

# NFU Cymru -

## A vision for improved water quality in Wales



### Introduction

NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. Our vision is for a productive, profitable and progressive Welsh agricultural industry that delivers jobs, growth and investment for Wales through a growing and dynamic multi-billion pound Welsh food and drink industry; also underpinning the delivery of a broader suite of landscape and environmental goods and services for society.

Farming is a sector of critical importance to Wales, its contribution to the economic, environmental, cultural and social well-being of Wales is unparalleled. Welsh farming delivers the continued supply of safe, affordable, high quality food and provides the raw materials for a Welsh food industry that employs nearly a quarter of a million people and is worth over £6 billion to the economy of Wales – Wales' biggest employer. Welsh farming provides direct and indirect employment in rural areas, drives economic growth in rural communities and underpins other strategically important sectors to Wales such as tourism. Farmers also have a key role in maintaining and enhancing our natural environment and landscape, managing as they do, 80% of the land area of Wales.

This paper considers the role of Welsh agriculture in maintaining and enhancing water quality in Wales and identifies the immediate opportunities to tackle agricultural pollution issues. It is the culmination of extensive consultation with our members, including facilitated workshops with the NFU Cymru Milk, Livestock, Rural Affairs and Combinable Crops Boards. Throughout the consultation process, the willingness of farmers to play their part and take positive steps to enhance the quality of the environment and address water quality issues has been unequivocal. NFU Cymru is clear that one pollution incident is one incident too many.

### Water quality in Wales

All human activity has the potential to impact on our environment and this includes agriculture. Water is a key resource that underpins the viability and profitability of farming and analysis of the Water Framework Directive (WFD) investigations programme for 2015 shows that agricultural practices are contributing to the failure of 110 of the 953 water

bodies in Wales. In addition, each year, there are in the region of 100-150 Category 1/2/3 pollution incidents from agriculture – 20-25 are classified as category 1 and 2 – the more serious type.

This evidence shows that diffuse and point source pollution from agriculture must be addressed parallel to efforts from other sectors. Other reasons for Water Framework Directive failures include abandoned mines and contaminated land; sewage discharges, acidification and forestry; urban and transport development as well as industrial discharges.

It is also important to recognise the significant efforts of farmers across Wales to reduce point source and diffuse pollution that have contributed to improved water quality in recent decades. The quantity of nitrogen based fertilisers has reduced by 45% between 1990 and 2013 as use has become more targeted to the needs of the growing crop; pesticide use is now highly targeted with 50% less active ingredient applied since 1990; farmers in Wales have also sought to enhance water quality through their participation in successive iterations of agri-environment schemes in Wales.

However, we acknowledge, there is more that can be done. This requires addressing the dual issues of point source and diffuse pollution at a practical level on-farm through a focus on:

- Provision of slurry and silage stores which are fit for purpose
- Effective nutrient management with applications targeted to meet crop needs and applied under appropriate conditions
- Good soil husbandry to reduce sediment run-off
- Responsible utilisation of pesticides

As NFU Cymru, we recognise our role in creating the right conditions and ensuring that the framework, mechanisms and support are appropriate to assist farmers to take pro-active steps. Our ongoing commitment to the work of the NRW Wales Land Management Forum Agri-Pollution Sub-Group is seen as central to this.

NFU Cymru supports appropriate interventions where poor practices are responsible and has long-established principles for the development of approaches that are:

- Voluntary versus regulatory
- Evidence-based
- Provide local solutions to local problems
- Developed by working in partnership with industry

We are keen to see greater alignment of the full range of mechanisms and tools available currently. Successes as well as the opportunities available should be widely promoted to encourage engagement and uptake of positive actions.

In our view the principles described above resonate strongly with Wales' new legislative framework and the ways of working enshrined in the Environment (Wales) Act 2016 including adaptive management, evidence-based decision making, working at the appropriate spatial scale for action together with collaboration and engagement. We are clear all will be important if we are to deliver the sustainable management of natural resources and secure the best outcomes for water quality. Such improvements must also be delivered through the lens of the Well-Being of Future Generations Act which seeks to improve the economic, environmental, social and cultural well-being of Wales.

