



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Iau, 30 Ebrill 2015
Thursday, 30 April 2015

Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mohammad Asghar	Ceidwadwyr Cymreig (yn dirprwyo ar ran Antoinette Sandbach) Welsh Conservatives (substitute for Antoinette Sandbach)
Russell George	Ceidwadwyr Cymreig Welsh Conservatives
Llyr Gruffydd	Plaid Cymru The Party of Wales
Alun Ffred Jones	Plaid Cymru (Cadeirydd y Pwyllgor) The Party of Wales (Committee Chair)
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Jenny Rathbone	Llafur Labour

Eraill yn bresennol
Others in attendance

Tim Bevan	Cynghorydd busnesau ffermio, Cymdeithas y Pridd Farm Business Adviser, Soil Association
Ceri Davies	Cadeirydd Pwyllgor Materion Gwledig, CFFI Cymru Rural Affairs Committee Chairman, Wales YFC
Keri Davies	Grŵp Organig Cymru Welsh Organic Group
Haydn Evans	Grŵp Organig Cymru Welsh Organic Group
Carys Vaughan	Is-Gadeirydd Pwyllgor Materion Gwledig, CFFI Cymru Rural Affairs Committee Vice-Chairman, Wales YFC
Nick Fenwick	Pennaeth Polisi, Undeb Amaethwyr Cymru Head of Policy, Farmers' Union of Wales
Stephen James	Llywydd, NFU Cymru President, NFU Cymru
Emyr Jones	Llywydd, Undeb Amaethwyr Cymru President, Farmers' Union of Wales
Tony Little	Swyddog Prosiect, Canolfan Organig Cymru Project Officer, Organic Centre Wales
Dennis Matheson	Cadeirydd Cymdeithas Ffermwyr Tenant Cymru Chairman, Tenant Farmers Association Cymru
Dylan Morgan	Dirprwy Gyfarwyddwr a Phennaeth Polisi, NFU Cymru Deputy Director and Head of Policy, NFU Cymru
Arfon Williams	Rheolwr Cefn Gwlad, RSPB Countryside Manager, RSPB
Keith Williams	Ffermwyr Dyfodol Cymru Future Farmers of Wales

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Peter Hill	Clerc
	Clerc
Nia Seaton	Y Gwasanaeth Ymchwil
	Research Service
Adam Vaughan	Dirprwy Glerc
	Deputy Clerk

*Dechreuodd y cyfarfod am 09:31.
The meeting began at 09:31.*

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introductions, Apologies and Substitutions

[1] **Alun Ffred Jones:** Rwy'n Alun Ffred Jones: I welcome all the croesawu'r Aelodau i gyd yma. Rydych chi'n Members here. You know the rules about the gwybod y rheolau ynglŷn â'r larwm tân: i fire alarm: to follow the ushers out. Everyone is to turn off their mobile phones. And, of ddilyn y tywyswyr allan. Pawb i ddiffodd eu course, everyone is free to contribute in ffonau symudol. Ac, wrth gwrs, mae pawb yn whichever language they choose. Does rydd i gyfrannu ym mha bynnag iaith anybody want to declare an interest under rydych yn dymuno. A oes unrhyw un eisiau Standing Order 2.36? Please come in. In datgan buddiant o dan Reol Sefydlog 2.36? terms of apologies, we've had apologies from Dewch i mewn, gyfeillion. O ran Mick Antoniw, Jeff Cuthbert, Joyce Watson ymddiheuriadau, mae ymddiheuriadau gan and Antoinette Sandbach. Mick Antoniw, Jeff Cuthbert, Joyce Watson ac Antoinette Sandbach.

Polisi Amaethyddol—Blaenoriaethau ar gyfer 2015-16: Tystiolaeth gan Randdeiliaid Agricultural Policy—Priorities for 2015-16: Evidence from Stakeholders

[2] **Alun Ffred Jones:** Bore da a Alun Ffred Jones: Good morning and chroeso i chi gyd atom ni. welcome to you all.

[3] If you could check your headsets, those of you who require translation.

[4] Mae cyfieithiad ar y pryd i gael ar There is an interpretation service on channel sianel 1. 1.

[5] It's channel 1, and you don't have to touch the buttons on the microphones.

[6] Iawn, felly, fe fyddwn ni'n symud Fine, so, we will move on to the second item, ymlaen i'r ail eitem, sef y polisi amaethyddol which is the agricultural policy and the a'r blaenoriaethau ar gyfer 2015-16. Mae'r priorities for 2015-16. The bodies that are cyrff sy'n cael eu cynrychioli yma'r bore yma represented here this morning have submitted wedi cyflwyno tystiolaeth ac mae gennych evidence and you have a brief on that. Could chi friff ar hynny. A gaf i ofyn i'r tystion I ask the witnesses to introduce themselves gyflwyno'u hunain a dweud pwy maen and say who they represent before we start on nhw'n ei gynrychioli cyn ein bod yn bwrw the questions? So, we'll start on the end ymlaen â'r cwestiynau? Felly, dechreuwn ni there. ar y pen yna.

[7] **Dr Fenwick:** Nick Fenwick, pennaeth polisi, Undeb Amaethwyr Cymru. **Dr Fenwick:** Nick Fenwick, head of policy, Farmers' Union of Wales.

[8] **Mr Matheson:** Dennis Matheson, chairman, TFA Cymru—Tenant Farmers Association.

[9] **Mr Jones:** Emyr Jones, llywydd, Undeb Amaethwyr Cymru. **Mr Jones:** Emyr Jones, president, Farmers' Union of Wales

[10] **Mr Morgan:** Dylan Morgan, pennaeth polisi, NFU Cymru. **Mr Morgan:** Dylan Morgan, head of policy, NFU Wales.

[11] **Mr James:** Stephen James, llywydd, NFU Cymru. **Mr James:** Stephen James, president, NFU Cymru.

[12] **Alun Ffred Jones:** Dyna ni, i'r dim. Diolch yn fawr iawn ichi gyd am ddod. Mae nifer o bynciau i fynd trwyddyn nhw'r bore yma. Rwy'n mynd yn syth i mewn i'r cwestiynau ac fe gaiff Llyr Gruffydd ddechrau. **Alun Ffred Jones:** There we are, great. Thank you very much for coming. There are a number of subjects to go through this morning. We'll go straight into questions and Llyr Gruffydd will start.

[13] **Llyr Gruffydd:** Diolch, Gadeirydd. Rwyf eisiau gofyn ychydig o gwestiynau ynglŷn â'r cynllun taliad sylfaenol. Ond, cyn mynd at natur y cynllun hwnnw, a gaf i ofyn, i gychwyn, gan ein bod ychydig dros bythefnos i ffwrdd o ddyddiad cau cyflwyno ffurflenni, am eich sylwadau a'ch teimladau chi ynglŷn â phenderfyniad y Gweinidog i beidio â gwneud defnydd o'r mis o estyniad a oedd yn bosib ar gyfer cyflwyno'r ceisiadau hynny? **Llyr Gruffydd:** Thank you, Chair. I want to ask a few questions about the basic payment scheme. But before turning to the nature of that particular scheme, may I ask, first of all, because we're just a fortnight away from the closing date for submitting the forms, about your comments and your feelings about the Minister's decision not to make use of the month's extension that was possible for submitting those forms?

[14] **Dr Fenwick:** A allaf gychwyn, Gadeirydd? **Dr Fenwick:** Can I start, Chair?

[15] I'll speak in English in order to avoid making mistakes. To date, I think around 35 per cent, I would guess, of single application forms have been submitted since the submission period was opened at the end of February. So, in the next little over two weeks before the deadline, something like 60 or 70 per cent of farmers will have to complete their forms.

[16] I have to praise the Welsh Government for having developed a fantastic online system and worked very well with the industry and with the unions to develop that system. However, they are restricted by the regulations, which are incredibly complex, and the requirements, so I'm not apportioning blame on them at all. This is the most complicated form-filling exercise that has ever happened in Wales, and effectively, lay people are being asked to do things that you wouldn't expect cartographers to do. So, we have huge, huge concerns that, over the next two weeks, it will dawn on people that they have to do this exercise, and that they are incapable of doing it without support, and our concern is that, without an extension, people will not have the support that is needed. There aren't the resources out there to support those people. So, we have asked—. We respect the Minister's decision, but we've asked her to keep the door open and to review the situation at the beginning of May based on how many forms have come in.

[17] **Alun Ffred Jones:** NFU—a ydych **Alun Ffred Jones:** NFU—do you want to
chi eisiau ymateb? reply?

[18] **Mr Morgan:** I just want to reiterate what Nick has said. It's a hugely complex form this year, given that we're entering a new basic payments scheme, and our staff, as are FUW and numerous agents, are working long hours, weekends, to get this form completed, and they're doing their absolute utmost to work to the deadline that has been set. But given the complexity of the form, and given the pressure that we're all under, there is very much a concern about the opportunity for inadvertent or accidental errors to come into the form, and I think it's hugely important that we get some confirmation from the Deputy Minister that they will look at obvious error, and look to support the industry in terms of addressing these problems rather than seeing farmers penalised for what would be transcriptional errors in trying to complete the form in such a short space of time. So, I think that is vitally important to be able to get us through this period and to support the industry.

[19] **Alun Ffred Jones:** Dennis Matheson, any comment on this?

[20] **Mr Matheson:** I'd just add that one of the other problems is that some of the actual details are still being discussed, such as: are hedges trees?

[21] **Alun Ffred Jones:** Are hedges trees?

[22] **Mr Matheson:** When do hedges become trees if they get overgrown? That sort of little thing—

[23] **Alun Ffred Jones:** A philosophical point, really. [*Laughter.*]

[24] **Dr Fenwick:** It can be an expensive point if you get it wrong.

[25] **Mr Matheson:** It's still not clear, even at this stage.

[26] **Alun Ffred Jones:** Russell, do you want to come in on this point?

[27] **Russell George:** Following Nick Fenwick's comment asking the Minister for an extension, and Dylan's point as well, are you suggesting that the extension occurs, for example, if somebody fills in a form and it's sent in, and then there are errors, that there's a flexibility at that stage? Or are you suggesting that there should just be, at the stage of the forms coming in—. I'm getting myself mixed up now. What I'm saying is: are you interested in an across-the-board extension or giving some flexibility if forms come in and there are errors on them?

[28] **Dr Fenwick:** The two are quite separate issues. You don't have the option of having sort of optional extensions in differing scenarios. The EU legislation is very strict and has been for a number of decades. You've got the deadline and, this year, for the first time ever, in recognition of the complexity, we have the option to extend it by up to a month. Our view is that it should be extended. We also agree then with the NFU's point about errors being treated proportionately. But again, the regulations are very strict. We appreciate that the Welsh Government is in a catch-22 position here, because an extension delays processing payments, and we don't want that to happen, but conversely, if people are rushing to complete forms and people are opening their forms now having been busy lambing, and they suddenly realise there's no-one to support them, the risk is then that they make errors and those errors result in appeals, and then you have stage 2 appeals—it could even be court cases—and that then also delays the processing of payments. So, it is a catch-22, and I am concerned that the number of appeals that will result as a consequence of not extending the deadline could have a similar effect to us delaying the submission deadline by a month.

[29] **Russell George:** So what specifically is in the Deputy Minister's remit to do? What can she do about this? She's restricted to some degree, isn't she? Well, to a large degree.

[30] **Dr Fenwick:** We've asked her to review the situation and keep an open mind as regards an extension, and we are increasingly of the mind—I would say 80 per cent, 90 per cent persuaded; I'll be quite honest, 100 per cent persuaded—that she should do what Scotland has done and what England has done, which is go for an extension of a month.

[31] **Alun Ffred Jones:** Llyr.

[32] **Llyr Gruffydd:** You mentioned cartography, and obviously there's a need to map out ineligible features, et cetera. What kind of support is there, then, for farmers to do that, and what additional support should be provided?

[33] **Mr Morgan:** Nick has referred to the RPW online service, and I think we'd have to praise that in terms of the support and help it gives in terms of supporting the industry with the mapping features. As Nick has highlighted, it's just the difficulty of being able to do that. Many farms could have field parcels running into hundreds. You're looking at gorse, bracken, trees, rocks—all that. And from aerial photography and from using a computer system, trying to do that around each and every field, you know, people are going to have different opinions over how much land is taken out. And I think that's where we get back into the proportionality and the opportunity to respect that everyone is doing their utmost to try and complete this form under very trying and difficult circumstances. Again, I think what is very important is that, post 15 May, there is the opportunity for corrections to that to be made without penalty.

[34] In terms of the support, again, I would reiterate that all our staff are working flat out throughout the week and throughout the weekends to support the industry, but there is only a certain number of staff available within the unions and across the country to be able to do that support, and there is no-one else out there.

[35] **Alun Ffred Jones:** Mae'r pwynt yna **Alun Ffred Jones:** That point's been made. wedi ei wneud.

[36] **Llyr Gruffydd:** Moving on, then, to the ongoing consultation on the model of payments that's being proposed by the Government, clearly, membership organisations will be discussing with their members what their preference is, but I'd just be interested to hear what your views are of some of those options.

[37] **Mr James:** Funnily enough, Llyr, we're just halfway through our roadshow across the whole of Wales. In fact, we're in Nant y Ffin in Pembrokeshire, at the final one, tonight. And it will be the fifth meeting that we're having tonight. I don't understate or overstate the fact that the mood out there is angry farmers. We've said there will be winners and losers, but what those we might call 'productive' farmers are concerned about is the money moving up into areas that they consider not to be contributing vast amounts to the Welsh economy and to food production. That's where the anger is coming from. I'm sure Emyr would have the same view on that. So, we've gone out there and asked them, and we're well aware of the reason why we're back into this consultation—we're not going to go into that—and perhaps the €20 compared with the €200 on similar land was unfair; there's no shadow of a doubt there. But, the €20 reflected, I guess, the level of payments that Welsh Government thought at that time should be for some of that area. So, the idea that these farms will have possibly €176 at the end of this period—. You know, if the option was taken to go immediately, I think there would be vast anger then out there.

[38] To be fair, what we've been saying all along is that we support agricultural activity and food production. I'm a dairy farmer and I get up in the morning to produce food, and that's what I want to do. And I think that also provides for the Welsh economy. There's no doubt that 80 per cent of the money we spend is within 20 miles of our farm. Therefore, that's contributing to the local economy as well; it helps local jobs and it helps local businesses, and that has come over again and again in all parts of Wales—mid Wales—. Obviously, parts of the severely disadvantaged areas are as intensive as areas of the lowland, therefore there isn't a difference. But, there is that feeling of absolute anger. So you get my message.

[39] **Llyr Gruffydd:** I just wondered whether there were emerging preferences in terms of the options that have been tabled, though.

[40] **Mr James:** The slower, the better, I would think.

