



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

**Yr Is-bwyllgor Datblygu Gwledig
The Rural Development Sub-committee**

**Dydd Mercher, 7 Gorffennaf 2010
Wednesday, 7 July 2010**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r is-bwyllgor yn bresennol
Sub-committee members in attendance

Rhodri Glyn Thomas	Plaid Cymru (Cadeirydd yr Is-bwyllgor) The Party of Wales (Sub-committee Chair)
Joyce Watson	Llafur Labour
Brynle Williams	Ceidwadwyr Cymreig Welsh Conservatives
Kirsty Williams	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats

Eraill yn bresennol
Others in attendance

Stephen Alderman	Undeb Cenedlaethol yr Amaethwyr Cymru National Farmers Union of Wales
Nigel Baldwin	Cyngor Sir Powys Powys County Council
William Davies	Cyngor Sir Ynys Môn Anglesey County Council
George Dunn	Cymdeithas Ffermwyr Tenant Tenant Farmers Association
Owain Rhys Evans	Is-Gadeirydd, Pwyllgor Materion Gwledig, Clybiau Ffermwyr Ifanc Cymru Vice Chairman, Rural Affairs Committee, Wales Young farmers' Clubs
Dr Nick Fenwick	Undeb Amaethwyr Cymru Farmers' Union of Wales
Y Cyngorydd/Councillor Hywel Eifion Jones	Cyngor Sir Ynys Môn Anglesey County Council
Nick Millard	Bruton Knowles, Caerloyw Bruton Knowles, Gloucester
Dylan Morgan	Undeb Cenedlaethol yr Amaethwyr Cymru National Farmers Union of Wales
Hugo van Rees	Cyngor Sir Powys Powys County Council
Ian Whitehead	Prifysgol Plymouth University of Plymouth
David Williams	Undeb Amaethwyr Cymru Farmers' Union of Wales

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

Aled Elwyn Jones	Clerc Clerk
Meriel Singleton	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 9.05 a.m.
The meeting began at 9.05 a.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[1] **Rhodri Glyn Thomas:** Croeso i'r cyfarfod hwn o'r Is-bwyllgor Datblygu Gwledig. Gofynnaf i bawb sicrhau bod unrhyw offer technegol, fel ffonau symudol, wedi'u diffodd gan eu bod yn effeithio ar yr offer darlledu. Mae'r Cynulliad Cenedlaethol yn gweithredu drwy gyfrwng y Gymraeg a'r Saesneg, felly mae clustffonau ar gael i glywed y cyfieithiad ar y pryd, ar sianel 1, ac, os oes angen, i gynyddu lefel y sain, ar sianel 0.

Rhodri Glyn Thomas: Welcome to this meeting of the Rural Development Subcommittee. I ask everyone to ensure that any technical equipment, such as mobile phones, are switched off as they interfere with the broadcasting equipment. The National Assembly operates through the media of Welsh and English, so headphones are available to hear the translation on channel 1, and, if necessary, to amplify the sound, on channel 0.

9.06 a.m.

Ymchwiliad i Ddarpariaeth Ffermydd Awdurdodau Lleol: Sesiwn Dystiolaeth Inquiry into the Provision of Local Authority Farms: Evidence Session

[2] **Rhodri Glyn Thomas:** Yr ydym yn parhau â'n hymchwiliad i ddarpariaeth ffermydd o dan ofal llywodraeth leol. Yr ydym yn falch o gael cynrychiolaeth o Gyngor Sir Powys yma, sef Nigel Baldwin a Hugo van Rees. Yr ydym yn mawr obeithio y cawn ni gynrychiolaeth Ynys Môn ar gysylltiad fideo yn ystod y sesiwn hon. Credaf fod ein cyfeillion o Ynys Môn yn cysylltu â ni yn awr. A ydych yn ein clywed yn Ynys Môn?

Rhodri Glyn Thomas: We are continuing with our investigation into the provision of farms under the care of local government. We are pleased to have representation from Powys County Council here, namely Nigel Baldwin and Hugo van Rees. We sincerely hope that we will get representation from Anglesey via video link during this session. I think that our friends from Anglesey are contacting us now. Do you hear us in Anglesey?

[3] **Mr Jones:** Bore da. Sut ydych chi?

Mr Jones: Good morning. How are you?

[4] **Rhodri Glyn Thomas:** Da iawn, diolch yn fawr. Yr ydym yn falch o gael eich presenoldeb yn y pwyllgor y bore yma.

Rhodri Glyn Thomas: Very well, thank you. We are pleased that you are able to attend the committee this morning.

[5] **Mr Jones:** Croeso.

Mr Jones: You are welcome.

[6] **Rhodri Glyn Thomas:** Cyfeiriaf fy nghwestiwn cyntaf at gynrychiolwyr Powys ac wedyn trof at y gynrychiolaeth yn Ynys Môn. A yw'r galw am ffermydd gan awdurdodau lleol yn fwy na'ch gallu i wasanaethu'r galw hwnnw?

Rhodri Glyn Thomas: I refer my first question to the representatives from Powys and then I will turn to the representation in Anglesey. Is the demand for local authority farms greater than your ability to serve that demand?

[7] **Mr Rees:** It certainly is. Demand for holdings will vary according to the nature of the farm. A good farm with a good house, good buildings and productive land will always attract a good level of interest, and there will certainly not be a shortage of applications for a farm of that kind. Interestingly, in the case of the more marginal farm, where the fixed equivalent is in less good condition, the competition is not quite as intense, but there is always a ready demand for holdings to let.

[8] **Rhodri Glyn Thomas:** Cyfeiriaf y cwestiwn at gynrychiolwyr Ynys Môn. Mae Hywel Eifion Jones a William Davies yno. A gaf ofyn am addasrwydd y ffermdai yn Ynys Môn? Gwelais yn eich tystiolaeth ysgrifenedig eich bod yn codi cwestiynau ynghylch y gallu sydd gan yr awdurdod lleol i sicrhau bod y tai yn addas ar gyfer y tenantiaid.

Rhodri Glyn Thomas: I refer the question to representatives from Anglesey. Hywel Eifion Jones and William Davies are there. May I ask about the suitability of the farmhouses in Anglesey? I saw in your written evidence that you were raising questions about the ability of the local authority to ensure that houses were suitable for the tenants.

[9] **Mr Jones:** Diolch am y cyfle i siarad â'r pwyllgor y bore yma. Y cynghorydd Hywel Eifion Jones wyf i a fy mhorthffolio i yw eiddo. Fy nghyfaill yma yw Mr William Davies, prif brisiwr y cyngor. Mae'r cyngor wedi bod yn ffodus i gadw yn ei feddiant dros 100 o ffermydd bach. Yr ydym fel aelodau yn gefnogol i'w cadw. Teimlwn eu bod yn darparu'r ffordd gyntaf i mewn i'r diwydiant i ffermwyr ifanc a bod ffermydd o'r fath yn cadw cefn gwlad yn fyw, o ran diwylliant ac ysgolion ac ati.

Mr Jones: Thank you for the opportunity to speak to the committee this morning. I am councillor Hywel Eifion Jones and my portfolio is property. My colleague here is Mr William Davies, the main valuer for the county. The council has been fortunate to retain around 100 small farms in its ownership. As members, we support their retention. We feel that they provide the first point of entry into the industry for young farmers and that such farms keep rural areas alive, the culture, schools and so on.

[10] Ar yr wyneb, mae'n ymddangos yn sefyllfa gyfforddus o ran yr eiddo hwn, ond fel y bu ichi grybwyll, Gadeirydd, mae problem sylweddol gyda'r rhan fwyaf o dai ein ffermydd erbyn heddiw. Amcangyfrifwyd fod angen gwario £5 miliwn i'w moderneiddio yn weddol resymol. Un o'r problemau yr ydym wedi'i hwynebu yw ein bod wedi gorfod cadw'r rhenti'n rhesymol dros y blynyddoedd i'n tenantiaid ifanc. Felly, nid oes digon o arian yn dod i mewn i'r pot i'n caniatáu i ddatblygu'r tai. Felly, y flwyddyn ddiwethaf, gwnaethom gais drwy Llywodraeth y Cynulliad i Ewrop am grant sylweddol Fodd bynnag, yn anffodus, ni fuom yn llwyddiannus. Mae hyn yn golygu y bydd yn rhaid inni ystyried gwerthu rhai o'r ffermydd hyn, er mwyn cael arian cyfalaf ar gyfer y pot. Er enghraifft, y mis hwn, mae gennym ddau eiddo yn mynd i ocsiwn, er mwyn ceisio cael ychydig o arian.

On the surface, these properties seem to put us in a comfortable position, but as you mentioned, Chair, there is a significant problem with most of our farmhouses today. The expenditure required to modernise them to a fairly reasonable standard is estimated at around £5 million. One of the problems that we have had to face is having to keep rents reasonable over the years for our young tenants. Therefore, there is not enough money coming into the pot to enable us to develop housing. So, last year, we made a bid, through the Assembly Government, to Europe for a substantial grant. However, unfortunately, we were unsuccessful. That means that we will have to consider selling some of these farms in order to get capital funding into the pot. For example, this month, we have two properties going to auction, in order to try to get some money.

9.10 a.m.

[11] Yr ydym yn gobeithio y gallwn gael cymorth o rywle, ac yr ydym yn edrych am gefnogaeth, os y gallwn, gan Lywodraeth y Cynulliad. Fodd bynnag, nid ydym yn siŵr ai yr adran dai neu'r adran amaeth sy'n gallu rhoi cefnogaeth i ni. Mae hyn yn achosi tipyn o bryder inni, oherwydd yr ydym eisiau cadw cymaint ag y gallwn o stoc yr ystâd ar gyfer

We hope that we will be able to get support from somewhere, and we are looking for support, if possible, from the Assembly Government. However, we are not certain whether we should approach the housing department or the agricultural department for support. This causes us some concern, because we want to retain as much of the

fffermwyr ifainc yr ynys.

estate's stock as possible for the young farmers of the island.

[12] **Rhodri Glyn Thomas:** A yw'r un broblem yn bodoli ym Mhowys o ran safon y ffermdai sydd ym meddiant yr awdurdod lleol?

Rhodri Glyn Thomas: Does the same problem exist in Powys with the standard of the farmhouses in the local authority's possession?

[13] **Mr Rees:** The condition of the farmhouses is variable. At the end of a tenancy—for example, when an elderly tenant gives up a holding, or, for whatever reason, possession is returned to the landlord—in a good number of cases, the houses will need internal refurbishment and some external work. However, while we continue with work to improve and modernise the dwellings, I do not believe that the liabilities on the Powys estate for the condition of the houses should unduly concern the county council. Farmhouses that are in reasonable order inevitably require some modernisation works at a changeover of tenancy, but, generally, those works proceed and are in hand.

[14] **Rhodri Glyn Thomas:** What percentage of farmhouses in your control in Powys have central heating?

[15] **Mr Rees:** Central heating will, traditionally, be provided by tenants. Under the old Act tenancies, the obligation is on the tenant to redecorate and provide internal comforts, if you like, so that obligation falls, almost universally, on the tenant. The situation changes with the newer farm business tenancies, and the short, fixed terms under which we let holdings these days. We have taken the view that it is unreasonable to expect an ingoing tenant, under a six-year tenancy, to modernise a house and install things such as central heating, so we as a landlord will install those kinds of facilities. As a percentage—

[16] **Rhodri Glyn Thomas:** You say that, as a landlord, you install those facilities. How do you do that? Where does the money come from?

[17] **Mr Rees:** It comes through our own repair and maintenance budget. It is work that is generally done on tenancy changeover. If a tenant on an old Act tenancy approaches us seeking central heating, we might negotiate an arrangement with them to install central heating, and there will then be a rent increase on the back of the landlord's expenditure. However, in the case of a good number of holdings that are let under the old Act—the long-term, lifetime or retirement tenancies—it falls on the tenant to provide central heating.

[18] **Brynle Williams:** On this point—and I ask the representatives from Sir Fôn and Powys to correct me if I am wrong—many of these farmhouses are not up to standard in certain counties, which I will not name. They cannot be let privately, and yet the council is responsible for them. You could not allow a social or a council house to be let in the same condition, yet it is good enough to be let to a farmer. You also say that you would help a young person coming into a tenancy to install a simple thing such as central heating. However, if he were living in a council house, that would have to be provided automatically, as would double glazing and the other simple basics that we take for granted today. I cannot get my neck around this business that we can let one sector of society take it or leave it, but that we protect another sector totally. Am I right in assuming that that is how the set-up has been, or is now? You have indicated that it will be changing now.

[19] **Rhodri Glyn Thomas:** Joyce, do you want to come in on this point?

[20] **Joyce Watson:** I do, because there is an obvious question to ask here. Are you dealing with a housing issue or with a business? How do you classify your role? I will ask this of both authorities, because you have to make up your minds. Are you letting to a business,

which means that you must surely have business agreements, or is it a tenancy agreement, which must meet the Welsh housing quality standard, which is what Brynle is talking about, or is it a mixture of both? It is only when you as local authorities have made up your minds about what it is that you can answer our questions. I would be interested in knowing the answer.

[21] **Rhodri Glyn Thomas:** Mae hwnnw'n gwestiwn sylweddol. Ai sôn am denantiaid megis y rhai sydd yn eich gofal o ran tai cyngor yr ydym? Ai yn y ffordd honno yr ydych yn ystyried y tenantiaid sydd gennych yn y ffermdai sydd yn eich gofal? **Rhodri Glyn Thomas:** That is a substantial question. Are we talking about tenants such as the occupants of the council houses that are in your care? Is that how you view the tenants that you have in the farmhouses for which you are responsible?

[22] Trown at Ynys Môn yn gyntaf a'r cynghorydd Hywel Eifion Jones, o ystyried mai yn eich tystiolaeth ysgrifenedig chi y codwyd y pwynt hwn gyntaf. Let us turn to Anglesey first and to councillor Hywel Eifion Jones, given that it was in your written evidence that this point was first raised.

[23] **Mr Jones:** Thank you for what is a pertinent question on the situation that we are in. I would imagine that we are in a situation in which there is a mix of both. We try to run the estate as a business, but a business would probably be looking for a far higher rate of return on its capital, which I would estimate is around 1 per cent of income to the council. As members, we look at the situation as more of a social issue. As I mentioned earlier, we are trying to develop the young farmers to keep our rural areas in a position of growth.

