

# Welsh Government Consultation

## **Brexit and Our Land:** Securing the future of Welsh farming

### NFU Cymru Consultation Response Summary

The Welsh Government 'Brexit and Our Land' consultation sets out proposals for a new land management programme centred around two large flexible schemes, namely the Economic Resilience scheme and the Public Goods scheme which will replace the Basic Payment Scheme which is to be phased out by 2025



*#WeAreWelshFarming*

# PRESIDENT'S FOREWORD



**John Davies**  
NFU Cymru President

This consultation is without doubt the most important consultation for the Welsh farming industry since the establishment of the National Assembly for Wales in 1999. For the first time in our nation's history there is the opportunity to design, develop and implement a policy made in Wales for Welsh farming. This is our opportunity to put in place the building blocks to realise our ambition for the further growth and development of our food and farming industry.

We are proud that the Welsh public associate Welsh farmers, first and foremost, with providing safe, high quality and traceable food and I want to ensure that consumers in Wales, the UK and further afield can continue to enjoy and choose the top quality food that we produce here in Wales.

NFU Cymru has undertaken an unprecedented level of engagement with our membership, going to great lengths to ensure that every member has had the opportunity to actively participate and to feed in their views to help inform our consultation response. During the course of our consultation exercise some key themes have emerged time and time again.

Firstly farmers see themselves as so much more than land managers. Every farmer we spoke to was proud to be a farmer, proud to produce food for the consumer, proud to be an integral part of their community, proud to care for their environment and proud to be running successful and diverse businesses. The rather narrow definition of land managers, used by Welsh Government in this consultation does not adequately cover or do justice to the role that farmers play in underpinning rural communities and the economy of Wales.

Secondly farming and food production must be at the core of future policy in Wales. Welsh farmers are immensely proud to be part of a £6.9 billion industry, an industry employing 240,200 people Wales' largest employer. We want to make sure that Government and our industry have a shared ambition and drive to achieve continued growth for our sector. Our members are clear that future policy and funding must be targeted at the people and businesses that take the financial and business risks associated with producing food.

Thirdly, all great industries are built on firm and stable foundations; strong foundations provide the base for investment, innovation and entrepreneurship. Stability must be maintained through careful planning, assessment, modelling and evolution of a new Welsh agricultural policy. No changes should be made without a thorough impact assessment.

Our members are ambitious and are ready to deal with the challenges and embrace the opportunities of a post Brexit marketplace. This consultation provides the opportunity to realise that ambition and mark Wales out as a country producing food of the highest quality, underpinned by a strong and improving natural asset base.

Farmers accept change, the industry constantly deals with change whether that is changing Government policy or changing market conditions. Farmers have embraced change in the past and will do again as we leave the CAP, but farmers must be the architects of that change. At NFU Cymru we want to work with Government and with everyone who cares and has a passion for our food, our landscape, our environment, our communities and our culture. 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.

*J R Davies*

# Key principles for reform

Just over two 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 a productive, profitable and progressive agricultural industry in Wales. It is against these key principles that we judge the Welsh Government's 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 business and 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 was launched in early 2017, following an extensive member consultation. Our vision proposes a single integrated flexible framework based around three cornerstones – productivity, environment and volatility (now termed stability). All three of these cornerstones are fundamental to the long term policy framework for agriculture in Wales. Farming businesses need stability to be able to deliver environmental goods and it is only from a position of stability that farming businesses are able to invest in new technology and productivity measures.

We believe that our policy based on these three cornerstones combined, will give a truly integrated and sustainable agriculture programme. It 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 current consultation exercise.

## 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 go 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.



# Proposals for a new Land Management Programme

The consultation proposes two overarching schemes; an Economic Resilience scheme and a Public Goods scheme. Whilst we welcome Welsh Government's broad commitment to future support and recognition of the need for interventions in the area of productivity and environment measures (in the shape of the Economic Resilience and Public Goods schemes) **we are clear that the lack of proposals for stability measures threatens Welsh farms, the Welsh food and drink sector, Welsh communities and farming's ability to deliver the wider goods and services for society.** There can be no assumption, in the absence of stability measures, as proposed by Welsh Government, that the same levels of benefits from farming will continue to flow. Securing their continued delivery should be a key objective.

Welsh Government must ensure that future policy supports and doesn't hinder productivity within the agricultural industry. The lack of integration between the proposed Economic Resilience and Public Goods schemes is concerning. An unintended consequence is likely to arise in that economic resilience measures could be undermined by the public goods approach, hindering overall productivity improvements in agriculture. Also the extent to which proposals will lead to the 'territorialisation' of farming in Wales with areas of food production and areas of public goods production requires careful consideration.