[41] **Dr Fenwick:** Chairman, our staff—on the subject of the previous question—some of them will have worked the last six or seven weekends and every bank holiday. Some of them will have been working 40 days back to back. The deadline for the consultation is 23 June, and everything that we're doing is on hold until 15 May, because that is our priority. One mistake on one of these forms can cost you everything—your whole year's income. So, those ideas will emerge and we'll be holding committee meetings and local meetings after 15 May.

09:45

[42] **Alun Ffred Jones:** Emyr.

[43] **Mr Jones:** It will be the most productive farms that are losing the most with these changes in the single farm payment. And that makes farmers very angry, like Stephen has just said. And the proposals now in front of us don't suit the majority of farmers in Wales.

[44] **Alun Ffred Jones:** Iawn. Diolch yn fawr. **Alun Ffred Jones:** Okay. Thank you very much.

[45] Bill, do you want to come in?

[46] **William Powell:** Diolch, Gadeirydd. **William Powell:** Thank you, Chair. Good Bore da, bawb. morning, everyone.

[47] I'd like to return to the issue of complexity that was just being referred to in terms of the form this time with the imminent deadline, and if the panel could express their views on Commissioner Hogan's proposals for the overall simplification of CAP in a future time. How would you like to see that simplification delivered in practice?

[48] **Mr Morgan:** We're obviously pleased that Commissioner Hogan has put CAP simplification as his key priority for this year. It's called a common agricultural policy and we're discussing a basic payment scheme, but it's anything but common and it's certainly not a basic payment scheme; it's extremely complicated. So, we believe there are a number of areas that need to be targeted. We believe that the greening rules do not support productive agriculture in Wales. We're looking to bring a diverse agriculture into Wales, but, effectively, the greening rules prevent a lot of farmers from considering growing crops. There are a number of issues in terms of cross-compliance. We've got a ruling at the moment in terms of having to put a minimum soil cover onto land over winter, which is effectively putting the future of Pembrokeshire early potatoes at risk. We've discussed a lot about cross-compliance penalties. There is a fear within Welsh Government of European auditors and the penalties that can result from minor errors. We believe that the Commission need to come forward very clearly with rules as regards when early warning systems can be used, and letters, rather than

immediate resort to penalties. And, as Dennis has already touched upon, there's the issue in terms of land with trees and the potential for significant loss of productive land in Wales as a result of that. So, we believe there are a number of key areas that need to be addressed very early in this reform period.

[49] **Mr Fenwick:** I would agree with everything that Dylan has said, of top of which you have the problem of the penalty system and the regulations regarding penalties. So, you have this huge, huge complexity, which is almost set up to trip farmers up, to trip people up, who are normal people, and you can't expect to—. Nobody in this room would be able to complete one of these forms without one small error. So, as well as simplification, what we also need is a system that recognises the errors that are there, that will inherently be there when you ask people to do something, as I've said before, that you wouldn't expect a cartographer to get right.

[50] **Alun Ffred Jones:** Right. Jenny, are you on this point?

[51] **Jenny Rathbone:** Yes. I wanted to pick up on the point about the trees and the hedges, because my understanding is that it's only if there are more than 100 trees in a hectare that land is affected by the new regulation around excluding woodland area. That sounds like quite a lot of trees to me for a hectare of land. Therefore, why is it such a major problem? We've had huge numbers of e-mails about this.

[52] **Alun Ffred Jones:** Would you like to answer this, Dennis? You've been very quiet so far.

[53] **Mr Matheson:** It's a bone of contention—and we've been discussing it for about six months and I don't think anybody knows the answer—because with 100 trees a hectare, it depends really if it's on a slope or not. If it's on a steep slope, the tops will be touching and when the RPA will be looking at this, it will be from the air, and it will be looking to see if the canopies are touching. And if they are, they will assume it's 100 trees a hectare and the whole of that area then has to be deducted from your claim. But, in fact, on the ground, there might be less than 100 trees a hectare.

[54] **Jenny Rathbone:** Yes, but if it's that closely wooded, it probably isn't suitable for grazing.

[55] **Mr Matheson:** It's quite a long way apart; 10m apart. It depends on the type of tree: if it's an oak tree and they were 20m, they could be interlocking; if it was a birch tree, they wouldn't be touching at all; you could have them five yards apart.

[56] **Jenny Rathbone:** But we're talking 100 trees, though.

[57] **Alun Ffred Jones:** This is getting very technical, but there we are.

[58] **Jenny Rathbone:** I think it's a really important issue because people are concerned that farmers are going to take a chainsaw to the lot.

[59] **Dr Fenwick:** That's not going to happen. Let's be clear on this: 100 trees per hectare is a ridiculously low threshold. The sort of thresholds we're used to for agri-environment forestry planting schemes, and indeed Forestry Commission guidelines, are 2,500 trees per hectare; 100 trees per hectare equates to an average distance between trees of around 10m when they're arranged in a certain way. That's around 33 or 34 feet between trees. You can fit three London buses between trees at that spacing. So, there's absolutely plenty of grass between trees like that. So, we have this principle whereby if you have rocks spaced at 10m and there's grass in between, that grass is eligible. If they are gorse bushes, the grass is

eligible. If there's anything—two farmyards—if there's grass between them with a 10m spacing, it's eligible. But, if it happens to be trees, it's ineligible. We totally appreciate that if there are trees with thick leaf matter underneath, as you have in beech woods, for example, and there's no grass, then, absolutely, that shouldn't be eligible, but we are talking about areas that are key to farming practices, because that's where your ewes go to lamb, and that's where you shelter is for the cattle from the sun. They are an inherent part of the farming system and they also feed the animals.

[60] **Alun Ffred Jones:** Do you want to follow that up?

[61] **Jenny Rathbone:** I just think that it's quite important to clarify this. What possibility is there for discussion on this, or is this now a done deal in Brussels and, therefore, impossible to rectify?

[62] **Dr Fenwick:** We have been targeting Brussels and we've done as much as we can with the Welsh Government. I appreciate and we understand the Welsh Government's interpretation of the regulation. The source of this problem is very clearly with the legislation at an EU level.

[63] **Alun Ffred Jones:** Rwyf eisiau symud ymlaen o'r cynllun taliad sylfaenol, mae arnaf ofn. Felly, os nad oes gan rywun gwestiwn arall, buaswn i'n licio symud ymlaen at y rhaglen datblygu gwledig.

Alun Ffred Jones: I want to move on now from the basic payment scheme, I'm afraid. So, unless someone has another question, I would like to move on to the rural development plan.

[64] Jenny Rathbone on the rural development plan.

[65] **Jenny Rathbone:** I think it was Mr Jones who said earlier that your focus was on agriculture and food production. I just wondered if you could elaborate on that, because I think that the rural development programme has a slightly broader objective: it's both to diversify the rural economy, so that it's more resistant to market forces, and also to protect the countryside for other businesses like tourism as well.

[66] **Mr Jones:** That's perfectly right and, over the years, farmers have been involved with quite a few environmental schemes: we had Tir Cymen, going back years, and then we had Tir Gofal and then we got Glastir. I think the majority of farms have been involved in those schemes, and we want to carry on doing that, but the emphasis has been more on the environment than on producing food in the last 10 or 15 years. We've got to make sure that food production is a priority in Wales, because we've got the land, we've got the weather, and we've got the expertise to produce food, and we've got Hybu Cig Cymru to promote our Welsh lamb and Welsh beef. We have to make sure that farmers are able to carry on producing food and also look after the environment, but it's got to be a productive farm and it's got to be profitable as well, to enable our young farmers to stay at home to farm and keep our rural communities alive. Producing food will contribute the most to that, and not anything else.

[67] **Jenny Rathbone:** Indeed, but isn't that the basic purpose of the basic payment scheme, to support farming, given the sometimes unpredictable weather and other factors that can make farming a risky business? Isn't that what the basic payment scheme is about? Isn't the rural development programme supposed to be about helping farmers to diversify?

[68] **Mr James:** That's a very interesting point now, as we look at this consultation, and I think the consultation has to go hand in hand with the RDP. The way I've chaired these meetings, as I said, I've had four angry farmers complaining about the money going up the hill—and they always look at the top of Snowdon when they look at this, because that's the

extreme, I guess. But, of course, we've got moorland in—

[69] **Alun Ffred Jones:** It's not a fair comparison.

[70] **Mr James:** Yes, and I know maybe we've got some interest in Snowdon here today, as well, but the reality is there's moorland at all levels. What we've asked from Welsh Government is to actually get a map that recognises the unimproved land across Wales, whether it's in Snowdon or whether it's near St David's, and I think that's a critical part. You know, it's interesting what you say about the pillar 1 being there to support food. You see, that's where farmers are angry, because that's what they actually believe: that it's there to support food. Therefore, the idea that this money now is spread across the whole of Wales is making them angry, because they see it as their food support. So, what I've been saying to them is, 'Look, there is £973 million in the RDP pot'. All of a sudden, that was targeted, as Emyr said, at Tir Cynnal and Tir Mynydd and more recently, Glastir, and, you know, all of a sudden, now, that emphasis has got to go back on the food production, because we can use it for making farmers more efficient, to make farmers compete with other European countries and with countries across the world. A very simple one, believe it or not, is liming grants. If you ask Dr Prysor Williams in Bangor University, who's done studies on the Conwy area—both the Conwy valley and the surrounding hills—80 per cent of those farms are deficient in lime. Now, lime would help them become more efficient, as they'd produce more from less, basically, with the more efficient use of fertiliser. For example, a nitrogen phosphate potash fertiliser is what most farmers would use, but if the land is very acid, the PK, the phosphate and potash, is washed into the rivers. Therefore, it benefits the environment to lime. In fact, I believe the Forestry Commission and the environment are using lime to filter water coming from forestry areas before it goes in, making rivers acidic. Therefore, you know, it benefits the environment, and it also benefits the efficient farmers.

[71] **Jenny Rathbone:** Well, isn't that one of the main purposes of the RDP, to make sure that we have a sustainable agriculture programme, both, in a sense, economically, but also environmentally?

[72] **Mr James:** Yes, absolutely.

[73] **Jenny Rathbone:** The detail of liming versus another form of nourishing the grass, I'm afraid, I'm not across, but if that is scientifically recommended, then shouldn't the RDP be used to encourage farmers to understand that this is a less damaging way of farming?

[74] **Mr Morgan:** I think what we feel is very important is that we see that support getting back to farms. We've had a significant amount of awareness raising in terms of the research, which proves what needs to be done. What this RDP needs to do is put the support on-farm, to empower farmers to be able to do those changes, to bring those efficiencies in, whether it's grassland improvement, genetic improvement, animal health planning, or biosecurity. I think the RDP has a crucial role to play there, but what we need are projects of a scale to be able to deliver that change across the industry. We've seen a number of good projects in the past, but they've been very targeted at a very small number of farmers. What we want to do is make sure the support is there so that every farmer has the opportunity to access these schemes. To do that, we need large-scale projects that can help thousands of farmers.

[75] **Alun Ffred Jones:** Dennis?

[76] **Jenny Rathbone:** Well—

[77] **Alun Ffred Jones:** Can I just get a response from Dennis and then we'll come back?

[78] **Mr Matheson:** Agri-environment schemes have in part been good and in part not

good. Food production with the land should be the priority, and I believe the environment would more or less look after itself. Is it morally right to pay people not to grow food in this country when nearly all—yes, 100 per cent—of the country, you can grow food on in some way or another when in other parts of the world you can't grow it? Climate, et cetera. The Government and the EU are paying farmers not to grow food. People are dying of starvation in the rest of the world. Wrong.

[79] **Jenny Rathbone:** You could ask is it morally right to subsidise farmers on land that is very productive? Why do they need a subsidy? I think that there is a dual purpose, is there not, to the CAP, one being to ensure that the land is not abandoned?

[80] **Alun Ffred Jones:** I want to keep to the RDP.

10:00

[81] **Jenny Rathbone:** All right. Keeping to the RDP, just taking the collapse in the milk prices for milk producers, surely that's a very strong argument for encouraging farmers to diversify so they haven't got all their eggs in one basket. There are many other ways in which farmers could earn money, just generally increasing the wealth of the rural economy. One of the big issues that we all face is producing renewable energy: you know, having cheaper energy through using our natural resources—

[82] **Alun Ffred Jones:** Could you stick to the questions, please?

[83] **Jenny Rathbone:** I think the RDP is not silent on this matter. This is one of the things—

[84] **Alun Ffred Jones:** Nick Fenwick.

[85] **Dr Fenwick:** Can I just say that there is this misconception that the environment and agriculture and food production are somehow in this continuous conflict? We need to bear in mind that our whole environment, right up to the very tops of the hills, has, for the last 8,000 years, been produced through agriculture. So, food production and our environment are interdependent, and, yes, there are examples of too much food production, let's say, having an adverse impact on the environment, but, conversely, we can give you plenty of examples of underproduction causing damage to the environment through land abandonment. So, we have to maintain that balance, and I think one of the problems we have had is that, because of whole-farm schemes, for example, there has been this presumption that you need to require the farm to have restrictions that undermine the viability of the farm rather than recognising that large proportions of the farm should continue to produce food while other proportions of the farm need to concentrate on the environment.

[86] So, when it comes to key priorities of the Welsh Government, such as making farms more efficient, we have a large number of farms that have become far less efficient due to participation in agri-environment schemes, and underlying that problem is the fact that it is illegal to pay people to produce natural benefits through the RDP. That is a huge, huge problem that I've raised with this committee before, in that you are only allowed to compensate them for the income that they forgo through undertaking certain environmental measures. So, you can't reward them for producing butterflies or oak trees or whatever. All you can do is compensate them for the sheep that they're no longer allowed to put on that land. That's a huge thing that undermines the RDP.

[87] We need to get the RDP to recognise this balance between getting farms to be efficient, food production and the environment, while also recognising that diversification is not possible for every farm. If every farm diversifies into bed-and-breakfast accommodation,

there will be no money in B&Bs. Also, by undermining farm businesses, we undermine the amount of money that they put out into the local economy. You'll see from the figures in here how amazingly important farmers are. A normal working family paying PAYE might, let's say, pay £10,000 or £15,000 into their local economy, and taxes and savings and everything else. A farm that's earning £20,000 or £30,000 in profit will be putting maybe £150,000 into the local economy, and we have to recognise the dependency of our entire economy on agriculture.

[88] **Alun Ffred Jones:** Were not doing very well in terms of time. Stephen James, quickly, and then Bill Powell.

[89] **Mr James:** On the point of all the eggs in one basket, that was a good one for us because one of the issues we've got on here is about planning. You mentioned renewables and getting wind turbines. In fact, we're quite lucky as we've actually had one. It was luck, because some of my neighbours have not got them, for planning reasons. Of course, we've got some solar parks in west Wales now as well, and they're not very popular with local people either. There are issues, particularly in Powys. We've got an e-mail that we've had from a planning consultant—and I know Russell has been involved in it—complaining about putting poultry units or extending poultry units in Powys, and having problems having to have environmental impact assessments, which take a vast amount of time. Also, in Powys, we've got this issue with a milking system—a 1,000-cow unit, which I'm sure you've heard about. It's cost the farm hundreds of thousands of pounds, purely in planning. The job is going ahead now. So, it is very difficult to get the diversification. It can be very limited to individual farms and certain farms. It isn't the answer, really.