[24] The question about council houses is important. The homes that we have on our farms are not covered by the Welsh standard, and I personally think that they ought to be. On that point, less than 20 per cent of our houses have central heating and, clearly, that is not acceptable. That is why we are now trying to get some assistance from outside, to help us with this issue. Generally, however, we try to install modern facilities ourselves; we do not expect the tenants to do that. We are trying, as is Powys, to move more towards farm business tenancies, which would give us a little more control on the management side. That is particularly important when we are looking at issues of succession, to move farmers on when they reach retirement age.

[25] The irony is that, when they reach retirement age, they look for a council house, which is very difficult to find in rural areas in any case. The council houses that we would move them into would be of a far higher standard than the farmhouses that they would be leaving.

[26] **Rhodri Glyn Thomas:** A wyt ti'n dweud bod y rhan fwyaf o'r bobl hyn yn parhau i fod yn denantiaid ar ffermydd dan ofal yr awdurdod lleol hyd nes eu bod yn ymddeol? A glywais hynny'n iawn? A ydynt wedyn yn symud i dai cyngor, neu a oes symudiad naturiol o'r ffermydd sydd o dan ofal yr awdurdod i brynu ffermydd mwy iddynt eu hunain? Cyn ymateb, mae Kirsty eisiau gofyn cwestiwn ar yr union bwynt hwn. **Rhodri Glyn Thomas:** Are you saying that most of these people continue to be tenants on the farms for which the local authority has responsibility until they retire? Did I hear that right? Do they then move to council houses, or is there more of a natural progression in which they leave authority-owned farms to purchase their own larger farms? Before you respond, Kirsty has a question on exactly that point.

[27] **Kirsty Williams:** I want to pick up the issue of succession. Powys County Council and Anglesey both set great store by the role of allowing young people to enter the industry who would perhaps not be able to do so by any other means. In fact, Anglesey goes as far as

to say that it is the only point of entry into the industry for young people. However, local anecdotes tell us that young people cannot get onto farms because, once somebody has a tenancy on a council farm, they are there for life. These farms are used as a means of encouraging young people into the industry and of keeping young people in their communities, which I agree is an important role.

9.20 a.m.

[28] Could you demonstrate to us that you are truly fulfilling your role in providing a vehicle for young entrants? Do you find that there is a difficult balance to be struck between, on the one hand, being there for young people as a first step towards entering the industry and being successful in helping farmers to develop their businesses by moving through the estate and onto larger holdings, or off the estate and onto a non-council holding, and, on the other, squaring that with the rights of existing tenants, who may find it difficult to move and will want to stay where they are? How do you get that balance right, and how are you able to justify your statement that it is vital for you to be there as you are the only way for many young people to get into the industry?

[29] **Rhodri Glyn Thomas:** Hoffwn ddechrau gyda Chyngor Sir Powys. A allwch gysylltu eich ateb â chyflwr y ffermdai sydd gennych, ac yna sôn am y pwynt y mae Kirsty wedi'i godi ynglŷn â symud ymlaen o fod yn denant i'r awdurdod lleol i fod yn berchen ar fferm?

Rhodri Glyn Thomas: I would like to start with Powys County Council. Could you link your answer to the condition of the farmhouses that you have, and then respond to Kirsty's point regarding moving from being a tenant of the local authority to being the owner of a farm?

[30] **Mr Baldwin:** Historically, under the Agricultural Holdings Act 1986, tenants would, predominantly, stay there for life. Farm business tenancies give us much more flexibility in that respect. As we have said in our paper, we are working towards agreeing a strategy with our tenants association for a set period of farm business tenancies, depending on the type of holding. We are also looking to grant one or two possible extensions to that tenancy for a period of time, but we will be looking more and more for our tenants to progress through the estate and, through links that we hope to develop with private landlords and large institutional landlords, into the private sector. As I say, tenancies used to be for life and people stayed, but we are trying to move away from that, and the farm business tenancies give us more flexibility.

[31] Moving back to the condition of houses, again, farm business tenancies generate a higher level of rental income, so we can justify investment in the properties to improve them. Nowadays, when we come to redecorate, rather than repairing old wooden windows, for example, we tend to replace them with modern double-glazed windows. So, we are improving the condition gradually in that way. As Hugo said, younger tenants who move in have greater expectations. We are assisting them with improving the accommodation, through installing central heating and so on, but the revenue that the estate generates needs to be at a certain level to support the expenditure that is made from it.

[32] **Rhodri Glyn Thomas:** Trown at Gyngor Sir Ynys Môn yn awr. Ai Hywel ynteu Eifion y dylwn eich galw, Mr Jones?

Rhodri Glyn Thomas: We shall turn to the Isle of Anglesey County Council. Should I call you Hywel or Eifion, Mr Jones?

[33] **Mr Jones:** Eifion.

Mr Jones: Eifion.

[34] **Rhodri Glyn Thomas:** Diolch. A allwn gael eich ymateb i gwestiwn Kirsty, os gwelwch yn dda?

Rhodri Glyn Thomas: Thank you. Could we hear your response to Kirsty's question, please?

[35] **Mr Jones:** You raise an important question, namely how successful are we in our policy and our aims. In answer to that, there is a mixed picture. Some young farmers work through our system by starting off in start-up farms and moving on to intermediate farms and, eventually, to commercial units of over 100 acres. That works well. On the other hand, we have situations involving the older types of tenancies where we do not have that control. We encounter situations where tenants do not move on, and then they reach retirement age. We have just opened up a window of opportunity for succession, as we are giving farmers' families the opportunity to take over the tenancies. So, the younger farmers take over the tenancy, on the basis that it will become a farm business tenancy under the new arrangements. That gives us more control and, incidentally, will probably give us more rental income, which will help the income situation in the long term. So, there is a mixed picture. The problem that we have is that some farmers do not make arrangements for the time when they have reached pensionable age, and are tied into the property. Farming becomes a way of life for them. Occasionally, we have situations of sub-letting, which causes some problems, when farmers get to an age where they can no longer farm. It is a fair question. We have a mixed response to that and a mixed success rate.

[36] **Rhodri Glyn Thomas:** Fy mwriad i, gyda chytundeb aelodau'r pwyllgor, yw ysgrifennu at y Dirprwy Weinidog dros Dai ac Adfywio, Jocelyn Davies, gan fod ganddi gyfrifoldeb hefyd am denantiaeth, a gofyn iddi a ddylai Llywodraeth Cymru fod â chyfrifoldeb am ffermydd dan denantiaeth o awdurdodau lleol, ac a ddylai'r grantiau sydd ar gael i dai cyngor fod ar gael hefyd i denantiaid ffermydd.

Rhodri Glyn Thomas: It is my intention, with the agreement of committee members, to write to the Deputy Minister for Housing and Regeneration, Jocelyn Davies, as she has a responsibility for tenancies, and to ask her whether the Welsh Government should have responsibility for local authority farm tenancies, and whether the grants available to council housing should also be available to tenant farmers.

[37] Gwn fod Joyce wedi gofyn ai tenantiaid neu bobl fusnes yw'r tenantiaid sydd â ffermydd gan awdurdodau lleol; felly, a ydych yn hapus imi ysgrifennu at y Dirprwy Weinidog i'w holi ynglŷn â'i chyfrifoldebau tuag at denantiaid ar ffermydd awdurdodau lleol?

I know that Joyce asked whether local authority farm tenants are tenants or business people; therefore, are you happy for me to write to the Deputy Minister to ask her about her responsibilities towards local authority farm tenants?

[38] **Brynle Williams:** Mae hynny'n iawn.

Brynle Williams: That is fine.

[39] **Rhodri Glyn Thomas:** I know that you raised this issue, Joyce, about whether they were tenants in the strict definition of 'tenants', or whether they were business people.

[40] **Joyce Watson:** Yes, but I have not had an answer. If you told me that they were tenants in the first place, or businesses in the first place, that would answer my question and I would be able to answer your question.

[41] **Rhodri Glyn Thomas:** Let us ask that question to Powys and Ynys Môn. Are these people tenants or are they business people on the first rung of the ladder moving forward to further businesses?

[42] **Mr Rees:** The house comes as part of a package that offers living accommodation and business premises. We consider this question, usually, in terms of reviewing the rent. The rent for the old Act holdings is strictly governed according to a statutory formula. To attribute a residential rent to the house, when looking at an Agricultural Holdings Act 1986 rent, you

will be struggling. Very often, and certainly in some cases, a farm of perhaps 20 acres with a house might be let for less per annum than the rental on a council house. It needs to be looked at in the round. It is a package; it comes with the business premises.

[43] **Joyce Watson:** Obviously, it is a tied house. That is what it is, and that is what they said in Anglesey. There are many cases of such tenancies in the private sector, certainly in England, where there are much bigger holdings. Is it a unique position for local authorities to provide accommodation and a business, if you like, that is this farm tenancy? Is it the only business where you would offer a form of guaranteed accommodation and a business opportunity? That is the sort of question that we must get to before we can say that the Deputy Minister may or may not have a responsibility.

[44] **Rhodri Glyn Thomas:** Do you wish to join that with your next question, Joyce, because it is on the same theme?

[45] **Joyce Watson:** It is sort of on the same theme. Perhaps I could have an answer to that first from both of you. Is it a unique opportunity?

[46] **Mr Jones:** I will try to answer Joyce. I am not a legal expert but I suspect, legally, that we would look upon them as businesses. Further to the point that Powys made about the rent that is actually paid, it could be, in some cases, less than they would pay for a decent council house. On the other hand, morally, as a council, we look upon them as tenants of council houses, for the want of a better term; and we try to look at the situation that we need to modernise them up to a decent Welsh quality standard. That is how we would look at the situation as members. I do not know whether we can achieve that. It depends on the support that we get. By the way, I am grateful for your saying that you intend to write to the Deputy Minister for Housing and Regeneration, and we would appreciate a great deal your support in finding out who exactly in Government is responsible for this issue.

9.30 a.m.

[47] **Rhodri Glyn Thomas:** I will write to the Deputy Minister and send the evidence from this initial session on the definition of tenancy with regard to local authorities that have responsibility for farmhouses and farms, seeking her guidance on responsibility. Joyce, would you like to move onto the next question?

[48] **Joyce Watson:** I have not received an answer to the last question, but I will move onto the next. If further investment in the estate does not take place in the next few years what will be the implications for the network?

[49] **Mr Baldwin:** To answer the first question, farm businesses are unique in the sense that they are the only businesses that local authorities let with living accommodation included in the package, as Hugo said. I cannot think of any other activities—workshops or anything like that—that councils get involved in that provide living accommodation, so I consider that they are unique.

[50] With regard to investment, obviously, it is always needed. There are health and safety requirements, such as fixed electrical testing and asbestos content to be surveyed, managed and dealt with, so there is always a need for investment. If you do not invest in the farms, you cannot command the same level of market rents. The market will dictate what someone is prepared to pay for a rundown holding compared to a well equipped one, as Hugo said, so, if you do not have that level of investment, over time, the estate will deteriorate and become less attractive and more of a liability. Presumably, the greater the liability, the more likely it is that a council will decide that it cannot afford to bring the holdings up to a certain standard and therefore look at disposing of the estate. I think that some councils have used that

argument about the level of investment in the past.

[51] We are fighting a rearguard action, because we are obviously competing with other services in the council for much-needed investment. In Powys, we used to be able to reinvest 40 per cent of the capital receipts we generated from sales. That was the only capital we could obtain, but that has been reduced in the past couple of years, and now only 10 per cent of our capital receipts can be ploughed back into the estate, which obviously drastically cuts back our level of investment. It is a constant problem.

[52] **Rhodri Glyn Thomas:** Eifion, cyfeiriaf y cwestiwn atoch. Os hoffech ei basio ymlaen at William, mae croeso ichi wneud hynny. **Rhodri Glyn Thomas:** Eifion, I will ask the question of you. If you want to pass it to William, you may do so.

[53] **Mr Jones:** I fod yn glir, yr oedd y cwestiwn yn ymwneud â'r ffaith y bydd yr amgylchiadau yn anodd inni yn y dyfodol os na fedrwn gael digon o arian i gadw'r ystâd. **Mr Jones:** To be clear, the question related to the fact that circumstances in future will become difficult for us if we cannot have sufficient income to retain the estate.

[54] I just want to mention the situation that we have in Anglesey. Next week, we are letting two small farms, and there are about 10 applicants for those farms. We will be taking the opportunity to upgrade the farmhouses before they are let. One of the reasons why we have a decent number of applicants is because they know that we will upgrade the farm houses and farm buildings. That has to be done, and we will take the opportunity to do it when they are vacant. In my view, it is vital that we maintain them at a certain standard. If we do not, there will be a real question mark over the future of our estate. As I mentioned earlier, we therefore have to get some capital in. The pressure on us now is that, to get that capital in and spend money on the starter farms, we are having to look to sell—against our wishes—some of the holdings when they become vacant. We have two going to auction this month that would bring in a reasonable amount of capital to keep us going for probably the next 12 months.

[55] **Rhodri Glyn Thomas:** Joyce, do you have any further questions?

[56] **Joyce Watson:** You have asked the other questions.

[57] **Rhodri Glyn Thomas:** They have probably answered your second question as well have they not?

[58] **Joyce Watson:** Yes.

[59] **Brynle Williams:** My first question has been answered as well with regard to the extent of funds from sales being reinvested—you said that it had been reduced to 10 per cent, did you not? What about you, Eifion? How much are you allowed to retain from sales? We hear that Powys is allowed 10 per cent retention of receipts from sales for reinvestment.

[60] **Mr Jones:** Our situation is that we keep 100 per cent of sales within our estate. We do not use those funds on any other council services, so I hope that that gives us a chance to upgrade the estate over a number of years—provided that we get sales, of course.

[61] **Brynle Williams:** On the back of that, are the larger holdings—say, those bigger than 100 acres—let on tender or at a rent agreed between you and the applicants? Is there, in effect, a subsidised rent for newcomers? I would think that, once you move up to the third stage, we should be looking solely at a commercial venture.