The need to care for and enhance the quality of our environment and use our natural resources sustainably must also be set in the context of the future challenges to our global food production system. These are now well documented and include a growing world population, increasing demand for meat and dairy products, greater competition for land, water and energy and the increasing impact of climate change. These are significant factors which combine to significantly threaten our global food production systems. Globally, the importance of maintaining sustainable agricultural production has been brought into increasing focus. As a 'globally responsible' Wales, the Welsh farming sector has a key contribution to make, in summary we will need to produce more, whilst impacting less. Farmers are ready to embrace this challenge.

### **Delivering water quality improvements**

NFU Cymru identifies there are a spectrum of approaches available to deliver improvements to water quality from the farming sector. This should start with providing advice and guidance together with appropriate incentive mechanisms including grants, recognising the significant investment costs, to facilitate positive action at farm level. There is also participation in assurance schemes and earned recognition as well as novel approaches including trading, off-setting or payment for ecosystem services mechanisms which look beyond formal regulation to deliver the desired outcomes. NFU Cymru believes the best outcomes will be delivered by adopting a range of approaches alongside a backstop of regulation. We are clear regulation should be seen as the last resort.

Here we examine the spectrum of approaches in more detail in the context of improving water quality, we are pleased to provide key recommendations to Government and Regulator on what can be done now utilising current mechanisms including the Rural Development Programme. It is important to acknowledge that in the context of Brexit, many of these mechanisms are now time limited:

- **Advice & Guidance**

NFU Cymru would highlight that farm businesses in Wales – which tend to be SME micro businesses – find themselves operating in a highly complex regulatory environment of which

water quality is just one of a number of important priorities. The Working Smarter Review led by Gareth Williams in 2011 identified that approximately 3000 pages of information about legislative requirements and support schemes from farming regulators could potentially arrive on a farm in any one year.

The Regulators Code identifies that regulators should ensure clear information, guidance and advice is available to help those they regulate to meet their responsibilities to comply. Legal requirements should be distinguished from suggested good practice.

In addition, the Environment (Wales) Act 2016 now establishes the framework and ways of working for Wales' resources to be managed in a more pro-active, sustainable and joined up way. Given that farmers manage 80% of the land area of Wales, they are likely to be important delivery partners moving forward. Key to this will be achieving high levels of engagement, partnership working together with the provision of high quality advice and guidance on both regulatory obligations and best practice together with a focus on the development of an appreciation of risk.

We identify a number of mechanisms exist to facilitate information provision currently. This includes Natural Resources Wales as regulator as well as the RDP funded Farming Connect and other projects. We, of course, have our own well established mechanisms for supporting our members ranging from one-to-one guidance via NFU CallFirst, the County Adviser/Group Secretary network through to our Farming Wales and member e-bulletins.

We understand that Farming Connect has a budget allocation of £45m over the programme period to increase the emphasis on business focussed behaviour and therefore improve the profitability, competitiveness and environmental performance of farm, forestry and food businesses through knowledge transfer, innovation and advice.

This programme, first established in 2001, must now move on from its current approach of 'awareness raising' of generic issues relating to water quality and soil management, to providing advice to support farmers to take action in targeted areas in conjunction with the other measures available. This requires the concerted effort and co-ordination of all parties including Natural Resources Wales, Welsh Government and contractors. We are pleased that a key output of the NRW Agri-Pollution Sub-Group has been the development of the Farming Connect Concept Paper which, if implemented, will see water quality issues and soil management increasingly prioritised in Farming Connect delivery and targeted to catchments where action is required. In addition, Farming Connect through its delivery should actively promote best practice across Wales and actively facilitate widespread uptake of the latest technologies/approaches such as GPS soil mapping, full soil analysis, mainstreaming of slurry and manure analysis. NFU Cymru is committed to supporting the roll-out of this programme of work by promoting and encouraging our members to become

involved. We would also be pleased to convene meetings in targeted catchments to aid the development of farmer-led solutions which are likely to facilitate greater buy-in.

Farming Connect must also develop a specific strategy to engage 'hard to reach' farmers in key areas where catchments are failing WFD objectives.