[90] We still go back to infrastructure, which is one of the things. I had Rebecca Evans on the farm and showed her some buildings that were put up with what were farm and horticulture development scheme grants in the late 1970s and early 1980s. They're there today. They're a legacy. They're still there; we're still using them as housing for our milking cows, and it goes to show that legacy and infrastructure do last. So, we welcome some of the ideas that are coming from the RDP programme on infrastructure investment to help farmers to become more efficient, to help them to protect the environment, for example, with slurry, for covering buildings, and for keeping clean and dirty water separate. All these sorts of projects help the environment, therefore it's a win-win, isn't it? It produces food and it also helps the environment. We are prepared to do that. I keep saying that the environment that's out there—the landscape we've got—is down to farming over the last however many centuries. Farmers haven't done a bad job up until now.

[91] **Jenny Rathbone:** Yes, but isn't one of the fundamentals of the RDP to prepare farmers for the fact that the agricultural subsidies are tapering across Europe? You know, we have to prepare that, and therefore, we need to support people to diversify. Obviously, we don't want everybody to go into B&Bs, but it very much depends on individual business plans. So, would you agree that that is what is needed to do quite intensive work with individual farmers on how they can support their diversification?

[92] **Alun Ffred Jones:** A quick answer, please; I want to move on.

[93] **Mr Morgan:** There's a huge amount of support out there, and the previous RDP has delivered that level of awareness raising. It's just as I highlighted earlier on; I think it's to take the next step now and to make sure that farmers are empowered to be able to make those changes that they do on their farm. To do that, they need support with the investment on farms. So, I think that's the important thing, and to be able to get measurable outcomes out of the next RDP—to deliver a widespread level of support across the farming industry in Wales.

[94] **Alun Ffred Jones:** Bill Powell, please.

[95] **William Powell:** Diolch, Gadeirydd. Just taking that a step further, Dylan, you've been arguing for schemes that have got real scale so that we can have the benefit that we need for Welsh agriculture and the wider rural economy. I'd welcome the panel's views on whether the Welsh Government should actually make use of the support that's currently being offered both by the European Commission and by the European Investment Bank to member states that would help to offer innovative finance models, such as loan guarantees that maybe would enable farmers such as Stephen to take forward the initiatives that were possible in previous decades.

[96] **Mr James:** Well, yes, Commissioner Hogan has told us about that. There are some exciting things there, particularly the young farmers as well, because that's the issue very often—securing. You know, a young farmer coming in, maybe taking on land and not actually owning the land, but taking on a tenancy. Banks sometimes struggle, as you need a track record, don't you? It's the same as having a credit card—if you haven't got a track record, they won't lend you money to buy a house. It's the same for young farmers, really. Having Commissioner Hogan's view or ideas are welcome. It's early days for it, Bill, but we're looking, most certainly. I see that as a help, because part of the argument is getting young people farming. That's vital for us. I'm convinced that, down the road, there's going to be a demand for food as the world population increases. It's going to be a world demand, not necessarily a Welsh demand. We can sell Wales. Wales is not a bad place. We've got lamb with protected geographical indication, which is famous across the world. Let's create more products from Wales to capture the growing economy across the world. It's an exciting time for Welsh farming.

[97] **Alun Ffred Jones:** Emyr, wyt ti **Alun Ffred Jones:** Emyr, would you like to eisiau dod i mewn? come in?

[98] **Mr Jones:** And making sure that there's an opportunity for young farmers. There are plenty of young farmers out there wanting to make a go of it, but land is too expensive for them to buy. It would be easier for them to share a farm with an older farmer perhaps who hasn't got any children, or perhaps whose children have no interest in the farm, but where that farmer wants to keep hold of that farm. So, if there is a scheme to help young farmers to share a farm with that older farmer, that would be a foothold for that young farmer on the farming ladder, really, and a way for them to start. He would be energetic to make that farm efficient, where, perhaps, the older farmer is more laid-back—sitting back and just allowing—

[99] **William Powell:** Offering advice, support and expertise.

[100] **Mr Jones:** Yes.

[101] **Alun Ffred Jones:** There are so many areas to cover here that we're never going to get there. Julie, can you start us off on EID?

[102] **Julie Morgan:** Yes. Thank you very much. I wanted to ask you about EID, which, I think, is going to be introduced from November 2015, and really to ask you what you think the impact will be on Welsh farming.

[103] **Dr Fenwick:** It's a huge concern. It's something that we've objected to—EID—but we have to accept it is here now. We did win major concessions with regard to the EU legislation. Nevertheless, one big concession we haven't yet won, and they haven't yet conceded at an EU level, is that a technology that is imperfect should not result in that imperfection causing penalties for farmers. We know from the experience in Scotland and, indeed, in Wales and throughout the UK, that the read rates are around 97 per cent for tags, I think, but, over time, these tags deteriorate, so the read rate falls. Now, if you misread one of

these tags, and you get an inspection, there is a penalty on your payment. So, you get a fine for something that is effectively beyond your control when you're dealing with significant numbers of animals. So, there's that underlying problem with the legislation, which, granted, is not the Welsh Government's fault—

[104] **Julie Morgan:** Is there evidence that this has happened elsewhere, then?

[105] **Dr Fenwick:** Well, we have a very unique system in the UK in terms of traditionally rearing sheep in a certain way, compared with other areas. So, if you look at, let's say, an area where people are growing flowers on the continent and they've got a few sheep around the yard to tidy up the grass—you know, 10 or 15 sheep—it doesn't really matter if your tags don't read, because you can just go up and read the tag. When you're unloading 60 animals and one tag doesn't scan, have you got the time, in a market, for example, or when unloading to another holding, to go through 60 animals to see which one didn't read properly? That would take a whole day. Yet, not reading that tag could cause you a significant financial penalty. So, there are concerns about that. There are concerns about duplication of requirements in a world where you have to report movements online. There's the availability of broadband and a whole list of problems that means that it's essential for Welsh Government to develop the system properly.

[106] **Alun Ffred Jones:** Dylan, wyt ti am ddod i mewn? **Alun Ffred Jones:** Dylan, do you want to come in?

[107] **Mr Morgan:** Obviously, EID is one of the most hated of the EU regulations that have come in over the last five or so years. Thankfully, we've managed to deliver a phased approach and that phased approach is continuing with the launch of the database later on this year. As Nick has highlighted, the issue of tolerances, and to be able to get that into the system to make sure that farmers aren't penalised for problems beyond their control, due to the failure of the technology to work in practical situations, is hugely important.

[108] We've talked a lot about the RDP, and we had an initiative last autumn where Hybu Cig Cymru supported the industry in delivering investment on-farm—free EID equipment. I think, again, it's hugely important to use the RDP going forward to be able to support farmers and so that farmers can use the equipment to help with the management of the technology.

[109] We also need to look at ways of reducing the report and record requirements for farmers in Wales. EID, and EID Cymru, is part of one of a number of recommendations made by Gareth Williams in his 'Working Smarter' report. We've always highlighted that, in terms of working smarter in terms of reducing regulation, you'll only deliver that by implementing the full package of measures. If we could have the implementation of a county parish holding review, which means a 10-mile rule for holdings, and rather than farmers having to have four or five different holding numbers, they would have one holding number within 10 miles—within which they wouldn't need to record and report—would significantly reduce the reporting requirements, as would the introduction of quarantine units to mitigate the impact of the six-day rule. So, it's important to look at EID in the round and deliver other elements of the 'Working Smarter' package could help to reduce the burden of regulation that, in part, is being increased by EID Cymru. So, looking at things in the round, I think, is very important.

[110] **Alun Ffred Jones:** Diolch yn fawr. Julie, do you want to move on to TB?

[111] **Julie Morgan:** Yes. You want to go straight on, do you?

[112] **Alun Ffred Jones:** Well, I think we need to.

[113] **Julie Morgan:** I wanted to ask about the cross-border issues.

[114] **Alun Ffred Jones:** Well, okay, if you want to. Fine, go on.

[115] **Julie Morgan:** On the cross-border issues with EID, are there any significant issues?

10:15

[116] **Mr Morgan:** What's extremely important is that a database is being set up in Wales—EID Cymru. Scotland has its own database, ScotEID, which is what EID Cymru is based on, and England's got a totally different system. What is hugely important, given the number of moves between Wales and England and, to some extent, Scotland, is that all those databases talk to each other, so that there is no delay or impact on farmers in having to report to two different systems, or delays in that reporting. I mean, in this day and age, there shouldn't be an issue with computer systems talking to each other, but there were significant problems in England with the introduction of their databases, and we are concerned that that could potentially happen in Wales. So, everything must be done to prevent that happening ahead of the launch of EID Cymru.

[117] **Dr Fenwick:** Chair, there's one very important issue here, which is a classic example of not working smarter, and I appreciate it's not the Welsh Government's fault, but, if we have a compulsory EID reporting system, under current plans, there will still be a requirement to carry paper in vehicles when you're moving animals.

[118] Either we move to EID and we allow people to use the technology to its full extent, or we stay with the paper system. But, at the moment, we will be required to have duplication and people will just end up carrying on with the paper, which makes no sense at all. So, that has to be circumvented somehow.

[119] **Julie Morgan:** Thank you.

[120] **Alun Ffred Jones:** We're never going to cover all these areas this morning, so try and—

[121] **Julie Morgan:** Well, swiftly, on bovine TB, shall I ask you about the awarding of the testing contracts to two contractors and whether you have any views on that?

[122] **Mr James:** I think, you know, under the circumstances, we value it, because what you've got now is a team of vets who work together—there's one in north Wales and one in south Wales, and there'll be far more benefits than just TB testing, because they can work on many issues of animal health, generally, and share best practice. There's no harm in it, because, as regards people talking to each other, there is no harm. The trouble is that practices do compete against each other. So, there is competition there and farmers do move from practices. So, yes, I think we're quite happy with those circumstances.

[123] What is important, mind you, is that the testing is done by people who understand, because TB testing is very emotive, although it's a practical thing, when you're losing your own cow, particularly cows that are pedigrees and all that sort of thing. If it's some stranger, or if it's, you know—I've told our chief vet a number of times—if it's a Bulgarian vet that's doing it, between the language and the emotion in the day—. I've been doing it for 22 years, so I know exactly what it's about. So, you know, we value that.

[124] **Julie Morgan:** Thank you. Okay, that's fine.

[125] **Alun Ffred Jones:** Are there any other questions on TB?

[126] **Mr James:** TB is still an issue, mind you, for Wales. It hasn't gone. I don't want this committee to think that TB has, all of a sudden, disappeared. Although the numbers have been better in the last couple of years, there are some other—. I've got farms around me now, and we are actually clear, believe it or not, we've been clear since June last year. We had a brief two months over Christmas, because I had one inconclusive, but I've got farmers, you know, four or five miles from me going down still. There are pockets—there are large numbers of cattle going down in pockets and, without a shadow of a doubt, that's down to wildlife. It's happening over the summer.

[127] **Alun Ffred Jones:** Emyr, a wyt ti **Alun Ffred Jones:** Emyr, do you want to say eisiau dweud rhywbeth? something?

[128] **Mr Jones:** We have annual testing in Wales and we would like England to follow us, really, because it doesn't make sense that England are on four-year testing. Annual testing is really important if we want to get ahead of the game, and, in clean areas in Wales, we don't need to test cattle every 60 days when they're moved, because, in many farms, cattle moved for summer grazing are tested now, before they're moved, and they'd have to be tested again if they're coming back in two months. So, if we had it every six months, really, instead of two months, in clean areas, that would be a huge benefit for the clean areas, and there are clean areas in Wales.

[129] **Alun Ffred Jones:** Reit. Rwyf eisiau **Alun Ffred Jones:** Right. I want to move on. symud ymlaen. Bwyd a diod. Food and drink.

[130] Oscar, have you got a couple of questions on this area.

[131] **Mohammad Asghar:** Yes. Thank you very much, Chair. Actually, my interest is very much in the red meat and lamb industry, really. We produce three sheep per head more in this country than anywhere else.

[132] **Alun Ffred Jones:** I'm sure they know that [*Laughter.*]

[133] **Mohammad Asghar:** What I'm saying is, you know, at the moment, a strategic action plan is going on, and, you know, not a single part of sheep is there that is not sellable. Some of our farmers are paying the council to throw the offal, tripe, feet, brains, legs, kidneys and heart, which are all sellable. Where you are wrong, actually, those farmers, making them poor, is to sell them—

[134] **Alun Ffred Jones:** Is this a question?

[135] **Mohammad Asghar:** My question is: this strategic action plan is going on, and we need to know how much you are using this consultation to improve in the next five years to £6.5 billion, to improve the industry with that sort of figure; what areas you are covering, apart from lamb, because I'm talking red meat, and beef is totally different. So, what areas you are covering to improve that sort of figure, or this is just one of those things—Ministers—

[136] **Alun Ffred Jones:** I don't hear questions. What is the question?

[137] **Mohammad Asghar:** Could you tell us how a sheep farmer can be prosperous with the strategic action plan in the next five years?

[138] **Alun Ffred Jones:** Pwy sydd am **Alun Ffred Jones:** Who wants to take that? gymryd hwnnw?

[139] **Dr Fenwick:** I don't want to pre-empt our response before having written it. [Laughter.] However, with regard to your first point, it is an absolutely pertinent point in terms of the wastage that goes on, and the fact that farmers have to pay, either directly or indirectly, for disposal of what was previously treated as food and what is still treated as food in many parts of the world. There is a huge, overarching problem at an EU level, which is the pace at which they recognise the emerging scientific evidence and, indeed, established scientific evidence, and the figures with regard to the risks from what is called specified risk material. That extends to the risks of what we call 'smokies' nowadays. It's a very much related issue. The EU moves at an alarmingly slow pace when it comes to recognition of that. Quite rightly, there were some strict restrictions in there when bovine spongiform encephalopathy and transferable spongiform encephalopathies were a huge health concern, but we have moved on from that. There are restrictions that aren't scientifically justified and should be removed.

[140] **Mr James:** On the wider agri-strategy, what we feel is that it should be co-designed. You know, Government should work with the industry to design a package both to benefit farmers and to then benefit the food industry, because the food industry in Wales is the largest single industry in Wales—the food chain—and to develop more processing. I mean, there's a good example: I'm a milk producer supplying First Milk, and First Milk, at the moment, are struggling. Their cash flow situation's struggling, yet they've got a very efficient plant in Haverfordwest, where it's a very dense milk field, but because of the nature of the co-op, members of First Milk are sponsoring some of the milk travelling elsewhere. I think the issue I'm getting at is: in Scotland, they're producing the milk, but they can't process it, and that's costing the whole of First Milk. So, you know, it's a good example for Welsh Government to support processing in the red meat sector, in the milk industry and in whatever industry, you know, to have that, because it adds value in Wales. That provides jobs, it provides growth and it improves the Welsh economy.

