

Environment and Sustainability Committee Inquiry into Sustainable Land Management Response from NFU Cymru

To: National Assembly for Wales
Environment and Sustainability
Committee

Date: 13th September 2013

Ref:

Circulation:

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Introduction

1. NFU Cymru represents 22,216 farmers, managers and partners in agricultural businesses including those with an interest in farming and the countryside, and is pleased to have the opportunity to be able to submit written evidence to this inquiry. Alongside this written submission we welcomed the opportunity to input into the committee's stakeholder workshop on the 3rd July 2013 and we look forward to providing oral evidence to the inquiry in due course.
2. Farmers manage over 80% of the Welsh land area and alongside their primary role of producing food, farmers throughout the centuries, have created and care for the wonderful landscape that we see today. Farmers sustain the balance between agricultural production and environmental management through a variety of methods whilst facing a number of challenges which will be touched upon within this submission.
3. NFU Cymru believes that Welsh farmers have a very positive story to tell with regards to sustainable land management. First and foremost Welsh farmers provide safe, high quality food produced to world leading standards, they are the cornerstone of the £3bn Welsh food and drink sector. Alongside this farmers have created, care for and manage our treasured landscape. We estimate that nearly 800,000 hectares of land in Wales is currently within agri- environment schemes. Farmers are embracing renewable energy through looking at ways to harness the natural resources on their

land and over the past 20 years or so we have seen a steady and consistent improvement in water quality.

4. However the industry has dealt with and will continue to face significant economic, environmental and social challenges. Going forward, from our viewpoint, the key challenge must be to ensure the viability and profitability of farming businesses the length and breadth of Wales. We need to ensure that the conditions are put in place to facilitate farmers to be able increase food production, to feed an ever increasing population and at the same time ensuring protection and further enhancement of the environment. This presents a number of challenges that include ensuring farmers receive a fair return from the market place, adequate reward for the positive environmental work that farmers do alongside a Government that promotes, supports and champions the Welsh Agricultural sector.

Sustainable Land Management

5. For agriculture in Wales to meet the challenges highlighted in the previous paragraph, put simply, we need to “produce more but impact less on our environment”. The term ‘sustainable intensification’ was first formally coined by the Royal Society in a report it published in October 2009¹ as a means of encapsulating the most important single response to the global challenges of food security, environmental protection and climate change. Whilst the term can be contentious and different people may have differing views on what it may mean in practice we see it as: producing more, impacting less and we believe that if we strive to reach this goal then we will also be achieving the desired outcome of “sustainable land management in Wales”.
6. Sustainable intensification isn’t an entirely new concept to farmers; it is something that many farming businesses have been making strides towards for some time. They have maintained and in some cases increased production without increasing the overall volume of inputs through technologies such as GPS, variety selection and precision farming. As an example of this the volume of nitrogen fertiliser used on farms in the UK has fallen by some 36% since the mid-1980s.
7. As highlighted earlier in this submission commonly used words/terms in this field of work often have very different meanings to different people and in our view the definition of ‘Sustainable’ is often open to different interpretation. We feel it must cover three arms, environmental, social and economic. All too often we believe that there is not always a requirement to assess the social and economic impact of measures that protect the environment. We would argue that this has been the case with regards to policies and legislation such as the Habitats directive and Nitrates

directives. The three different arms of sustainability need to be put on equal footing if we are to deliver sustainable land management across Wales.

8. To deliver “sustainable land management” we need a range of mechanisms and policies to support farmers to help ensure that they can retain the capacity to produce food, to maintain viability and at the same time continue to protect and enhance the environment. In the following paragraphs we will highlight some of the current barriers and potential solutions to deliver on the outcomes that will help deliver sustainable land management in Wales.
9. There needs to be adequate investment in applied research and Knowledge transfer. We need research to help us to understand better the interactions between the impacts of climate change, use of natural resources, wildlife species, habitats and food production. This knowledge must be transferred to advisers and farmers promptly and practically.
10. We believe that that the UK Government’s new agri strategy could help lead to a step change in the efficiency, profitability and resilience of farming businesses. We are especially pleased to note that as a result of this strategy and contributions from other stakeholders Aberystwyth University unveiled plans at the 2013 Royal Welsh Show for an investment of £35m in the development of a new UK innovation and research campus. This offers a tremendous opportunity to take forward research to improve the productive potential of Welsh agriculture, it is vital that this research is quickly and effectively transferred to practitioners in the field.
11. When discussion on agricultural science takes place the highly politicised issue of genetically modified crops (GM) is often raised. As a Union we believe that GM may well be a ‘tool in the box’ that the farming industry in Wales may require to meet the challenges going forward however no single technology, tool or farming system alone will allow us to produce more whilst impacting less on the environment. Promoting better and more efficient use of resources will involve many techniques, this may include precision farming, collaboration and investment with neighbouring farmers e.g. on machinery / reservoirs, improving the genetic potential of crops and animals and perhaps also alongside this the use, in future, of GM technology.
12. Science is also crucial in terms of our ability to protect our livestock from animal disease incursion. In recent years we have faced many disease challenges some new to this part of the world e.g. Bluetongue, Schmallenberg, others e.g. Bovine TB have caused significant misery and suffering to farmers and their families for some time now. Science can find the solution to some of our problems and the development of a vaccine to provide protection against Bluetongue is an example of this. We hope