[62] **Mr Davies:** The situation with the letting of holdings is that we recognise that smallholdings are more affordable, and available to more of the agricultural community. So the rate per acre, if you like, is slightly higher on those. As the size of the farm increases, the rate per acre decreases. It is the same situation that you would have with an industrial building: the rent per square foot of a smaller building is always higher than the rent for a larger unit. To answer your question specifically, at the moment we generally set the rent prior to advertising the holding, so that the tenant knows exactly what the rent will be. In some instances, where we recognise that there is a lot of work on the farm, we might have a stepped rent arrangement, whereby the rent is reduced in the first year and then stepped up over five years, so that the farm can be established. The tenant therefore benefits in that he can invest in the farm, and we benefit as an authority in that the farm is taken back to where it should be. That is the way that we generally work.

[63] In the past we had a tendering system, but the problem with that is that some will tender a high rent in order to secure the farm, but it is not sustainable in the long term and unfortunately they cannot turnover enough money to pay the rent in subsequent years.

[64] **Rhodri Glyn Thomas:** A yw'r **Rhodri Glyn Thomas:** Is the situation the sefyllfa yr un peth ym Mhowys, neu a yw'n same in Powys, or is it different? wahanol?

[65] **Mr Rees:** All new lettings, rather than tenancy renewals, are let by tender. It is obviously an important consideration when assessing an application or an applicant, but it is not the only consideration—we will look at the whole package and take financial references and so on. However, all holdings are let on a competitive tender basis.

[66] **Brynle Williams:** I am very pleased to hear that you scrutinise the application, because what concerns me is that established farmers might put a tender in simply to block newcomers, which is exactly the opposite of what we are trying to achieve. Are there other sources of funding for the improvement of your estates?

[67] **Mr Rees:** We will fund all improvements internally, whether that be through our revenue repair and maintenance account or our capital account.

[68] **Mr Jones:** As I said earlier, we finance internally all the improvements at this stage. We are not aware of any external funding. As mentioned earlier, we tried last year to get a grant from European funds, but we were not successful.

9.40 a.m.

[69] **Kirsty Williams:** I will return to some of the wider strategic issues in this area. Some people may question the role of local government in this arena, and given the obvious constraints that will be placed on local government finance, some people may question whether local government should be in the business of maintaining these types of tenancies at all. If the goal is to provide a mechanism by which people who do not have family farms to take over can get into the industry, by your own admission, you are only partially successful in that policy objective, although I accept that councils are trying to address that. Can you expand on why you feel that it is the business of local authorities to be providing these types of opportunities within the agricultural industry? Your paper covers this, but can you expand on why you think there is a broader public good from the involvement of local government in this area, rather than there just being the individual good of the tenant who happens to have a business opportunity? Can you expand on the wider public good that local authority involvement in this area brings?

[70] **Mr Jones:** Cyfeiriais yn gynharaf at **Mr Jones:** I referred earlier to the fact that

y ffaith bod aelodau'r cyngor sir bron i gyd yn gefnogol i'r polisi o gadw efallai'r unig gyfle i ffermwyr ifanc ddod i mewn i'r diwydiant. Mae ffermwyr ifanc yn bwysig i gadw cefn gwlad yn fyw ac i gadw'n diwylliant a'n hysgolion bach i fynd. Nid oes unrhyw newid wedi bod yn y polisi hwnnw ac, os rywbeth, credaf fod y gefnogaeth wedi cryfhau dros y blynyddoedd. Pan fo tai'n cael eu gwerthu maent yn cael eu troi'n dai haf, yn anffodus, sy'n creu pryder inni yng nghefn gwlad. Os nad ydym yn cadw'r ffermydd bach yma i fynd, bydd problemau diwylliannol yn dilyn a byddwn yn gweld problemau o ran ein hysgolion. Mae'n debyg y bydd tair o'n hysgolion yn cau'r flwyddyn nesaf oherwydd prinder plant. Yr ydym felly'n ymdrechu i ailosod tai i deuluoedd ifanc fel eu bod yn gallu datblygu'r ffermydd a chymryd rhan yn y gymdeithas leol. Felly, nid ydym yn edrych i newid y polisi; os rywbeth, yr ydym yn teimlo'n gryfach dros y sefyllfa.

[71] **Mr Davies:** Yr wyf am ategu at yr hyn y mae'r Cyngorydd Eifion Jones wedi'i ddweud. O'n profiad ni, gwelwn fod sawl un o'n tenantiaid yn gweithio yn y maes adeiladu ac yn contractio'n lleol. Felly, yr ydym fel cyngor sir, cyn amled ag y gallwn, yn defnyddio rhai o'n tenantiaid i wneud gwaith ar y ffermydd eraill sydd gennym. Er enghraifft, mae gennym sawl contractwr sy'n mynd â JCBs a'r math yna o beth i ffermydd. Mae gennym hefyd contractwyr sy'n adeiladu siediau ac yn trin a chynnal tai. Felly, mae'r ffermwyr yn cael bywoliaeth o'r fferm, ond hefyd mae *spin-offs* o ran y diwydiant adeiladu. Felly, mae'n fater mwy eang na busnes y fferm yn unig.

[72] **Rhodri Glyn Thomas:** O ran hynny, William, a yw'n deg dweud fod y rhan fwyaf o'ch tenantiaid yn derbyn incwm arall, heblaw'r incwm sy'n dod o'r fferm?

[73] **Mr Davies:** Ydy. Yr ydym oll yn ymwybodol bod y byd amaeth wedi newid yn sylweddol dros y 50 mlynedd diwethaf, ac oherwydd hynny yr ydym wedi datblygu rhaglen resymoli. Ers talwm, byddai llawer o ffermydd o ryw 50 acer yn creu bywoliaeth i dad a mab, ond erbyn hyn mae hynny bron yn amhosibl, a dyna paham yr ydym yn ymgeisio i greu ffermydd ychydig yn fwy. Yr

almost all of the county councillors support the policy of keeping possibly the only opportunity for young farmers to enter into the industry. Young farmers are important to keep the countryside alive and to keep our culture and small schools going. There has not been any change in that policy and, if anything, I believe that the support has strengthened over the years. When homes are sold they are turned into second homes, unfortunately, which is a cause of concern for us in rural areas. If we do not keep these smallholdings going, then cultural problems will follow and we will see problems with our schools. Three of our schools will probably close next year due to a lack of children. We are therefore seeking to re-let houses to young families so that they can develop the farms and participate in the local community. So, we are not looking to change the policy; if anything, we feel more strongly about the situation.

Mr Davies: I just want to endorse what Councillor Eifion Jones has just said. From our experience, we find that a number of our tenants work in the construction industry and contract locally. So, as a county council, as often as possible, we use some of our tenants to carry out work on the other farms that we have. For example, we have a number of contractors who take JCBs and that sort of thing to farms. We also have contractors who build sheds and deal with and maintain houses. So, those farmers have a livelihood from the farm, but there are also spin-offs in terms of the construction industry. Therefore, it is a matter wider than the farm business alone.

Rhodri Glyn Thomas: With regard to that, William, is it fair to say that the majority of your tenants receive another income, aside from the income that comes from the farm?

Mr Davies: Yes. We are all aware that the agricultural world has changed substantially over the past 50 years, and because of that we have developed a rationalisation programme. Many years ago, many 50 acre farms would have created a livelihood for a father and son, but that is almost impossible now, and that is why we are trying to create slightly larger farms. We want to keep the 30 acre to 40 acre

ydym am gadw'r ffermydd 30 acer i 40 acer, ond yr ydym hefyd yn ceisio creu ffermydd mwy oherwydd yr ydym yn sylweddoli nad yw'n bosibl gweithio yn llawn amser ar fferm fechan. Fel y dywedais, mae llawer o'n tenantiaid yn gweithio y tu allan i'r ffermydd ac yn ennill eu cynhaliaeth o feysydd eraill.

farms, but we also want to create larger farms because we realise that it is not possible to work full-time on a small farm. As I said, many of our tenants work outside the farms and make their living in other areas.

[74] **Rhodri Glyn Thomas:** O ran aceri, beth yw maint eich fferm fwyaf yn Ynys Môn?

Rhodri Glyn Thomas: In terms of acreage, what is the size of your biggest farm in Anglesey?

[75] **Mr Davies:** Mae ein ffermydd mwyaf o gwmpas 150 acer.

Mr Davies: Our largest farms are approximately 150 acres.

[76] **Rhodri Glyn Thomas:** A yw'n debyg ym Mhowys?

Rhodri Glyn Thomas: Is it the same in Powys?

[77] **Mr Rees:** In Powys, the largest stock farm is 170 acres, although we have a couple of dairy holdings that are larger. Our largest dairy holding is 220 acres.

[78] **Rhodri Glyn Thomas:** Cyn i mi ddod â Phowys i mewn ar y cwestiwn cychwynnol, galwaf ar Joyce yn gyntaf ac wedyn Brynle.

Rhodri Glyn Thomas: Before I bring in Powys on the initial question, I call on Joyce first and then Brynle.

[79] **Joyce Watson:** I wanted to probe a little more into the answer that we had from Anglesey about how, when you sell your properties, they become holiday lets. My understanding was that, if you were selling an agricultural holding, there would have been pre-existing caveats on buildings in the open countryside, in that the building went with land, which was for agricultural use and that it would also be in the gift of Anglesey to put in caveats to protect a holding in those terms—maybe my understanding is wrong and maybe it is not. You said that you thought that that was unfortunate and worked against keeping a population and a culture alive, so could you explain why, if it is possible to put in a caveat, you are not doing it? I know that it will give you a lower premium. If it is not possible, this case will arise time and again, because you will be going for the highest bidder.

[80] **Rhodri Glyn Thomas:** Cyn i Eifion ateb y cwestiwn hwnnw, dof â Brynle i mewn.

Rhodri Glyn Thomas: Before Eifion answers that question, I will bring in Brynle.

[81] **Brynle Williams:** Yr ydym wedi sôn am y denantiaeth busnes fferm newydd. A yw hi'n helpu'r sefyllfa? Yn y gorffennol, gosodwyd llawer o ffermydd o ryw 50 acer—maent yn ffermydd llaeth a dyna'i gyd. Yr wyf yn gwybod bod enghreifftiau mewn rhai ardaloedd yng ngogledd Cymru lle mae'r cynhorau wedi bwrw tenantiaid allan am eu bod wedi rhoi'r gorau i gynhyrchu llaeth am y rheswm y cododd y ddau ohonoch, sef nad oedd digon o elw. Felly, a ydych yn defnyddio'r denantiaeth busnes fferm hon i roi mwy o ryddid i denantiaid ar ffermydd bychain i fynd i weithio y tu allan i'r

Brynle Williams: We have talked about the new farm business tenancy. Does that help the situation? In the past, many 50 acres farms were rented—they are dairy farms, full stop. I know that there are examples in some parts of north Wales where councils have turned out tenants because they have given up dairy production for the reason that both of you raised, namely that there was not enough profit in it. Therefore, are you using this farm business tenancy to give tenants on small farms more freedom to go to work outside of their farms? We have heard that farmers can do that in Anglesey. Is that also

ffermydd? Yr ydym wedi clywed bod ffermwyr yn gallu gwneud hynny yn sir Fôn. A yw'r un peth yn wir ym Mhowys? A oes gennych yr hyblygrwydd i adael i ffermwyr arallgyfeirio, yn yr un modd ag y gwnes i wrth ddod yma? Math o arallgyfeirio yw hynny. Mae hyn yn bwysig. Mae gennym enghreifftiau, nid o ugeiniau o leoedd, ond o un neu ddwy fferm lle mae tenantiaid wedi cael eu bwrw allan am beidio â glynu wrth eu tenantiaeth, yn enwedig ar laeth. A ydych yn parhau i wneud hynny yn y ffermydd lleiaf neu a ydych yn ei wneud yn fwy hyblyg?

[82] **Rhodri Glyn Thomas:** Dyna'r tro cyntaf i mi glywed bod yn Aelod Cynulliad yn cael ei ddisgrifio fel arallgyfeirio, mae'n rhaid cyfaddef. Nid wyf yn siŵr mai dyna'n profiad ni i gyd, ond dyna brofiad Brynle. Gofynnaf i Ynys Môn ateb cwestiwn Joyce yn y lle cyntaf ac wedyn down at Bowys gyda chwestiwn Brynle.

the situation in Powys? Do you have the flexibility to allow farmers to diversify, in the same way as I did when I came here? That was a form of diversification. This is important. We have examples, not of dozens of places, but of one or two farms where tenants have been turned out for failing to stick to their tenancy agreements, particularly regarding dairy. Are you continuing to do this in the smallest farms or are you making it more flexible?

Rhodri Glyn Thomas: That is the first time that I have heard being an Assembly Member described as diversification, I must admit. I am not sure that that is the experience of all of us, but that is Brynle's experience. I will ask Anglesey to answer Joyce's question first and then we will turn to Powys on Brynle's question.

[83] **Mr Jones:** Thank you for your question, Joyce. I cannot quite see you on the screen, but I can hear your voice. When we reluctantly come to the view that we need to sell some assets to invest in the rest of the estate, we have an obligation to get the highest price possible, and that is what we do. However, when we sell properties, we usually sell the house with a large garden and keep the rest of the land, if we can, usually with the adjoining farm and make that smallholding slightly larger, giving a better opportunity to the other tenant to have some more land. That is well received by some farmers. I am not aware of any clause that we could put in to maintain that within agriculture, because there would no longer be agricultural land with that holding. I think that Joyce may be referring to situations where planning permission is given for new houses in rural areas, where it is possible to put a clause in the section 106 agreement to say that that house needs to be maintained within agriculture and the land within that. That is on new properties—I am not aware of existing regulations on that.

9.50 a.m.

[84] **Rhodri Glyn Thomas:** A wnaiff Cyngor Sir Powys ateb cwestiwn Brynle yn gryno iawn, gan ein bod yn rhedeg ychydig yn hwyr yn y sesiwn hon?

Rhodri Glyn Thomas: Could Powys County Council answer Brynle's question very succinctly, as we are running slightly late in this session?