[141] **Mr Morgan:** I think we have to build new markets, as you say, in terms of fifth quarter. We need to build new export markets into China and into America. We need to cost up the system, as Nick has highlighted, on farms and in abattoirs and, obviously, I think public procurement has got a big role to play, as well. That's another market that we need to develop a lot, lot further. Of course, we've got issues around the supply chain. We've just seen the drop in lamb price in the last week of about 20 per cent. It's hugely important that we all hold the retailers to account, as well, because we were entering the prime season for the best lamb in the world, and it's unacceptable, really, that we see lamb being exported from New Zealand at this time of year. I think we've all got a role to play in highlighting that.

[142] **Alun Ffred Jones:** Llyr, a oeddet **Alun Ffred Jones:** Llyr, did you—? ti—?

[143] Hold on, Oscar.

[144] **Llyr Gruffydd:** [Anhyglyw.] **Llyr Gruffydd:** [Inaudible.]

[145] **Alun Ffred Jones:** Are you on this?

[146] **Jenny Rathbone:** On the promotion of horticulture, there is increasing demand for locally sourced fruit and veg and a burgeoning crisis of supply, certainly in Cardiff. I represent a Cardiff seat. Schools and hospitals want to buy locally, and there is insufficient produce. What can be done about that?

[147] **Mr James:** Puffin potatoes is a good—. It's Pembrokeshire based, and although it's called Puffin potatoes, they handle all vegetables. I know even the supermarkets are looking for Welsh products, and you talked about diversification again, and it is—because that is one

of the issues: it's highly costly, vegetables particularly, and fruit. It's laborious, and it's got to be processed on site as well. I know Welsh Government has supported Puffin potatoes quite well, so it's those initiatives, really, to develop that, and getting that message out to farmers, really. But, obviously, there are limited areas of Wales where you can grow—

[148] **Jenny Rathbone:** With climate change, that could change.

[149] **Mr James:** Well, we may be growing on Snowdon, perhaps, by the time—

[150] **Alun Ffred Jones:** I don't think so. [*Laughter.*]

[151] Emyr, a wyt ti eisiau dod i mewn? Emyr, did you want to come in?

[152] **Mr Jones:** We want to see our produce sold to the schools and hospitals and old people's homes; we don't want them to bring produce from all parts of the country when we can produce it locally.

[153] **Jenny Rathbone:** Do you think that there is room for much more—

[154] **Mr Jones:** Oh, yes. Yes. And that's up to the different county councils, isn't it?

[155] **Alun Ffred Jones:** Dennis, do you want to come in on this?

[156] **Mr Matheson:** On the previous wider issue of how to make farming profitable, taking the last 30 years, all sectors except for one have been up and down. There have been good times for milk and bad times for milk, and, at the moment, everything is bad. The one sector that has never been profitable since I've been farming is hill beef from suckler cows. At the recent beef summit in November, the Scottish agricultural college released a report that said that if suckler cows in the hills are to remain, and they must do for mixed grazing, biodiversity, et cetera—everybody agreed on that—the only way to do it is to have a specific fund for that sector. It's just a plea, really. It's going to be wiped out otherwise.

[157] **Alun Ffred Jones:** Okay. Oscar, did you want to come in on that?

[158] **Mohammad Asghar:** Chair, this is a very big subject, red meat, and we need to make sure that it is an area that can transform the economy of the whole of Wales.

[159] **Alun Ffred Jones:** Okay. Stephen.

[160] **Mr James:** Can I make a point? A farmer I spoke to last night, who's got 90 acres of apples near Hay on Wye, supplies Bulmers, the cider company, and they're actually giving him a contract of 25 years—an index-linked contract for 25 years. The reason is: you don't grow an apple tree overnight. It's a long-term project, and Bulmers have recognised that, and they've recognised that by creating a long-term contract with a farmer. They guarantee a supply going forward. That's a great message, I think, for you as a committee. It's about building relationships and building futures for farmers: for young people, for existing farmers, for infrastructure, for all, and I think it's, again, about growing the economy.

[161] **Alun Ffred Jones:** Llyr, ac wedyn, **Alun Ffred Jones:** Llyr, and then if anyone os ydy un ohonoch chi eisiau dod ag unrhyw wants to give any message before closing, neges cyn cloi, dyma'ch cyfle chi, ar ôl Llyr this is your opportunity now. yn awr.

[162] **Llyr Gruffydd:** That longer term thinking, and that degree of certainty brings me nicely to the question I was hoping to ask, actually, because I know that the Tenant Farmers

Association has been very proactive in trying to encourage an increase in the length of average farm business tenancies. I can understand the advantages and benefits of that, but how, practically, do you think that can actually be driven forward? I'd be interested in hearing the views of the farming unions on the potential of that as well.

[163] **Mr Matheson:** The problem has been caused by the creation of farm business tenancies in 1995, which were themselves created to try and overcome a previous problem, namely Agricultural Holdings Act 1986 tenancies—I think it went back to 1948—which gave a tenant the right to pass on his tenancy for three generations, which meant that there weren't any tenancies available. So, the industry had a consultation through a thing called the tenancy reform industry group—the TRI group—which I think everybody here was—. It came up with these farm business tenancies: any length you like, different rules, more open, rent to be more determined by market forces rather than to a formula, which was previously the case. In theory, good idea. Yes, landlords, when tenancies came back in hand, where tenants died or whatever and no heirs, did let on farm business tenancies, but what has happened is that the farm business tenancies have got shorter and shorter and shorter, and rents higher and higher and higher, to the stage where it really is unprofitable to have a farm business tenancy.

10:30

[164] Most people have got one on a freehold. They've got another farm, and they have a farm business tenancy for one year on a freehold somewhere else. So, at the moment, the TRI group is discussing how to change farm business tenancies to try and overcome this. It will take years. So, the Tenant Farmers Association think the only way to do it is to change the tax regime to encourage long-term tenancies, and we've come up with various proposals, such as 10 years or more as a minimum tenancy. If you have a tenancy for five years, say, you're not going to spend money on new fence building; it would be a waste of money.

[165] **Alun Ffred Jones:** I don't want to get into the detail of this.

[166] A oes rhywun eisiau ychwanegu Does anyone want to add anything?
unrhyw beth?

[167] **Mr James:** On Llyr's point, there are some fantastic examples out there, such as David Wynne Finch and Matthew Jackson, who's come from the city of Manchester and now owns 400 cows farming in a shared partnership with David Wynne Finch, who is a large landowner. But, there are success stories out there a well, and I think Welsh Government needs to build on some of that success and get those messages out. I always say that sheep farmers, with their hips and knees going, don't catch as many sheep as they used to, so they keep fewer sheep, whereas if you bring a youngster in, in a shared partnership, you can grow for that Welsh meat industry. We are working with Welsh Government on that very subject.

[168] **Mr Jones:** We've got farm bikes now to catch more sheep. [*Laughter.*]

[169] **Dr Fenwick:** TRIG is looking at this, and I think there's a fair argument to say that we've gone from one extreme to another; that's fair enough. But, the tax system, in terms of agricultural property relief on farmhouses, is also something that could be looked at to free up land, and the more land that's out there, the more opportunities we have for younger farmers. At the moment, people are sitting on land that they should be freeing up.

[170] **Alun Ffred Jones:** A oes rhywun eisiau ychwanegu rhywbeth, neu neges i'w gadael efo ni ar gyfer y Dirprwy Weinidog pan fyddwn ni'n ei gweld hi? **Alun Ffred Jones:** Does anyone want to add anything, or leave a message with us for the Deputy Minister when we see her?

[171] **Dr Fenwick:** Byddwn yn pwysleisio pwysigrwydd bod y Dirprwy Weinidog yn ystyried yn ofalus iawn yn yr wythnos nesaf yma beth fydd effaith peidio cael estyniad i'r terfyn ar gyfer rhoi ffurflenni i mewn.

Dr Fenwick: I just want to emphasise the importance of the Deputy Minister considering very carefully in the next week the impact of not extending the deadline for submitting applications.

[172] **Alun Ffred Jones:** Diolch yn fawr. A oes rhywun arall eisiau cynnig rhywbeth?

Alun Ffred Jones: Thank you very much. Does anybody else want to add something?

[173] **Mr Jones:** Byddwn i'n licio eich gweld chi fel Llywodraeth yma yng Nghaerdydd yn defnyddio y pŵer sydd gennych chi efo amaeth. Dangoswch eich bod chi eisiau gweld amaeth yn llwyddo yng Nghymru—eich bod chi eisiau cefnogi cymunedau gwledig, cefnogi iaith y ffermwyr ifanc, cefnogi cefn gwlad a'r ffarm deuluol, a gwneud yn siŵr bod amaeth yn llwyddo. Ac, os bydd amaeth yn llwyddo yng nghefn gwlad, bydd pob peth arall yn disgyn i'w le.

Mr Jones: I would like to see you as a Government here in Cardiff using the powers that you have with regard to agriculture. Please show that you want to see agriculture succeeding in Wales—that you want to support rural communities, support the language of the young farmers, support rural areas and the family farm, and ensure that agriculture succeeds. And, if agriculture does succeed in rural areas, then everything else will fall in place.

[174] **Alun Ffred Jones:** Nid ni ydi'r Llywodraeth, ond mater arall ydi hwnnw.

Alun Ffred Jones: We're not the Government, but that's another matter.

[175] **Mr Morgan:** There's a crucial couple of weeks coming up in terms of decisions to be made in terms of the basic payments scheme. But, what is extremely important is the development of the rural development plan to make sure that we have programmes up and running that are delivering support on a widespread scale across the farming industry in Wales. We need to move forward with that extremely quickly, because it must act in a complementary fashion to the decisions made in terms of the basic payments scheme.

[176] **Alun Ffred Jones:** Diolch yn fawr.

Alun Ffred Jones: Thank you very much.

[177] **Mr James:** Efallai y dylwn i fod wedi cadw'r stori Bulmers tan y diwedd, achos, i fi, y stori yna efallai yw'r stori orau am nawr.

Mr James: Maybe I should have kept the Bulmers story till the end, because, for me, that is perhaps the best story for now.

[178] **Alun Ffred Jones:** Diolch yn fawr iawn, a diolch yn fawr iawn i'r pump ohonoch chi. Mae'n ddrwg gen i ein bod wedi bod yn rhuthro drwy bethau, ond mae'n faes eang iawn ac rwy'n ddiolchgar iawn i chi am ddod i mewn atom ni i gyfrannu y bore yma. Diolch yn fawr iawn.

Alun Ffred Jones: Thank you very much, and thank you to all of you. I'm sorry that we rushed through everything, but it is a very broad field and we're very grateful to you for coming in and contributing this morning. Thank you very much indeed.

[179] Fe symudwn ymlaen i'r set nesaf o dystion.

We will move on to the next set of witnesses.

[180] **Russell George:** Chair, can I say that I was very frustrated that I was not able to ask any questions, and you've got Members going off on a tangent and giving big speeches? I had a whole series of questions I was prevented from asking. So, can you be succinct, please, Chair? Not your fault, Chair—

[181] **Alun Ffred Jones:** Sorry. The point is well made.

10:35

**Polisi Amaethyddol—Blaenoriaethau ar gyfer 2015-16: Tystiolaeth gan
Randdeiliaid**
Agricultural Policy—Priorities for 2015-16: Evidence from Stakeholders

[182] **Alun Ffred Jones:** A gaf fi groesawu'r tri ohonoch chi atom ni heddiw i ateb cwestiynau? Nid oes gennym ni ormod o amser, felly rwy'n gobeithio y bydd y cwestiynau yn fyr ac y bydd yr atebion yn fyr ac i'r pwynt hefyd. Felly, a gaf ofyn i chi gyflwyno'ch hunain er mwyn y record a dweud pwy rydych yn ei gynrychioli, gan ddechrau ar y dde?

Alun Ffred Jones: May I welcome the three of you here today to answer questions? We don't have too much time, so I hope that the questions will be succinct and that the responses will also be to the point. So, can I ask you to introduce yourselves for the record and tell us who you represent, starting on the right?

[183] **Mr K. Williams:** I'm Keith Williams and I'm here on behalf of the Future Farmers of Wales.

[184] **Alun Ffred Jones:** Diolch yn fawr. **Alun Ffred Jones:** Thank you very much.

[185] **Ms Vaughan:** I'm Carys Vaughan, vice chairman of rural affairs for Wales, Young Farmers' Clubs.

[186] **Alun Ffred Jones:** Diolch yn fawr. **Alun Ffred Jones:** Thank you very much.

[187] **Mr C. Davies:** Ceri Davies, rural affairs for Wales, YFC.

[188] **Alun Ffred Jones:** Diolch yn fawr. Russell George will kick off.

[189] **Russell George:** Good morning, all. I'd like to ask you for your views on the agricultural strategy, particularly what you want that to achieve for young farmers.

[190] **Mr C. Davies:** I would like to see something that sort of brings back the production levels to within Welsh agriculture. It's a very challenging time in farming we're going through at the moment and I'd like to see a bit more support come back to an on-farm level for the youngsters of farming. It's good to see that Welsh Government has taken up the new young entrants support scheme; I think that will really benefit young farmers looking to make their way onto the farming ladder.

[191] **Ms Vaughan:** I think we need to encourage people to stay in farming and not look at other sources of income or other jobs, because, if we don't encourage them to stay, then we won't have young farmers in the agricultural industry anymore, because it doesn't look very good. I've got a younger brother and, at the moment, the way it is is that we're seriously telling him, 'Look, you need to do something else other than agriculture; do something on the side' because there's not going to be enough income coming in for both my parents and my brother on our family farm.

[192] **Russell George:** Before the next member answers the question, the Welsh Government is putting together the strategy now, and they're putting together the framework for the strategy, which I think the Welsh Government is working on over these next few weeks, so have you been involved in that strategy, have you been consulted, or has anybody asked for input?

[193] **Mr K. Williams:** I've not.

[194] **Mr C. Davies:** I'm sure you're all aware that YFC has gone through a lot of changes to our structure of late, so, on the communication levels between myself and staff—Helen only started last week—we haven't had too much involvement over the last two months or so. So, I am a bit behind with what—.

[195] **Ms Vaughan:** Yes, we have fallen behind, but it's something on which we are catching up fast and we are trying to get our views across to you.

[196] **Russell George:** I suppose I'm asking whether the Welsh Government has sought your views on the strategy.

[197] **Mr C. Davies:** Yes, it has.

[198] **Ms Vaughan:** Yes.

[199] **Russell George:** Right, okay. The other question I wanted to ask is about farm incomes. I can see that provisional figures from the Welsh Government show that farm incomes have fallen by 24 per cent in the 2014-15 financial year since the 2013-14 financial year. So, I wanted to ask what you believe are the reasons for that. We know some of the obvious—the fall in farm-gate prices—but are there other areas contributing towards that drop in income that you would like to share with us?

