

Welsh Government Consultation- Sustainable Farming and our Land NFU Cymru Lobbying Briefing



July 2019

Introduction

Welsh Government is consulting on revised proposals for how it intends to support farmers after Brexit. This follows the high level consultation 'Brexit and our Land' which took place last year, to which over 12,000 responses were received. Welsh Government has made a number of changes and revised proposals now explicitly recognise the interaction between food production and environmental outcomes.

This Briefing provides the key headline proposals and some key lobbying points to help you with your consultation response and any engagement you have with politicians and officials.

For more detailed information you are referred to the Welsh Government consultation document [here](#). A NFU Cymru Briefing summarising the consultation proposals and is available [here](#).

Consultation Summary

- 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 an adviser with the farmer.
- 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 actions that deliver outcomes 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.

NFU Cymru vision for future policy

NFU Cymru's vision of a new Welsh Agricultural Policy was launched in early 2017. Our vision centres on a single integrated flexible framework based around three cornerstones of productivity, environment and stability:



- **Productivity** measures include knowledge exchange, advice and investment to drive forward measurable improvements in economic and environmental performance;
- **Environmental** measures that are open and accessible to every farmer in Wales who wish to undertake activities that go beyond the regulatory baseline; and,
- **Stability** measures that provide a baseline support payment open and accessible to all active farmers to underpin agriculture and food production and the standards required to maintain and further enhance trust and integrity in our sustainable food production system.

Sustainable Farming and our Land proposals refer to one single scheme incorporating the Sustainable Farming Payment and business support. Analysis would suggest that business support aligns to productivity measures and the Sustainable Farming Payment broadly aligns to environmental measures.

Welsh Government proposes to provide an income stream to farmers through the Sustainable Farming Payment which will pay for actions which will deliver principally environmental outcomes. **This would replace the BPS and Glastir.**

Welsh Government has no proposals to introduce a stability measure that underpins agriculture and food production, this is a key concern and risk to Welsh farming.

Stability measures, currently delivered through the Basic Payment Scheme, have been an invaluable tool in underpinning high quality food production in Wales. Proposals to phase out these payments without suitable replacement stability measures could have major consequences not just for farming families, but for the rural economy and the wider food and drink sector in Wales.

Sustainable Farming and our Land proposals

Sustainable Land Management (SLM) - Welsh Government proposes that future support should be designed around the principle of sustainability recognising the economic, environmental, social and cultural contribution of farming to Wales. Welsh Government recognises that through the action of food production many positive environmental benefits are provided. Future support is to be targeted at the delivery of mainly environmental outcomes.

- Farmers are first and foremost food producers and securing the continued supply of safe, quality, fully traceable food is in the nation's interest, the consequences of phasing out the Basic Payment

Scheme and replacing with the Sustainable Farming Scheme which will reward the delivery of principally environmental outcomes must be properly evaluated.

- The challenges to our global food production system are well documented, Welsh Government has a responsibility to put in place a policy that maintains food production in Wales rather than displace to other parts of the world where environmental and animal welfare standards may be lower.
- The impacts of Welsh Government's proposed approach on the competitiveness of the Welsh farming sector has not been considered particularly in the likely scenario that other countries will continue to provide direct support to farmers to underpin food production.
- The extent to which paying for environmental outcomes will secure the continued delivery of economic, social and cultural outcomes must be considered by Welsh Government before moving forward.

Sustainable Farming Scheme - Welsh Government proposes a single Sustainable Farming Scheme for farmers with all aspects of the farm business and current farming practice considered at the point of entry. Advisers will work with every farmer to undertake a Farm Sustainability Review and produce a Farm Sustainability Plan which will enable them to access the Sustainable Farming Payment and business support.

- Future schemes should be designed so they are simple and practical for farmers to apply for and deliver. Welsh Government must consider the cost, practicality and fairness (in terms of adviser partiality) of an advice-led approach to scheme entry.
- An overarching aim of scheme design must be to keep scheme management/administration costs to a minimum to maximise funding available to farmers recognising their role in underpinning the rural economy of Wales through direct employment and support of rural businesses.

Sustainable Farming Payment - Welsh Government proposes that the Sustainable Farming Payment will replace the BPS and Glastir and provide an annual income to farmers in the scheme for the delivery of specific actions that achieve environmental outcomes not rewarded by the market. The Adviser will decide which actions are mandatory for the farmer to undertake, others will be voluntary.

