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Environment and Sustainability Committee: Evidence on Agricultural Policy

NFU Cymru welcomes the opportunity to provide evidence to the National Assembly for Wales' Environment and Sustainability Committee on areas of agricultural policy that we believe the Welsh Government (WG) should prioritise over the next 12 months. We look forward to providing oral evidence to the Committee on the 30th April; ahead of that meeting we provide a brief note highlighting some of the key policy issues.

CAP Reform – Basic Payment Scheme Consultation

As a result of the High Court Consent order of the 12th December the WG is currently consulting on alternative proposals for the implementation of the BPS in Wales from 2015. The position of NFU Cymru with regards to the BPS in Wales since the Commission launched their original proposals in October 2011 has been to consistently argue for a payment rate system that is the best fit and combination of land categories, payment models and payment rates that causes least disruption to farming businesses the length and breadth of Wales, but is not overly bureaucratic for farmers and Government alike. We would maintain that this should remain the guiding principle for Welsh Government. The Judicial review of the 400 metre moorland region has raised a number of issues that need to be addressed before land categories can be considered feasible for BPS and this may preclude this option being considered in this round of CAP reform.

Given that the WG consultation is ongoing and NFU Cymru is currently consulting widely with our membership ahead of formulating our response to this consultation it would not be appropriate for us to pass comment on which option within the consultation may be the most suitable to take forward at the present time. Once the current consultation is complete we look to the Deputy Minister to make an early decision on the WG chosen option to provide some clarity and certainty to the industry and to help with farm business planning.

The volatility seen across all sectors of Welsh agriculture over the past 12 months has highlighted once again the importance of direct payments to help manage price volatility, compensate for market failure and reward high standards of farming.

CAP Simplification

The EU Agriculture Commissioner has placed CAP Simplification at the top of his agenda, this is crucial given the complexities that have been introduced as part of this reform process. NFU Cymru has submitted our list of priorities to WG, in summary we believe that the following areas need to be prioritised:-

Greening rules– The crop diversification and ecological focus area measures goes against all of our key core policy principles of simplicity, market orientation and increased efficiency.

Greening errors – Given how late information on greening was published by the Commission and subsequently disseminated by WG we would strongly argue for a light touch approach to be taken to

enforcement in 2015 and that tolerances (margins of error) are introduced with respect to the areas and proportions of crops declared under greening.

Cross Compliance rules – The option to leave land with a rough surface overwinter has not been retained in the current WG cross compliance rules. This will cause serious issues for many of our horticultural and arable growers. Unless this GAEC is amended then an early casualty of this rule could be the production of PGI Pembrokeshire early Potatoes. The Deputy Minister must urgently reconsider this matter.

Cross Compliance penalties- NFU Cymru is concerned that the current penalty regime sees farmers penalised across the Pillars – we are concerned that reductions for a BPS breach will be applied to Rural Development schemes even though the breach may have nothing to do with the scheme.

Early warning system - The regulations (1306/2013) allow for member states to set up early warning systems in the case of non-compliance of a minor severity, extent and duration. WG must take this up and apply to as many elements of the cross compliance standards as possible.

Land with Trees and other ineligible features- NFU Cymru is extremely concerned at the impact of the decision made by WG to exclude from the BPS eligibility criteria areas with tree densities equating to 100 trees per ha or more. This decision has been made as a result of Commission delegated regulation (EU) 640/2014. Wales has significant hectares of farmland where trees, often in densities of greater than 100 trees / ha are interspersed with productive grassland. We would urge the commission to amend this delegated act at the earliest opportunity to ensure that the agricultural value of farmland with trees can be adequately supported.

Direct Payment Scheme – Implementation – Wales

This year's Single Application form (SAF) is proving to be the most complicated and time consuming on record. NFU Cymru staff provide assistance to a significant proportion of our membership with SAF completion, they are reporting that the time taken to fill in the form is at least twice what it has been in previous years.

The main areas of concern surround the additional measuring required as a result of the WG decision on trees (highlighted above), the additional Greening mapping requirements and for farmers in Glastir the cross checking required between Pillar 1 and Pillar 2 schemes.

The additional complexity of the form this year, the introduction of a number of new elements and the extreme pressure that everyone is working under to ensure submission of the form by the 15th May deadline significantly increases the risk of unintentional errors creeping in to this year's form. We would request that the Deputy Minister provides reassurance to the industry that her department will take this into account when validating forms and provide opportunity for corrections to be made without penalty.

The Deputy Minister has repeatedly stated her intention to make part payments as early as possible in the payment window; this is one of the reasons why WG has not provided for an extension to the SAF deadline. We very much hope that payments will be made promptly and we ask that the Deputy Minister keeps the industry updated on progress towards payments, both when payment is likely to be made and what percentage of the total payment will be made. This is crucial so that farming businesses can work with their banks and their suppliers to manage cash flow.

Wales Rural Development Programme

Following the announcement of the maximum pillar transfer back in December 2013, NFU Cymru has been lobbying continuously to ensure that the Wales RDP delivers real benefits back to farm. The RDP is seen as a key mechanism to deliver our vision of a productive, profitable and progressive Welsh agricultural industry. NFU Cymru is very keen to have a co-design and co-production role in the development of the programme. NFU Cymru is in favour of larger strategic projects which deliver direct benefit to farmers and have a transformational impact on the industry.

