

# Agenda – Legislation, Justice and Constitution Committee

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Meeting Venue:	For further information contact:
Committee Room 1, Senedd	P Gareth Williams
Meeting date: 11 December 2023	Committee Clerk
Meeting time: 13.30	0300 200 6565
	<a href="mailto:SeneddLJC@senedd.wales">SeneddLJC@senedd.wales</a>

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## 1 Introductions, apologies, substitutions and declarations of interest

(13.30)

## 2 Local Government Finance (Wales) Bill: Evidence Session

(13.30 – 14.30)

(Pages 1 – 38)

Rebecca Evans MS, Minister for Finance and Local Government

Debra Carter – Deputy Director, Local Government and Finance Reform – Bill SRO

Simon Tew – Bill Manager

Ruth Cornick – Government Lawyer, Legal Services

[Local Government Finance \(Wales\) Bill](#)

[Explanatory Memorandum](#)

[Statement of Policy Intent](#)

Attached Documents:

LJC(6)–35–23 – Paper 1 – Briefing Paper

LJC(6)–35–23 – Paper 2 – Letter from the Minister for Local Government and Finance to the Local Government and Housing Committee, 20 November 2023



## **Break**

(14.30 – 14.35)

### **3 Instruments that raise issues to be reported to the Senedd under Standing Order 21.2 or 21.3**

(14.35 – 14.40)

#### **Made Negative Resolution Instruments**

#### **3.1 SL(6)422 – The Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023**

(Pages 39 – 46)

[Regulations](#)

[Explanatory Memorandum](#)

Attached Documents:

LJC(6)–35–23 – Paper 3 – Draft report

LJC(6)–35–23 – Paper 4 – Letter from the Minister for Education and Welsh Language to the Llywydd, 30 November 2023

LJC(6)–35–23 – Paper 5 – Letter from the Minister for Education and Welsh Language, 30 November 2023

#### **Affirmative Resolution Instruments**

#### **3.2 SL(6)421 – The Plant Health etc. (Miscellaneous Fees) (Amendment) (Wales) Regulations 2023**

(Pages 47 – 49)

[Regulations](#)

[Explanatory Memorandum](#)

Attached Documents:

LJC(6)–35–23 – Paper 6 – Draft report

### **4 Instruments that raise issues to be reported to the Senedd under Standing Order 21.2 or 21.3 – previously considered**

(14.40 – 14.45)

**4.1 SL(6)406 – The Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023**

(Pages 50 – 53)

Attached Documents:

LJC(6)–35–23 – Paper 7 – Letter from the Minister for Climate Change, 1 December 2023

LJC(6)–35–23 – Paper 8 – Letter to the Minister for Climate Change, 27 November 2023

**5 Inter–Institutional Relations Agreement**

(14.45 – 14.50)

**5.1 Correspondence from the Minister for Climate Change: Net Zero, Energy and Climate Change Inter–Ministerial Group**

(Page 54)

Attached Documents:

LJC(6)–35–23 – Paper 9 – Letter from the Minister for Climate Change, 4 December 2023

**5.2 Correspondence from Minister for Rural Affairs and North Wales, and Trefnydd: The Sea Fisheries (International Commission for the Conservation of Atlantic Tunas) (Amendment) Regulations 2024**

(Pages 55 – 56)

Attached Documents:

LJC(6)–35–23 – Paper 10 – Letter from the Minister for Rural Affairs and North Wales, and Trefnydd, 7 December 2023

**6 Papers to note**

(14.50 – 14.55)

**6.1 Correspondence from the Chair of the Petitions Committee: The Environmental Information Regulations 2004**

(Pages 57 – 77)

Attached Documents:

LJC(6)–35–23 – Paper 11 – Letter from the Chair of the Petitions Committee, 28 November 2023

LJC(6)–35–23 – Paper 12 – Letter from the Petitioner, 31 July 2023

LJC(6)–35–23 – Paper 13 – Letter from the Petitioner – Annex, 31 July 2023

**6.2 Correspondence from the Minister for Climate Change to the Llywydd: Renters (Reform) Bill**

(Page 78)

Attached Documents:

LJC(6)–35–23 – Paper 14 – Letter from the Minister for Climate Change to the Llywydd, 29 November 2023