With respect to NRW as regulator, we identify, the key challenge remains how to effectively engage with the 18,000 or so SME farm businesses across Wales. We are concerned that the amalgamation of three organisations and subsequent restructuring has led to the loss of a number of key personnel. Others with suitable expertise and experience, whilst still employed within NRW, appear to be consigned to different roles and are less accessible to farmers who would have, in the past, approached them for advice on regulation and best practice. The NRW website requires significant improvement if it provide the necessary clarity on regulatory compliance to farm businesses. There is also a need to recognise that many farm businesses remain digitally excluded and a specific communications/engagement plan is required for this group.

We further identify that there are a range of other projects funded via RDP or other sources that seek to work with farmers to improve water quality. Farmers in Wales have a good track record of engaging with such approaches, however, project based approaches can add complexity with farmers uncertain as to where they should go for advice and guidance, and on occasions with differing projects competing for farmers attention. The 'stop-start' project approach can also run counter to the long-term thinking required to deliver meaningful outcomes, not least because experience shows that farmers develop long lasting trusted relationships with their key advisers. In addition, NFU Cymru is also keen to ensure that where public funds are deployed, that advisers are suitably qualified and that adequate quality assurance mechanisms are in place.

***Recommendations:***

- 1. Measurable improvement in water quality should be prioritised within Farming Connect delivery in line with the Farming Connect concept paper developed by the NRW WLMF Agri-Pollution Group. Farmer representation should be secured on the Farming Connect Strategic Advisory Board to ensure that this work stream is prioritised and is relevant to industry needs.***
- 2. Farming Connect should actively promote and support uptake of the latest technologies and innovations, for example, the Advisory Service should fund GPS soil mapping and FULL soil analysis***
- 3. The Farming Connect Skills Development Programme should offer equivalent levels of funding (80%) for machinery and equipment use as these courses have the greatest potential to deliver water quality improvements, for example, pesticides training***

4. *The Farming Connect Skills Development Programme should develop 'environmental management' courses for intensive farming systems and this training should be funded at 80%. An enhanced soil management training course would also be highly beneficial and NFU Cymru would be pleased to take forward a workshop of farming experts to identify the key components for both training modules as a basis for their development.*
5. *The Farming Connect Skills Development Programme should fund agricultural contractor training and an accredited course should be developed on the environmental risks associated with slurry spreading*
6. *There should be enhanced strategic oversight of projects funded via the RDP by, for example, the NRW Agri-Pollution Sub-Group. A quality assurance mechanism should be developed to ensure projects aimed at working with farmers on the issue of water quality are appropriate and employ suitably qualified individuals*
7. *Natural Resources Wales should appoint a pan-Wales Farm Liaison Team, along similar lines to that established within Welsh Government, to ensure there is a network of staff on the ground with appropriate skills to provide advice and guidance to the sector on regulation and good practice.*
8. *Welsh Government and Natural Resources Wales should urgently consider information provision to farmers to ensure there is clarity on regulatory obligations. Environmental Regulation Fact Sheets should be developed along the same principles of the Cross Compliance Fact Sheets and guidance on best practice should also be provided as well as information on next steps i.e where farmers can access advice and support.*

- **Investment support**

In addition to raising awareness and providing farmers with the skills and knowledge to take steps to improve water quality, NFU Cymru is clear that investment support and incentives are integral to making progress.

Our members identify that a good, well-resourced and realistic grant scheme that supports investment in slurry/manure storage infrastructure is central to addressing agricultural pollution – *'good nutrient management starts with having adequate storage'*.

The RDP funded Sustainable Production Grant Scheme offers opportunities for measureable improvements in water quality through supporting investment in farm infrastructure with 40% funding for a range of capital investments including slurry/manure/silage storage, covering of yards as well as clean/dirty water separation.

The environmental benefits of such investments are clear and since they leave a legacy beyond the lifespan of the current programme, farmer participation should be actively

encouraged recognising the high costs of such investments without support together with the fact that dairy farmers are still recovering from a sustained period of very depressed market prices for milk.

We highlight that the lack of windows for this scheme together with the very low numbers of farmers that have successfully accessed funding is a source of significant disappointment to our members. The few farmers – less than one hundred - that have been successful in previous windows have been frustrated by the application process which is disproportionate in terms of time, complexity and costs. This requires urgent review.