[85] **Mr Rees:** We wholeheartedly support diversification as a principle. Even a 170 acre stock-rearing farm will struggle to provide full-time employment and a livelihood for a family and we will always look to support diversification. In terms of dairying, we have taken a practical view and we recognise that a 40 acre dairy holding is no longer viable. If the situation dictates that the tenant has to stop milking, unless there has been significant investment in dairy-specific facilities, we will not in those circumstances look to end the tenancy, and we will support the tenant's continued occupation of the property. However, in terms of diversification, in principle we will always support tenants' proposals to enhance income generated on or off the farm.

[86] **Rhodri Glyn Thomas:** Diolch ichi am eich tystiolaeth y bore yma. Byddwch yn

Rhodri Glyn Thomas: Thank you for your evidence this morning. You will receive a

derbyn cofnod o'r sesiwn hon. Ni allwch newid unrhyw beth yr ydych wedi ei ddweud wrthym, ond os ydych am gywiro unrhyw beth—

transcript of this session. You cannot change anything that you have told us, but if you wish to correct anything—

[87] **Kirsty Williams:** Is it possible for the council to supply us with information about the background of people who take over the tenancy? I know that you cannot give us specific details such as names and addresses, but I am interested to see who is getting these tenancies. Is it possible to have data on whether they are the sons or daughters of farmers who do not have a place at home, or are they completely new to the industry with no family background in farming? I would be interested in getting a feel for who actually ends up on the farms. As we are looking at the farms as a strategic tool to help the industry, is it possible to get that data?

[88] **Rhodri Glyn Thomas:** Byddai hynny'n dystiolaeth ddefnyddiol iawn ar bapur pe baech yn gallu ysgrifennu atom gyda'r wybodaeth honno. Mae hynny'n gwestiwn hynod o berthnasol ynglŷn â'r math o bobl sy'n derbyn tenantiaeth oddi wrth yr awdurdod lleol. Diolch ichi am eich tystiolaeth y bore yma.

Rhodri Glyn Thomas: That would be very useful evidence if you could write to us with that information. That is a very pertinent question about the type of people who take up tenancies from the local authority. Thank you for your evidence this morning.

[89] Gofynnaf i'n tystion nesaf ddod at y bwrdd. Yr ydym wedi colli un neu ddau o Aelodau, ond mae'n siŵr y dônt yn eu hôl. Yr ydym yn croesawu Dylan Morgan a Stephen Alderman o Undeb Cenedlaethol yr Amaethwyr Cymru a David Williams a Nick Fenwick o Undeb Amaethwyr Cymru. Croeso ichi unwaith yn rhagor i'r is-bwyllgor hwn—yr ydych yn ymweld â ni'n gyson ym mae Caerdydd. Yr ydym yn gwerthfawrogi eich tystiolaeth i'r is-bwyllgor hwn yn fawr iawn. Gobeithio nad ydym yn galw'n ormodol am eich presenoldeb yn yr is-bwyllgor.

I ask the next witnesses to come to the table. We have lost a couple of Members, but I am sure that they will return. We welcome Dylan Morgan and Stephen Alderman from the National Farmers Union of Wales and David Williams and Nick Fenwick of the Farmers' Union of Wales. Welcome once again to this sub-committee—you are regular visitors to us in Cardiff bay. We very much appreciate your evidence to this sub-committee. We hope that we do not call for your attendance at the sub-committee too often.

[90] Dechreuaf gyda chwestiwn a ofynnais i Gyngor Ynys Môn a Chyngor Sir Powys ynglŷn â'r galw. Dyna yw'r cwestiwn sylfaenol sydd gennym. A yw'r galw yn fwy na gallu awdurdodau lleol i ddarparu ffermydd ar gyfer pobl? A ydym yn edrych ar bobl sydd yn dechrau yn y diwydiant sydd yn edrych i symud ymlaen i ddatblygu i fod yn amaethwyr hunangnhaliol?

I will begin with a question that I asked of Isle of Anglesey County Council and Powys County Council regarding the demand. That is our fundamental question. Is the demand greater than the capacity of local authorities to provide farms for people? Are we looking at people who are starting in the industry who are looking to move on to develop to be self-sufficient farmers?

[91] **Dr Fenwick:** You are asking whether there is a need and a demand for them, and whether that demand is genuinely among younger people. There is certainly a demand. We help many young people to apply for county council holdings. I cannot tell you how many we would help on an annual basis, but there is certainly a significant demand in terms of our members who try for tenancies. I imagine that you would have to ask the councils how many applications they get and what the age bands are. However, the ones who we tend to help are usually members' sons or daughters who are in their 20s, or people who have just got married. So, there is certainly a demand.

[92] **Rhodri Glyn Thomas:** Kirsty asked the question to Powys and Ynys Môn councils earlier. Are we talking about people who are the sons and daughters of farmers taking up these tenancies from local authorities?

[93] **Dr Fenwick:** Naturally, because we are a farming union, we would only be helping members who had come from farming backgrounds anyway, but often they will be married to people who are from outside the industry, so you have that situation where new people are effectively being introduced.

[94] **Kirsty Williams:** What I am trying to get at are the wider strategic issues. Therefore, would you regard the existence of the local authority estate, and the way that it is currently operated, as an effective mechanism for allowing young people to get into the industry or to stay in the industry? That is the wider strategic issue that I am interested in. Is the existence of this estate a vital part of allowing young people in, or keeping young people in the industry?

[95] **Rhodri Glyn Thomas:** That is the basic question we are asking. Is this a way into the industry? Are these people moving forward, or are they taking up tenancies with local authorities and then supplementing that with an income outside farming?

[96] **Kirsty Williams:** If it is a way in, and it is working fine, that is great. However, if it has the potential to work better to achieve that policy objective, which I think that we are all interested in, what could we do to improve the situation to allow it to be more effective?

[97] **Mr Alderman:** I think that without the farms being available, it would be an opportunity lost for young people. In sir Benfro, where I farm as a dairy farmer, my next-door neighbour's property is a county council holding and has been for a great many years. It has obviously undergone some changes to increase its size, and we need to understand that that may need to happen, but if such farms were completely removed from the situation, that would be an opportunity lost for a rural entrepreneur of some sort. I appreciate, as Nick said, that he, and perhaps Dylan, will be dealing with farmers' sons and daughters, but that is not necessarily the case around us. We still have a generation that are very close to a rural and farming background, and they still have a great interest in trying to farm by themselves, even though, at this point in time, they are probably dealing more with contractors, or are employed as contractors, in that that is how they form the base of their income. They may have employed their capital in machines to try to work and help out in an industry where labour is a big issue. That is how they take their first steps into these farms.

[98] **Rhodri Glyn Thomas:** I think that the question is: is it a first step into the industry or are you saying that there are some people who would not be able to access the industry if it were not for the farms that are under the control of the local authorities? Do they stay there, or do people see this as something of a stepping stone to move forward in the industry?

[99] **Mr Morgan:** Yes, absolutely. There is the opportunity there for starter farms, as Stephen said, such as opportunities for people who start off in ancillary industries, but who want to get into the industry and begin to keep stock. However, you need the mix there so that they can progress through the network, so that they can see opportunities for a long-term

future in agriculture, rather than just having those few acres that will always be secondary to the main business. It does offer an opportunity to people who do not have the capital to invest. That is why we need a mix of all sorts of different types of farms within the estate so that they can move on, and, hopefully, the long-term gain will be that they will be able to move out of that farm and progress into the private sector. That is one of the points that we raised, that there is a need to try to get better linkages between the local authority estates and the private sector, so that we continue to see people moving through the system and having a future in agriculture.

10.00 a.m.

[100] **Dr Fenwick:** Gallaf feddwl am sawl un o'n haelodau sydd wedi dod o gefndir trefol, neu o ddinasoedd, hyd yn oed, o Loegr a Chymru. Maent wedi dod i mewn i'r system ffermio, a'r unig reswm y maent wedi gallu gwneud hynny yw natur y system sydd gennym. Erbyn hyn, mae rhai ohonynt yn parhau'n denantiaid, ac wedi bod ar ffermydd cyngor efallai ers 10 neu 15 mlynedd, ond mae eraill wedi gallu buddsoddi yn eu ffermydd eu hunain, ac wedi symud ymlaen. Felly, ar y dechrau yr oeddem yn sôn am feibion aelodau, ond mae gennym hefyd bobl sydd wedi ymaelodi â'r undeb sydd wedi dod o ddinasoedd, ac sydd wedi defnyddio'r system fel y mae i fod i gael ei defnyddio.

Dr Fenwick: I can think of several of our members who have come from an urban background, or from cities, even, from England and Wales. They have come into farming and the only reason that they have been able to do that is the nature of the present system. By now, some of them are still tenants, and may have been tenants on council farms for 10 or 15 years, but others have been able to invest in their own farms, and have moved on. Therefore, to start with, we were talking about the sons of members, but we also have people who have become union members who have come from the cities, and who have used the system as it should be used.

[101] **Joyce Watson:** Kirsty described the reason for undertaking this inquiry. We are now considering the elements within. One element is the balance that local authorities should aim to achieve between providing opportunities for new entrants, which we have heard about, and ensuring long-term security for existing tenants. On balance, where do you believe this balance should be?

[102] **Mr Morgan:** It is a difficult question. You need to ensure that people who are moving on to a holding have the security to be able to plan for their future and to be able to invest in the business that they are taking over. Many of the schemes that we are talking about, such as Glastir, require you to be able to have security over that tenancy for a significant period of time. However, at the same time, and as we have discussed before, you want it to be an entry route, so that people are able to move and to progress and to have a full-time career in farming in the future. Therefore, the current tenancy Act gives us the opportunity to be able to set up tenancies of a length of time that allows for that to happen, but at the same time gives people the chance to be able to progress through the estate.

[103] **Rhodri Glyn Thomas:** Cyfeirïaf y cwestiynau at Dylan a Nick; gallwch chi eu trosglwyddo i David a Stephen wedyn, yn ôl yr angen.

Rhodri Glyn Thomas: I will refer questions to Dylan and Nick; you can then transfer them to David and Stephen, as you believe is appropriate.

[104] **Dr Fenwick:** I agree with what Dylan has said. You need a balance, and the Agricultural Tenancies Act 1995 was intended to redress a perceived imbalance. However, many would say that it went too far the other way, and has removed the security that is needed by people who are entering what is generally a long-term business, whether they move on or stay within those holdings. They need to be able to know that their investment will not only be worthwhile for themselves during the duration of their tenancy, but also that they are

going to be given fair redress for that investment when they move on.

[105] What is needed is an overarching strategy—in Wales or the UK—so that individual county councils do not act independently. You have already heard a huge diversity of different attitudes this morning in terms of what percentage is reinvested, for example, in councils' estates. As you will be aware, some counties in the UK do not have them any more, whereas others have invested and may have a similar amount of land, or even more land than they had previously. We need a system that includes joined-up thinking, as well as a ladder, to allow people to move between counties, where appropriate.

[106] **Mr Williams:** County council holdings are an asset for the councils and for the country. However, once they are gone, there is nothing to replace them. Land is at a high capital value at present, so it has a high paper value, but how does that translate? The average farmer's age is increasing, towards retirement, and we need to have youngsters coming in, to get things going.

[107] **Mr Morgan:** There is an opportunity there for the Welsh Assembly Government to act as some sort of facilitator to ensure that there is best practice and information sharing between the estates throughout Wales so that you can see that progression, and not just within single local authorities, but between local authorities.

[108] **Kirsty Williams:** On the roles and responsibilities of the Welsh Assembly Government, the FUW paper refers to the paucity of data collected by the Welsh Assembly Government. You say that the Assembly Government should be looking to gather more complete data about this area. To what extent do you think that is a priority for the Welsh Assembly Government?

[109] **Dr Fenwick:** I imagine that it would be a very low priority at the moment, given the financial crisis, but there is certainly a need for more regular gathering of data. We were not necessarily suggesting that that should happen on an annual basis, as is required in England. However, there certainly seems to be a need to collect information regularly, and every 10 years is not regular enough.

[110] **Brynle Williams:** Could I come in on that, Chair?

[111] **Rhodri Glyn Thomas:** Yes, in a moment, Brynle. I just want to check whether any other witnesses want to respond on that first. Stephen, did you want to come in?

[112] **Mr Alderman:** I was just agreeing with Nick that once every 10 years is not regular enough.

[113] **Brynle Williams:** Do you think that there are more opportunities for counties to work together on escalating tenants from start-up holdings to medium holdings and so on? Are we too rigid? Would this work if we could get co-operation of counties or at least neighbouring counties to get this movement? Is there any mileage in that?

[114] **Mr Morgan:** I think that there is a great opportunity for that, Brynle. As we mentioned before, given the number of holdings left across Wales, you need to see that happening to ensure that there are enough opportunities. Moving on from that, perhaps we could look at that to try to improve the link between the public and private sectors. Perhaps something could be done through Farming Connect or another initiative to help encourage and support tenants when they are looking to move on.

[115] **Joyce Watson:** On that point, I am mindful of the fact that it is both a tenancy and a business. We all know that, if you give a tenancy to someone who does not belong locally and

the decision is made locally by county councillors or elected members, there are sometimes big difficulties because someone will say that they have been there for a long time and want that opportunity. It is a unique opportunity. So, although I agree absolutely with the principles of this database and the opportunities offered by removing the false boundaries of looking only at Pembrokeshire, Carmarthenshire or Ceredigion, how can you overcome the issue that I have just raised? We live in the real world, and the real world tells us that that is a likely event.

[116] **Dr Fenwick:** I am going to have to ask you to ask the question again, because I have got a bit lost with regard to the core of your question.

[117] **Joyce Watson:** When the decision-making body that decides that someone from Anglesey can have a farm in Pembrokeshire—and the principles of the policy that we have just described back that decision up—the local decision making for that is done in Pembrokeshire and someone from Pembrokeshire might say ‘Hang on’. How are you going to meet the real local political challenges that the decision makers will have to face to assist with carrying out that policy?

[118] **Rhodri Glyn Thomas:** So is your question whether local authorities should keep tenancy farms for local use?

[119] **Joyce Watson:** That is not what I am saying. What I am saying is that, if we have the broad principle, this is the sort of sticking point you will come up against.

[120] **Dr Fenwick:** I think that the reality is that people are unlikely to move from the mountains of Gwynedd down to the potato-growing fields of Pembrokeshire. There is already a statutory obligation that means that county councils cannot just give the tenancy to any old person. People have to have the relevant training and qualifications. One would imagine that the further the possible move, the less likely it is somehow.