**6.3 Correspondence from the Minister for Climate Change to the Finance Committee: Infrastructure (Wales) Bill**

(Pages 79 – 84)

Attached Documents:

LJC(6)–35–23 – Paper 15 – Letter from the Minister for Climate Change to the Finance Committee, 1 December 2023

**6.4 Correspondence from the Minister for Climate Change: Residential lettings practices**

(Pages 85 – 87)

Attached Documents:

LJC(6)–35–23 – Paper 16 – Letter from the Minister for Climate Change, 6 December 2023

LJC(6)–35–23 – Paper 17 – Letter to the Minister for Climate Change, 13 November 2023



- 7 Motion under Standing Order 17.42 to resolve to exclude the public from the remainder of the meeting**  
(14.55)
- 8 Local Government Finance (Wales) Bill: Consideration of evidence**  
(14.55 – 15.15)
- 9 Inquiry into UK–EU governance: Update**  
(15.15 – 15.30) (Pages 88 – 90)
- Attached Documents:  
LJC(6)–35–23 – Paper 18 – Update paper
- 10 The future of Welsh law: A programme for 2021 to 2026 – Annual Report 2022–2023**  
(15.30 – 15.45) (Pages 91 – 634)
- Attached Documents:  
LJC(6)–35–23 – Paper 19 – Discussion paper  
LJC(6)–35–23 – Paper 20 – Letter from the Minister for Rural Affairs and North Wales, and Trefnydd to the Llywydd, 22 November 2023
- 11 Procedures for the scrutiny of legislation relating to the United Kingdom Internal Market Act 2020 and UK–wide common policy frameworks: Draft response to the Business Committee**  
(15.45 – 16.00) (Pages 635 – 637)
- Attached Documents:  
LJC(6)–35–23 – Paper 21 – Draft response
- 12 Forward Work Programme**  
(16.00 – 16.05) (Pages 638 – 640)

Attached Documents:

LJC(6)-35-23 – Paper 22 – Forward Work Programme

Document is Restricted

Rebecca Evans AS/MS  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government



Llywodraeth Cymru  
Welsh Government

Our ref: MA-RE-2569-23

John Griffiths MS  
Chair, Local Government and Housing Committee  
Senedd Cymru  
Cardiff Bay  
CF99 1SN

20 November 2023

Dear John,

### **Local Government Finance (Wales) Bill**

Following the introduction of the Local Government Finance (Wales) Bill into the Senedd on 20 November 2023, please find attached a statement of policy intent. This document is provided to support the Committee's scrutiny of the Bill.

I look forward to providing evidence to the Committee in due course.

I am copying this letter to Huw Irranca-Davies MS – Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely,

**Rebecca Evans AS/MS**  
Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh and correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Llywodraeth Cymru  
Welsh Government

# **Local Government Finance (Wales) Bill**

Statement of Policy Intent for Subordinate  
Legislation to be made under this Bill

November 2023

## **Local Government Finance (Wales) Bill**

### **Statement of Policy Intent for Subordinate Legislation**

#### **Introduction**

This document provides an indication of the policy intention for the subordinate legislation which the Welsh Ministers would be empowered or required to make under the provisions of the Local Government Finance (Wales) Bill ('the Bill').

The Statement has been prepared in order to assist Committees during the scrutiny of the Bill. It should be read in conjunction with the Bill and the Explanatory Memorandum and Explanatory Notes which accompany it. Details of the Senedd procedure associated with each of these powers are set out in Chapter 5 of the Explanatory Memorandum and are not repeated in this document.

The Bill contributes to the reform of the non-domestic rates and council tax systems in Wales. In summary, the Bill proposes in respect of the non-domestic rates system:

- increasing the frequency of revaluations to three-yearly, and a power for the Welsh Ministers to amend the revaluation year and interval between revaluation years through regulations;
- conferring regulation-making powers on the Welsh Ministers to confer, vary or withdraw reliefs;
- strengthening the eligibility conditions for charitable relief for unoccupied hereditaments;
- expanding the definition of a new building for the purpose of the serving of completion notices by local authorities;
- removing a timing restriction on the awarding and varying of discretionary relief by local authorities;
- conferring regulation-making powers on the Welsh Ministers to confer, vary or withdraw exemptions;
- conferring a regulation-making power on the Welsh Ministers to set differential multipliers based on the description, rateable value or location of a hereditament on the local list, or the rateable value of a hereditament on the central list;
- placing a duty on ratepayers to provide certain types of information to the Valuation Office Agency, and making provision for the associated compliance regime; and
- making provision about counteracting advantages arising from artificial avoidance arrangements.