that in the long term new scientific developments will provide additional tools to help in our battle to eradicate Btb from Wales but it is a source of great anger and disappointment to us that the Welsh Government is currently not prepared to follow a science led approach to tackling this horrendous disease. It is important that we look closely and follow developments in other countries where control programmes on diseases such as BVD are having a positive impact.

13. Agri environment schemes contribute positively to the protection of landscapes, soils, water and biodiversity, it is important that all farmers wherever they are located and whatever their system of production have the opportunity to enter such schemes and that these schemes are practical and achievable to implement 'on the ground'. Previous written and oral submissions to this committee have highlighted our concerns over Glastir and whilst some of these concerns have subsequently been addressed by Welsh Government we believe that there remains 'room for improvement' to help make this scheme suitable for all farming sectors and land types in Wales.
14. We believe that there is significant merit in moving forward with a 'part farm' element to Glastir. With the right incentives and financial support more intensive holdings that have not previously considered agri environment schemes because of the need to include all land in the scheme would consider this as an option. This would have significant benefits for biodiversity and in helping to achieve water framework directive targets.
15. The development of new mechanisms such as environmental markets for the goods and services that farmers provide should be investigated. Agri-environment schemes provide funding for certain services but because of the income foregone calculation (the required measure under EU Rural Development rules) farmers can only be offered the cost price for environmental work rather than a figure which is closer to the true value of the benefits delivered. We have long argued that this rule needs to be amended to enable agri-environment payments to offer real and consistent incentives to farmers and to take account of the benefits delivered rather than the income foregone. In terms of other market developments for environmental goods we can envisage, for example, the water industry, entering into agreements or contracts with farmers. Carbon trading schemes may have the potential to financially benefit many upland areas. We believe that the committee should investigate these possibilities further as part of this inquiry.
16. Farmers can play their part in reducing the use of fossil fuels within the industry and across the wider economy through the growing of energy crops, the production of biogas and the use of other renewables such as small scale wind, solar, ground

source and hydro but Government and regulatory bodies must overcome the barriers currently put in place through unsympathetic planning authorities, environmental permits and the like. We are concerned in particular at delays and problems encountered in seeking approval for small scale hydro schemes and feel that unless Natural Resources Wales are able to address these issues we will see these schemes gravitate to parts of the UK where the regulatory process has been simplified.

17. There is a need for a planning policy framework which recognises the importance and value of sustainable food production alongside protecting the environment. A framework that recognises the diversity of agriculture production systems in Wales, the facilities required to improve efficiencies on farm to meet the exacting environmental standards that farmers must meet, the cost pressures they face and the welfare and food safety measures that they need to achieve. In addition farmers must have the opportunity to develop alternative income streams wherever they may be located in Wales.
18. Delivering sustainable food supply chains will also help to deliver on sustainable land management and whilst we have seen progress on this matter over the last 12 months with the introduction of an Adjudicator to police the existing legally binding groceries supply code of practice and a voluntary code of practice for dairy contracts there remains much more that needs to be done. Ensuring fairness and transparency throughout the supply chain so that farmers have confidence that they are receiving their rightful share of market returns is vital if they are to have the confidence to invest in their businesses. Developing shorter supply chains between primary producer and retailer alongside public procurement policies that support local and Welsh food production are ways to help build confidence in the supply chain and return a fairer share of the final value of the end product to the primary producer.
19. The sustainability of Welsh Agriculture relies heavily on the ability to be able to sell our product outside of Wales, whether that is to the rest of the UK or in the case of red meat to markets overseas. It is important that we have the investment in Wales to be able to add value to as much as possible of our commodities here in Wales and that we have sufficient budget available to market our product to grow both volume and value in existing markets and to find and develop new markets. The repatriation of levy income lost from Wales as a result of Welsh cattle and sheep slaughtered across the border would help achieve this aim.
20. Whilst this is not the inquiry to spend too much time discussing the CAP it is important that agricultural policies such as the CAP stimulate rather than inhibit sustainable land management. Direct payments play a vital role in providing a degree of income stability and a reasonable hedge against volatility. Market conditions and

climatic events of the past 18 months or so have shown that this support is as relevant today as it has ever been. We will see substantial changes both in terms of the budget and policy in Wales over the course of the next EU multi annual financial framework period (2014–2020). It is important that where Welsh Government has the flexibility that they implement policies in Wales that support productive agriculture and ensure that we have fair treatment compared to our counterparts in other parts of the EU with whom we have to compete within the market place.