- Welsh Government must commit to minimise redistribution of funds between farms, farming sectors and regions and mitigate the risks to individual farm businesses. Comprehensive piloting and modelling of scheme proposals must be undertaken.
- Welsh Government must ensure that the actions that deliver environmental outcomes are practical and achievable on farm and provide more detail on how actions for the Sustainable Farming Scheme are to be identified, valued and monitored.
- For scheme simplicity, Welsh Government should seek to identify a list of actions that deliver outcomes that are applicable to all farms in Wales for which farmers can be rewarded through a simplified application and payment mechanism. The advice-led approach should be reserved for the development of more complex, bespoke contracts that go over and above the Sustainable Farming Payment requirements.

Business Support - Welsh Government wants to build on their existing offer of financial and practical support for business development currently achieved through Farming Connect, Farm Business Grant and Sustainable Production Grant Schemes.

- Farmers need a stable foundation and confidence to allow them to invest in measures that deliver enhanced productivity and/or environmental outcomes. In the absence of the Basic Payment Scheme, many farmers including tenants and those starting out in the industry will not be able to demonstrate the 'business case' or have the necessary security or match funding to be able to draw down grant funding limiting the effectiveness of investment support measures.
- Future policy must be developed with a full understanding of the effectiveness and cost-benefit of existing productivity measures including Farming Connect and wider RDP funded advice/knowledge

transfer activity, the Sustainable Production Grant and Farm Business Grant Schemes and demonstrate that investment in these measures delivers the same or better outcomes than the Basic Payment Scheme.

Fair Access to the Scheme - Welsh Government has not proposed specific eligibility criteria. They do place an emphasis on 'active' farmers, and only those undertaking actions would receive the Sustainable Farming Payment.

- Future support must be targeted at the 'active' farmer taking the risks associated with food production. Farmers that do not own the land that they farm must not be disadvantaged and have full and equal access.
- The Sustainable Farming Scheme should embed the principle of fairness and Welsh Government must learn lessons of the Glastir mapping process and address risks of a 'post code' lottery of access experienced by farmers in the past.
- Active food producing farmers are an integral part of a Welsh food and drink industry that is worth a massive £6.8 billion to the economy of Wales and Wales's biggest employer. Active food producing farm businesses also underpin the economy of rural Wales.

Collaboration – Welsh Government proposes that the majority of financial support should be directed at farmers through the Sustainable Farming Scheme, however, in some incidences it may be more efficient and fair to provide support to the wider industry and food chain if it is consistent with the SLM objective and ultimately benefits Welsh farmers.

- Capital investment in processing capacity and the supply chain where direct benefit to farming can be demonstrated is likely to be beneficial, however, Welsh Government should not seek to utilise future funding to replace or replicate existing supply chain activity.
- There are a range of other mechanisms better placed to fund applied research and development.

Regulatory Framework - Welsh Government proposes to develop and consult on a new streamlined regulatory framework for agriculture including clear minimum standards, smarter monitoring and proportionate enforcement. The Sustainable Farming Scheme will be based on a clear and enforceable regulatory baseline with payments above and beyond the regulatory requirements.

- Over burdensome regulation has an impact on farmer confidence and farm viability.
- Welsh farmers must not be disadvantaged compared to farmers in the other parts of the UK, Europe or the rest of the world when it comes to regulation.
- We want to see a regulatory regime that is proportionate to the risks involved, focussed on delivering the outcomes and not driven by process. Regulation should be simplified wherever possible and we need to see less overlap/duplication in terms of those overseeing regulation.
- Welsh Government proposals to introduce complex and costly new regulations to reduce agricultural pollution from 1st January 2020 work against its own objectives to develop a new streamlined regulatory framework to underpin sustainable land management actions.
- Scheme design must be considered alongside and not separately to the development of the new regulatory framework and the development of National Minimum Standards.

Transition and Funding – Welsh Government states that it is strongly committed to maintaining support for farming and will ensure that funding returned to Wales after Brexit is directed at farming and not spent elsewhere. Welsh Government proposes a multi-year transition but do not commit to a specific time period at this stage.