And in respect of the council tax system proposes:

- providing flexibility for the reference point for 100% in the banding structure to be changed to a different band or a different description of a band;
- conferring powers on the Welsh Ministers to make regulations in respect of discounts and persons to be disregarded;
- placing a duty on the Welsh Ministers to make a single national Council Tax Reduction Scheme through regulations and enabling the Welsh Ministers to

issue guidance to local authorities about the way the scheme should be applied;

- establishing a five-yearly cycle of revaluations, and a power for the Welsh Ministers to amend the revaluation year and interval between revaluations, as well as to amend the date of draft list publication via order; and
- replacing the current requirement to publish information in newspapers with a requirement to publish a notice of the council tax charges on the local authority's website and put suitable alternative arrangements in place to ensure that such information is accessible to citizens who have difficulty accessing online facilities.

The subordinate legislation making powers included within the Bill's provisions are set out in the following tables, along with the reasons for these powers being necessary and the policy intentions for their uses.

In developing proposals for subordinate legislation, the Welsh Government will work closely with stakeholders.

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
<b>Powers relating to non-domestic rates (NDR)</b>			
1	4	Power for the Welsh Ministers to change a NDR revaluation year.	<p>Non-domestic properties are revalued regularly. However, the years of the last two NDR revaluations have had to be changed – the 2017 revaluation was moved from 2015 in order to give businesses greater stability as the economy continued to recover from a downturn and the 2023 revaluation was originally due to take place in 2022 (initially it was due to be brought forward to 2021, but it was subsequently rescheduled because of the impact of the coronavirus pandemic).</p> <p>Currently, the year of a revaluation can only be altered through primary legislation and, to date, this has been achieved for Wales by taking provision in a UK Parliamentary Bill. This has happened several times over recent years for a range of reasons.</p> <p>Being able to make such changes when needed through secondary legislation will enable the Welsh Ministers to be more responsive to economic changes when considering the revaluation year and make decisions closer to the date of a planned revaluation. This power could be exercised when macroeconomic or other factors mean that it would be beneficial for Welsh ratepayers for the year of a revaluation to be changed.</p>



Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
2	4	Power for the Welsh Ministers to change the interval between NDR revaluation years.	<p>Currently the frequency of NDR revaluations is set at every five years and the Bill will reduce the interval to three years. More frequent revaluations mean that rateable values for non-domestic properties more closely reflect market conditions. Shorter cycles are a change which the business community has called for and which make the system more responsive for ratepayers. However, reducing the interval to less than three years is not currently possible due to operational constraints. That position may change in future.</p> <p>This power may be used to change the interval between revaluation years if operational changes make shorter revaluation cycles achievable in future. It would also be possible to increase the interval between revaluation years, but this is less likely to be desirable than a shorter cycle. This provision would allow the change to happen in a timely way, and for what is happening elsewhere in the UK to be taken into account.</p> <p>The power to make consequential or incidental amendments to the provisions for the revaluation year and cycle will only allow for technical changes to be made to ensure the drafting remains accessible if the revaluation year or cycle is changed.</p>

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
3	5	Powers for the Welsh Ministers to confer, vary or withdraw NDR reliefs.	<p>The extent to which the Welsh Ministers are currently able to make changes to the current system of reliefs is inconsistent. Provisions have been taken in UK Parliamentary Bills on multiple occasions to enable new reliefs to be provided in Wales. In other instances, changes can be made through existing regulation-making powers, creating a complex mix for users to navigate. These powers would provide consistency and enable greater flexibility to adapt to changing circumstances and priorities. They could also avoid having to rely on grant schemes and local authority discretion to provide emergency responses, where a statutory relief scheme would be preferable and deliver greater uniformity.</p> <p>The Minister for Finance and Local Government has announced that there will be a review of the current system of reliefs during this Senedd term and this power would be used to implement the outcome of that review, should legislative change be needed.</p>