10.10 a.m.

[121] I cannot speak on behalf of councils, but I can easily imagine that there could be neighbouring councils where tenants in one county are looking to move up, but that the county council has no idea that its neighbouring county has an ideal next step maybe within 30 miles. That network of information is not available. That may be a false accusation, because I do not know that that is the case, but I can easily imagine that it would be, given the differences in council policies.

[122] **Rhodri Glyn Thomas:** With your members, Nick and Dylan, are we talking about people who start off in tenancy farms and then move to owning their own farms or are we talking about people who stay there and retire from tenancy farms? Is that too simplistic?

[123] **Mr Morgan:** I think that that is a bit simplistic. There are all different types of tenancies throughout Wales. Given how people have come in and how tenancy laws have changed over the last few years, there are lifetime or even succession tenancies. Obviously, since the 1995 Act, things have changed and there tend to be specific timelines. However, there is quite a mixture.

[124] **Mr Alderman:** In Pembrokeshire, there is no doubt that there is a vast array of different sized holdings—

[125] **Rhodri Glyn Thomas:** What are you talking about in terms of size in Pembrokeshire?

[126] **Mr Alderman:** On starter holdings, if I had the figures I could tell you that, at one time, 10 years ago, we were able to break down the size of every holding within the county. I think that Nick referred to the most recent figure, which we do not have to hand. As with all things, agriculture has had to move on and I suspect that all council holdings have increased in size, purely from a pragmatic point of view, to make them more viable for starters in the first instance. However, as a consequence, the whole estate will have increased in size. For example, my neighbour has quite a large farm, with 200 cows. I would imagine that that would be the apex of Pembrokeshire County Council's system.

[127] **Rhodri Glyn Thomas:** Is that 200 dairy cows?

[128] **Mr Alderman:** Yes. So, as you can imagine, we are talking about starter farms that are that size of enterprise. There is quite a spread. When it comes to gathering this sort of information across borders, I suspect that, as with all councils, there will be a certain amount of tribalism. Given the competition for these farms, there will be stepping stones in the movement from starter farms to these bigger farms. Current council tenants would be interested in their progression, given the fall-off at the top end. So, there is that element of expectation. There is also the element of competition at the bottom end for the starter farms. If there were some way—and I suspect that it would be difficult, as I say, because of the competition for these farms—to do a cross-border changeover or to use cross-border resources more effectively, that would be a big fillip for the industry.

[129] **Kirsty Williams:** May I—

[130] **Rhodri Glyn Thomas:** We need to move on. Could you incorporate that issue in your later questions, Kirsty?

[131] **Kirsty Williams:** Yes. I am interested in how realistic it is to expect people to be able to move off a council smallholding into the private sector, given the huge amount of capital that is needed. Are we being completely unrealistic in expecting people to be able to move off the council smallholding, given the huge amount of capital outlay involved?

[132] **Rhodri Glyn Thomas:** That is a fair question. I will ask for a 'yes' or 'no' answer to that. I do not want a prolonged answer.

[133] **Mr Alderman:** This is about the opportunistic factor of having a tenancy available to move to—that is the bigger issue: a tenancy in the private sector becoming available at the time when people wanted to move on. Would those opportunities be there at that time?

[134] **Rhodri Glyn Thomas:** Having asked for a short answer, I am going to ask you a supplementary question on that. Are we moving to a situation now where we have a lot of farmers who are retiring and are thinking of offering management contracts to people to farm their land? Is that what you were referring to, Stephen?

[135] **Mr Alderman:** Not necessarily. I am a tenant with a private landlord. That was an opportunity that arose around 45 or 50 years ago—not for me, but for my father.

[136] **Rhodri Glyn Thomas:** Did you start on a local authority farm?

[137] **Mr Alderman:** No, I did not, but my father did and he moved on to the current part of our farm. That opportunity came around, and the farm that he took over was the first on the estate to change hands in a generation and a half, bearing in mind that I am talking about the mid 1960s. The legislation of the day led to generational tenancies, so changes would not come around so frequently. Things have moved on. Those opportunities need to arise before the movement can take place, and provided that the capital is available to make a viable bid.

[138] **Rhodri Glyn Thomas:** I do not know if you can answer this by nodding, but am I right in thinking that we are facing a new situation now, where there could be more management contracts available? A lot of farmers will say that they own the land, they have retired, their children do not want to take over, and they can offer people the opportunity to manage the land under a contract.

[139] **Mr Williams:** I suppose that it depends on taxation issues, inheritance tax and so on. We could get into a minefield here, but if it makes it simpler and more viable for farmers to take semi-retirement or to retire earlier, these opportunities will arise.

[140] **Rhodri Glyn Thomas:** I was worried that there might be a complex answer rather than nodding of heads. Brynle, you have a series of questions.

[141] **Brynle Williams:** Yes—on this very point, Chair. This is a lot bigger than we can possibly legislate for in this Assembly. One of the major problems is planning. A lot of farmers find that, if they take the equity out of the farm, they could take in a share-farming young person, and take them off the county council list. However, if the farmer uses the equity to buy a house, it is no longer viable. There is a problem with planning for the next generation—you get into a minefield with this. How do we develop more share farming, as in New Zealand and Australia?

[142] **Rhodri Glyn Thomas:** Before you answer, David, this has to be the last question in this session. Could you incorporate in your answer anything else that you want to tell us? If you want to supplement that answer, please feel free to send us a note after the session. So, we will start with David and then move along.

[143] **Mr Williams:** On Brynle's point, share farming really depends on the landlord and the young person having a good relationship. If so, it could work well, but it depends on getting the right people. They have to be in tune with one another, with an agreed timescale and so on. It could happen.

[144] **Rhodri Glyn Thomas:** Nick, wyt ti eisiau ychwanegu unrhyw beth? **Rhodri Glyn Thomas:** Nick, do you want to add anything?

[145] **Dr Fenwick:** I would just say that, if people are unable to retrieve any investments that they have made in their holdings, they are less likely to want to move out or retire. The other issue is that there is talk of the reform of the common agricultural policy post-2013 making agriculture far more of a necessity—with genuine food production, if you like, being a requirement for claiming single payments, or whatever we have post-2013. I imagine that solicitors and lawyers will find all sorts of ways around that, so that landlords can still get what they are currently claiming, but it presents opportunities for genuine farmers as opposed to sleeping farmers, if you like, or landlords.

[146] **Rhodri Glyn Thomas:** 'Sleeping farmers'—farmers do not sleep, do they? *[Laughter.]*

[147] **Mr Alderman:** I will say almost the same as Nick—it is these model clauses on the legal side that are relevant to Brynle's point about moving from farm to farm. In New Zealand, I think that these are fairly streamlined, and there is a recognised way of doing these things. The capital flows are more genuinely acknowledged than they are in this country, where it is a new thing. I am aware that a number of these are under way, and they have worked very well, but they rely very much on relationships. No doubt the industry would be much better off if we could develop a strategic career move for young agriculturalists, so that they could see the stepping stones through their business life to retirement. Having started

with very little, they need to see that they can accumulate enough to retire on at the end of the day. If we could achieve that, incorporating local farms and private farms, that would be a huge help for the whole industry in the next 50 years. It will also help with keeping the skillsets that, if we are not careful, will be lost with the demise of the generation of farmers who are currently at the top end of the age scale.

10.20 a.m.

[148] **Rhodri Glyn Thomas:** Dylan, a wyt ti eisiau ychwanegu rhywbeth? **Rhodri Glyn Thomas:** Dylan, do you wish to add anything?

[149] **Mr Morgan:** Ydw, dim ond i ychwanegu at yr hyn y mae Stephen wedi'i ddweud. **Mr Morgan:** Yes, I just want to expand on what Stephen said.

[150] The fact is that planning and taxation policies, as you mentioned, Brynle, involve difficult and complex issues. I think that there will be more opportunities in the future, but we need to ensure that the landlord and the potential tenants have the right help and support, possibly through the expansion of Farming Connect, to ensure that they can get that information and set up relatively simple agreements, as Stephen said, rather than get caught in a minefield of solicitors, agents and so on.

[151] **Rhodri Glyn Thomas:** Diolch yn fawr am eich tystiolaeth; yr ydym yn ei gwerthfawrogi'n fawr. Cewch gopi o'r Cofnod i weld a oes angen cywiro unrhyw beth. Yn anffodus, ni allwch dynnu dim yn ôl yr ydych wedi'i ddweud y bore yma—mae'n rhan o'r broses o'ch holi. Yr ydym yn gwerthfawrogi'n fawr eich cyfraniad at y sesiwn dystiolaeth hon. **Rhodri Glyn Thomas:** Thank you very much for your evidence; we greatly appreciate it. You will get a copy of the Record to see whether anything needs to be corrected. Unfortunately, you may not retract anything that you have said this morning—it is all part of our process of scrutiny. We greatly appreciate your contribution to this evidence session.

[152] **Brynle Williams:** We will have to organise a trip to New Zealand to study share farming. Are you up for it, Joyce? [*Laughter.*]

[153] **Mr Williams:** That is another question.

[154] **Rhodri Glyn Thomas:** We are still on camera, Brynle.

[155] **Brynle Williams:** Sorry.

10.21 a.m.

Ymchwiliad i Ddarpariaeth Ffermydd Awdurdodau Lleol: Sesiwn Dystiolaeth Inquiry into the Provision of Local Authority Farms: Evidence Session

[156] **Rhodri Glyn Thomas:** Croesawaf Rhys Evans i'r cyfarfod. Mae wedi bod gerbron yr is-bwyllgor hwn o'r blaen. Croeso yn ôl, Rhys. Croeso hefyd i George Dunn. Yr wyf yn tybio mai hwn yw'ch ymweliad cyntaf â'r is-bwyllgor hwn, George. **Rhodri Glyn Thomas:** I welcome Rhys Evans to the meeting. He has been before this sub-committee before. Welcome back, Rhys. I also welcome George Dunn. I assume that this is your first visit to this sub-committee, George.

[157] **Mr Dunn:** It is my first visit, yes. Thank you.

[158] **Rhodri Glyn Thomas:** Croeso mawr i chi.

Rhodri Glyn Thomas: A warm welcome to you.

[159] Symudwn yn syth at y dystiolaeth. Bydd aelodau'r is-bwyllgor wedi darllen eich dystiolaeth ysgrifenedig. Felly, dechreuaf gyda chwestiwn cyffredinol. Dechreuwn gyda chi, George, gan eich bod yn cynrychioli Cymdeithas Ffermwyr Tenant. A oes gan awdurdodau lleol ddigon o adnoddau o ran ffermydd i ddigoni galw eich aelodau fel tenantiaid?

We shall move direct to the evidence. Members of the sub-committee will have read your written evidence. So, I will start with a general question. Let us start with you, George, on this subject, since you are representing the Tenant Farmers Association. Do local authorities have adequate resources available with regard to farms to satisfy your members' needs as tenants?

[160] Hoffwn gyplysu'r ail gwestiwn â hwnnw. Mae hwn yn gwestiwn sylfaenol ynglŷn â ffermydd sydd yng ngofal llywodraeth leol. Ai hwn yw'r cam cyntaf i symud ymlaen, neu a ydych yn ei weld fel gyrfa o ran bod yn denantiaid i awdurdodau lleol?

I want to couple the second question with that. It is a fundamental question to do with local authority-owned farms. Is this a first step towards moving on, or do you see being tenants of a local authority almost as a career?

[161] **Mr Dunn:** On the supply and demand issues that you talk of, there is always much more demand for these farms than there is supply, and, when farms become available for letting, more people will always apply than there are farms available. So, you could say that the market is not in complete equilibrium. However, there are important entry mechanisms for people to get into farming.

[162] To answer your second question, in times gone by, it was clearly the case that you would start off in a county council smallholding farm. Indeed, you have had evidence this morning of people, in previous generations, who started in county council holdings and then moved on. That happened at a time when many farms were available to let in the private sector and the gap between the county council smallholding estate and the private sector was not as large as it is today, and the capital requirement gap was not as large as it is today. It was also a time when the legislation was broadly comparable. So, if you now have someone who started on a county council farm prior to 1995, let us say, they would have had a lifetime's security on that holding, or at least until their retirement. If they are now being offered an opportunity in the private sector for five to 10 years—and not many holdings in the private sector are let for more than 10 years—why would they give up a retirement tenancy or a lifetime-secured tenancy to take something that, despite being bigger, better equipped and more able to produce an income for that period, possibly, is nonetheless for a limited duration only?

[163] The legislation says that the county farm system should be there to provide opportunities for individuals to be farmers in their own rights. What we say in the TFA is that it should not be seen as a conveyor belt approach, so you bring some young person on at one end and give them five, 10, 15 years or however long, and if they then cannot find the opportunity in the private sector, you kick their legs out from under them and kick them off the estate. That is not the process. The process needs to be about balancing opportunities off the estate and continuing with people on the estate, so that they can continue their farming opportunities into the long term.

[164] **Rhodri Glyn Thomas:** Going back to what you said earlier about the length of tenancies in the private sector, are you saying that if those tenancies were for 10, 15 or 20 years, rather than five years, more people in your organisation would make that step from local authority tenancy into the private sector, taking on a management contract or whatever?

Would more do that if they had some more security about the length of the agreement?

[165] **Mr Dunn:** It is certainly one of the most significant factors involved. If you are sitting on a county council holding with retirement security, and you are in your 40s or early 50s, why would you take an opportunity that will give you only five or 10 years? It is one factor. Capital requirement is another factor, as is the supply of farms to let. So, there is a range of issues, but one of them is certainly the length or duration of the tenancies in the private sector.

[166] **Rhodri Glyn Thomas:** I asked this question of the farming unions earlier. It seems to me, looking from the outside in, that we are moving to a situation of there being land availability. The second generation does not want to take on the farm and so many people are looking at management contracts. We heard that there are all sorts of legal and taxation implications to that, but is moving people from local authority tenancy into the private sector an option that we could be looking at?

[167] **Mr Dunn:** Do you mean where they are able to take contract farming arrangements, for example, instead of a tenancy?

[168] **Rhodri Glyn Thomas:** Yes.