RDP projects should offer clear farmer benefit direct to farm level; should be designed to engender high levels of participation to deliver widespread change; should be easily accessible and these projects will need to be adequately resourced and given sufficient time to demonstrate effectiveness and impact.

RDP measures and schemes must have a measurable impact on farm viability; they should be outcome focussed, with performance regularly measured and monitored.

NFU Cymru has always argued that the Rural Development Programme must be used in a complimentary fashion to direct payments seeking to ensure that those businesses / sectors / regions that will be losing most in the move to an area based payment scheme have the opportunity to access RDP support, it is important that this matter is considered 'in the round' with the current WG BPS consultation.

NFU Cymru is extremely conscious that farmers have, in effect, lost 15% of their direct payments in December 2014 and have yet to be given the opportunity to recover this funding via the RDP. We need to ensure that schemes are ready to go as soon as the WG receive approval / letter of comfort from the Commission.

Approximately 60% of the RDP budget is earmarked for land based measures; we continue to have concerns with regards to the operation of the Glastir scheme. The complexity surrounding the application process for the various elements of the scheme and the scheme rules once a farmer has joined the scheme are a cause of major angst for the industry and need to be urgently reviewed. We would also argue strongly against targeting of Glastir contracts, we believe that all farmers who are prepared to undertake the work required to enter the scheme should be given equal opportunity to access agri environment scheme funding.

Wales Agricultural Strategy Development Programme

NFU Cymru in principle welcomes the Deputy Minister's wish to develop an Agriculture strategy for Wales. For this to be effective the strategy must be jointly developed by Government and industry; the industry must be fully involved in the design, production, implementation and delivery of the programme.

Our vision is for the strategy to be focussed on delivering a productive, profitable and progressive agriculture industry in Wales. This strategy needs to be market focussed and champion and support production efficiencies that will not only support agricultural production but deliver on climate change and the environmental performance of agriculture.

It is through this strategy that future schemes should be designed and implemented. Whilst our primary focus now is on how the RDP can help deliver against our vision we should also look to other funding streams e.g. Agri Tech strategy to support our industry going forward.

To ensure that the strategy is a living, working document it is crucial that the governance arrangements are clear with the industry being able to agree with Government key targets and

outcomes for the strategy to deliver across the sectors and to ensure that all projects and schemes delivered under programmes such as the RDP work towards delivering against the strategy.

Bovine TB

Cattle Keepers are doing their utmost to keep bovine TB out of their herds, they adhere to some of the most stringent cattle movement and testing controls in the world. The industry is actively engaged and involved with the three TB eradication boards across Wales and is fully supportive of the Cymorth TB project. Despite some reductions in the number of animals compulsorily slaughtered as a result of bovine TB over the past two years, in 2014 over 6,000 animals were still taken off farms as a result of this disease and over 1,000 herds are currently under restriction. Bovine TB continues to be arguably the biggest threat to our cattle herd and causes untold strain both emotionally and financially to farmers and their families.

Without a Government policy that actively removes the disease from areas of the country where we know that the wildlife population is also suffering this disease will continue to cause untold heartache and financial strain to cattle keepers and their families and we will continue to see this loss, on an annual basis, of thousands of productive cattle. Vaccination has an important role to play in a TB eradication programme but vaccination can only prevent uninfected animals from contracting the disease it cannot cure or eliminate infectivity from animals that are already suffering from this disease.

Working Smarter

NFU Cymru has been fully supportive and engaged in the Working Smarter initiative since Gareth Williams was originally appointed to carry out the original review in 2011. We believe that the programme has achieved a number of successes perhaps most notably the development and implementation of RPW online. This success of this project is a direct result of the close working of Government and industry to achieve a common goal.

However we remain concerned with regards the slow progress to achieve genuine simplification for livestock Identification and movement controls, the current system causes confusion for farmers and administrators alike. We have consistently argued that genuine simplification can only be achieved by the implementation of the full package of measures as proposed by Gareth Williams in his report of January 2012. It is frustrating to consider that as we enter the last 12 months of this National Assembly the current timescales suggest that we will not see the introduction of Quarantine Units this side of Assembly elections. We are pleased that in recent months there has been some impetus to move forward with Quarantine Units which we hope will see them introduced before 2017 but this will mean that it will have taken 5 years to introduce one of the key recommendations of the Working Smarter report.

Conclusion

Within this submission NFU Cymru has highlighted a few of the key priorities that Welsh Government should prioritise over the next 12 months. Clearly there are a wide range of other issues and policies that impact both directly and indirectly on the agricultural industry e.g. Food and Drink Action Plan, Environment Bill, Future Generations Bill. There are policies that may have a massive impact on farmers in certain areas of Wales e.g. potential new NVZ designations and areas where we must continue to work together to deliver benefits e.g. encouraging new entrants, mobility and succession in the industry and the Farm Safety initiative seeking to reduce the number of farm accidents in Wales.

NFU Cymru looks forward to providing oral evidence to the Committee on the 30th April.

ENDS