[200] **Mr C. Davies:** I don't feel that, perhaps, we get enough for grass-roots farming. We've only got two tools as a farmer—we've got our grass fund and our stock. Stocking prices at the moment are on the decline—we see cattle price starting to dip again, and new season lamb hasn't taken the early spike as we wanted. So, I think we need a bit more support for the grass base—liming grants, and that sort of infrastructure—to help us be more productive and more efficient on our farm. We're within the Glastir scheme and we were targeted for the woodland element, so I would say that our farm has a good balance between environment and production, but the only tool we have to use is to up our efficiency and our production levels, and it would be nice to see perhaps something, with the rural development plan coming through, where we get more direct funding through on-farm infrastructure grants and stuff that will make us a bit more efficient.

[201] **Russell George:** Yes. Could the other panel members answer specifically on what the Welsh Government can do to help with farm income?

[202] **Alun Ffred Jones:** Keith Williams?

[203] **Mr K. Williams:** I would say that the biggest thing that's affecting us—well, it's one of many things—is the strength of the pound. It's actually affecting our—. I know that that's something that you can't have any effect on—

[204] **Russell George:** The Welsh Government can't do anything about that.

[205] **Mr K. Williams:** I realise that, but what you could help us with is helping us to become more efficient through more strategic business planning and stuff like that, I would say—something that could make farmers become more business focused.

[206] **Russell George:** So, Welsh Government support in helping the farmers to put together business plans.

[207] **Mr K. Williams:** Not so much business plans in terms of how they've been in the past in my experience, which is just a box-ticking exercise just to get you into a scheme or to do something and it's not actually specific to the business. A lot of the consultants who have been involved haven't actually—

[208] **William Powell:** It's generic stuff.

[209] **Mr K. Williams:** Yes; there's a lot of cut and paste, and you look at it and think, 'I can see what you're saying, but it isn't actually specific to me'. It's not bespoke.

[210] **Russell George:** What do you want to see the Welsh Government doing in that respect?

[211] **Mr K. Williams:** Following the Farming Connect principles, but having better farming consultants and access to better consultants.

[212] **Alun Ffred Jones:** Right. William Powell.

[213] **William Powell:** Good morning, all. I'd like to keep the focus very much on the next generation of farming and on giving people the maximum access to the land. I'd like to ask what recommendations you would like to see prioritised from the Malcolm Thomas report on young entrants. Also, allied to that, are there any particular recommendations of the Professor Wynne Jones report on agricultural sector skills, which you may well be familiar with, that you would like to see prioritised from that important piece of work as well?

[214] **Mr C. Davies:** On the training side of it, the Farming Connect training exercises have been taken up amongst Welsh farmers very well, with the coming to the end of the 'grandfather rights' to spray. I know that a lot farmers, along with myself, have used the land for funding to do our PA1, PA2 and PA6, to enable me to spray within the laws now. I would like to see succession remain high on the top of the agenda. The new young entrants support scheme coming through is going to be targeted for new entrants into the industry, whilst that perhaps doesn't tick a box for a lot of our young farmers out there who are climbing the farming ladder. I can use myself as a bit of an example here: my father is a 55-year-old farmer. I have taken on, single-handedly, the job of completing our online single application form this year. I'm not a partner in the business, but I am the one who is making some of the majority decisions that our business is going to be facing over the next couple of years. I don't think you can define who is an active farmer within a business simply by saying, 'You are a 51-per-cent majority shareholder of the business'; there are a lot of different avenues in terms of how you can be the key decision maker, but not on paper.

[215] **Ms Vaughan:** Yes, I agree. I think this joint opportunities platform is something that really needs to be focused on, because that's the issue. We see, in Wales, young farmers who can't have access to land; they're struggling to have access to farms and to really start off their businesses. We need to seriously look at the people who are deciding to exit the farming industry and to push that land and focus on the new generation because it's something that we, as a committee, feel very strongly about and that we really want to push and support. Hopefully the Welsh Government feels the same and that we can, hopefully, work together on something and get a better communication going.

[216] **William Powell:** Absolutely.

[217] **Mr K. Williams:** I think it's vital to have young people coming into the industry. They are more prepared to take on new technologies, which will make farming more efficient. Whether you need an exit scheme for older farmers or whether it is just a fact—and I don't know, again, whether Wales can have an influence on it—of the tax system, allowing elderly

farmers to leave the industry. If they converted their farms into a letting for young farmers to come in, it then changes the tax status on their estate at the end. So, it's very prohibitive and forces them to stay in.

[218] **William Powell:** What role do you feel that share farming could play in providing access to the land, which was a theme that came up with the previous panel?

[219] **Mr K. Williams:** I think it's huge. But, you've got to set up a tax system for the established farmer or for the landlord or whatever you want to call him. It has to be beneficial to him, so that he'll go and look for a young farmer to come and do it. The young farmer is there, wanting to go; you just need to put the circumstances there to allow them.

10:45

[220] **Mr C. Davies:** I think, within Wales, YFC a few years ago did try to set up something along the same lines as the joint opportunities platform. I think it was called the database of opportunity, or something like that, and we had something in the region of over 170 of these young farmers who were looking to get on the farming ladder, but there was no sort of movement or co-ordination at the other end to help us find that next step on the ladder for them. So, there's a massive need for something like the joint opportunities platform.

[221] **William Powell:** One final question, if I may, Chair. I think, to give credit where credit's due, the Deputy Minister for farming and food has been very proactive in seeking the views of younger farmers, and I have been at a number of consultation events where she's been taking an active role. But it's already been acknowledged that the young farmers movement has been through a period of turbulence just in recent months, and, hopefully, we're emerging from that with some certainty for future funding. However, do you feel it would be useful for there to be established a sort of standing committee or an advisory panel of young farmers to actually be there as a constant source of advice and support, and to encourage dialogue with the Minister, and maybe her successors, for the betterment of the industry and also to maximise access to the land for the future?

[222] **Mr K. Williams:** I think, if you want the young people to come in to do the farming from now on, or in future generations, you have to have them involved from the start, and, yes, as many young farmers involved as possible.

[223] **Ms Vaughan:** I think a panel would be an excellent idea. I think it's something that will give an opportunity and a look into how it really is for young farmers in Wales, because it's not easy. Coming from a farm background myself, I've had to go into a completely different sector. I'm a planning officer, but, you know, I couldn't have stayed at home, because there wouldn't have been enough opportunities, and we need to seriously look at how it is at the grass-roots level, because it's not as rosy as people think it is.

[224] **Alun Ffred Jones:** Can I just stick on this theme for the time being?

[225] Ai dyna ydy dy faes di, Llyr? Na? Is that your area, Llyr? No? Right. Reit.

[226] Julie, is that yours?

[227] **Julie Morgan:** Well, I was going to ask about where the voice of young farmers was, but I think we've covered that now. The other issue was that you've mentioned the community land trusts in your evidence. I wondered whether you could explain how that would work.

[228] **Ms Vaughan:** It's a scheme where a community keeps 25 per cent of the land for housing for local, rural young people. The owner would buy 25 per cent, and then, over 25 years, would gain up to 75 per cent of the ownership of the land, but yet, the community trust would keep 25 per cent. It's just a way of getting young people to stay in our rural communities. I feel really passionate about this, because I feel our affordable housing policy in Wales does not work. It's absolutely rubbish, and for us in Carmarthenshire—

[229] **Alun Ffred Jones:** Don't hold back. [*Laughter.*]

[230] **Ms Vaughan:** Sorry. [*Laughter.*] In Carmarthenshire, we have to take off these ties to affordable housing, because, for someone like me, who has actually tried to get a mortgage on an affordable house, I couldn't do it; they will never give me the money. So, we really need something that's going to work for us. Everyone says, 'Oh, our local people are going away', or, 'They're moving to London and Cardiff'. They have to stay, and we need them to get this money so that they can stay.

[231] **Julie Morgan:** And this, you think, would be a way of doing that.

[232] **Ms Vaughan:** I think it will. I think it will be a successful way, and a way of encouraging them to stay in our local communities.

[233] **Alun Ffred Jones:** Are you on this theme, Jenny?

[234] **Jenny Rathbone:** Yes. I mean, we can all agree that housing is absolutely essential if people are going to stay in rural areas. I just wondered, though, how community land trusts might address the issue of the price of land being a huge barrier to new entrants to farming, and is that in the scope of this idea?

[235] **Ms Vaughan:** Yes, it is looked into in this idea. I haven't got the paper with me at the moment to look at it specifically. However, it is looked into and it's something they have looked into while coming up with this idea and looking at this issue, but I think we need to make sure that the land that they are built on is not prime agricultural land, because that's something that we need to look after. We need to reuse our brownfield land. There's a lot of it about and there's a lot of it that looks awful. If we used that land as something that can generate income and keep the people in the local area, then that's brilliant, because there's nothing worse than seeing a disused industrial field. Why can't we put houses there? If it works, if it fits in the policy, let's go for it.

[236] **Jenny Rathbone:** Hopefully, the new planning regulations will help that. But, just sticking with how we're going to get new entrants into farming, the previous interviewees from the NFU and FUW, et cetera, they were talking about partnerships between older farmers who don't have family who want to go into farming—marrying them up with people who'd like to farm but absolutely can't afford to buy anything. Is that something that the young farmers have looked at?

[237] **Ms Vaughan:** I think it's something that definitely should be looked at, because the older generation have got a wealth of knowledge that could be transferred to our younger generation. There's nothing better than having someone teach you the tricks and show you how it's really done because they've experienced the bad years. How they dealt with the years when there was a lot of rain or when there was a drought—that information needs to be transferred and we can move forward. It's something we have spoken about as a committee and our members do feel strongly about it. If they can work together, let's go for it and see if we can create—. It's similar to the joint opportunities plan, where we find a farmer who hasn't got anyone to take over the farm, we match them up, pair them, with a young farmer and they can work together. It's the best of both worlds.

[238] **Alun Ffred Jones:** Oscar, do you have—

[239] **Mohammad Asghar:** Only a small question. [*Inaudible.*]

[240] **Ms Vaughan:** It's a good question.

[241] **Mr C. Davies:** I always think—[*Inaudible.*] The challenge of getting into agriculture now is enormous. You can't just say that it's purely just the price of land today. The farms, to actually get into this industry, just do not come up. The opportunities aren't there to progress as fast as you want to do. Council holdings—I do hear of examples where they do work to climb the ladder, but there's a lot of council holdings out there where it's been the same tenant sat in them now for the last 40, 50 years, you know. That transition of moving up the ladder where you start renting 20, 30 acre fields, then your council holding, then your tenancy farm, then hopefully on to your own property doesn't seem to be working anymore.

[242] **Ms Vaughan:** However, Wales YFC have got a partnership with the National Trust. We've got our Llyndy Isaf farm, where it does give one young farmer an opportunity to farm that farm for a whole year as a start-up—somewhere for him to go. It's a scholarship. It's proven excellent. We really are supporting that type of farming. I know Aberystwyth University have got something similar in the pipeline. That's something hopefully more trusts can work towards.

[243] **Mr C. Davies:** We're feeding into work with Pwllpeiran, to get our name on the list up there. I heard they were trying to do something similar with a five-year tenancy farm. We thought perhaps it'd be a good opportunity, to feed our start-up farm—that perhaps the top five scholars from there can get the opportunity then to go to Pwllpeiran for the next five years to get more experience, more knowledge back from IBERS themselves. What better place to learn how to farm, with the best grassland available, when you've got the people who are making it on your doorstep? I think that would be an excellent progression ladder. We'd like more. Hopefully, this is one of our first farms, which we've got as an example. It'd be nice to think, as the years go by, we'd perhaps be able to secure a few more of these.

[244] **Llyr Gruffydd:** I just want to ask a few questions around the basic payment scheme. I thought I'd start by asking whether you have any concerns about the application process around the national reserve entitlements for new entrants and young farmers.

[245] **Mr C. Davies:** With applying for entitlements for new, eligible ground? I'm a bit out of touch with what's going on at the moment, but I do have a few queries with perhaps how the whole tree issue is going to work. We've already seen reversals of ineligible and eligible features, with regard to the pond classification in Glastir last year. It started off that the surface area of the water had to be deducted 0.01, then that got increased to 0.05, taken in to the buffer zone. I was filling in our application this year, and now I've been told it's a complete reversal and it's all back in.

[246] So, with regard to the woodland areas now, if we get the woodland taken out on the basic payment scheme, we're in Glastir woodland management, we put something like 8 hectares in—you know, this is a scheme we'd like to progress further down the road with—are we going to have to then purchase new entitlements to enable us to progress with this scheme? The way that I've understood it, with our entitlements, as they're set for this year, we could be dropping from, say, a 250-hectare farm to a 230-hectare farm. So, then we are down on our eligible claimant land that would enable us to progress further with these sort of wildlife schemes. So, you know—

[247] **Llyr Gruffydd:** What about the Deputy Minister's decision, at the moment at least,

not to extend the application for the basic payments scheme for the extra month? We had serious concerns from the farming unions that that's going to lead to a whole host of mistakes and issues in terms of not being able to draw down money and being penalised et cetera. I presume you'd share those concerns.

[248] **Mr Williams:** It's a pay-off, isn't it? If you extend this end, you're not going to get paid at the other end. So, it's a case of, if you had more time, there would be fewer mistakes, but then people on the edge aren't going to get their money in time later in the year. Personally, I think everybody knows it's 15 May and we stick to it. That's my personal view.

[249] **Mr C. Davies:** If we could have security that it would still be delivered financially—. On the payment time, yes, an extension would be great. I'm in the middle of doing ours at the moment. Codes are changing. I'm having difficulty getting clear classification on questions I'm asking from the rulebook, from Welsh staff liaison officers and from the ministry call centres. I'm asking very clear-cut questions, such as, 'I have 4 hectares of woodland; there is 0.4 hectares of canopy cover woodland in the corner of the field. What code do I use?' and I am failing to get a definite answer for what I need to use. We got told by the farm liaison officers that, provided that 75 per cent of your farm is grassland, you don't need to comply with greening or ecological focus areas. When I was filling in our online single application form, I think we counted something like 13 hectares of what is classed as arable ground. We are still 75 per cent grassland, but the online system is telling me I need to fill in our EFAs. We're getting so many mixed messages about how to fill in this application form. I'm a 30-year-old young farmer. I should be able to do this on my own, but I'm going to have to seek assistance on how to fill this in. As I said, my father's walked away from it. These are some of the biggest financial cuts or decisions our family farm will probably face within the next five or 10 years. You know, we need to have leniency on the other end of the scale if we make issues on this, because I am personally really struggling with how to classify. It got given the title, '100 trees per hectare', which, from what I can understand, is completely irrelevant—that's just purely canopy cover. So, you've got farmers getting confused. Do they count the trees under that canopy cover to make a deduction? I don't think I've read in the book that there is clear classification of what counts as a tree, if that's the case. It's a challenge—

[250] **Alun Ffred Jones:** We're not going to try and address what a tree is this morning, are we? Jenny, do you want to come in on rural development?

