

RFW 16

Ymateb gan : Cymdeithas y Ffermwyr Tenant yng Nghymru (TFA Cymru)  
Evidence from : Tenant Farmers Association in Wales (TFA Cymru)

## **Introduction**

The Tenant Farmers Association in Wales (TFA Cymru) is the only organisation dedicated to representing the interests of the tenanted sector of agriculture in Wales. Its membership comprises farms of all types and sizes but active, family farms predominate. TFA Cymru is pleased to respond to the Committee's invitation to provide evidence as part of its Inquiry into "Rethinking Food in Wales".

## **TFA Cymru's vision**

TFA Cymru's vision for the future of food in Wales is to see food sourced from Welsh farms and processed domestically as the first choice of consumers at home and abroad and celebrated for its high-quality status over and above food from elsewhere. To achieve this we need to build the concept of "brand Wales" and ensure that consumers both within and beyond Wales are provided with sufficient information to differentiate between home produced and imported product. For example, Welsh beef is grown under very different conditions and regulations in comparison to non-UK countries and the more consumers understand these differences, the closer we will be to achieving the vision.

TFA Cymru would like to see a widespread campaign promoting Welsh products and growing appreciation of the premium products available within Wales. In this way, we hope that farmers may begin to see fairer returns particularly in respect of the enhanced animal welfare and environmental standards to which food is produced within Wales in comparison to other countries. Welsh producers should not have to compete for retail and food service space with produce from international markets which often does not have to meet the same standards as home produced goods.

TFA Cymru sees a role for the Groceries Code Adjudicator in having wider and deeper powers to investigate malpractice within the groceries supply chain. The Adjudicator must have OFSTED style powers to engage with retailers, a remit to look at the whole of the supply chain where required – not just direct contracts – and the responsibility to report on the balance of returns within supply chains.

To achieve this vision, TFA Cymru believes we need to work towards the following objectives:

## **Providing healthy, locally produced food that is accessible and affordable**

This has got to start with public food procurement. One of the long term benefits of the UK's decision to leave the European Union is that Welsh Government can, for the first time, specify Welsh as a primary requirement for all public food procurement throughout the Principality. This would create

a major boost for home grown produce whilst promoting food security and sustainable food production to the high standards to which we aspire.

In order to maintain capacity for growing food in Wales without increasing the cost of food to consumers, there will continue to be the need for involvement from the public sector to correct for market failures and ensure that primary producers receive a fair return. TFA Cymru has therefore argued for the maintenance of the current budget spent on supporting agriculture in Wales through the Common Agricultural Policy but it should be reconfigured to better ensure that it meets the needs of the people of Wales both in terms of food production and wider public goods. Therefore, TFA Cymru sees the need for the following measures:

- A new agri-environment scheme which sets out a menu of costed options that farmers can choose from to deliver on their farms and judged on the basis of outcomes or outcome proxies, as opposed to the means of achieving those outcomes, to include specific options for hill and upland farmers focusing on ruminant livestock production.
- A Farm Business Development Scheme to provide annual grants of up to £25,000 per farm per year to assist with the implementation of approved five-year plans for farm development covering investment in fixed equipment, cost reduction initiatives, processing capacity, diversification, marketing, cooperation initiatives, producer organisations, climate change adaptation, environmental improvement etc.
- A package of near market research & development, technology transfer, promotion, market development and other supply chain initiative focused on supporting Welsh produced food.

Consumer facing campaigns and education will only get us so far and TFA Cymru believes that there should be a debate about creating statutory standards enforced at the point of sale for all food distributed through retail or food service outlets to ensure that environmental and animal welfare standards are not put at risk by inappropriate practices within the supply chain.

TFA Cymru believes that we cannot simply leave it to the market to deal with issues of long-term food security. The current structure of food marketing takes too much of a short-term approach to this issue and there continues to be a legitimate role for public intervention.

### **Creating an innovative food industry**

From the perspective of the farming industry, there appears to be an increasing requirement for farmers to look beyond reliance on food production for their business resilience. This is a particular problem for tenant farmers who are often restricted by user clauses within tenancy agreements both in limiting what they might be able to do from an agricultural perspective and also looking at wider economic use of the land that they occupy. Increasingly, simply producing food is often not enough to sustain a reasonable living particularly where there is a rent to pay and uncertainty over the future of farm support. Creating greater scope for tenant farmers to broaden their income base will be an important consideration if diversification continues to be a key plank of Government policy.

We also need to work on the structure of the industry to ensure that we are promoting progression. TFA Cymru believes that Welsh government should be looking to develop a tenant farmers' retirement scheme coupled with a scheme for attracting new entrants. This should include the strengthening of agricultural ties on dwellings which currently are too easy to remove to ensure that there is a stock of potential accommodation available for retiring tenant farmers. Requiring greater

accountability from Local Authorities for the retention and management of their County farms' estates must also be a priority.

A big problem for the tenanted sector is the paucity of opportunity and the lack of security of tenure being offered on new farm business tenancies.

TFA Cymru believes that the way to improve opportunities for entry and progression within the tenanted sector is to reform the taxation environment within which landlords make decisions about letting land to encourage them to let on a longer term basis. Although taxation is a reserved matter in the context of devolution we would look to the Welsh Government to support TFA Cymru's call for the following actions to be taken at a UK level:

- (a) Restricting the generous, 100% Agricultural Property Relief from Inheritance Tax (currently available to all agricultural landlords, regardless of the length of time for which they are prepared to let land) only to those landlord prepared to let farmland for 10 years or more.
- (b) Clamping down on those land owners who, through schemes promoted by agents and accountants, are using share farming, contract farming, share partnerships and grazing licences as thin veneers of trading activity and as vehicles for aggressive tax avoidance where they take no risk in the business, have little, if any, entrepreneurial input and lack any management control.
- (c) Offering landlords prepared to let farm land for 10 years or more the ability to declare their income as if it was trading income for taxation purposes.
- (d) Reforming Stamp Duty Land Tax to end the discrimination against longer farm tenancies.

### **Supporting sustainably produced food with high environmental and animal welfare standards**

TFA Cymru believes that Welsh Government should invest in extension services including reconstituting demonstration farms to engage with the farming community to enable the easy application of new technologies and advances which will improve the sustainability and resilience of farming in Wales into the long term. This in turn will produce benefits for food and environmental security within Wales.

The uplands of Wales are particularly iconic and fragile environments which require careful grazing management. Too often the policy framework undermines sustainable grazing systems and the opportunity should be taken to create a new policy which combines farming and environmental outputs in upland areas.

TFA Cymru supports the principles of high animal health and welfare within farmed production systems and whatever standards are applied in relation to domestic production should also be applied equally to imported product. In situations where Wales is reliant upon imported product it might be appropriate to consider how an import substitution policy could be of benefit in ensuring high-quality food products for the domestic market.

### **Conclusion**

The promotion of Welsh food by means of developing, supporting and enhancing a “brand Wales” approach will be key to harnessing market both at home and abroad. To be successful Welsh agriculture will have to be export focused as well as meeting the needs of the local market. This will require the industry and Welsh Government to work together to achieve this.

**TFA Cymru**