NFU Cymru is clear that the future approach should be designed to benefit all farmers; work across all sectors and needs to be simple and straightforward to apply for. **A key aim when developing future policy should be to minimise harmful impacts and to seek to protect individual farm businesses, agricultural sectors and regions as much as possible, with detailed assessment undertaken before any changes are implemented.**

The case for extending funding to a broader cohort of beneficiaries, including forestry businesses and land managers has not been made. NFU Cymru strongly believes **support should be targeted at active farmers who take the business and financial risks associated with food production.** It is vital that impacts are modelled and economic, environmental, social and cultural impacts are understood. The practical implementation difficulties within the timelines proposed also need detailed consideration.

NFU Cymru believes the proposals, as they stand, have the potential to be deeply damaging for the tenanted sector in Wales and anyone who does not own the land that they farm. Future policy must take into account the valuable mixture of land tenure practices and other agreements, e.g. share and contract farming in the sector. All forms of land tenure should be able to participate in future schemes. We reiterate future policy must target support at those active farmers who take the financial risks associated with food production.

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## Economic Resilience scheme

NFU Cymru agrees that **improving farm productivity and profitability should be a key aim of future policy.** Productivity measures are a key cornerstone of the NFU Cymru future agricultural policy and we are pleased to see a focus on productivity measures through the Economic Resilience scheme. Welsh Government needs to better understand the key drivers and constraints to productivity on Welsh farms and ensure future agricultural policy, supports and doesn't hinder, measures to improve productivity. Objective analysis on the effectiveness of existing mechanisms is also required. Overall, **modelling must demonstrate that economic resilience measures can mitigate for the gap that will be left by the proposed phasing out of direct support.** NFU Cymru firmly believes that a stability measure must form part of a long-term agricultural policy. There is limited merit in Welsh Government talking positively about economic resilience measures that support improved productivity on Welsh farms unless the wider post Brexit agricultural policy and regulatory system is fit for purpose and enabling.

NFU Cymru recognises the important role of good quality advice and guidance for farm businesses. However, increased levels of investment in advice and guidance measures above current levels, without a clear business case and evidence of impact, would be highly concerning.

We believe there are opportunities to learn from other innovative approaches across the EU, as well as building

on the foundations of the Dairy Conditional Aid Scheme and the Red Meat Benchmarking Programme. Providing appropriate incentives to facilitate the provision of data is pivotal to success. **The next logical phase would be the development of integrated measures that seek to embed incentives to drive farmer engagement measures to improve productivity.** These have the potential to underpin the credibility of the Welsh Sustainability Brand Values Programme where the ambition should be to promote Wales' world-leading standards globally.

Approaches to increase market potential must complement efforts funded by other bodies, e.g. levy boards. **Welsh Government must seek to positively influence the UK Government, where matters are not devolved, to take decisions for the benefit of fairer, more transparent supply chains.**

**Farm diversification has the potential to increase farm income, reduce business risk and increase resilience; however, it must not be viewed as the panacea.** Measures to support diversification will need to move beyond the provision of advice and guidance. Investment support will be required as well as a planning policy and regulatory framework that enables farmers to embrace changing times. Broadband connectivity can also be a key limiting factor.

Extreme price volatility weighs heavily on farm businesses and impacts on investment, whether this is in productivity or environmental measures. NFU Cymru commits to undertaking further work to understand how a range of potential risk management and volatility measures could work for Welsh agriculture. However, current proposals for effective risk management are wholly inadequate to address risks and volatility due to external factors. **NFU Cymru firmly believes that a stability measure must form part of long-term agricultural policy.**

With respect to knowledge exchange, skills and innovation, NFU Cymru believes scientific research, development of innovative tools, technologies and practices are all critical to solving the productivity challenge. Wales has a long track record in the area of knowledge transfer, advice and training. Welsh Government now **needs to undertake a full evaluation to understand the impact and the cost-benefit of proposed increased investment in such interventions.**

## Public Goods scheme

NFU Cymru strongly rejects the proposal that future support should only encompass the provision of additional public goods from land. NFU Cymru believes that **farmers should be rewarded for the full range of public goods they are already delivering** that underpin economic, environmental, social and cultural well-being in Wales. **Objective analysis and quantification of the full range of public goods provided by farmers is vital.** There can be no assumption that the full range of goods currently provided by farmers will continue to flow under current proposals and in the absence of some form of stability measure.