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
4	9	Powers for the Welsh Ministers to confer, vary or withdraw NDR exemptions.	<p>In certain cases, when it is considered that a type of hereditament should not be subject to a non-domestic rates liability on a long-term or permanent basis and valuation would be difficult or provide no benefit, an exemption may be considered more appropriate than a full relief from the chargeable amount. A range of exemptions from non-domestic rating are set out in existing primary legislation. The Welsh Ministers have a limited power to prescribe exemptions in regulations which provides very little practical flexibility.</p> <p>These powers would provide consistency between reliefs and exemptions in the extent to which changes may be made by regulations. They could avoid having to rely on a full relief in circumstances where a permanent exemption is considered more appropriate.</p>

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
5	10	Power for the Welsh Ministers to set differential NDR multipliers based on descriptions of hereditaments to be specified in regulations.	<p>Currently a single multiplier is in place for all the non-domestic hereditaments in Wales which means that over 125,000 properties are treated exactly the same in respect of it. The Welsh Ministers have the power to set the existing multiplier at any level, but not to prescribe differential multipliers for different types of property.</p> <p>The power will give the Welsh Ministers ability to put in place a more flexible system which is capable of treating different types of properties in a more targeted way in order to contribute to wider policy ambitions (for example, a reduced multiplier for 'green' businesses, hereditaments with a lower rateable value, or those located within enterprise zones and high street regeneration schemes). There are no immediate plans to use this power and any changes would only be made following thorough consideration and public consultation.</p>

6	13	<p>Power for the Welsh Ministers to make regulations specifying which NDR avoidance arrangements are artificial and whether a penalty can be imposed for failure to pay an amount due in consequence of having made such an arrangement.</p> <p>Powers for the Welsh Ministers to amend the maximum level of penalty and make further provision in relation to the collection and enforcement of penalties by regulations.</p>	<p>Following an extensive data collection exercise with local authorities in 2017, it was estimated that £10m to £20m revenue annually was lost to vital local services due to NDR avoidance. Whilst several interventions to tackle known avoidance behaviours have been developed and implemented, there continues to be an ongoing need to address new and evolving behaviours, as they are identified.</p> <p>Currently the Welsh Ministers are only able to make regulations to help identify liability, by requiring persons to provide information in certain circumstances, not to address NDR avoidance. This power will give them the ability to respond to specific methods of avoidance, and to relevant case law, in a timely manner. The policy intention is to counteract advantages gained from artificial arrangements for NDR avoidance. The regulations will describe specific avoidance methods which are to be treated as artificial (so will be subject to the consequences set out in the Bill provisions) and may provide that an arrangement is not artificial if a determination is made to that effect.</p> <p>Regulations will not be able to prevent avoidance behaviours in unspecified or general terms, nor to undo or penalise avoidance that has taken place prior to regulations coming into force. It is important that anti-avoidance regulations are able to provide for enforcement in the form of civil penalties, where appropriate, to ensure there is a genuine deterrent to continuing specified avoidance behaviours. The enforcement regime has been designed to ensure that a person found to have been using a specified</p>
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Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
			<p>avoidance behaviour will have the opportunity to cease and pay the shortfall in liability since the coming into force of the regulations. If they fail to pay an amount due, only then will they become liable for a civil penalty in addition.</p> <p>Powers to alter the maximum level of penalty and to make further provision in relation to the collection and enforcement of penalties may be used to ensure that the penalty regime remains effective and compatible with other provisions for NDR compliance.</p>
7	Paragraph 9(2)(m) of the Schedule	The amendment made by this provision will allow the Welsh Ministers to make regulations about the notices which can be issued under paragraphs 4M and 5ZC of Schedule 9 to the 1988 Act.	Valuation officers may serve notices on ratepayers requesting information they believe will assist them in carrying out their functions, or imposing penalties for failure to comply with the duties to provide notifiable information which are applied to Wales by the Bill. The power is required to ensure that, if it would benefit ratepayers to include further information in the notices, the necessary changes can be made in a timely manner.
8	Paragraph 9(2)(n) of the Schedule	The amendment made by this provision will allow the Welsh Ministers to make regulations to increase or decrease the amount of any penalty issued under paragraphs 5ZC or 5ZD of Schedule 9 to the 1988 Act.	Penalties for failure to comply with the duties to provide notifiable information to valuation officers are set out within the provisions which are applied to Wales by the Bill. The power is required to ensure that the penalty level can be adapted as appropriate.

