

# Sustainable Farming and our Land

## NFU Cymru Consultation Response

### Summary



#### President's foreword

We are farming in unprecedented times, our future remains clouded in uncertainty, will we leave the EU with a deal, No Deal or will there be no Brexit. What will our future trading relationship be with Europe and the Rest of the World?

Despite this, we have been presented with a unique opportunity to shape the future of Welsh farming with a policy that should:-

- Enhance our ability to produce food for the nation, giving us greater security in the supply of safe, high quality, traceable and affordable quality Welsh food that the public trusts.
- Underpin growth in the Welsh food and drink sector – Wales's biggest employer.
- Promote rural jobs and supports cultural and social well-being.
- Increase the financial resilience of our farm businesses, supporting the active food producing family farming business.
- Further enhances our environmental performance and use of natural resources.
- Contribute to the maintenance and enhancement of our treasured landscape.
- Supports our aspiration to reach net zero agriculture by 2040.

At this pivotal time for our sector we recognise the importance of our members being aware of the challenges and opportunities that lie ahead but most importantly the opportunity to collectively shape our destiny. This is why since the EU Referendum NFU Cymru has gone to unprecedented lengths to ensure our membership have been able to firstly shape NFU Cymru policy principles and subsequently have their say on successive Welsh Government consultation proposals. The level of engagement and input from farming and rural businesses in developing our position is unparalleled.

We are pleased that Welsh Government now proposes to design future support around the principle of sustainability recognising the wide-ranging economic, environmental and social contribution of farmers to the well-being of Wales. Future policy must provide equal recognition of these three pillars of sustainability.

Our vision for a new Welsh agricultural policy proposes a single integrated flexible framework based around three cornerstones – productivity, the environment and stability. The current proposals recognise the importance of productivity through business support measures; the sustainable farming payment rewards farmers for the delivery of environmental outcomes but proposals fail to recognise the importance of stability measures to underpin high quality food production in Wales.

As farmers we all take great care in looking after our land and livestock but sometimes overlook the importance of looking after our own well-being. At a time of significant change for the industry we need to look out for each other, tackling the stigma around talking about mental health and raise awareness of the wonderful charities and networks that we are fortunate to have in Wales to support individuals and families through difficult times.

I remain optimistic that by working in genuine partnership we can build a policy that will realise our ambition for growth and mark Wales out as country producing food of the highest quality, underpinned by a strong and improving natural asset base, all whilst aspiring to produce the most climate friendly food in the world. By working together we can realise our vision for a productive, progressive and profitable Welsh agricultural industry that delivers jobs, growth and investment for Wales.

**John Davies, NFU Cymru President**

## Key principles for reform

Over three years ago NFU Cymru launched the biggest internal consultation in our history. During this period we formulated a set of key principles that should form the foundations of a new domestic agricultural policy that will deliver for a productive, profitable and progressive agricultural industry in Wales. It is against these key principles that we judge the Welsh Governments proposals for future agricultural support measures:

- A policy that underpins and secures the continued supply of safe, quality, traceable, affordable food for our nation, in the context of future global challenges, must be at the heart of any 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's vision for future policy

NFU Cymru's vision for a new Welsh Agricultural Policy proposes a single integrated flexible framework based around three cornerstones – productivity, environment and stability. All three of these cornerstones are fundamental to the long term policy framework for agriculture in Wales. We believe that our policy based on these three cornerstones combine to give a truly integrated and sustainable agriculture programme that will continue to deliver and enhance our contribution to the well-being goals established in the Future Generations Act and the sustainable management of natural resources enshrined in the Environment Act. This framework has been reaffirmed by our members as part of our comprehensive member engagement programme during the course of this consultation exercise. The key themes are further explained within our [Vision Documents](#).

### Three cornerstones: productivity, environment and stability

**Productivity-** Farm businesses must be encouraged to participate in a programme of targeted and integrated knowledge exchange, advice and investment across a range of specific themes to drive forward measurable improvements in economic and environmental performance.

**Environment-** A farmed environment scheme that is open and accessible to every farmer that wishes to undertake activities that goes beyond the regulatory baseline. Every farmer in Wales already contributes and has the potential to further contribute to practical environmental farm management that includes the protection and enhancement of existing features on their farm.

**Stability-** A baseline support payment open and accessible to all active farmers that underpins agriculture and food production and the standards required to build trust and integrity in our sustainable production systems.



The standards and conditions attached to this support can underpin the development of “Brand Wales”, a concept to help market and promote Wales to the world on the basis of high quality food production underpinned by a strong natural asset base. The conditions attached to receiving this support could cover a range of environmental, climate change and animal health and welfare measures. NFU Cymru believes that future policy must also reflect stronger ambitions for the Welsh food and drink sector. Measures are needed to support Welsh agriculture to deal with crisis and exceptional and emergency events should form a critical component of future agricultural policy.