[251] **Jenny Rathbone:** On rural development, I mean, it is excellent that you were involved in 'The Wales We Want', which is all about sustainable communities and economies. What role do you think local authorities in your areas might play in developing more sustainable agriculture, enabling more young people to come into a diversified farming industry—because they're big landowners?

[252] **Mr C. Davies:** I know we've touched on the planning issue once already, but I think that is a major barrier to keeping these young talented farmers within their local communities. So, we desperately need just very good local needs planning. I know we spoke about affordable homes. We are in our third year now in the planning process of trying for an affordable home. We finally got it to then turn around and get refused by every bank in Wales for finance. We have now just finally found one in Swansea that will take us on, but that is a very limited doorway. I have three brothers at home. I took the decision to buy a property three miles down the road. That was as close as I could keep within the working farm. The affordable home option came up, so we tried for planning for that for my middle brother, who's lived on our family farm. He's an electrician who works two miles down the road. He's there fully for our local economy. We are being scuppered by a very complicated and time-consuming planning authority.

11:00

[253] **Jenny Rathbone:** Okay. That's a housing issue. What about the diversification of the production—you know, of the farming produce? So, for example, there's been this crisis over the price of raw milk, but if we had more diversification and more processing of the product, there'd be more value added for the farmer. I just wondered if you could talk a bit about that aspect of farming—if it wasn't simply being sold in its raw state at market, but that there was some form of processing involved.

[254] **Mr C. Davies:** Anything that can add value to Welsh products, we're in full support of. We hear, 'You've got to farm productively and more efficiently'. It's hard work. We're farming on severely disadvantaged ground. I would argue that it's not the altitude you're at; it's the attitude you've got to farm that ground. If you want to farm productively and efficiently, you will do it. I think that sort of ethos is within all young farmers in Wales: the job will be done when it's done, and we're not getting rewarded for our products at the other end. It's sort of very deflating.

[255] **Jenny Rathbone:** But if you're supported to diversify, which I assume is one of the purposes of the RDP—

[256] **Mr C. Davies:** Diversify away from agriculture—to other avenues of agriculture, or—?

[257] **Jenny Rathbone:** Well, I think it's a mixed menu, isn't it? Some of it might be diversifying into other sources of income, like windfarms or whatever, or it might be into adding value to the basic product.

[258] **Ms Vaughan:** I think the problem you've got with adding value to the basic product is that you need the infrastructure and the resources to do that, and that's an issue. Money is very tight out there. Getting the funding to put in a plant that will generate your milk into yoghurt, ice cream or whatever is going to be hard-going, because, realistically, you won't be making profit in the first few years of buying that. It will take you years to really see the benefit of doing it. In the meantime, people might think, 'Oh, why am I bothering because I can't see the point of it?'

[259] **Jenny Rathbone:** But isn't that something where things like the European Investment Bank could help? I understand you wouldn't necessarily make money in the initial years, but that's the whole purpose of having a loan in order to develop a sustainable business.

[260] **Ms Vaughan:** Yes, but it comes to a point where young farmers think, 'Oh, there must be something better for me out there', and they look at different employment opportunities. You know, there're farms around me in Pembrokeshire that are putting 90 to 100 acres of solar panels on amazing agricultural land. What a waste. I hate solar panels. I think they're awful. If you can put them on buildings to help you generate some more money and become more efficient, great, but on land, where that land could have gone to a young farmer, or someone who genuinely has got that need or that want to farm it, that avenue should have been looked at first.

[261] **Alun Ffred Jones:** We are running out of time. So, Members, if you've got any specific questions that you're burning to ask, this is your opportunity. If not, I'm going to ask the panel members to leave us with a last thought about what you think are the priorities for you in terms of the agricultural strategy and policy for the future. So, who's going to kick off?

[262] **Mr C. Davies:** I think that the priority for definitely the next 12 months needs to be

the SAF and BPS payments. This needs a lot of work. I do appreciate it's probably not going to get resolved within the next 12 months. The woodland area, which is what we're trying to declare, is going to be an ongoing feature, but if I can sort of bring it back home to what's happening with us, the reality of this is we're probably going to lose about 80 per cent of my farm's salary. I'm being made redundant from our farming business with how much income we will lose to this. It won't deter me—not by a long way—but we are trying to farm productively, efficiently and environmentally. That game now has just been upped a good few levels. So, I'd like to see that running high on the agenda. Let's get the technical side of this all clarified first and make it easier for us to farm productively.

[263] **Alun Ffred Jones:** Diolch yn fawr. Carys.

[264] **Ms Vaughan:** My priority would be to encourage people to stay in our rural communities. If we don't get them to stay, then we won't have communities in the future. And to get our rural, local needs—housing—sorted.

[265] **Alun Ffred Jones:** Diolch yn fawr, Keith.

[266] **Mr K. Williams:** I want to be able to encourage farmers to become more efficient and to be more business minded. In my sector, beef and sheep, the biggest way, I believe, to drive that is actually on the grading system on how we're paid on our end product. The system that we're paid at the moment is purely on confirmation and I believe that we should be paid on saleable meat yield. That is something that would make the whole system more efficient, because if you're paid on what you produce, you're actually producing a more efficient system. Farmers know, if there's a reward, we will chase it. So, if we can have a better reward for what we do produce, as long as it's what the consumer wants, which would then, obviously, be what is required by the saleable product, I think it covers all areas: it improves organic and it improves conventional beef and sheep.

[267] **Alun Ffred Jones:** Ocê. Diolch yn fawr iawn. A gaf i ddiolch i'r tri ohonoch chi am ddod i mewn atom ni heddiw, ac am rannu eich tystiolaeth a'ch barn efo ni?

[268] **Alun Ffred Jones:** Okay. Thank you very much. May I thank all three of you for joining us today and for sharing your evidence and your opinions with us?

[269] Thank you very much to the three of you. We'll have a 10-minute break now and return at quarter past.

*Gohiriwyd y cyfarfod rhwng 11:06 ac 11:16.
Meeting adjourned between 11:06 and 11:16.*

**Polisi Amaethyddol—Blaenoriaethau ar gyfer 2015-16: Tystiolaeth gan
Randdeiliaid
Agricultural Policy—Priorities for 2015-16: Evidence from Stakeholders**

[270] **Alun Ffred Jones:** Fe wnawn ni ailddechrau'r pwyllgor a chario ymlaen gyda'n sesiwn dystiolaeth â rhanddeiliaid. A gaf i groesawu'r pump sydd wedi dod i mewn, sy'n cynrychioli gwahanol sectorau? A gaf i ofyn yn gyntaf i chi gyflwyno'ch hunain i ni, a dweud pwy yr ydych chi'n eu cynrychioli, cyn imi alw'r cwestiynau? Efallai y byddaf i'n dechrau efo Russell.

Alun Ffred Jones: We'll reconvene the meeting and continue with our evidence session with stakeholders. May I welcome the five witnesses who have just come in, representing different sectors? May I ask you first to introduce yourselves to us, and tell us who you are representing, before I start the questions? I'll start, perhaps, with Russell.

[271] Will you kick off?

[272] Felly, a gaf ofyn i chi gyflwyno'ch hunain? A gaf ddechrau efo Keri—Mr Davies? May I start with Keri—Mr Davies?

[273] **Mr K. Davies:** Keri Davies—beef and sheep farmer from the Brecon Beacons, representing the Welsh organic group here today. Thank you.

[274] **Mr Little:** Tony Little, from Organic Centre Wales.

[275] **Mr Evans:** Haydn Evans—organic dairy farmer in west Wales, representing the Welsh organic group.

[276] **Mr A. Williams:** Arfon Williams—RSPB Cymru.

[277] **Mr Bevan:** Tim Bevan—Soil Association.

[278] **Alun Ffred Jones:** Grêt. Diolch yn fawr iawn i'r pump ohonoch chi. **Alun Ffred Jones:** Great. Thank you very much to the five of you.

[279] We'll go into questions straight away. Russell, do you want to kick off?

[280] **Russell George:** Yes, thank you, Chair. That's fine. I wonder if I could ask the panel for their priorities for the implementation of the basic payment scheme.

[281] **Alun Ffred Jones:** Who's going to—? Keri Davies.

[282] **Mr K. Davies:** Thank you for the question, Russell. My top priority, really, is the concern about the redistribution or the shifting of money to the upland areas. The significance of the impact cannot be expressed seriously enough. Fifty per cent of Wales is producing 5 per cent of the food. If we continue down this road, I'm afraid the bottom of profitability for agriculture in Wales is going to drop right off. There needs to be some sort of redistribution of funds, either through the targeting of Glastir into the extension of the tunnelling option—'tapering', I think they call it—whereby you can deflect some of the major drops. Our own farm is losing £30,000 over the next five years—significant income drops. We employ a lot of people. Those are going to have big impacts on the profitability of all farms. Of course, we've done a lot of diversification, and we've done a lot of tourism. The banks are knocking on the door for those payments, based on the fact that we have a profitable farm. It's like ripping the floor right out from underneath you. So, there's a lot of employment and a lot of food being produced in these heavily stocked farms, and all of a sudden our single farm payment is being quartered.

[283] That shift of money to where the food is not being produced, if that's not redressed somehow, either through the RDP, inefficiency measures, or through using Glastir advanced, and prioritising those people who have lost more, in having more infrastructure, liming grants—. I can't express—and it's been mentioned already this morning—how important simple things like liming are. It's the cornerstone of grassland production, and every profitable farm needs to get their lime index right before they start. It's the cornerstone of organics, and I believe it's the success story of any grassland farm. Thank you.

[284] **Alun Ffred Jones:** I can't ask you all to respond to every question, so if you've either got a different view or something to add, please do so. Haydn Evans.

[285] **Mr Evans:** I would concur with what Keri has said. However, having read the

consultative document a few times—and I know the Welsh Assembly Government are prioritising the timing of this—I, from my point of view, would urge the Government to get things right, and not just purely be pushed on a time frame that means you come up with the wrong answer. It suits the computer system, and comes up with the wrong answers. So, my appeal today would be: please use the time wisely. It isn't necessarily about getting that payment in, for me, on 2 December. I'd rather have a payment that's well thought out and considered on 10 February, if that's what it takes.

[286] **Russell George:** Before I ask anything else, could I ask a particular point as well? I am also interested in views on the classification of areas of grazed woodland as ineligible, as well.

[287] **Mr A. Williams:** I'll just respond to the earlier question first. The initial plan with the way money was divided up between pillar 1 and pillar 2 was that the smaller pillar 1 payment was going to the uplands. It would then be added to through pillar 2 payments via the RDP to get upland farmers to become more environmentally focused, so the focus of the uplands was more about sustainable land management delivering a whole raft of benefits through extensive farming systems. I think the concern is now that the move to a single flat-rate payment is going to mean that more pillar 1 money is going to go up the hill. Our concern is now that, to counteract that, less RDP money will be used in the areas of Wales where it can deliver most benefit for society, and where Welsh Government can use it to meet its environmental commitments. So, I appreciate Welsh Government has a real challenge on its hands now, but with a raft of 2020 targets coming up for water, for biodiversity and for climate change, the RDP is Government's main means of achieving environmental enhancements towards delivering those. It was—and we agreed with this—Welsh Government's main means of supporting those farmers who are best placed to deliver environmental benefit. I think, now, the decision surrounding pillar 1 puts all that in danger. Our point is that the changes to pillar 1 mustn't reduce Government's ability to use CAP money to meet its environmental commitments.

[288] **Alun Ffred Jones:** What was your question, again?

[289] **Russell George:** The other point was on grazed woodland, as well.

[290] **Alun Ffred Jones:** Tim Bevan.

[291] **Mr Bevan:** Thank you. Whether you're looking at grazed woodland or agri-forestry—that's another we're very keen to promote—if we want to maintain yields and also look after the environment, there's quite a lot of benefits in agri-forestry and grazed woodland. The problem is that a bit of a mixed message is going out to farmers, on their single farm payment and having to remove an estimate of that land that's under trees. We know, as a system, that can work really well. We can get dual cropping out of wooded and grazed systems. There could even be sylv-arable systems. So, there are a lot of benefits in those that we haven't really looked at in depth, other than their habitat value. If we're concerned about yields, going into the future, and sustainable yields, then looking at mixtures of woodland and cropping—it's quite a new approach, which farmers will be slow to take up, because it's very different to traditions—is something that needs support and probably is an area where we want demonstration of benefits. Pontbren is quite a good example, where it's been used very well, and there are proven benefits of water retention, nutrient retention, micro changes in climate, where we can get benefits of local climate, and healthier conditions for livestock. So, there's a lot of potential, I think, in agri-forestry. Let's support it.

[292] **Llyr Gruffydd:** Just on the point Arfon was making about the money now moving up the hill, and the need, in your view, to retain the commitment for RDP money to be spent in the best way, reflecting, maybe, where that money is spent, surely you recognise there will

be now increased pressure on mitigating the economic impacts of moving that money up the hill, and there will be a demand for RDP money to be used increasingly to support those who might find themselves economically more under pressure.

[293] **Mr A. Williams:** It's simple, yes, I accept that. I think the first action or the first thing the Government could do is look at how effective current spend is with the rural development plan, and perhaps start turning out some of the—. There is room for improvement in the way the RDP is spent. Glastir, for example: there's a lot of money spent via Glastir that doesn't deliver a huge amount of benefit. There's a lot of waste in Glastir. I think that's been recognised by past Wales Audit Office reports. There's a need for that to result in additionality and to move the baseline up, and not pay for what's currently there. So, I think there is scope to improve current delivery, and I also think that, in moving money possibly down the hill, then there's lots of scope to deliver environmental benefit through the RDP and support lowland or those farmers at the same time as delivering environmental enhancements.

[294] **Alun Ffred Jones:** Okay. Tony Little, then Jenny Rathbone.

[295] **Mr Little:** I just want to make a point about small producers. Let me be clear here: I'm not talking about hobby farmers with half a dozen sheep out the back; I'm talking about horticultural and market garden type businesses, or mixed poultry systems, perhaps—the sort of businesses that can quite easily turn over something like £50,000 on less than 5 hectares, and even 3 hectares. These businesses are important. They're important for diversification of the Welsh production base. In terms of employment and jobs per hectare, they're highly significant, and their cropping systems tend to be diverse, so they're delivering a lot of the benefits and delivering to a lot of the Welsh Government agendas, but at the moment they're almost entirely cut out of the public support system. I think that's something that we really need to look at. I think the root of the problem is that we've made the assumption that the physical size of the holding relates to the size of the business, and I think that's not a good basis on which to decide whether or not to support.