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
	<b>Powers in relation to council tax</b>		
9	17	Power for the Welsh Ministers to be able to change the reference point or labelling of any future band structure.	<p>In current legislation, Band D is set as the “reference” point by which the proportion of council tax is set in relation to each other band. In order to deliver a fairer and more progressive council tax system with a broader distribution of the tax burden in the context of five-yearly revaluation cycles, going forward it would be beneficial to be able to set the reference point for 100% at something different than band D if needed and/or to be able to change the descriptions of bands (for example from letters A,B,C to numbers 1,2,3 etc).</p> <p>The provision provides the Welsh Ministers with a power to be able to change the labelling of any future band structure developed as part of a revaluation exercise.</p>

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
10	18	Powers for the Welsh Ministers to make regulations to set the amount or calculation and prescribe the conditions that must exist for a discount to apply for properties where there is only one liable adult and where all adults are disregarded.	<p>Currently the legislation sets two statutory discounts – one is commonly referred to as the ‘single person discount’ and applies where there is only one adult person living in the property who is liable to pay council tax – either because they live alone or because the other occupants are disregarded for the purpose of calculating council tax. The second discount relates to empty properties and properties where all the adults are disregarded. For empty properties, in practice and following the change in the settlement formula in 2019-20, all local authorities have exercised their discretion to remove the discount and/or to charge a council tax premium.</p> <p>This provision ensures that any system of discounts set by the Welsh Ministers in the future, subject to Senedd approval, will include a discount for properties where there is only one liable adult and properties where all adults are disregarded.</p>



	18	<p>Powers for the Welsh Ministers to make regulations to create and prescribe the criteria for new types of discounts and set the amount or calculation.</p> <p>Powers for the Welsh Ministers to make regulations to prescribe the criteria for persons to be disregarded for the purposes of calculating council tax discount.</p> <p>Powers for the Welsh Ministers to allow councils to disapply or reduce discounts in certain circumstances.</p>	<p>The core arrangements for council tax discounts and disregards have been in existence since 1993 and have remained unchanged since then. The current system of discounts is overly prescriptive and outdated, and the system of disregards has become a confusing and complicated mix of primary and secondary legislation that is difficult for users to navigate. The range of discounts has been added to incrementally but this is a complex process. The creation of a discount and exemption for young care leavers for example, required a mix of primary and secondary legislation, with the removal of certain exclusions requiring primary legislation which could not be effected until three years after the main discount and exemption were created.</p> <p>These provisions will allow the Welsh Ministers to modernise the system of discounts and disregards – making it better adapted to current needs and simpler, and ensuring that it can more easily take account of the changing requirements and expectations of Welsh society. In addition, it will be possible for all the provisions relating to discounts and those relating to disregards to be put into a single piece of legislation making the system far more accessible and easier to navigate for taxpayers. It is worth noting that, to date, the available powers have been used to add to the range of discounts and disregards, largely to extend eligibility to new groups of people.</p> <p>It is intended that an updated system of discounts and disregards will be in place from the 2026-27 financial year, with modest changes to be consulted</p>
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Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
			<p>upon in the Phase 2 consultation. The review of discounts, disregards and exemptions will continue in parallel with the passage of the Bill and the updated system will provide a basis for subsequent changes, subject to further consultation.</p>