NFU Cymru has welcomed the introduction of the Farm Business Grants which provides 40% funding for investment in the latest technologies and equipment including precision farming equipment and the application of nutrients and pesticides. Through the NRW Agri-Pollution Sub-Group the list of eligible items has been considered with the view to increasing the number of eligible items to deliver water quality improvements. It is imperative that Welsh Government adopt a pro-active approach to adopting a wider range of water quality improvement items in future windows and the scheme should be actively promoted in catchments where issues have been identified.

Specifically on water quality, the Glastir Small Grants Scheme Water theme prioritises measures such as clean/dirty water separation and reducing farmyard run-off. There are limitations to the options available so this would merit prompt review and modification as well as targeted communications and marketing campaign to promote uptake from dairy and other intensive farming sectors who don't traditionally engage with agri-environment schemes.

**Recommendations:**

- 9. Welsh Government to recognise the importance of RDP investment measures by prioritising budget allocations to the SPG and FBG schemes**
- 10. Welsh Government to open a window for the Sustainable Production Grant without delay. This window must receive a much greater financial allocation, the number of farmers that have been successful across three EOI windows so far is wholly inadequate in the context of water quality and supporting investment in slurry/manure storage**
- 11. Welsh Government to review the SPG application process with a view to reducing costs and complexity**
- 12. Welsh Government to explore options to amend the list of eligible items for the Farm Business Grant to facilitate greater investment in water quality measures; the £1m turnover restriction should be removed and collaborative applications from groups of farmers should be allowed.**

**13. Welsh Government to publish the dates of all future scheme windows to allow for forward business planning**

**14. RDP scheme windows to be co-ordinated and actively promoted by Farming Connect (in line with recommendation 1) to be targeted in failing catchments to promote uptake.**

- **Innovation**

NFU Cymru identify there are clear opportunities to explore innovative approaches to improving water quality in Wales, indeed, such approaches are actively promoted via the Environmental (Wales) Act 2016. Our experience, to date, suggests that Natural Resources Wales remain relatively risk adverse when it comes to the deployment of their experimental powers and powers to suspend regulation to explore the potential of innovative approaches.

NFU Cymru has identified a number of opportunities including, for example:

- exploring options to develop an alternative approach to NVZ designation that will deliver better outcomes for the environment, such as the Pembrokeshire farmer-led Blue Flag concept
- trialling the use of constructed wetlands as a means to manage lightly soiled yard run-off
- the use of data 'real-time' to develop a risk-based messaging system for applying slurries and manures in appropriate conditions
- the potential of farm assurance standards to deliver reduced inspections through 'earned recognition' and also a meaningful advantage in the market place

NFU Cymru is also supportive of the development of markets which seek to recognise and value the full range of goods and services, such as clean water, provided by farmers alongside their core food production role. Whilst payment for ecosystem services (PES) approaches have been increasingly emphasised in recent years, the evidence thus far suggests that connecting beneficiaries and providers is far from straightforward. We believe that a concerted effort is required now if PES is to become a reality and we are clear that where there are changes to current land management practices beyond regulation, these measures will have to be fully costed and appropriately funded in line with the 'Beneficiary Pays' principle.

### **Recommendations**

**15. Welsh Government and key partners to actively explore options to develop an alternative approach to the NVZ Action Programme that will deliver better environmental outcomes. The 'Blue Flag' concept developed by farmers provides**



***an alternative blueprint to reduce nitrates and NFU Cymru restate our commitment to providing the expertise and resources to take forward its development.***

***16. NRW Agri-pollution Sub-Group to explore and actively champion innovative approaches and break down barriers to exploring their potential***

- **Regulation**

There are a number of EU Directives to address water quality and wider environment in Wales including the Water Framework Directive, Nitrates Directive, Bathing Waters Directive, Groundwater Directive, Habitats and Birds Directive. Farmers in Wales are also regulated through SSAFO, EPR (Intensive Farming) and CAP support is underpinned by Cross Compliance and subject to penalties if the conditions set out in GAEC are not met.

Our members also identify a range of regulatory barriers which hinder progress in the area of water quality. The planning system across Wales, for example, is highly variable and does not enable farmers to develop the on-farm infrastructure needed to improve the environmental performance of their businesses.

Farmers in Wales are also currently awaiting the outcome of three very significant consultations which could result in significant impacts to farm viability. In 2016 Welsh Government undertook a review of designated areas and action programme to tackle nitrate pollution in Wales which sought views on the designation of further discrete NVZ areas or Whole Territory designation.

