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Dear Member of Parliament

### **Autumn Statement 2024**

The new Government is set to deliver its first budget later this month at what is a critical time for Welsh agriculture. NFU Cymru's long-held view is that a strong primary production base is of huge strategic and economic importance, something which is borne out by the fact that in Wales alone the food and drink sector has now grown to reach a turnover of £9.3 billion, whilst employing 228,500 people (the equivalent to 17% of Wales' total workforce).

Despite this positive story of growth and the fact that Wales is home to some of the most productive and forward-thinking farmers in the world, there are several factors which continue to adversely impact on the sector's confidence. These include weather events, high input costs, marketplace volatility, animal disease together with policy and regulatory issues.

Ahead of the Autumn Statement later this month, and on behalf of the many thousands of family farms represented in NFU Cymru's membership, I therefore just wanted to take the opportunity to write to you and bring to your attention a couple of issues which are increasingly being raised with me, by our members.

Firstly, there is the issue of Treasury funding to support agriculture. In order to give farmers confidence in their businesses in the short to medium term, the number one priority has to be the setting of an adequate multi-annual agricultural budget for the duration of this parliament.

The level at which agricultural support was set in the last Parliament derived from an EU budget, which was set at the end of 2013, ahead of the 2014-2020 Common Agricultural Policy period. This 2013 budgetary baseline is therefore very much in 'the rear-view mirror' with its real terms value having been steadily eroded by inflation, particularly over the last two and a half years, which have of course seen very high rates of agricultural inflation.

That is why as part of the wider family of UK farming unions NFU Cymru is calling for an uplifted UK annual agricultural support budget of £5.6 billion, ring-fenced for agriculture, for the life of this parliament. This level of support should translate on a pro-rata basis to just over £500m for Wales' farmers, reflecting the scale of the ambition NFU Cymru and Welsh Government have for the sector, whilst giving farmers the confidence they need to invest for the future and to safeguard our food security and farmed environment.

Supporting Wales' farmers to produce food is something that the vast majority of the public also support. At the end of last year, a poll of over 1,000 adults in Wales, conducted by YouGov found that 82% support the Welsh Government providing financial support to farmers to produce food. When taking into account Welsh Government's priorities, 72% said that supporting Welsh farmers was a good use of public spending.

The survey's findings showed that this support for public spending on farming was high across the electorate and regions of Wales. Public backing remains very high in the Cardiff and South-Central region, a predominantly urban area with a large population, where support for food production (86%) and funding for farming being seen as a good use of public spending (76%) were higher than the all-Wales figures.

If we consider that the £238m invested last year by the Welsh Government in Welsh farming through direct payments (BPS support) underpins an agricultural output of £2.1bn, then there is a return on investment of nearly £9 for every £1 of public money spent.

The second issue I wanted to bring to your attention relates to concerns that many of our members have about any prospect of unfavourable changes to Agricultural Property Relief (APR). APR is essential in maintaining the confidence of family farms, helping to ensure that tenanted farms are still available and keeping small family businesses which are the bedrock of Welsh agriculture, viable.

The return on capital employed for farming, after taking into account a wage for the farmer, averages less than 1%. This level of return would be insufficient to pay an inheritance tax charge even if the entire return over the period of ownership was used and furthermore it would remove any ability to invest in the business for the future. Therefore, we welcomed very much Defra Secretary of State Steve Reed's assurance that the Labour Party has no plans to change inheritance tax including Agricultural Property Relief, and we very much hope that that remains the policy of the UK Government.

Removing of APR would also have the effect of driving significant restructuring in the industry leading to a contraction in the amount of land available for the tenanted sector and those farmers who wish to rent in additional land. With around 30% of agricultural land in Wales rented and farm business tenancies being a key route of entry for so many young people taking their first steps into the agricultural industry, any unfavourable changes to APR would not only seriously impact those farms that rent all

or part of their land but would also stand to disproportionately impact young and new entrants to the industry.

I am most grateful for the representations I know many of you have made to those in government on these two important issues, and I would urge you to continue to raise these matters with those who are now poised to make some decisions which are of utmost importance to the sector.

Wales' farmers are ambitious for the future, and with the right policy environment I know that they can deliver on a range of shared ambitions including that of economic growth, as well as the delivery of affordable, climate friendly, high welfare food production to consumers.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Aled Jones'.

Aled Jones  
President/Llywydd  
NFU Cymru