[169] **Mr Dunn:** Again, you are asking them to take something that is of lesser security for them as a business, so they would not see that necessarily as an advance, but as a step back. They are giving up a secure arrangement for something that is relatively insecure. The whole issue of land occupation and land ownership has been coloured by the taxation environment within which decisions are made. So, it is better for the owner of the land to pretend in some way that he is retaining owner occupation and management of the whole thing, as he then gets the trading income status for tax, the agricultural property relief, the business property relief if he needs it, and ultimate control. Perhaps he can also let the house under an assured shorthold tenancy. So, the way in which the legislation and taxation environments have interacted have caused a major reduction in the number of holdings that have become available, which is why the 1995 Act has not presented to us the new dawn that was promised back in the early 1990s. So, I do not think that it would be seen by many on the county council system as a step forward; it would be a step sideways or backwards for them.

[170] **Rhodri Glyn Thomas:** Diolch yn fawr iawn. Rhys, ar ran ffermwyr ifanc, sut maent yn gweld tenantiaeth o dan awdurdodau lleol? A yw'n gam ymlaen yn y diwydiant? Ai dyna beth y byddant yn ei wneud am weddill eu bywydau? Sut y mae aelodau'r clybiau ffermwyr ifanc yn gweld y broses hon?

Rhodri Glyn Thomas: Thank you very much. Rhys, on behalf of young farmers, how do they view local authority tenancies? Is it a step forward in the industry? Is it what they will be doing for the rest of their lives? How do young farmers' club members view the whole process?

[171] **Mr Evans:** Yn gyntaf, diolch yn fawr iawn i chi, Gadeirydd, am y gwahoddiad i ddod i siarad ger eich bron. Af yn ôl at eich cwestiwn cyntaf i George, sef a oes digon o adnoddau ar gael. Yr ateb syml i hynny yw 'Nag oes'. A oes digon o alw? Oes. Ai ffermydd awdurdodau lleol yw'r cam cyntaf? Ie, yn sicr. Mae gennym nifer fawr o aelodau sydd wedi datgan diddordeb ac sydd eisiau cael mynediad i'r diwydiant ond sy'n methu â gwneud ar hyn o bryd. Ychydig o

Mr Evans: First, I thank you very much, Chair, for the invitation to come to speak before you. I will return to the question that you asked George initially, namely whether sufficient resources are available to meet the demand. The simple answer to that is 'no'. Is there sufficient demand? Yes. Are local authority farms viewed as a first step? Yes, certainly. We have a huge number of members who have expressed an interest and who want to enter the industry but who

flynyddoedd yn ôl, sefydlodd Clybiau Ffermwyr Ifanc Cymru yr hyn a alwn yn fas data cyfleoedd. Rhestr o enwau ydyw—sydd bellach yn y cannoedd—o bobl ifanc sydd eisiau mynd i mewn i'r diwydiant ond sy'n methu â gwneud ar hyn o bryd. Os yw ffermwyr annibynnol eisiau dechrau ffermio cyfran, yn chwilio am rywun fel gweithiwr dros dro, neu eisiau ffermio contract, mae'n eu galluogi i gysylltu â ni a gallwn anfon enwau a manylion y bobl sydd ar ein bas data ymlaen atynt. Mae'r galw yno ac mae'r galw'n fawr. Gallaf eich sicrhau chi o hynny.

10.30 a.m.

[172] **Rhodri Glyn Thomas:** A fyddai modd ichi roi rhyw ddadansoddiad inni o'r bas data hwnnw? Yr argraff yr wyf i'n ei chael yw nad yw pobl ifanc eisiau mynd i mewn i'r diwydiant ffermio bellach, ond yr ydych chi'n dweud rhywbeth hollol wahanol, Rhys.

[173] **Brynle Williams:** A bod yn onest, dyma'r lle i edrych. Mae gan y clybiau ffermwyr ifanc, fel corff, bas data gwell na'r Llywodraeth yn sicr. Mae'r mudiad mor agored fel ei fod yn denu pobl o'r tu allan i fyd amaeth i gyfrannu. Mae hyn yn ddiddorol ofnadwy, a hoffwn weld y ffigurau. Mae hefyd yn cadarnhau yr hyn yr oedd Kirsty yn ei ofyn yn gynharach ynghylch ceisio darganfod ai meibion a merched ffermwyr yn unig sy'n dod i mewn i'r diwydiant, yn hytrach na phobl o'r tu allan i'r diwydiant. Yr ydych newydd gadarnhau, felly, fod pobl yn dod i mewn i'r diwydiant o'r tu allan. Mae hynny'n bwysig ofnadwy, yn enwedig o ystyried y cyfeiriad yr ydym yn symud ynddo gyda'r dystiolaeth hon.

[174] **Rhodri Glyn Thomas:** Gallwn ofyn y cwestiwn i Rhys ac i George. Yn gyntaf, Rhys, ai plant ffermwyr yr ydym yn sôn amdanynt, neu a ydym yn sôn am bobl o'r tu allan i'r diwydiant sydd eisiau dod i mewn?

[175] **Mr Evans:** Yr ydym yn cymryd yn ganiataol eu bod oll yn aelodau o glybiau ffermwyr ifanc. O ran trawstoriad ein haelodau, mae'r rhan fwyaf ohonynt yn feibion ac yn ferched ffermydd, ac mae'r lleill, er nad ydynt yn dod o'r diwydiant, wedi ymuno â'r mudiad oherwydd eu bod â'r

cannot do so at present. A few years ago, Wales Young Farmers' Clubs set up what we call the database of opportunity. It is a list of names—which is in the hundreds by now—of young people who want to enter the industry but who cannot do so at present. If independent farmers want to go into share farming, are looking for casual workers or want to contract farm, it allows them to contact us and we can then send them the names and details of those people who are on our database. The demand is there and the demand is great. I can assure you of that.

Rhodri Glyn Thomas: Would it be possible for you to give us some sort of analysis of that database? The impression that I get is that young people do not want to go into farming anymore, but you are saying something totally different, Rhys.

Brynle Williams: To be honest, that is the place to look. The young farmers' clubs as an organisation certainly has a better database than the Government. The organisation is so open that it attracts people from outside the agricultural industry to participate. This is terribly interesting, and I would like to see the figures. It also confirms what Kirsty was asking earlier about trying to ascertain whether it is only the sons and daughters of farmers who go into the industry, rather than people from outside the industry. You have therefore confirmed that people do come into the industry from the outside. That is very important, particularly given the direction in which this evidence is taking us.

Rhodri Glyn Thomas: We can ask that question to Rhys and to George. First, Rhys, are we talking about farmers' children, or are we talking about people from outside the industry who want to come into it?

Mr Evans: We take it for granted that they are all members of the young farmers' clubs. Looking at a cross-section of our members, most of them are the sons and daughters of farmers, and the others, although they do not come from the industry, have joined the organisation because they have a passion to

angerdd i fynd i mewn i'r diwydiant. Yr angerdd yw'r peth pwysicaf, ac mae'n bodoli ymhlith pobl ifanc Cymru heddiw. Nid wyf yn hollol sicr faint o enwau sydd yn y bas data, ond rhof enghraifft ichi o'r llynedd. Daeth tri ffermwr atom a oedd eisiau ymddeol ond eto eisiau cadw gafael ar y ffermydd yr oeddent yn eu rhedeg. Nid oedd ganddynt feibion i roi dilyniant, ac felly yr oeddent eisiau gweithio gyda'r ffermwyr ifanc. Wedi hynny, aethom drwy'r bas data ac anfon manylion ychydig o'n haelodau ymlaen atynt. Erbyn hyn, maent yn dal i ffermio ond gyda help ffermwyr ifanc lleol a oedd yn byw yn yr ardaloedd hynny ac a oedd yn angerddol am fynd i mewn i'r diwydiant.

[176] **Rhodri Glyn Thomas:** Byddai dadansoddiad o'r bas data yn ddefnyddiol iawn i ni. Mae'r storïau yn ddefnyddiol.

enter farming. The passion is the most important thing, and it is alive among young people in Wales today. I do not know how many names there are on the database, but I will give you an example from last year. Three farmers came to us who wanted to retire but who also wanted to keep hold of the farms that they were running. They did not have sons to succeed them, and so they wanted to work with young farmers. We went through our database and sent details of a few members onto them. Now, they still farm but with the assistance of local young farmers who were living in the area and were passionate about entering the industry.

Rhodri Glyn Thomas: An analysis of that database would be most useful for us. Those examples are useful.

[177] **Mr Dunn:** We do not have a database like the young farmers do, but we can tell you anecdotally that we get inundated with calls and approaches from individuals who want to get into farming through a tenancy. That might happen while we are at agricultural shows, where they walk into the marquee and ask, 'How do I get into a tenancy?'. It might be through e-mail, correspondence or telephone calls. We are inundated with people wanting to get into agriculture. Some of them may be second sons or daughters of existing farmers who know that they will not be able to succeed in the businesses that their parents are running. The big problem for a large number of them, often completely outside the industry, is that they are competing with people inside the industry who have the knowledge, the skills and the capital to get in and get on. That is why we are working with the National Federation of Young Farmers' Clubs to raise the calibre of people looking for tenancies and farms. We do that through training and a competition, which I was judging yesterday, where we try to put people through a simulated exercise of tendering for a farm. So, there are people out there who would love to have farms, but there are two issues: the first of which is having the opportunity, and the other is having the calibre. We need to work on both.

[178] **Rhodri Glyn Thomas:** That is very interesting evidence from both of you. Over the past 10 years, I have kept hearing that the average age of a farmer is 58 years old, but it cannot have been the same average age for the past 10 years.

[179] **Mr Dunn:** Sorry to interrupt, but I think that it can be. If you consider that those who are entering the industry and those who are leaving the industry are doing so at the same rate, you can see that the average age would stay the same, at 58. That does not mean that farmers are necessarily getting older; it just means that we have reached some sort of equilibrium where the number of people leaving the industry and entering the industry is about the same. You must also remember that the people who are signing the forms saying, 'I am the farmer and I am this age', are not necessarily those who are doing the work on the holdings. You need to be careful with those figures.

[180] **Rhodri Glyn Thomas:** That is interesting. Again, observing the industry from outside, the feeling that I have is that very few young people are going in. Both of you are telling us that there are a lot of young people who want the opportunity to go into the industry.

[181] **Mr Evans:** Dyna lle mae ffermydd cyngor mor hanfodol bwysig. Clywais gip o dystiolaeth Ynys Môn yn gynharach, a chredaf eu bod wedi mynd i lawr y trywydd lle maent yn rhannu ffermydd i fyny, os clywais yn iawn, sy'n golygu bod y tir ar wahân i'r tŷ. Mae'r tŷ yn cael ei droi yn fwthyn gwyliau a'r tir yn cael ei reoli gan ffarmwr arall. Nid dyna pam y cafodd ffermydd cyngor eu sefydlu. Sefydlwyd ffermydd cyngor blynyddoedd yn ôl er mwyn dod â phobl ifanc i mewn i'r diwydiant gan fod prinder ohonynt ynddo. Mae'r sefyllfa honno'n parhau hyd heddiw; mae dal prinder o bobl ifanc i fynd i mewn i amaeth yn uniongyrchol, er bod y galw yn dal i fodoli. Felly, mae'n hanfodol bod y cynghorau yn cadw eu ffermydd ac yn cadw'r ethos bod ffermydd yn dod ar gael a'u bod yn mynd fel un uned gyfan i'r bobl ifanc sydd â dyhead i fynd i mewn i amaeth.

Mr Evans: That is where council farms are so vitally important. I caught a snatch of the evidence from Anglesey earlier, and I believe that they have gone down the road of splitting the farms up, if I heard correctly, which means that the land is separate from the house. The house is turned into a holiday cottage and the land is managed by another farmer. That is not why council farms were established. Council farms were established years ago in order to bring young people into the industry because there was a shortage of young people in it. That is still the case today; there is still a shortage of young people to go into agriculture directly, although the demand still exists. Therefore, it is essential that the councils retain the farms and maintain the ethos of farms becoming available and being given as complete units to young people who wish to enter into agriculture.

[182] **Rhodri Glyn Thomas:** Mae hynny'n dystiolaeth ddiddorol iawn, gan ei bod yn rhoi argraff wahanol i'r argraff gyffredinol yr wyf wedi ei chael hyd yn hyn. Yn amlwg, o'r hyn yr ydych yn ei ddweud, mae pobl ifanc sydd eisiau cael mynediad i ffermydd.

Rhodri Glyn Thomas: That is very interesting evidence, as it gives a different impression from the general impression that I have been given so far. Clearly, from what you are saying, there are young people who want to access farms.

[183] **Joyce Watson:** That evidence is fascinating, and it has been interesting, but we have to go back to the agenda that we are supposed to discuss, and I think that we are now a million miles away from it. Looking at the farms that are in local authority control, in your opinion what balance should local authorities aim to achieve between providing opportunities for new entrants and ensuring long-term security? You have talked about that a little, but, as the inquiry is on this issue in particular, it would be useful for us to have your opinions on that, as they would be pertinent to the inquiry.

[184] **Mr Dunn:** With respect, I do not think we are a million miles away from the debate, because this is all about providing opportunities for individuals to be farmers on their own account. That means bringing in new entrants and ensuring that people can progress. Progression can either take place on the county council estate, be that on the original estate or on another in the principality, or it can take place through moving completely into the private sector. As I said earlier, we are finding that it is becoming much more difficult for individuals to leave the county farm system and get into the private sector, and in many cases it has become almost impossible. Therefore, local authorities have to adjust their plans continually to ensure that if they have people who are good tenants, who are paying the rent, are running viable businesses and are contributing to the local community, they provide them with opportunities to progress, either on their estate or on another estate that they are matched with. However, they also need to be looking at opportunities for new entrants. So, there is no hard-and-fast rule that says that 20 per cent should be new entrants and 80 per cent should be progression, or the other way around. You have to keep it under review constantly in relation to your objective to create opportunities for individuals to be farmers on their own account. I will not be able to satisfy you with an answer, I am afraid.

[185] **Joyce Watson:** That is fine.

[186] **Rhodri Glyn Thomas:** I will bring in Kirsty on this particular point.