- Until we receive greater clarity from politicians as to the future trading relationships it is impossible for farmers to make long term business decisions. The focus of our Government should be on providing stability until we have a greater understanding of our future trade relationship.

- Welsh Government should continue to hold the UK Government to account for promises made during the referendum campaign. Wales should not lose out on a penny of funding as a result of Brexit and that funding should be ring fenced for farming.
- NFU Cymru are looking for Welsh Government to confirm that the domestic co-funding element of the Rural Development Programme is secure and will be included in the budget for the future Sustainable Farming Scheme.
- Welsh Government proposes that actions delivered by farmers through the Sustainable Farming Payment will be rewarded above the rate of cost incurred, income foregone calculations. Welsh Government must demonstrate that this is possible in line with WTO rules.
- Welsh Government must guarantee that no changes will be made to agricultural support until the new scheme has been fully tested, piloted, modelled and assessed to understand the impact to individual farm businesses, farming sectors and regions of Wales.
- Welsh Government must ensure a sufficiently long transition period from current arrangements to a new domestic agricultural policy.

Next Steps and Co-design - Welsh Government identifies that further consultation will be required on some aspects of future policy. They propose to launch a co-design programme in the autumn to explore how proposals will work on the ground with an application process proposed for interested farmers. Welsh Government will continue to consider the role of pilot projects.

- Future policy should minimise harmful impacts and protect individual businesses, sectors and regions as much as possible. Future schemes must be subject to comprehensive piloting, modelling and full impact assessment.
- The process by which farmers are recruited and involved in the co-design process must be objective and transparent and reflect the entire industry, all sectors, regions and farm size. The findings of the co-design process must be objectively assessed and revised policy proposals subject to full consultation.

What can NFU Cymru members do?

NFU Cymru has a comprehensive member engagement programme for this important consultation, please keep up to date with this via the [NFU Cymru Website](#). We will be making a comprehensive and detailed response to the consultation.

NFU Cymru efforts need to be backed up by individual lobbying efforts by NFU Cymru members across Wales. This consultation provides the opportunity for the industry to make its voice heard and shape Welsh Government thinking. We need your help to explain what impact the proposals will have on your business and the wider rural economy. We are asking you to help by:

Responding to the consultation - NFU Cymru would very much encourage you as individual farmers to respond directly to the consultation which closes on **30th October 2019**. Consultation responses should be sent to FfermioCynaliadwy.SustainableFarming@gov.wales or posted to Sustainable Farming and our Land, Land Management Reform Division, Welsh Government, Cathays Park, Cardiff, CF10 3NQ.

We hope that this briefing will help you with some ideas of issues that you may want to include in your response. We would also advise that you personalise your response by talking about your farming system, highlighting the range of businesses that you engage with, the people that are employed on your farm directly and/or indirectly e.g. contractors, any diversification activities that you may be involved with and the roles that you and your family play in your local community.

If you require any assistance please do not hesitate to your contact your [Group Secretary](#) or County Adviser.

Contacting your AMs - Write, e-mail or telephone your elected representatives to make them aware of the strength of feeling on this issue and explain how it will impact on **your** business.

Please remember as well as your constituency AM, you are also represented by four regional list AMs. You can find out who your AMs are [here](#). E-mail addresses for AMs take the format [firstname.secondname@assembly.wales](#) There are a few exceptions and these are listed below:

Rhun ap Iorwerth	Rhun.apiorwerth@assembly.wales
Dafydd Elis Thomas	Dafydd.Elis-Thomas@assembly.wales
Andrew R T Davies	AndrewRT.Davies@assembly.wales
Nick Ramsay	Nicholas.Ramsay@assembly.wales
Janet Finch-Saunders	Janet.Finch-Saunders@assembly.wales
Llyr Huws Gruffydd	Llyr.Gruffydd@assembly.wales
David Rowlands	DavidJ.Rowlands@assembly.wales

Postal Address – Assembly Member name, National Assembly for Wales, Cardiff Bay, Cardiff, CF99 1NA
The Minister e-mail address is Correspondence.Lesley.Griffiths@gov.wales

NFU Cymru Key Principles for Reform

In 2016, NFU Cymru formulated a set of key principles that should form the foundations of a new domestic agricultural policy that deliver a productive, profitable and progressive agricultural industry in Wales. It is against these key principles that we judge 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 the 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.

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