## Welsh Government proposals

On 9<sup>th</sup> July 2019 Welsh Government published their Sustainable Farming and our Land consultation which put forward revised proposals for how they intend to support farmers post Brexit. This consultation follows their initial proposals contained within last year's Brexit and our Land consultation. Proposals within the consultation include:

- Welsh Government propose to follow the principle of **Sustainable land management**
- A new single Sustainable Farming Scheme to support farmers made up of two elements – the **Sustainable Farming Payment** and **Business Support**.
- Entry to the new scheme would be via a **Farm Sustainability Review** carried out by the farmer and an adviser.
- The product of the review would be a **Farm Sustainability Plan**, providing the gateway to the two types of support.
- The Sustainable Farming Payment would replace BPS and Glastir and provide an annual income to farmers in the scheme.
- You would receive the **Sustainable Farming Payment** for the delivery of outcomes which are not rewarded by the market; these will principally be **environmental outcomes**.
- **Business Support** will focus on advice, capital investment and skills development.
- A multi-year **transition** period from current schemes to the new scheme is proposed - when this period starts and ends is yet to be decided due to the Brexit uncertainty.
- Welsh Government state that they are strongly committed to maintaining support to farmers.
- Given the scale of uncertainty, Welsh Government cannot say how they will distribute support between the two elements or provide detail on payments or contract lengths.

## Sustainable Land Management

NFU Cymru supports the principle that future policy should be designed around the principle of sustainability recognising the wide-ranging economic, environmental social and cultural contribution of farmers to the well-being of Wales. Overall, NFU Cymru remains highly concerned that the proposals remain focussed on developing an environmental based policy. We are clear environmental obligations have to be balanced with economic, social and cultural objectives or farm businesses will be threatened and our rural communities will be poorer.

NFU Cymru remains clear that stability support to underpin and secure the continued supply of safe, high quality, traceable and affordable food for our nation must remain at the heart of future agriculture policy. NFU Cymru believes that the definition of sustainable land management provided by the World bank which recognises the supply of food and the reduction of rural poverty by sustaining farm incomes as important outcomes alongside the delivery of environmental benefits is a more appropriate basis from which to develop future policy frameworks.

## Sustainable Farming Scheme

NFU Cymru is clear that the policy proposals do not address the need to secure the continued supply of safe, high quality food and the proposals remain largely an environmental policy.

On the basis of the information provided within the consultation we are unable to comment definitively on the extent to which the Sustainable Farming Payment will deliver a meaningful and stable income stream to farmers. There is a lack of clarity within the consultation as to how and when payment rates for actions will be determined.

NFU Cymru supports Welsh Government in seeking to make the future support scheme accessible to all types of farm. NFU Cymru is fundamentally opposed to a postcode lottery of support emerging as a result of policy proposals, we also reject wholeheartedly that future policy should be used as a mechanism to drive widespread land use change. Welsh farming's critical mass and agricultural productive capacity must be maintained through future policy to avoid economic, social and cultural consequences for the Welsh economy and our rural communities.

The Sustainable Farming Scheme application process is a cause of concern for our members. NFU Cymru fundamentally disagrees with the assertion of Welsh Government that entry to the scheme must begin with an assessment of farm sustainability and a four stage adviser-led process. This

process will add cost and complexity, divert funding from action on the ground and would introduce significant operational challenge and time to scheme implementation.

NFU Cymru is clear that many of the outcomes that Welsh Government is seeking to procure will be common to the vast majority of farms in Wales and there should be no requirement for individual bespoke contracts for their delivery. Our members have fundamental concerns that this contract would contain mandatory actions as determined by the adviser allocated to the farm. We would highlight that this gives significant powers to the adviser and the risks of the adviser introducing bias cannot be ruled out.

NFU Cymru believes that the existing RPW online application process would appear the most logical basis for future scheme design with investment in advice through the Farm Liaison Service.

### **The tenanted sector and scheme eligibility**

NFU Cymru has long expressed concern for the tenanted sector and farm businesses who do not own the land that they farm in the development of new policy. Given the importance of the tenanted sector to farming in Wales, Welsh Government cannot move forward with the implementation of new policy to replace the CAP until the impacts on the tenanted sector are properly understood and until it can guarantee full and equal access to future support to farmers who do not own the land that they farm. Key to this will be ensuring support is targeted at the active farmer.

### **Advisory service**

NFU Cymru is concerned that Welsh Government is proposing an adviser-led approach to scheme implementation. This is an un-costed proposal and we anticipate that such an approach will be extremely costly, reducing the funding available for the delivery of economic, environmental, social and cultural outcomes on farm. Recruitment of advisers with the wide ranging skill set that are fully independent and unbiased will prove impossible to implement at the rate and scale proposed. NFU Cymru rejects the assertion from Welsh Government that an advisory service should be viewed as an investment in the capacity of farmers, we ask Welsh Government to provide the evidence of this.