The NVZ Action Programme adds costs and reduces farmers' ability to make good management decisions relating to resource management based on their knowledge of their own farm, prevailing weather and ground conditions for little environmental benefit. NFU Cymru would highlight the clear opportunities and willingness to explore an alternative sustainable management of natural resources approach (as per recommendation 15). Building on the First Milk off-set scheme which forms part of their operating permit approved by the regulator, the farmer-led 'Blue Flag' concept will deliver measureable reductions in nitrates based on the ADAS FarmScoper model. NFU Cymru has committed to providing the expertise and resources required to support the development of such a sustainable management of natural resources approach.

In 2015, Welsh Government consulted on the slurry and silage elements of the SSAFO Regulations. The Oil Storage Regulations were subject to separate consultation and the subsequent regulations introduced in 2016 have been poorly communicated to the sector. With respect to slurry and silage storage we believe the same principles should be applied to farming as to the water sector i.e. replacement decisions should be driven by the performance rather than the age of the asset.

More recently, the Welsh Government 'Taking Forward Wales' Sustainable Management of Natural Resources' consultation sought views on the introduction of Basic Measures to provide direct conditions or minimum standards for undertaking specified, low-risk activities.

Overall there is a need to recognise that regulation adds cost and complexity and hinders business confidence and economic growth. We also highlight that it is clear from the evidence that a focus which imposes costly regulation on one sector will not, on its own, deliver good chemical or ecological status in line with WFD.

In the context of our transition out of the EU which has resulted in uncertainty for farmers in terms of the future of CAP, future trading arrangements and also in the area of environmental regulation, NFU Cymru does not support the introduction of additional regulation at this time. It is also imperative that farmers in Wales are not placed at a competitive disadvantage to their counterparts in the UK and EU.

Instead, the Environment (Wales) Act 2016 presents the opportunity and the flexibility to move forward and make progress on water quality issues on a different basis. The aim should be to co-develop an 'enabling framework' to assist farmers to make informed choices so they can contribute to improved water quality in Wales through their actions. Regulation should be the backstop.

### **Recommendations**

- 17. In the context of EU transition, no additional regulation should be introduced at this time.***
- 18. Improved guidance should be developed for Local Planning Authorities to provide a more 'enabling development framework' to facilitate the development on on-farm infrastructure that enhances environmental performance.***
- 19. Future regulatory requirements should be evidenced-based (i.e. consider how effective and what gaps exist in the framework and complimentary actions currently) and considered alongside the development of the future Domestic Agricultural Policy***

- **Governance**

NFU Cymru has been pleased to contribute time and resource to the NRW Agri-Pollution Sub-Group with the aim of working collectively to co-produce a framework by which farmers can be supported to take positive action to improve water quality through reducing pollution incidents and minimising diffuse pollution.

We identify this group is making progress and identifying a number of key work areas and recommendations. It is vital that both Welsh Government and NRW work to enact the group's recommendations in order that measurable outcomes can be achieved.

### **Recommendations**

***20. Given the significance of the Wales Rural Development Programme we recommend that the RDP Managing Authority be represented on the NRW Agri-Pollution Sub-Group. Appropriate representation from Welsh Government Planning Division should also be invited to attend the NRW Agri-Pollution Sub-Group to address planning barriers***

### **Conclusion**

To conclude, NFU Cymru recognises the key role that farmers have to play in contributing the enhanced water quality in line with WFD objectives in the years ahead. We are also clear that one agricultural pollution incident is one incident too many. This paper has considered the issue of water quality from an agricultural perspective and makes 20 key recommendations on measures to deliver improvements. These are immediate steps and we are clear that the cumulative impact of the implementation of all measures offer the greatest opportunity to make progress at this time.

We also recognise the need for a longer term-approach to be developed and we would welcome the opportunity to work in partnership with Welsh Government, Natural Resources Wales and other partners on the development and implementation of further measures to support improvements in water quality in Wales over the longer term.

For further information please contact Rachel Lewis-Davies, NFU Cymru's Environment & Land Use Adviser via email: [Rachel.lewis-davies@nfu.org.uk](mailto:Rachel.lewis-davies@nfu.org.uk) or telephone: 01982 554200.