and squeezing cash flow with consequences for on-farm investment in productivity and environmental improvements. Its effects are felt by farm businesses and by the wider rural economy where farming is a significant employer and at the heart of our rural communities.

Recent events including global political instability, the rise of protectionism, trade bans and tariffs, currency fluctuation, as well as a number of extreme weather events, highlight that volatility/instability is as much an issue for farming today as it has ever been with impacts for consumers. As the UK looks to develop international trade relationships there is significant potential for volatility to increase as markets are increasingly exposed to global factors such as weather, pests, disease and trade relations.

Direct payments have been a key safety net for Welsh farmers underpinning the financial resilience of our family farms and, in so doing, sustaining our rural communities, language, culture and heritage.

Safeguards are also required to ensure social justice for rural communities. The Sustainable Farming Scheme must not be a driver for widespread land use change into forestry or non-interventionist approaches such as rewilding that will result in the displacement of people and communities in pursuit of climate and other objectives.

A stability and sustainability payment recognising and rewarding the unparalleled environmental, economic, social and cultural contributions that farming makes to Wales should be an integral part of future policy. This should be achieved through the evolution of the current Rural Payment Wales online system into a mechanism that facilitates the delivery of a suite of universal sustainable agriculture actions in return for a stability payment on an annual basis to underpin Welsh farming.

Securing rural livelihoods

As a key objective the Agriculture (Wales) Bill should secure rural livelihoods through the provision of stability measures as part of the long-term agricultural policy framework.



Enhancing On-Farm Productivity

In a post-Brexit world, against a backdrop of climate change and the need to feed a growing population with diminishing resources, Wales must grasp the opportunity to strengthen its position as a country that produces high quality, climate-friendly food. The industry wants to be able to capitalise on opportunities to grow our sector and our share of produce sold in the UK retail and food service sectors, expanding our reach in export markets, and increasing the proportion of Welsh food procured by our schools, hospitals and the public sector more broadly.

In this context NFU Cymru believes improving on-farm productivity should be a key ambition for future policy. Improving farming's productive efficiency will enable farmers to produce the same quantity of food, or more, with fewer inputs, in smarter

ways. This, in turn, will enable the sector to reduce its greenhouse gas emissions and make a positive contribution to environmental and animal welfare objectives through better resource efficiency.

Improving productivity is multi-faceted and complex and will require measures to invest in human, social and physical capital on Welsh farms. Welsh Government proposals include the provision of advice and support to farm businesses on managing costs and increasing net margins, however, NFU Cymru believes Welsh Government should go further with specific mechanisms and funding included within the Agriculture (Wales) Bill to drive productivity improvements on Welsh farms.

Sustainably growing the farming sector

As a key objective, the Agriculture (Wales) Bill should include an ambition to sustainably grow the farming sector and include measures that fund productivity improvements on Welsh farms including advice, knowledge exchange and investment support for farm infrastructure and the latest innovations and technology.



Sustainable Land Management (SLM) Outcomes and Purposes

Welsh Government's proposal for future support is based on the principle of public funding for the delivery of public or non-market goods. Ten SLM outcomes have been specified for support through the future Sustainable Farming Scheme (SFS). This includes clean air, clean water, mitigating flood and drought risk, enhanced access and engagement, high animal health and welfare, carbon storage, reduced GHG emissions, resource efficiency, resilient ecosystems and the protection of natural landscapes and the historic environment.

These are primarily environmental outcomes delivering against Welsh Government's climate and nature emergencies. However, NFU Cymru believes the Agriculture (Wales) Bill must deliver a broader suite of objectives including safe, high quality affordable

food, rural livelihoods and on-farm productivity enhancements. A more comprehensive list of SLM outcomes is needed and there must be explicit reference and support for rural vitality and food security within the SLM outcomes, aligning with the Institute of European Environmental Policy description of public goods arising from farming. Farming supports the highest proportion of Welsh speakers of any sector so the Welsh language should also be included as a key outcome.

This broader suite of SLM outcomes should translate into the SLM purposes with powers to fund included within the Agriculture (Wales) Bill.

Broader SLM outcomes

In line with the revised definition of sustainable land management, the Agriculture (Wales) Bill should specify a comprehensive suite of SLM outcomes that includes rural vitality, food security, on-farm productivity and the Welsh language.

SFS Scheme Access and Eligibility

NFU Cymru believes support must be targeted at active farmers taking the risks associated with food production. Tenant farmers and farmers with rights to graze common land (which forms part of the eligible area to claim the Basic Payment Scheme currently)

must be able to access the scheme on equal terms and this should be achieved through the development of a suite of sustainable agriculture measures delivered in return for an annual stability and sustainability payment.

Targeting active farmers

The Agriculture (Wales) Bill should provide the framework to ensure funding is targeted at active farmers taking the risks associated with food production.



Funding

NFU Cymru is pleased that Welsh Government recognises the strong case for supporting farmers in future and long-term, multi-annual funding is needed for Welsh farming that reflects the scale of ambition that we have set ourselves in being world leaders in the production of climate and nature friendly food. As a minimum 'not a penny less' from 2024 means we expect £375m of funding to be available annually for the Sustainable Farming Scheme; however, we believe this will be insufficient in the context of current inflationary pressures.

Farming is a business and an income must be derived from the land to sustain livelihoods and invest for the future. NFU Cymru is clear that farmers should be fairly rewarded for the full range of goods and services they provide going beyond the cost incurred, income foregone payment model of current agri-environment approaches.

Equivalent levels of funding

A long-term, multi-annual commitment to funding is needed that ring-fences, as a minimum, equivalent levels of funding for Welsh farming to those received currently also reflecting the scale of ambition reflected in the policy and inflationary pressures.

Transition To New Scheme

Welsh farmers need a stable and well-planned transition from the CAP to a new agriculture policy for Wales. Welsh Government should use its powers to provide stability and certainty to Welsh farming communities which deliver multiple benefits for society. The CAP architecture should not be phased out until there is clear

evidence that replacement schemes can deliver at least the same level of stability for farm businesses, the supply chain and our rural communities. The aim should be to minimise harmful impacts and disruption for individual farm businesses, sectors and regions.

Stability through the transition

Welsh Government should commit to providing a smooth transition to new schemes with at least the same level of stability, as that provided by the CAP, for farm businesses through the Sustainable Farming Scheme and the Agriculture (Wales) Bill.



NFU Cymru is ambitious for the future of Welsh farming and rural Wales. The Welsh Government Agriculture (Wales) Bill should establish the framework to sustainably grow the farming sector securing the delivery of multiple objectives including:

- The production of high quality, affordable food for all in society by enhancing our ability to produce food for the nation
- Improving on-farm productivity to promote the sustainable growth of the Welsh food and drink sector – Wales biggest employer
- Underpinning the financial resilience of our family farms and, in so doing, sustaining our rural communities, language, culture and heritage
- The maintenance and enhancement of our environment while also supporting the delivery of our vision to reach net zero agriculture by 2040.

We would welcome the opportunity to discuss our vision for the future with you in more detail, please contact nfu.cymru@nfu.org.uk





#WeAreWelshFarming

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