21. In terms of Pillar 2 of the CAP we accept that as a result of Westminster Government negotiating tactics the Welsh Government is now facing a significant shortfall in Rural Development funding and will need to cut their cloth accordingly. Historically through 'Axis 2' measures rural development support has been crucial to support farmers to manage and care for their land through agri–environment support, LFA support and support for organic farmers. Whilst the axis approach to the rural development plan will not be continued under the next plan we believe that it remains important that priority in the next RDP is given to land management measures and this should include support for upland farming, a crucial element of LFA farm incomes for decades that the Welsh Government decided to discontinue with in 2012.
22. The call for evidence makes reference to ecosystems services and this has been a phrase that has been much used in recent years but is not very user friendly, understandable or easily communicated. Whilst we are generally supportive of new mechanisms such as environmental markets for the goods and services that farmers provide many of which are viewed as environmental benefits (such as improved water quality), we do have some reservations about an 'ecosystems service approach' and how this will work in practice. For this approach to be progressed there is a need for it to be backed up by clear examples of how it will work in practice on farms in Wales and the opportunities and constraints that it may create.
23. We see a danger that the value of services such as food, fuel and fibre production are undervalued, whilst market data is readily available for current values of agricultural produce we do not feel that these values recognise the future value to society of home–produced produce as supplies in a Global context will tighten in years to come. We do not feel that the importance of maintaining and preserving productive agricultural land for future food security has been properly considered, this has manifested itself with policies associated with flood risk management decision making processes. Conversely the valuation of a number of environmental benefits have the potential to be inflated if not carefully and correctly carried out as often proper consideration is not given to budget constraints. Much more work needs to be done before we can be confident that the correct economic methodology has

been found. For the ecosystem services approach to work we need to find solutions to the 'income foregone' calculation that will allow farmers to be paid a figure closer to the true benefits of the environmental work they have undertaken.

24. In terms of the most appropriate geographical scale(s) at which sustainable land management practices should be delivered across Wales by the very nature of our definition of sustainable land management we see this being achieved through adopting a countrywide approach – in effect many farmers and land managers taking small steps across the landscape to deliver this approach. NFU Cymru is convinced that Wales' productive and efficient farmers can continue to produce food to feed a growing population at the same time as also contributing to biodiversity and meeting the challenges posed by climate change. We do not advocate a policy that would see an expansion of the site designation process, our preferred policy is very much based on countrywide policies that fit in, work alongside and are complimentary to productive agriculture.
25. The inquiry asks how we develop a baseline from which to measure progress. This is a difficult question to answer and one where again we see progress needs to be measured in terms of 'sustainable intensification'. We note that the Land use Policy group have recently published a research report² that has looked at a farm business level how different actions impact at a farm level and part of the vision of the new UK Agri Tech strategy is to *“take a global lead in agricultural informatics and in establishing the metrics and techniques by which progress towards sustainable intensification can be assessed”*. Moving forward it is important that efforts to secure a way to measure progress are co-ordinated within the agri tech strategy and that they are easily understandable and ultimately practical to implement.
26. The committee asks how we can ensure that our sustainable land management policies maintain vibrant rural communities and attract new entrants into the land based sector? Ultimately if we can ensure that farming businesses are profitable and able to make returns on investment, that they are adequately rewarded for the product that they produce whether it be food, fuel or environmental goods, that they have ready access to cutting edge research and technology and that Government actively promotes and supports their sector when and where it can then confidence will grow in the industry, investment will filter out into the wider rural communities and young people will see the land based sector as an area that they wish to build a career within.
27. A vibrant agricultural industry has significant knock on effects for the wider rural community. Whilst we immediately think of the obvious businesses such as agricultural supply merchants, feed businesses and vet practices as relying on farm

businesses for their income, builders, electricians, plumbers, accountants and solicitors to name but a few in rural areas of Wales rely heavily on agriculture for their income. Calculating the benefit to the economy of Wales is difficult to determine due to lack of specific data, however, in the UK, agri supply was estimated to contribute £3.6 billion GVA to the UK economy in 2009. We must also not forget that farmers ensure Welsh culture and heritage remains at the heart of the countryside, with approximately half of farmers speaking Welsh.

Conclusion

28. The last 18 months have been particularly challenging for all sectors, the Dairy crisis of the summer 2012, the impact of weather on the 2012 harvest and autumn plantings, the volatility of lamb prices over the past 12 months and the severe weather storms of Spring 2013 have tested the resolve and resilience of the Welsh farming industry to the core. This inquiry alongside the on-going independent review into the resilience of farming in Wales is therefore very timely and we look forward to providing oral evidence to the committee later on this autumn.

References

1. <http://royalsociety.org/policy/publications/2009/reaping-benefits/>
2. LG Firbank et al, Evidence of Sustainable Intensification among British Farms, Agriculture, Ecosystems and Environment 173 (2013) 58–65.