[187] **Kirsty Williams:** I think that we are all agreed that the estate plays a crucial part in allowing people to get into the industry. Regardless of who they are or their backgrounds, the estate has a huge part to play in that. I think that we are also agreed that the ideal is that people should move through the estate system and, hopefully, then have the opportunity to move into farming off the estate in order to free up resources for new people, in which case there is a virtuous circle. You are saying that it is increasingly hard to allow that to happen because of issues to do with opportunity and capital. So, what can we recommend that would result in the perfect world of people coming in and moving out? What can we recommend that would allow that to happen more easily? I think that we are all agreed on what we would like the system to be and why it is important that the system is there, but there are practical reasons as to why the system is not working as well as we would like it to in order to create opportunities for new people to come in.

[188] **Mr Dunn:** There are three principal things that can be done. The first is to encourage the local authorities to work together more collaboratively. The tenancy reform industry group in England—it has representatives from Wales in it—which was established by the Department for Environment, Food and Rural Affairs, made a recommendation that local authorities should collaborate more effectively so that there is that interaction between them. Frankly, much of that has not happened, and the report is now seven or eight years old.

10.40 a.m.

[189] The second thing that we can do is to encourage local authorities to be champions of their own tenants. So, when they have good tenants and good businesses, they should be getting in touch with estates in the private sector for open days, barbecues, farm walks and so on, to champion the fact that they have some great tenants on their estates who would make very good tenants in the private sector. They could say, ‘Why bother advertising in *Farmers Weekly* or sending out particulars when you can knock on our door and we can give you lists of tenants tomorrow that we could recommend to you as being good for your businesses?’ The third thing that the Welsh Assembly Government could do is look at the legislative environment in which decisions are made in the private sector and exercise some influence over the length of the term and the way in which houses are split away from holdings to create more opportunities in the private sector for people to move into. However, that is a bigger and more difficult area to deal with because we are talking about legislation. However, it is an important part of the package.

[190] **Kirsty Williams:** Thank you. That is very clear.

[191] **Mr Evans:** The measure of success for a local authority farm is whether the tenant has moved on, progressed and developed his business within the lifetime of the tenancy. I will not give names or areas, but to give you an example, a few years ago, a young farmer from south Wales took on the tenancy of a 30-acre local authority farm. Within five years, he was still farming that 30-acre farm, but had progressed, rented land elsewhere and had 100 acres. Within 10 years, he had more than 200 acres, and he ceased the tenancy of the local authority farm before the end of the lease because he had progressed and developed his business to a 200-acre farm. That is the measure of success. The Assembly Government can try to get some consistency between local authorities. There is so much inconsistency between local authorities at the moment, and that proves that the system is quite weak. In my view, it is criminal for local authorities to sell their land and tenanted farms. There should be something that enables local authorities to retain their farms and holdings and offer them to young farmers as often as possible.

[192] **Joyce Watson:** I asked a question directly of Anglesey County Council earlier. I do not know whether you were here at the time. The arguments that we have heard for selling local authority-owned land is that it is done to make the holdings sustainable—because some holdings were too small to be sustainable for a new entrant—and that it is the only way to raise capital for investment. As you are doing, I raised concerns about that becoming a second home, because that is what was said. Do you accept, to an extent, that some of the holdings are too small for new entrants? This is a critical question.

[193] **Mr Evans:** It is for the applicant to judge whether a holding is too small or too big. Whether it is a 30-acre holding or a 130-acre holding, he or she does not have to apply for the farm if he or she thinks it is too small or too big. At least the opportunity is there.

[194] **Mr Dunn:** Local authorities need to think strategically about this and not opportunistically. I think that there has been too much opportunistic thinking, as opposed to strategic thinking. Of course, as I have said, the gap between local authority and private sector farms has widened, so rationalisation will be important. Much as we dislike it, there will have to be some rationalisation on local authority estates, but they must think strategically about that. As Rhys has said, these are very important assets. ‘Asset’ is a very important word; you do not simply sell an asset that is giving you economic, environmental and community benefits. You need to get those assets to work properly. We always argue that there will be times when local authorities strategically should take the opportunity to sell a piece of land for a very high development or marriage value opportunity, provided that they are ploughing that money back into the estate and other services that the local authority has to provide, so that they are harvesting the asset as opposed to disposing of it. However, that needs to be done within a strategic framework and not opportunistically. Rationalisation will be an important part of that process and it will be different for every local authority.

[195] **Rhodri Glyn Thomas:** Mae’r dystiolaeth hon yn hynod o ddiidorol. Gallem fod yma am oriau yn dilyn rhai o’r pwyntiau a wnewch ond, yn anffodus, mae amser yn brin.

Rhodri Glyn Thomas: This evidence is extremely interesting. We could be here for hours following up some of the points that you are making but, unfortunately, time is short.

[196] **Brynle Williams:** Hoffwn ofyn un cwestiwn, os gwelwch yn dda.

Brynle Williams: I wish to ask one question, if I may.

[197] **Rhodri Glyn Thomas:** Iawn, Brynle.

Rhodri Glyn Thomas: All right, Brynle.

[198] **Brynle Williams:** You have answered my question about the co-operation of councils and so forth. A simple ‘yes’ or ‘no’ to this will suffice. When assets are sold off for the right reason where there are parcels of land, do you believe that the money should be ring-fenced and kept for reinvestment back in the estate and the money put straight back into buying additional land to enlarge holdings? Do you believe that it should be ring-fenced? Yes or no?

[199] **Rhodri Glyn Thomas:** Credaf dy fod wedi ateb y cwestiwn hwn ynglŷn â thystiolaeth Ynys Môn, Rhys. Yr wyt yn teimlo y dylai awdurdodau lleol gadw’r tir hwnnw a’i ddefnyddio’n strategol.

Rhodri Glyn Thomas: I think that you have already answered this question in relation to Anglesey’s evidence, Rhys. You feel that local authorities should retain that land and use it strategically.

[200] **Mr Evans:** Ydwyf. Mae gennyf deimladau cryf iawn ynglŷn â hynny. Nid yn

Mr Evans: Yes. I feel very strongly about that. Not only does it help the rural economy

unig ei fod yn helpu'r economi wledig a'r diwydiant amaethyddol, ond gall gwerthu'r ffermydd hyn effeithio ar ein cymunedau lleol. Os tynnwch deulu allan o'r diwydiant amaethyddol, i ble'r aiff y teulu hwnnw? Mae hyn yn effeithio ar y cymunedau a'r economi lleol.

and the agricultural industry, but selling these farms can impact on the local community. If you take a family out of the agricultural industry, where will that family go? This has an impact on the communities and the local economy.

[201] **Brynle Williams:** Yr hyn yr wyf yn ceisio ei ddweud yw os oes gennych ddarn o dir sydd tua 20 erw ac y mae angen arian i brynu fferm sydd yn 100 erw, mae posibilrwydd o roi'r arian a geir am yr 20 erw tuag at hynny i sicrhau bod yr arian yn aros yn yr un man. Cytunaf â chi; yr wyf yn erbyn gwerthu unrhyw dir, ond, fel y dywedodd Mr Dunn, mae'n rhaid cael rhywfaint o *rationalisation*. Mae hynny'n digwydd ledled y diwydiant ac ym mhob diwydiant. Credaf y dylai aros, yn bersonol.

Brynle Williams: What I am trying to say is that if you have a parcel of land of about 20 acres and the money is needed to purchase a 100-acre farm, the money raised from the 20 acres could be used towards that to make sure that the money stays in the same place. I agree with you; I am against selling any land, but, as Mr Dunn said, there must be some kind of rationalisation. That happens across the industry and in every industry. I think that it should stay, personally.

[202] **Rhodri Glyn Thomas:** A gaf i ofyn i George ymateb i hynny?

Rhodri Glyn Thomas: May I ask you to respond to that, George?

[203] **Mr Dunn:** You will see that any local authority has a range of services that it must provide. If the local authority is able to get significant development or marriage value uplift from selling a block of land, we are not necessarily opposed to that so long as it is within a strategic framework and some of the money is reinvested back into the estate. Other aspects of the money can be used for other council services. An example is Gloucestershire. Over the past 30 years, Gloucestershire County Council in England has raised approximately £100 million of value from its estate through careful strategic disposals of high development value. However, it has maintained the area of its estate as largely the same over that period by appropriate reinvestment. Therefore, it is a bit of both. We would want some of it to be ring-fenced back into the estate and some of it can be used for other council services. We recognise that local authorities have a range of services that they need to be providing.

[204] **Rhodri Glyn Thomas:** Diolch yn fawr iawn i'r ddau ohonoch. Yr wyf wedi bod yn Aelod Cynulliad am 10 mlynedd, 10 mlynedd yn ôl yr oeddwn yn cadeirio'r Pwyllgor Amaethyddiaeth a Datblygu, a dyna'r dystiolaeth fwyaf calonogol yr wyf wedi'i chael ers bod yn Aelod Cynulliad ynglŷn â dyfodol y diwydiant amaethyddol a'r galw a'r awydd sydd yn bodoli ymhlith pobl ifanc i fynd i mewn i'r diwydiant. Mae hynny'n dystiolaeth bwysig iawn. Diolch yn fawr iawn i'r ddau ohonoch.

Rhodri Glyn Thomas: Thank you very much to both of you. I have been an Assembly Member for 10 years, 10 years ago I was the Chair of the Agriculture and Rural Development Committee, and that is the most encouraging evidence that I have had since becoming an Assembly Member in relation to the future of the agriculture industry and the demand and desire that exists among young people to enter the industry. That evidence is very important. I thank you both very much.

[205] **Mr Dunn:** Thank you very much.

[206] **Rhodri Glyn Thomas:** Estynnaf groeso cynnes iawn i'r ddau dyst nesaf.

Rhodri Glyn Thomas: I extend a very warm welcome to our next two witnesses.

[207] We work bilingually here. If you use the headphones, you can get the English

translation on channel 1 and sound amplification on channel 0.

[208] Yr ydym wedi cael tystiolaeth gan ystod o fudiadau yn cynrychioli'r diwydiant amaethyddol ynglŷn â thenantiaeth gan awdurdodau lleol. Croeso cynnes iawn i Ian Whitehead o Brifysgol Plymouth, a hefyd i Nick Millard, o Bruton Knowles, swydd Gaerloyw.

We have received evidence from a range of organisations representing the agricultural industry on local authority tenancies. I extend a very warm welcome to Ian Whitehead from the University of Plymouth, and also to Nick Millard, from Bruton Knowles, Gloucestershire.

10.50 a.m.

[209] Gofynnaf y cwestiwn cychwynnol yr wyf wedi ei ofyn i bawb. Tybiaf eich bod yn cynrychioli'r hyn sydd yn digwydd yn Lloegr, ac, yn ddi-ddorol ddigon, cyfeiriodd Rhys ar ddiwedd ei dystiolaeth yn gynharach at yr hyn sydd yn digwydd yn swydd Gaerloyw yn Lloegr. Gofynnaf y cwestiwn hwn yn gyntaf i chi, Nick. A yw'r galw am denantiaeth gydag awdurdodau lleol yn fwy na'r gallu i ymateb?

I will ask the initial question, which I have asked everyone. I presume that you are here to represent what is happening in England, and, interestingly enough, Rhys referred at the end of his evidence earlier to what is happening in Gloucestershire in England. I will first put this question to you, Nick. Does the demand for local authority tenancies exceed the ability to respond?

[210] **Mr Millard:** If I may, I will give some context to my answer, which might be helpful to the sub-committee. We are both involved with the University of Plymouth and, in particular, in land tenure studies, which have involved both of us studying the county farm estate as well as the tenanted sector generally for a long time. Although I am based in Gloucester, I have advised something like 15 local authorities on their county farm estate, including five in Wales, over the last 15 years, and I am working with two Welsh local authorities at the moment. So, we are both embedded in the sector.

[211] There is undoubtedly strong demand for farms when county councils have those farms available to let. One of the difficulties is the small number of holdings that is available to let and, further, the problem of progression, once tenants have taken those farms. About 10 years ago, there was quite a fall in demand in one or two local authorities. There was a stage when Somerset County Council, for example, offered a holding to let and had one applicant, whereas there used to be hundreds of applicants. However, the number of applicants has now returned to a pretty strong level, so there is good competition from very good potential new entrants.

[212] **Rhodri Glyn Thomas:** Ian, would you agree with that?

[213] **Mr Whitehead:** Yes, definitely, and with the description of the changing situation. I used to be at a faculty of agriculture, food and land use near Exeter, which was part of the University of Plymouth, and that was closed, because we did not have enough demand from students who wanted to pursue agriculture. I look back at that as a short-term decision and wish that there could have been a little more foresight on that. Things are definitely changing.

[214] **Rhodri Glyn Thomas:** You say that things are changing, but when I speak to farmers, they tell me that times are hard. It is difficult to make a livelihood from the land. A farmer's wife, who might not be a million miles away from here, was telling me that last night. So, why is there a sudden increase in demand?

[215] **Mr Millard:** Times are hard—traditionally, times are hard in agricultural sectors—but not in all sectors. The old adage is whether hoof and grain are down at the same time,

effectively. That said, for a significant element of the population, predominantly the established farming families, but also those associated with farming who want to break into agriculture, there is an inability to recognise any other job opportunity or career progression. They would go into farming no matter what the economics were. So, it is a lifestyle choice as well as an economic choice. Although commodity prices are not what they were a while back, we have been through a period of highly volatile prices, in which there have been significant profits in some sectors.

[216] **Joyce Watson:** You have already talked about progression and that is what we are trying to get to. We are looking at tenancy as an opportunity and the part that we and others can play. Do you think that there is any further action that either local authorities or the Welsh Assembly Government can take that might support the progression of farmers, which you mentioned earlier? If you think that there is any help that local authorities or the Welsh Assembly Government can give to enable progression through tenancies, do you have any examples of best practice that you can give us?

[217] **Mr Whitehead:** Progression is partly outside the control of the councils and dependent very much upon the opportunities in the private sector, which are really difficult at the moment. Inside the estate, there are examples of perhaps a different way of thinking about farming on county farms estates that are probably a little more innovative than some of the conventional, traditional practices, involving perhaps more intensive enterprises such as chickens and so on. Those enterprises might lend themselves to quicker progression within the estate, with a building up of capital to get into a position that is perhaps more attractive when those private holdings come up for re-letting. So, that is happening.