NFU Cymru would remind Welsh Government that participation in any agri-environment or public goods approach will be wholly reliant on the willingness of farmers. As proposals stand we foresee that many farmers will have the view that the public goods approach has little to offer them, others will want to participate but do not have the potential on their farms to be able to develop a scheme of any meaningful value to substitute for the phasing out of direct support. **The ambition of reform should be sustainable agricultural businesses that deliver high quality food, environments, landscape, communities and culture irrespective of their location.**

Welsh Government, through the proposals, suggests that the public goods approach will provide a valuable new income stream for land managers with payment for outcomes based

on the value society places upon them. More information is required to understand the objective methodology by which public goods and their proxy outcomes are to be identified and the process by which values will be determined. As is the process by which results-based approaches for the delivery of multiple public goods outcomes can operate in practice.

**There are a range of public goods common to all farms that should be identified and supported through a base tier public goods approach** that do not require individual negotiation. This should be coupled with a tier of targeted, bespoke agreements that would need to be much fewer in number and deliver a range of specialised outcomes. Both elements will need to provide capital investment support.

We cautiously welcome the commitment from Welsh Government to move beyond current cost incurred, income forgone calculation so that farmers can be fairly rewarded for the public goods they provide. However, it is essential that new policies and new payment levels are designed to operate within the bounds of the WTO rules on agricultural policies.

Overall, we have concerns that the public goods approach based on outcomes described in the 'Brexit and Our Land' consultation will embed volatility into the key mechanism by which Welsh Government seeks to provide stability and deliver rural resilience.

## Transition to a new domestic agricultural policy

NFU Cymru sees the design and implementation of a new bespoke policy for Wales occurring through a process of evolution rather than revolution. Our vision for a future domestic agricultural policy sets out the importance of a stable, well planned transition from the current CAP. **The speed of transition can only be determined once the nature of our future trading relationship becomes clear and once we are confident that any new measures have been robustly designed and piloted so that we can be sure they can be efficiently and practically delivered.**

This assessment needs to cover the impact on farming, the food supply chain and rural communities that rely heavily on Welsh farming. Until these conditions are met the basis

of the current CAP must be maintained.

Fundamentally, **NFU Cymru does not support the phasing out of the Basic Payment Scheme until there is clear evidence that replacement scheme(s) can deliver at least the same level of stability for farming businesses, the food supply chain and rural communities that the BPS currently delivers.** Our vision for a future domestic agricultural policy has a base support measure open to all farmers as a cornerstone underpinning sustainable agriculture and food production in Wales.

Our membership is not against further evolution of support, however, in terms of managing change, the aim should be

to minimise disruption between individual farm businesses, sectors and areas of Wales. NFU Cymru does not believe that the relatively short transition period that Welsh Government currently proposes will be sufficient to design, develop, test and impact assess the level of change proposed.

It is critical that during any transition and implementation phase a funding gap or unspent funds is avoided. If new measures are not delivering what they have been designed to achieve then the transition must be halted and funding

redirected back to the BPS to ensure that Welsh farmers can continue to deliver economically, environmentally, socially and culturally for Welsh society.

Many of the factors that are causing unprecedented uncertainty are outside the control of Welsh Government. **Welsh Government can, however, through devolved powers, continue to provide a level of stability and certainty to the food and farming sector through agricultural policy.**

## Regulation

**Our departure from the EU must be used as an opportunity to deliver a fairer and more proportionate regulatory framework.** NFU Cymru has a vision for a framework that supports productive agriculture, which maximises our potential for trade, protects the environment and provides confidence to the consumer. The legislative framework in Wales enshrined in the Well-Being of Future Generations and Environment Acts provides the architecture for the creation of a new agricultural policy for Wales. **As regulation is amended or created in Wales it is vital that full regulatory impact assessments are carried out to gauge the effects on farm businesses.** How regulation improves or damages the performance of businesses must be a key consideration.

NFU Cymru would support a simpler, more coherent and outcome focused regulatory framework with decisions based on robust scientific evidence. We would highlight the need for a full scale review and

analysis of the current regulatory landscape prior to a robust and wide ranging consultation on the future regulatory framework. Given the linkage between policy, funding and regulation the three elements will need to be considered concurrently.