Welsh Government appears to significantly exaggerate the contribution that business support can play in securing farm viability in the absence of direct support. We reject the assertion that a fuller service can mitigate the economic challenges of Brexit by helping farmers to become more competitive and resilient. It is our firm view that, on their own, productivity measures will be insufficient to mitigate for the phasing out of BPS particularly when direct support will continue to be a characteristic of agriculture policy elsewhere.

NFU Cymru is, however, strongly supportive of measures that improve farm productivity and profitability.

### **Industry and supply chain**

NFU Cymru welcomes Welsh Government proposals that the majority of financial support should be directed at farmers. NFU Cymru supports the development of the Sustainability Brand Values concept- which seeks to embed sustainability as Wales' unique selling point and showcase and build market awareness of the very standards to which Welsh farmers operate. We believe that the delivery of these standards could be a condition of receiving a stability payment.

NFU Cymru does not support the development of separate support mechanisms and expenditure of the agriculture budget for promotional campaigns, greater market alignment and promoting joined up support on knowledge transfer and innovation. Investment in these measures are likely to overlap and duplicate measures proposed in the Business Support Scheme as well as pre-existing efforts of others operating in this sphere including the levy bodies.

Welsh Government can do more to positively influence fairer, more transparent supply chains and take a leading role in encouraging the public sector to buy Welsh produce.



## Regulatory framework

NFU Cymru is extremely concerned that, separate to this consultation, Welsh Government is progressing regulation and legislative reform proposals which have the potential to impact severely on the operation of the future Sustainable Farming Scheme, such as whole territory NVZ's. Interconnectedness between the regulatory baseline and payments over and above regulation through the Sustainable Farming Scheme means that both matters have to be considered together and they cannot be taken forward separately. If Welsh Government is serious about establishing a new regulatory framework then the first task it must undertake is a full scale review and analysis of the currently regulatory framework that farmers operate within.

It must be recognised that Cross Compliance is a European Commission regulatory requirement that farmers have to meet in order to receive BPS. If we are to leave the EU then Good Agricultural and Environmental Condition (GAEC) standards need to be reviewed and considered as part of the wide ranging review of the current regulatory framework. We reject the idea that cross compliance should just be subsumed into the regulatory baseline. This would be another example of Welsh Government raising the regulatory baseline, adding costs and impacting on the competitiveness of Welsh farming.

## Transition and funding

The consultation takes place in a period of profound uncertainty with the result that Welsh Government, through consultation, has been unable to provide any clarity on many key aspects including transition and overall funding for agriculture. Whilst NFU Cymru recognises that many of the factors behind this level of uncertainty are beyond the control of Welsh Government, we are clear that providing a level of stability and certainty to the food and farming industry through continuity of domestic agricultural policy is firmly within the control of Welsh Government. The design and implementation of a new bespoke policy for Wales must occur through a process of evolution rather than revolution building on the established RPW online application and delivery mechanism.

Concerns with RDP implementation must be addressed by government and a full independent review of the RDP must be undertaken before moving forward with the development of new schemes given that proposals closely mirror the RDP approach. RDP funds must be spent in full with no further changes to the domestic co-financing rate and reductions to the overall value of the programme.

The transition from the current CAP architecture must not occur until there is clear evidence – through impact assessment, modelling and piloting - that replacement scheme(s) can deliver at least the same level of stability for farming businesses, the food supply chain and rural communities. Ensuring Welsh farming remains competitive with other countries across the UK, the EU and globally must be a key principle underpinning reforms.

In the context of uncertainty we repeat the request to operate the Basic Payment Scheme unchanged in 2021 to provide comfort and reassurance to the industry at this difficult time.

It is essential that equivalent or greater resources to those Wales would have received from the CAP are provided from the UK Government and Welsh Government must also continue to provide the match funding obligation (domestic co-financing) imposed on Welsh Government when Pillar 2 funds are drawn down. NFU Cymru remains opposed to the concept of diverting money away from direct payments via pillar transfer. We welcome commitments made by the First Minister to NFU Cymru to ring fence funding for Welsh farming.

## Conclusion

At this time of uncertainty Welsh Government need to be careful, considered and measured with regards to next steps. We remain committed to working with Government and anyone else who shares our ambition for how future policy can deliver on our ambition for sustainable growth of the food and farming industry. For the time being however, it is important that Welsh Government commit to stability and certainty through a continuation of current policy until such time as we have a clearer picture on our future relationship with the EU, our nearest and largest trading partner.

**This document is a summary of NFU Cymru's comprehensive response to the Welsh Government's Sustainable Farming and our Land consultation. The full response is available on the [NFU Cymru website](#).**