[296] **Alun Ffred Jones:** Arfon Williams, **Alun Ffred Jones:** Arfon Williams, do you wyt ti eisiau— want—

[297] **Mr A. Williams:** Jest i bigo lan ar **Mr A. Williams:** Just to pick up on BPS— BPS—

[298] Just the woodlands and the basic payment scheme. I think just a couple of comments, really. I think there's a risk the decision will lead to farmers perhaps removing trees in order to qualify for BPS, which is counter to Government's objectives, because you end up with the perverse situation where farmers on the same farm could be receiving money as a result of removing trees to get BPS, but also receiving woodland creation management grants from Glastir to plant trees. So, that makes a nonsense of CAP, if that's where this leads to.

[299] I think there's also the question that other countries within the UK have found a way around this, in which they're paying on wooded areas, and I think perhaps Welsh Government needs to put a bit more effort into seeing what's possible within Wales. When we've asked about this, mapping, and not having good mapping, has been raised as an issue: 'We can't do this'. I think the issue with the recent moorland payment highlights the need for better mapping of habitats within Wales, including woodland. So, I think there's a very real risk.

[300] The other thing is the genuine concern in Wales that, instead of over-grazed woodlands, we've now already got under-grazed woodlands, and this may lead to a continuation of that. So, I think the evidence is that woodland should be grazed. It's getting the level of grazing right that's the issue there. It's not whether or not we should graze; it's

getting the right level of grazing. With the BPS issue, that would then inform that decision.

[301] **Alun Ffred Jones:** Jenny Rathbone.

[302] **Jenny Rathbone:** If the Government hasn't got accurate mapping, what's to stop all farmers getting out the chainsaw?

[303] **Mr A. Williams:** That's cross-compliance, currently, and this is where we've been informed that cross-compliance is a way of ensuring that doesn't happen, although cross-compliance is only as good as the cross-compliance regime. So, you know: we need to find out. There are very few farms get cross-compliance—

[304] **Alun Ffred Jones:** Do you want to go on to the rural development plan, Jenny?

[305] **Jenny Rathbone:** Okay. Can I just pick up on a point that Tony Little was making? You said that some very productive farmers were not in receipt at all of public funds. I wonder if you could elaborate on that. Would you therefore support a cap on the size of holdings, so that everybody was guaranteed a minimum payment to guard against bad years, but you don't have—you know, what the public hates is the thought that we're giving basic farm subsidies to millionaires? I mean, that seems crazy.

11:30

[306] **Mr Little:** What I'm specifically referring to is the fact that you have to have a minimum of 5 hectares to qualify for BPS, and here in Wales we've decided against having a small farm scheme, which was one of the ways in which you could support smaller producers. Certainly, with regard to other schemes, such as Glastir, including Glastir Organic, there's a minimum requirement to put 3 hectares in. I think what I am advocating is that we certainly use different measures to decide whether or not businesses are worthy of support. An element of turnover could be one of those. I think we have to recognise that small producers are special cases, certainly in the UK. If you look across the rest of Europe, places like Italy, for instance, are made up of thousands and thousands of small farmers, but here they're in a minority, and the administration system that we've got for agriculture as a whole is not that fit for purpose for small producers, in my view.

[307] **Alun Ffred Jones:** Keri Davies.

[308] **Mr K. Davies:** I'm hopeful that the RDP might be able to save something out of this, because under the co-operative system of small farmers working together, I see this as its strength, really, that these small people can group together to become a co-operative, then purchase machinery, which is otherwise too expensive, on behalf of the group, and then market it through the catering mark, which is a very recognised system of bringing health boards and local schools closer to agriculture in terms of food miles. The catering mark is something we need to really push hard, because we feel within the organic sector that we're able to supply that demand, and, being as it is tiered between bronze, silver and gold, it encourages the local authorities to embrace it.

[309] When you speak to the heads of schools, you realise that it's not so much that they're afraid of the food; they're afraid of their pension because of the litigation coming back at them for purchasing food outside of recognised food sources. They're so scared. If you could look at that legal world and get them to be less afraid of purchasing strawberries from the local strawberry farm and potatoes from their local potato farm, then you'll probably make an impact. Those heads of schools and departments are so scared of litigation because of food scares that actually it should start there, not at the farm gate. Recognise that you can make a big impact on their ability to purchase local if you can remove the fear of litigation from

them. It's something I think the Welsh Government could help with.

[310] **Jenny Rathbone:** Certainly, buying from large producers doesn't make you—

[311] **Alun Ffred Jones:** Right, the RDP.

[312] **Jenny Rathbone:** But, in terms of the RDP, does this co-operative scheme enable you to get around the 5 hectare or 3 hectare rules?

[313] **Mr K. Davies:** Tony's best placed to answer that.

[314] **Mr Little:** Certainly, what you can do—and I've done some work for the Welsh Government on this—is provide a business structure that allows several businesses to come together, register all their land under one customer reference number, and then, essentially, claim and divide the payments up. We have broadly a similar structure for the Glastir Commons. Basically, that is tinkering around the edges. It fixes the administrative problem, but what it does not do is recognise the value that small producers have for the Welsh farming economy. I was saying earlier about crop diversity and food security. Certainly, in the case of organic producers, there are considerable benefits to small-scale organic production compared with quite high input conventional production.

[315] I think what I'm saying is that, actually, we can put a quick fix in place, which allows people to get access, but, actually, what we really need to do is to think more carefully and actually recognise and reward the contribution that small producers make.

[316] **Jenny Rathbone:** Okay. Earlier, we heard from young farmers and the barriers for the new generations getting into farming. Obviously, the price of land is one of the massive barriers. So, is this something that could help break down that barrier?

[317] **Mr Little:** I think so. I think access to land is a real problem. I think we can look at various options there—share farming agreements, for instance. Increasingly, land trusts are out there making land available for young producers to get on the ladder. The Soil Association has a land trust project, which could be very, very valuable for that, but, yes, I think if we stick with the assumption that you have to either buy or rent land to get involved in farming, then I think those barriers will still be there.

[318] **Jenny Rathbone:** One of the other ways of diversifying—because it is about making people resilient to changes in market forces, or weather or whatever—is to pair up older farmers, who perhaps don't have family members who want to go into farming, with new entrants. Is that something that any of your organisations would be promoting?

[319] **Mr Bevan:** Yes. We do have a programme for getting placements onto farms, but we actually find it quite difficult. We've got the students; we've got the youngsters wanting to do it. It's an apprenticeship system where we would train and run events, but it's actually been quite hard to find the farms to do it. So, actually, the matching up is quite difficult. We should probably look at farming systems that are suitable, and perhaps making it easier for share farming agreements, but also there are ways where young farmers can get in where they actually don't need to own land, where they can actually have flying livestock. It suits quite well sheep flocks, where there's a need for grazing on certain farms, where there maybe isn't the expertise, or there isn't the will to have livestock, where you could have a young farmer who's actually willing to move his sheep around different graze areas. So, there's potential outside the traditional system.

[320] **Jenny Rathbone:** Do you think that the resistant farmers might be a little bit more focused on this if there was a slightly more outcome-focused application of the basic

payment? So, an earlier witness talked about the importance of paying for saleable products as opposed to, you know, number crunching.

[321] **Mr Bevan:** We don't actually focus on saleable food very often in a lot of our systems. We don't look at food production and people fed per hectare. It's not something we think of properly. We're too busy chasing sometimes very irrelevant yield figures, and I think if you looked at Wales, people fed per hectare would be very poor because of the systems that we use. We don't encourage a diverse farming system, which we don't have in Wales. We are very much centred on grassland, red meat and the dairy sector. Building on what Tony said, the 3 hectare limit is a barrier, and probably the best way around that is to remove it, so that we do support small-scale production. We can then move diet in Wales, where we would be producing the veg crops that we consume in Wales but we don't produce, instead of importing. There are options, but we're not thinking very well about—

[322] **Jenny Rathbone:** Well, it is absurd. The basic farming scheme is supposed to be ensuring food security, and if it's not delivering food security, then we obviously need to change the system.

[323] **Mr Bevan:** Really, picking up on what Arfon said on the uplands, the value of the uplands would be far greater for environmental, water quality and biodiversity outcomes than we're going to get from food production. Food production and people fed per hectare from the uplands are very poor, so why shouldn't we look at outcomes so that you can then consider where pillar 2 spending should go—into the uplands—and have very different targets for certain areas of Wales, and other areas where we can use them for food production?

[324] **Alun Ffred Jones:** That's being debated at the moment elsewhere.

[325] Llyr, wyt ti eisiau dod i mewn? Llyr, do you want to come in?

[326] **Llyr Gruffydd:** I'm just wondering what your priorities would be, and what messages you would send to the Welsh Government in terms of doing more to market and promote organic produce?

[327] **Alun Ffred Jones:** Keri Davies?

[328] **Mr K. Davies:** I know there's a lot of work being done through the organic trade board. Catherine Fookes, I think, has been very proactive in the background in trying to establish a specific Welsh organic marketing fund. I think this has legs. It has a year of support within Welsh Government as well. I think we've been tasked as an industry to go back and try to find some sort of funding to establish a fund, because it can be matched from Europe by an 80 per cent fund. So, there's a lot of work to be done here, and I think if we get a specific marketing fund off the ground here for Wales, the strength of the organic milk sector has been spectacular, and I think we would definitely have support from their sector to start talking about the beauty of Welsh milk. With protected geographical indication status, we can gold-plate that even with organic Welsh lamb. I think we have a market for it, but we're not able to tell people about it because of the restrictions on Hybu Cig Cymru not really getting behind any individual product. I would very much like some help to be able to take down that significant barrier that is put up against our industry all the time. They take our levy but will not market it as what is described, and I really would like some support from Welsh Government to try and take that on board. Work with them, by all means, but please let's do something with that fund. It's 80 per cent match funded from Europe; it's there to do.

[329] **Alun Ffred Jones:** Tim.

[330] **Mr Bevan:** We produce a lot of red meat in Wales that we don't consume in Wales. Where are the markets for it and how can we enhance those markets? Our view is that there's a massive growing market for organic produce in Europe and we think this green image of Welsh food is fundamental. So, carrying on with the neonicotinoid bans and this good image, if we're going to export to Germany, France, Austria and Denmark, where the good markets are, let's do it on the back of organic. Other countries have done that and have been very successful at doing that, particularly the Netherlands and Denmark. They've looked at that organic market and said, 'Yes, that's a good option. These countries are going to take our product, if it's organic.' So, our argument would be: let's promote Welsh red meat as being organic. It's sustainable food production and there's a market sitting there, but we need to produce for that market.

[331] **Mr A. Williams:** Just to expand on that a little bit, not all farmers in Wales—and, obviously, I'm a big supporter of organic farming—will end up being organic farmers. However, there are an awful lot of farmers in the uplands of Wales whose farming systems produce quality meat, but who deliver an awful lot of wider environmental benefits and also benefit biodiversity. I think that marketing needs to reflect the wider benefits of some of these farming systems so that then acts as a premium and is fed back to farmers, because the danger with upland farming at the moment is that we're going to gradually lose upland farming in Wales. We need upland farmers to manage the environment sustainably, and that needs to be recognised in the end product and in the marketable value and what they get from the end product. I think the danger with marketing red meat in Wales is that it will be focused on current direction, and I think marketing needs to look at the wider values of farming in Wales. There's a farming system called 'high nature value farming system' and there's an EU obligation to maintain and support the high nature value farming system. This has been reinforced recently in response to the Welsh RDP being submitted. It was pushed back and Wales had to submit a high nature value map as a response to that. There are many ways of supporting high nature value farming, and effective marketing of products that come out of high nature value farming systems would be one of those.

[332] **Alun Ffred Jones:** Haydn Evans.

[333] **Mr Evans:** I think that there are some excellent examples here in Wales of organic produce, and specifically, here, talking of milk that is travelling outside Wales. The lack of processing capacity is a real issue that hamstring the Welsh organic milk field. I supply my milk to Rachel's Organic in Aberystwyth and it travels in some of those products across the world. I know that the Organic Milk Suppliers Cooperative and people like Caws Cenarth are indeed selling their cheeses to America, but the processing of that has to go outside Wales and it's very, very difficult to drag water, cost-effectively, across the bridge. If there's one plea I could make here, it's that we need an effective dairy infrastructure with processing capability. We need to be able to ship those finished goods and not ship the water. There is a lack of investment in new technology in this respect and in the agri-supply chains. So, that would be my wish, if I could make one, Chair.

[334] **Llyr Gruffydd:** I agree wholeheartedly with that sentiment—absolutely. But, there's a lot happening, of course, in terms of Welsh Government at the moment. We've got Hybu Cig Cymru consulting on their strategy, and the dairy review, and there's more work following on from that. We've got the Government, of course, working on its strategy for farming in Wales as well. Do you feel that the organic voice is being heard strongly enough within those structures? Also, are you confident that the organic sector will be strongly enough reflected within those strategies?

11:45

[335] **Mr Bevan:** I responded to the Hybu Cig Cymru strategy and there wasn't mention of

organic production in it. That is quite sad, because part of my job is to look at and analyse incomes on organic and non-organic farms. One of the clear advantages is upland beef and sheep production, where organic farming is more profitable—consistently more profitable—and has been for years. It was quite a shame that Hybu Cig Cymru hadn't picked that up in their report, to look at ways of enhancing incomes in upland farms. I would come back to then producing a produce that we can export and look for further markets by adding value to that, and there's a tendency for organic farmers to actually do that. They're far better at looking at local meat box schemes, as well as developing local markets.

[336] **Alun Ffred Jones:** Right, Keri then Tony.

[337] **Mr K. Davies:** I'd like to introduce possibly a new type of thinking for the uplands as well. Ann Humble from Welsh Government is fronting up payment for eco-services. It's a fantastic piece of work and I would like to think that we've got support within this room. It's a way of not using RDP money to support the uplands in the infrastructure needed to create the right environment. We got £5 billion-worth of cuts in the last CAP reform, and there'll be £5 billion more in the next one. We've got to look outside the box; this is our chance. We've got the likes of Admiral Insurance willing some sort of payments into there for carbon trading, and Wales has all the aspects in which we can embrace that new type of income. We need to go to bed with these people and understand what they need from within their businesses and try and find a new way of paying for eco-services that we are well versed in producing in the uplands. This is non-RDP money. This RDP money can be saved through making sustainable agriculture and profitable communities, and I've been working well with Welsh Water on a community woodland-type thing where we can provide income for communities, for 50 per cent funding for renewable energies within our community based on a problematic woodland. All of this is quite new and innovative, but we do have problems in purchasing the assets. Once we own the assets within the community, there's a problem with legal trading between funds. That's an area of the legal world we can improve on, but payment for eco-services is a fantastic area of work and I would like you to support that whenever you bump into it, and Ann Humble is working hard to try and do that.

[338] **Mr Little:** To the question, you might not be surprised to hear me say that I would like to see the organic sector represented more strongly in the strategy than it is. I think what I would advocate is a return to something like the organic action plans that we have had previously. Organic farming has considerable benefits for environment and business, and those benefits have been recognised for many years now by the Welsh Government, in particular through its investment in the organic sector.