We are encouraged that Welsh Government sees an 'opportunity to make changes to improve the quality of regulation' and the 'opportunity to bring about a simpler and more coherent set of regulations'. It is therefore surprising and disappointing that the only specific example within the consultation of what a new regulatory framework may entail suggests additional regulation through the introduction of Basic Measures. **Insufficient information and detail has been provided on what Basic Measures would look like. Welsh Government cannot progress such a major issue until a further detailed consultation has been undertaken with a full Regulatory Impact Assessment included.**

## Funding

**Wales must not lose out on a penny of funding post-Brexit.** Currently funding for Welsh agriculture takes the form of Pillar 1 and Pillar 2 funding from the EU, as well as a match funding obligation imposed on Welsh Government when Pillar 2 funds are drawn down. Whilst the bulk of agricultural funding will come to Wales from the UK Treasury in future, the stream of funding from Welsh Government's own budget must also continue. **In line with Ministerial commitments this funding must be ring-fenced specifically for agriculture.**

The Welsh Government and Plaid Cymru *Securing Wales' Future* White Paper stated that it is 'essential that equivalent or greater resources to those Wales would have received from the CAP are provided from the UK'. It is vital that Welsh Government builds an evidence base underpinning Wales' strategic importance in a UK context, including the contribution of Welsh farming, so the case can be made to secure the same or more funding to avoid such a damaging scenario.

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## Agriculture and the Welsh language

It is important to recognise the role of Welsh farmers as key promoters and protectors of our culture, heritage and the Welsh language. The Welsh agricultural industry has the highest proportion of Welsh speakers, standing at 29.5%, more than any other sector. NFU Cymru is concerned that the proposals outlined in the consultation would impact farm viability and have subsequent impacts to rural businesses and rural communities. It is NFU Cymru's 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 language and what defines us as people and a nation. Welsh Government has a vision for the number of Welsh speakers to reach a million by 2050. We are clear that a thriving agricultural industry is key to securing the future of the Welsh language and this must be recognised through Welsh Government proposals.

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## Rural support

NFU Cymru is acutely aware that at a time of significant change for the farming industry, concerns over Brexit, policies, legislation and finances can be a cause for concern. Whilst farmers take great care looking after their livestock and their land they can sometimes overlook the importance of looking after themselves.

Problems can arise from financial and emotional pressures along with mental or physical health concerns. Farmers often tend to keep their worries and concerns to themselves and some still perceive a stigma attached to mental health. This can hinder the ability to seek help when it is most needed. We need to work together collectively to make sure that our farmers and their families know that they are not alone

and that there is help and support available.

NFU Cymru is a partner of the Wales Farm Safety partnership and supports the work of the Farm Safety Foundation which seeks to tackle the stigma around mental health issues with campaigns like #MindYourHead. We are grateful for charities such as RABI, Tir Dewi, the DPJ Foundation, FCN and Addington Fund for the support that they give to individuals and farming families. We need to consider in Wales how the industry and Government can work with farming charities to understand risks and impacts of policy and wider changes. We must ensure that there is a comprehensive support network in Wales and that farming families know where to turn to for help.

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## Conclusion

Brexit means that our country is in a period of great uncertainty and the food and farming sector is without question one of the sectors most impacted by this uncertainty. Our message is clear, Welsh Government must not create further uncertainty and instability for farming businesses, the supply chain and rural Wales by moving forward with far reaching reform proposals, without a proper assessment of the impact of these proposals on the economic, environmental, cultural and social well-being of Wales.

We have set out our ideas for what a comprehensive new farming policy would look like - a sustainable agriculture programme to help meet our ambition for

further growth of the Welsh food and farming sector and the standards and conditions required to underpin the development of Brand Wales.

We represent the industry that farms over 80% of the land area of Wales, these are the people who will be most impacted by the proposals in this consultation, and as such their voice must be listened to. NFU Cymru is absolutely committed to working with Welsh Government in genuine partnership to help design a future policy for Wales that provides the conditions required to help achieve our vision of a productive, progressive and profitable agricultural industry delivering jobs, growth and investment for Wales.



**52,000**

people are employed on farm holdings in Wales

**£1.6 Billion**

Welsh agriculture's gross output



**60%**

more food will need to be produced globally by 2050



**£337 Million**

is the value of Welsh food and drink exports

The Welsh countryside supports a tourism industry worth

**£2.8 billion**



**240,200**

people are employed in the Welsh food and drink sector, Wales' biggest employer



**29.5%**

The Welsh agricultural industry has the highest proportion of Welsh speakers, more than any other sector



**676,000**

hectares of farmed land is looked after under agri-environment schemes



Farming is the cornerstone of the

**£6.9 Billion**

Welsh food and drink sector