[218] **Rhodri Glyn Thomas:** I will ask you both a question with regard to that. How does the situation in Wales compare with the rest of the UK in terms of the availability of tenancies?

[219] **Mr Millard:** The availability is worse in Wales, and there are two reasons for that. One is specific to the county farm sector. Wales is more of an owner-occupier country than England is in terms of the farm tenure generally, and that means that the private rented sector is not as large. There are also difficulties in creating opportunities in the private rented sector, some of which you will have doubtlessly heard about this morning. They are particularly around legislative issues related to single farm payments and the fiscal policy. In the county farm sector, there is a distinction in Wales against the counties that I know in England, and that is that there has been a greater degree of interfamily succession on the county farm estates in Wales. So, I have encountered a number of holdings where the local authority is talking to the incumbent tenant's son about the prospect of his succession to that farm, and the present tenant succeeded his father, so we are looking at the third generation of the same family on the same holding. In a way, that is not unnatural because if there is nowhere for them to progress, and if one of the social benefits of an estate portfolio is small family farms, then enabling succession delivers the continuation of small family farms. There is a real, and quite unpleasant, challenge there to balance opportunities for the continuing farming family and opportunities for new entrants.

[220] **Rhodri Glyn Thomas:** Ian, you were nodding enthusiastically, so I take it that you agree with what Nick just said.

[221] **Mr Whitehead:** Yes, most definitely. To add to that, the empirical research that we have carried out, most recently with the Agricultural Development and Advisory Service on the new entrants' situation, seems to identify that there is another issue, which is the percentage of farmers in Wales who plan either never to retire or to only semi-retire. It seems to be higher in Wales than it is in England, so that is presenting its own difficulties. Maybe there is something that could be done there in terms of increasing throughput turnover.

[222] **Rhodri Glyn Thomas:** I will not bring Kirsty in here. [*Laughter.*] Joyce, do you want to continue?

[223] **Joyce Watson:** No, I have asked my question.

[224] **Rhodri Glyn Thomas:** Okay. Brynle?

[225] **Brynle Williams:** To what extent does current evidence suggest that there is a need for more national co-ordination and collaboration in the management of local authority farm estates?

[226] **Mr Millard:** There is evidence of a lack of joined-up thinking, on occasion. That said, most people who manage county farm estates are members of ACES, the Association of Chief Estate Surveyors, and they have groups that meet, so they have the opportunity to discuss issues. At a practical level, there may be opportunities for tenants to progress from one county farm estate to another, but you then have to unpick the benefits to the two counties and ensure that someone manages to distribute those evenly.

11.00 a.m.

[227] I would offer a slight caution about undue centralisation, if I may. Drawing on the English experience, there has been talk, off and on, about greater centralisation of local authority farms, and sometimes that message is misread by the people managing them, and the members responsible for their ownership. Certainly in England, there are some examples where local government reorganisation—and I know that that is not what you are talking about, but it is an analogy—has prompted local authorities with county farms to look at how rapidly they could dispose of their holdings on the premise that, if there is a receipt to be had, they want to have it rather than the next person. So, greater opportunities for joined-up working would be welcome, but with the caution that those hearing the message should not imagine that it is something more advanced than that.

[228] **Mr Whitehead:** I agree with those comments on co-ordination and co-operation. It seems sensible that all the estates should be working together to look at opportunities for progression, either on their own estate, or on others in the area—or indeed others in England, along the border.

[229] **Brynle Williams:** One of our previous witnesses was saying that, instead of the Tenant Farmers Association advertising these estates, it would be helpful to promote more co-operation between councils—that is, councils that have model farmers and young farmers coming in—so that tenants can progress through to the private sector or possibly take the other avenue, which we touched on briefly, and move towards share farming. Would that work? At Bruton Knowles, you manage vast acres of land, so do you think that this would work, if we had better co-operation between councils and the private sector on transferring tenancy across to the private sector to free up the bottom end of the market?

[230] **Mr Millard:** In theory, yes, and it is the sort of thing that one should do. I have managed for traditional institutions as well, and tried to get them—and they were happy to do this—to talk more to the local authorities in their particular areas. The problem is more advanced than that. If you are a private sector owner, whether you are part of a traditional institution or a private individual, there are distinct financial advantages, unfortunately, in separating farms. The acute option, as it is sometimes referred to, will probably double the revenue on a holding by splitting it up rather than letting it as a single unit. There are fiscal and EU support reasons for not letting a farm if you are a private owner, and so there is just a marked absence of opportunity. All the sorts of things that you suggest should be done to

encourage local authority tenants to get to the top of anyone's list, but it is the size of the list that is the problem.

[231] **Mr Whitehead:** I just wanted to pick up on the point about share farming. That is an interesting one. Perhaps the estates could be seen to have been wedded to the tenancy idea, and there are merits in share farming. However, at the scale of the units that the county farms are working with, I would question whether there is enough in it for everyone. I have had involvement with these as a practitioner before I came into academia, and I am not sure whether the administration that is required to run them successfully is merited in cases of small units. So, I just put a question mark over share farming, although I understand that it works brilliantly in other parts of the world, like New Zealand, with the dairy industry. My former *oberführer* in private practice was a prime mover in share farming in this country, Richard Stratton, and he brought the experiences of New Zealand, Canada and Australia to this country first. However, for some reason—and there are reasons, of course—it has never really taken off. I would suggest that the administrative burden is part of that.

[232] **Rhodri Glyn Thomas:** Is the administrative burden or taxation the major problem here? It was raised with us in earlier evidence that it may be a taxation problem.

[233] **Mr Millard:** There is a taxation incentive generally to appear to be farming or, from the private sector's point of view, to construct a business model in which you are the farmer. Although there is 100 per cent agricultural property relief for let land, associated with that is the difficulty with the farmhouse and with retained private residences, if you do not have land to farm with it.

[234] I will give a brief example of share farming. Share and contract farming does work and speaks again to the basic challenge of whether this is a portfolio for new entrants or for the established family. I know of a county farm in East Anglia where the county council owns 85 acres and the tenant farmer 6,585 acres, which is all successfully developed from the county farm estate. He will not progress anywhere and no-one will be able to offer him the opportunity of that combination—

[235] **Rhodri Glyn Thomas:** Did you say 6,585 acres?

[236] **Mr Millard:** Yes. That is extraordinary, but here is a businessman who has built a huge contracting business in an area of England where that is much more the norm. He has built that on a county council smallholding. He would not have had the opportunity anywhere else, but it demonstrates the very diverse ways that there are for people to progress.

[237] **Rhodri Glyn Thomas:** That is quite a challenging target for anyone getting into farming with a local authority—'Can you work your way up to 6,500 acres?'

[238] **Brynle Williams:** Looking at Australia and New Zealand and their share farming systems, is this down to political will? You mentioned fiscal issues, but I see that it gives young people in Australia a great deal of flexibility. I have not been to New Zealand, but I have been to Australia several times. I know of one young man who, as a cowman, was milking 200 cows over here for a farmer; he went to New Zealand, and is milking 800 cows as a share farmer, and he has progressed to be dairy farmer of the year or tenant of the year there. Why is that not happening here? These young people are hungry enough for it. We have heard the evidence that the need is there. It is frustrating that things are not catching on here in the same way. Is it solely down to fiscal issues with regard to the tenancy set-up? Is it too complicated? Does it need to be simplified? What is the problem?

[239] **Mr Whitehead:** Having been in on this from the start, it is probably down to how it was launched to begin with. It was an answer, in some cases, to the situation of in-hand

farmers having difficulties with their own units and getting to the situation where they wanted to do less. They were looking for some capital to deal with debt and also to do less, physically, around the place. Certainly, the farms with which I was involved were not dealing with the same thing, at the initial stage, as those in New Zealand and Australia, which started off at a quasi-employment stage until the capital was built up to take over a small share of the cows; they then have 10 per cent, 20 per cent and 50 per cent agreements on sharing of the herd and then of the income. So, maybe there is much more that can be done on that here. That is what I would offer as a suggestion on that. Furthermore, contract farming is probably easier administratively, and that has probably stolen a march on share farming.

[240] **Rhodri Glyn Thomas:** Are you suggesting that we are later in the cycle on this than countries like Australia and New Zealand?

[241] **Mr Whitehead:** Yes. Maybe it is time to review and reflect on the role of share farming, although the scale of the unit worries me a little bit. As an extra, I have had share farmers who have taken just the arable land on estates very successfully, adding to the arable land that they have at home. Perhaps that is where the potential should be, and if it were to develop more in the private sector, there might be greater opportunity there as well.

11.10 a.m.

[242] **Kirsty Williams:** I note that, in your paper, you talk about your fear of county farms falling into the ‘nice to have’ category. Clearly, there is a huge amount of pressure on budgets, nationally and locally. What can be done to balance those competing demands? In the previous evidence session, we heard about Gloucestershire, which has managed to realise a significant amount of capital from selling the estate, without the overall amount of land available in the estate going down. It has taken a strategic approach, identifying what land has value and can be used to fund council services, while remaining committed to the social value of having an estate and maintaining its size. How can we do that in Wales, and how can the Assembly facilitate local authorities in taking that view rather than the ‘flog it and spend it on social services’ view?

[243] **Mr Millard:** First, there is a distinction to be made between some of the English counties and some of the Welsh counties. There is the issue of remoteness, in that some counties are fortunate in having land immediately adjoining urban areas, which is demonstrably suitable for strategic development, while others do not, and are therefore in a worse position. A number of authorities in Wales have pursued what we call progressive rationalisation, in which the disposal of some assets, predominantly homesteads, is undertaken in order to provide capital to invest in the remainder of the estate. That also has the benefit of enabling some amalgamation with adjoining holdings.

[244] In having to answer this specific question when put by half a dozen finance officers or treasury directors in local authorities, one just has to put forward three arguments, I think. The first is, if local authorities do not do this, no-one else will. There is absolutely no evidence that the private sector will pick up this role. The second is that there are some non-financial benefits; they can be exaggerated, but there are benefits in education, and there are certainly benefits in the provision of affordable housing in rural areas, and there are benefits in terms of maintaining rural skills. The environmental area is perhaps an area in which the Assembly—I think that there are two others—can bring direct influence to bear by ensuring that environmental schemes do not have thresholds that exclude small farms, and county farms in particular. That is something to watch. The third thing that one has to do when talking to finance directors or members of authorities who wonder why councils have this land, is to demonstrate through a strategic plan that proceeds can be generated for expenditure on other authority services. The idea that is sometimes put forward, namely that all receipts should be ring-fenced for the county farm estate, is wrong, because if there are not any

financial benefits that flow to other services, eventually, councils will decide to dispose of the estate. Those are the arguments that I usually put forward, and those are the sorts of policies that we recommend councils pursue.

[245] If I may, there are two other specific things on which the Assembly could bring influence to bear. One is to do with retirement. At the moment it is very difficult for the authorities to house senior tenants, and for every young entrant coming in—though it is not quite like this—there are quite a few incumbent tenants who want to go out but cannot because they do not have a retirement provision. Local authorities cannot easily let them their farmhouse or some spare farmhouse that they have available because of the provisions of the Housing Act 2004 and the impact of the right-to-buy legislation, which would leave that house at risk of being purchased by the tenant. It would be a progressive move if county farmhouses were excluded from the protection of right-to-buy legislation, because that would enable—

[246] **Rhodri Glyn Thomas:** I think that we have just done that, actually.

[247] **Mr Millard:** Have you?

[248] **Rhodri Glyn Thomas:** The proposed legislative competence Order has now gone through—I understand that it was passed yesterday in Westminster. That will mean the suspension of right to buy in certain areas, so it is within the domain of local authorities to do that.

[249] **Mr Millard:** Good. That is something for which we have been pressing for a while.

[250] **Rhodri Glyn Thomas:** Going back to the point that you made about excluding smaller holdings from schemes run by the Assembly, farmers tell me that grants given to people whom they term ‘hobby farmers’, who are not real farmers—I am looking at Brynle and Kirsty here—mean that there is less available for serious farmers who are trying to make a living off the land.

[251] **Mr Millard:** Yes, that is an issue. The risk is that you set a threshold at a point where someone on a county farm may not be able to qualify. Although it has not always been the most popular criteria, you could temper it by looking at age as well as scale or points won, following the French example.

[252] **Joyce Watson:** I do not know whether you would be able to do anything about age, because the new Equality Act 2010 would not allow it. You cannot discriminate in the provision of goods and services according to age. It used to be that you could not—with really good need—discriminate against women, and there were three new additions to the Act; maybe it would be worth you looking it up, because I do not think that what you are suggesting is possible.

[253] **Rhodri Glyn Thomas:** I do not think that you are talking about discriminating—

[254] **Joyce Watson:** You are; that is the point. Under the Act—

[255] **Mr Whitehead:** You are only eligible if you are below a certain age.

[256] **Rhodri Glyn Thomas:** Okay. Ian, do you want to add anything?

[257] **Mr Whitehead:** We have to be a little careful about the term ‘hobby farming’. In some cases, the people who are so-called ‘hobby farmers’ are innovative and young, they have capital and something to offer, sometimes, in terms of ideas and bringing other people in

to the businesses that they are building.

[258] **Rhodri Glyn Thomas:** I will take that point on board. I was just passing on to you what farmers tell me. I take the point that people who are in other employment are looking innovatively at what they can do with a small portion of land.

[259] Are there any other questions? I see that there are not. Thank you, both; that was very interesting. You have shared your views with us about what the National Assembly for Wales and the Government of Wales can do in terms of encouraging farmers who start with tenancies from local authorities. Thank you for sharing your experiences with us. Diolch yn fawr.

11.18 a.m.

Cynnig Trefniadol Procedural Motion

[260] **Rhodri Glyn Thomas:** Cynigiaf fod **Rhodri Glyn Thomas:** I move that

*y pwyllgor yn penderfynu gwahardd y the committee resolves to exclude the public
cyhoedd o weddill y cyfarfod yn unol â Rheol from the remainder of the meeting in
Sefydlog Rhif 10.37(vi). accordance with Standing Order No.
10.37(vi).*

[261] Gwelaf fod y pwyllgor yn gytûn. I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11.18 a.m.
The public part of the meeting ended at 11.18 a.m.*