[339] I think that, in terms of strategic direction at the moment, our organic policy is Glastir, and I would like to see Glastir put in a much more coherent policy framework. So, I'd like to see the action plan back in place, and I would like to see the reinstatement of an organic sector manager within the Welsh Government whose job it is to see that that action plan is implemented and that the Welsh organic sector progresses. So, I'm basically, to an extent, harking back to the old days, but I think it is important that the organic sector, given the benefits it delivers, does have a clear direction.

[340] **Alun Ffred Jones:** Arfon?

[341] **Mr Williams:** Just to pick up on a point that Keri made about payment for ecosystem services, I agree entirely with that, and I think this RDP period is the time to use the RDP to help establish and understand what payment for ecosystem services are and how they work, but I also think it's a period for Welsh Government and those representing farmers to raise awareness of the advantages associated with payment for ecosystem services, and also the role of and requirement on farmers in parts of Wales where this would be a significant means of supporting them in future. So, if farmers understand that this is something they can use to

maintain an income, I think they'll be more willing to embrace it and engage in it.

[342] **Alun Ffred Jones:** Jenny. Oh, sorry; Julie Morgan.

[343] **Julie Morgan:** I just wanted to—. Are you saying then that you think there's actually less commitment in the Welsh Government to organics?

[344] **Mr Little:** In terms of commitment, it depends on how you measure it, I guess.

[345] **Alun Ffred Jones:** Is that a 'yes'? [*Laughter.*]

[346] **Mr Little:** Certainly, if you look at the support for Glastir organic, payments have gone up, and that's evidence of a really strong support. I think what I'm saying is that support also needs direction, and I think it's the direction that I'm saying could be more strategic.

[347] **Julie Morgan:** So, you're saying there's less direction now than there has been in the past.

[348] **Mr Little:** Yes. For instance, there's no organic action plan and there hasn't been since 2010. There used to be a role within Welsh Government—I believe it was called the organic sector manager—whose job is was to co-ordinate with other strategies and basically ensure that the Welsh organic sector lived, thrived and survived. That role has now gone, and with it the focus and direction that we had previously.

[349] **Julie Morgan:** Has anybody else got anything to say on that?

[350] **Mr Bevan:** A long, long time ago, I was asked to speak to the Welsh Government about sustainability and I had to do a three-minute slot, when I worked in another job. Sustainability was embedded in the Welsh Government. One of the most sustainable ways of land management is organic. I'd like to reinforce Tony's comment on the lack of an organic strategy and the fact that it should be cross-cutting through these departments. Things like Hybu Cig Cymru should be considering organic as an important part of their strategy. It's really disappointing, and I've said this before, that it's not there. That should be within all sections of strategies.

[351] **Jenny Rathbone:** How does the Well-being of Future Generations (Wales) Act 2015, which came in yesterday, change that—requiring public sector bodies to think sustainably?

[352] **Mr Bevan:** We've always gone through that—I'll carry on with what Keri said—because we've had a mechanism for you to do that anyway, through the Food for Life catering mark. We've allowed organisations to get recognition for supplying local, quality food and producing fresh food on the premises, and we award that. Whereas a Government can't enforce any organisation to do that, we actually provide that mechanism and we don't insist on 100% organic inclusion in those meals. In fact, it's quite a low inclusion—gold is only at 15%. What we've recognised is that food procurement should be local and it should be fresh and it should be freshly prepared. The evidence on people's health is overwhelming. We know that children's neural development is impaired if they have a poor diet. We're storing up social problems for ourselves. One of the biggest savings—to me, it's such an obvious one—is that, if we feed people properly from their early years up, we have a healthier society, which doesn't cost us later on.

[353] **Alun Ffred Jones:** The evidence doesn't suggest that organic food is any better than food produced in other ways.

[354] **Mr Bevan:** There is—the paper refers to work that Newcastle University has done,

which has actually come out quite overwhelmingly. It's a big meta-analysis that organic food is actually better for you—lower levels of cadmium. It's a huge report, done by Newcastle, and I'd urge you to look at it. It's quite overwhelming.

[355] **Mr A. Williams:** Just going back to the earlier point about priorities for the RDP, which I didn't have a chance to respond to, it would be remiss of me not to mention Glastir. The majority of the RDP is to fund Glastir. Welsh Government repeatedly states that Glastir is the main means of halting biodiversity decline in Wales. The simple plea is that Welsh Government gets Glastir to work—gets it to work for wildlife and gets it to work for nature—now. Otherwise, it's going to be too late to save some of the farmland biodiversity that we're working to save. Things like lapwings and curlews could well end up on nature reserves and could disappear within the next five years. The target for halting biodiversity loss is 2020. That responsibility will sit with the next Government. Changes to Glastir now are the changes that will make or not make the difference. I've listed the changes here, so I won't go into the detail there. But, one thing I want to emphasise is that this isn't about putting out lots more habitat and spreading populations; this is about saving what we've currently got. This is about working with farmers who currently have habitats, who currently have important species on their land, and working with them effectively so they can manage the habitats in a way that benefits the species. What's currently in the way now is rules and regulations, and the way they've been implemented and delivered through Glastir means that they are acting as barriers. It's important that those barriers are addressed and that the advice, resources and guidance is directed to those farmers who still have habitats and species and who want to manage them in the most effective and efficient manner.

[356] **Jenny Rathbone:** So, you think a payment for ecosystem services will find a way to do that? To get our farmers to do that, they have to feel there's value to it.

[357] **Mr A. Williams:** Possibly. Glastir is already a payment for ecosystem services. Glastir is already public money being directed to deliver ecosystem services and also to save nature. But, going forward, as Keri says, CAP is going to be a diminishing resource. We need to use this period to develop new markets and new means of helping farmers to manage their land in a way that benefits biodiversity, secures water benefits, stores carbon—all these things.

[358] **Jenny Rathbone:** But Glastir hasn't managed to arrest the decline.

[359] **Mr A. Williams:** No, and this is the concern. I think the solutions are known. It's Government implementing those solutions, it's getting farmers to work together in combination, it's working at a landscape scale be it for water or biodiversity, and it is committing to providing advice and ongoing advice. I know from personal experience that, once you set an agreement, that's when the hard work begins. That's when farmers really need support going forward, especially for more technical aspects of managing for biodiversity. It can be quite complicated.

[360] **Alun Ffred Jones:** Llyr Gruffydd ar y pwynt yma. **Alun Ffred Jones:** Llyr Gruffydd on this point.

[361] **Llyr Gruffydd:** One of the key issues we heard earlier today, of course, and it's one that's been recognised before now, is that it's payment for income forgone. So, the incentive, the reward, really isn't there, because you could carry on regardless and still receive a similar level of income. So, that's something that the Government can't address because it comes from the EU, but would you recognise that that is a problem?

[362] **Mr A. Williams:** It is, and I think adopting an outcome-based approach is important. I look at payments in England, and I see that payments in England for broadly similar sorts of

activities are considerably higher than they are in Wales. I think how you interpret income forgone is a matter for discussion here. I think there's more scope there for being more creative. More creative claims for income forgone payments are coming up with something that's more of a reflection of the true cost of managing habitats. To some extent, we have to look at the costs of the right livestock up there. If there aren't cattle in the uplands, why not? If that's part of the income forgone, consideration has to be given to it.

[363] **Alun Ffred Jones:** Oscar.

[364] **Mohammad Asghar:** Just a direct question. Why was there a decline in farming income in 2014-15? The reason? Just a straightforward answer. How can we improve it, to increase income rather than have a reduction in income?

[365] **Alun Ffred Jones:** Tim.

[366] **Mr Bevan:** We're reliant on commodity prices. We're reliant on world prices now, and they're very, very difficult to predict, so we are exposed. The pound is very strong, and that's really affected beef prices. The worldwide rise in milk—. These things affect Wales particularly. The slump in milk prices because of production abroad and the loss of markets into eastern Europe have all contributed and were fairly unforeseen, really. So, people have invested, particularly the dairy industry, which has invested on the back of quite high prices for milk only now to have those undercut quite seriously. It's a realisation for farmers that we're now on a commodity market.

[367] **Mohammad Asghar:** How do you prepare for all these national problems? You can diversify your produce. There is still a hell of a shortage of dry milk in China and other parts of the world. So, we are still overproducing milk and not making money out of it.

[368] **Mr A. Williams:** Just a quick observation. Pillar 1, whilst it supports farming, also acts as a buffer, I think, to world markets. We operate within global markets now, and pillar 1 payments, to some extent, provide that cushion between farming and global markets. So, there then comes a time when elements of the industry can't respond quickly enough to market pressures.

[369] **Alun Ffred Jones:** Russell.

[370] **Russell George:** The Welsh Government has recently got new powers that could allow them to ban GMO crops. I just wonder whether you would just give a brief answer on your views on whether they should do that.

[371] **Mr Bevan:** As I've already said, I do think so, heavily, because we rely on export markets. The majority of Europe is probably going to come out against GMOs, whether England does or not, but, in Wales, if we're going to look at markets abroad, having a GMO stance will enhance our markets. It's in decline. There are an awful lot of problems with it in America. It's causing huge problems in American systems, and they're reliant on certain sprays, which are actually causing lots of health problems, so I think if we are genuinely concerned about what we're eating and what our export markets are going to be, let's—

[372] **Russell George:** Has anyone got a different view to that?

[373] **Mr Little:** My view is exactly the same. I look at it slightly differently. I think that the justification for GMOs is often ever-increasing yields and feeding ever-increasing populations, but we have got a grossly, grossly inefficient food system.

12:00

[374] The amount of food that ends up being wasted and going into landfill is enormous. We don't use our proteins particularly effectively, in the sense that we are diverting protein that could be directly eaten by people through animals, which, from a nutritional point of view, is not an efficient way of using our resources. Our processing sometimes strips out nutrients—you know, brown bread has 20 per cent more protein than white bread, for instance. So, it seems to me that the argument for introducing GM crops is so we can prop up a grossly wasteful and inefficient food system. The risks of something going wrong are enormous. Basically, we are working on our major food crops, and if you look at the risk compared to what I see as a very small benefit, I think it's a deeply unwise route to go. So, I strongly support Wales's decision to stay GM-free.

[375] **Alun Ffred Jones:** Right. We're running out of time, so are there any questions left for the panel? Any last thoughts from members of the panel regarding the future direction of the Welsh farming strategy?

[376] Mi gychwynnwn ni efo Tim. We'll start with Tim.

[377] **Mr Bevan:** One concern, because this has happened in England, was to make sure that the budget is there for Glastir Organic. We have concerns in England that the budget actually isn't going to be great enough if there's an uptake of conversion. The signs are that this might be happening in Wales, particularly with the fairly favourable conversion and maintenance payment, so we'd like to make sure that there is a pot of money sufficient for a good target of Welsh farmers to convert.

[378] **Alun Ffred Jones:** Arfon?

[379] **Mr A. Williams:** Just to comment on the forthcoming agricultural strategy, I think it's exciting times for Welsh Government. This is their first opportunity to demonstrate that they can do joined-up land-use policy on the back of the future generations Act and the wellbeing goals, and also to demonstrate that they can start to put in place their national natural resource management policy framework. I think it's an opportunity to demonstrate that farmland can and has to deliver a lot more than just agricultural produce.

[380] **Alun Ffred Jones:** Haydn Evans?

[381] **Mr Evans:** I would like to just briefly go back and say that, obviously, processing capacity within the dairy industry is a must. Yes, I hear the message about milk powder, but it is very market-orientated inasmuch as there are times when it's very high and there are times when it's very low. For the majority of people, I think, it would be better to focus on processing capacity and branded products.

[382] My last point would be that I would like to see the Welsh Assembly Government working hard on the food procurement. I know, Mr Chair, you touched on organics in this, but we also have to understand that, under the Soil Association, with Food for Life, this particular scheme outside supermarkets actually sells most of the red tractor food. As at 2014, this was over £18 million. So, it is not all about organic. It is about good-quality food, which runs alongside. There is a huge potential to grow this in Wales, which, sadly, is lacking.

[383] **Alun Ffred Jones:** Right. Briefly, Tony Little.

[384] **Mr Little:** Briefly, I'd just like to stress the importance of strengthening links between producers and rural communities and urban communities—and indeed not necessarily just urban but non-farming communities. There are so many reasons why this is really important, both from a business point of view, building local markets and ensuring

supply chains, but also in terms of education—the role that agriculture and farms can play in schools, for instance, is enormous and untapped; and work with community groups, and community support for agriculture projects. All of these things are really, really important for the cohesion of our communities generally, and particularly for reconnecting our rural communities with our urban ones.

[385] **Alun Ffred Jones:** Okay.

[386] Keri Davies, y gair olaf. Keri Davies, the last word.

[387] **Mr K. Davies:** Briefly, on tapering the single farm payment, I think that Terri Thomas, Welsh Government, is quite keen on trying to extend it past 2019. I think there's a risk involved with that. I think it's worth the risk because, in 2019, it'll all be over and done with. Without it, there's some chance of extending it past there, which will retain some of this employment within these high-labour units and high food-producing units.

[388] Secondly, to allow farmers to take a more proactive role, the nature fund was set up—the £6 million nature fund—and I think three farmer groups were successful in that group. The non-governmental organisations managed to take the lion's share of it. Farmer groups were out there in force and, if you just listen to the projects, they're bespoke, they're on the ground and very cost-effective. I ask Welsh Government to take a chance with the farmer groups, because I think they'd be surprised at the outcome. They're far more cost-effective at administrating the work out on the ground, with less of an administrative burden. Thank you.

[389] **Alun Ffred Jones:** Diolch yn fawr. **Alun Ffred Jones:** Thank you very much.

[390] Thank you all for coming here today and for sharing your views with us. Obviously, we'll allow you a copy of the transcript, so you can check for accuracy.

[391] Iawn. Diolch yn fawr iawn. Dyna'r Right. Thank you very much. That's the end
darn yna wedi dod i ben ac felly symudwn of that part and so we'll move on to the next
ymlaen at yr eitem nesaf. item.

12:05

Papurau i'w Nodi Papers to Note

[392] **Alun Ffred Jones:** You'll note the letter from the European Commission with regard to drift nets. What's very interesting about this letter, of course, is that it does acknowledge that we seem to have had at least some effect on their thinking—well, at least their willingness to consider the issue. But it does show also the importance of us presenting this sort of evidence from a Welsh perspective. So, we'll await the outcome, obviously. The other item is the letter from Carl Sargeant. Are we happy to note those?

[393] Iawn. Diolch yn fawr. Rwyf eisiau Right. Thank you very much. I want to go
mynd i sesiwn breifat. into private session.

12:06

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o Weddill
y Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Remainder of the Meeting**

Cynnig:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

Motion:

that the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

*Cynigiwyd y cynnig.
Motion moved.*

[394] **Alun Ffred Jones:** Right. So, we'll go into private session.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 12:06.
The public part of the meeting ended at 12:06.*