12	19	Duty on the Welsh Ministers to set a national Council Tax Reduction Scheme.	<p>Our policy aim in the Local Government Finance (Wales) Bill is to introduce changes to the legislation to make the scheme administratively simpler, clearer and one which allows a more flexible approach to dealing with in-year changes.</p> <p>Currently each local authority is required to adopt its own local Council Tax Reduction Scheme on an annual basis. However, each scheme is based on prescribed requirements set out in regulations made by the Welsh Ministers with only limited areas of local discretion and no changes can be made in-year. In practical terms this results in schemes which are broadly the same throughout Wales.</p> <p>The provisions in the Bill will place the Welsh Ministers under a duty to set out a national reduction scheme through subordinate legislation with a duty on local authorities to administer the scheme set out in that legislation at a local level.</p> <p>The Bill will also enable in-year changes to be made, enabling the Welsh Government to adapt the scheme to react to any unplanned needs arising from changes in our economy or society, such as the cost-of-living crisis. This issue has materialised a number of times, for example with discretionary measures having to be put in place in response to the pandemic, and in support of people from Afghanistan and Ukraine.</p> <p>It is intended that the first national scheme would come into force on 1 April 2026.</p>
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Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
13	19	Power for the Welsh Ministers to issue guidance to billing authorities about the application of the national Council Tax Reduction Scheme.	<p>The Bill provides for the introduction of a national CTRS to be administered by local authorities, replacing the current arrangements which require each local authority to make a local scheme which meets nationally prescribed requirements.</p> <p>The ability to issue guidance to local authorities will enable the Welsh Ministers to ensure consistency in the way the scheme is implemented.</p>
14	21	Power for the Welsh Ministers to change a council tax revaluation year.	<p>The Bill provides that there should be a regular revaluation cycle for council tax in Wales with scheduled revaluations taking place every five years. However, there might be circumstances in which it would be beneficial for the date of a scheduled revaluation to be changed – for example, in the event of a future pandemic or economic turbulence.</p> <p>This power will allow the Welsh Ministers to make such a change in a timely manner. It would only be exercised when macroeconomic or other factors mean that it would be beneficial for Welsh taxpayers for the date of the next revaluation to be changed.</p>

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
15	21	Power for the Welsh Ministers to change the interval between council tax revaluation years.	<p>The Bill introduces a cycle of regular council tax revaluations in Wales which would mean that the system is based on more up-to-date property valuations for the over 1.4 million chargeable dwellings in Wales and is therefore more accurate and fairer than currently.</p> <p>Whilst the Bill sets a five-year revaluation cycle, this is based on current operational constraints and it might be possible in future – for example as a result of technological changes – for valuations of the over 1.4 million chargeable dwellings in Wales to be conducted in shorter timescales. This would mean that valuations would even more closely reflect contemporary property values and further reduce the risk of large changes in a property’s banding from one revaluation to the next. Alternatively, due to unforeseen circumstances, a five-yearly cycle might prove to be too frequent and this provision would enable a change to be made in a timely way.</p> <p>The power to make consequential or incidental amendments to the provisions for the revaluation year and cycle will only allow for technical changes to be made to ensure the drafting remains accessible if the revaluation year or cycle is changed.</p>

Ref.	Section of the Bill	Description of Power	Reason for and Policy Intention of the Power
16	21	Power for the Welsh Ministers to amend the date by which copies of draft valuation lists must be sent to billing authorities.	Currently legislation specifies that a copy of the draft new valuation list has to be sent to billing authorities no later than seven months before the new list is finalised and comes into force ("compiled"). In the event that revaluation cycles are shortened in the future, this deadline could become impracticable and need to be changed. This power would allow the Welsh Ministers to make this technical change if it becomes necessary.

## **SL(6)422 – The Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023**

### **Background and Purpose**

In July 2021, the UK Government signed a free trade agreement with Norway, Iceland, and Liechtenstein (“the FTA”).

Chapter 12 of the FTA establishes a mandatory system for the mutual recognition of professional qualifications between the UK, Norway, Iceland, and Liechtenstein (“the Party States”). It requires regulators across the UK to recognise the professional qualifications of applicants from the Party States where those qualifications are comparable to the qualifications required to access and pursue the same profession in the UK. The FTA also sets out the way in which applications for recognition of qualifications must be handled and requires regulators to offer adaptation periods and aptitude tests where necessary.

These Regulations implement the FTA in Wales and require Welsh regulators to comply with the provisions for the recognition of professional qualifications in the FTA. These Regulations also amend Welsh legislation as required to take into account the implementation of the FTA and the revocation of previous legislation in this area, namely the the European Union (Recognition of Professional Qualifications) Regulations 2015.

These Regulations impose duties on the following regulators in respect of the twelve regulated professions listed below:

<b>Regulator</b>	<b>Professions</b>
The Welsh Ministers	Agricultural analyst
Education Workforce Council	Food analyst
Social Care Wales	Food examiner
Food Standards Agency	Professional driver and attendant engaged in the transport of livestock, equines and poultry
Animal and Plant Health Agency	Public analyst
	School teacher
	Slaughterer
	Social care manager
	Social worker
	Social care worker in a:-
	- care home
	- domiciliary support service
	- residential family centre service



- secure accommodation service
- Youth support worker
- Youth worker

## Procedure

Negative.

The Regulations were made by the Welsh Ministers before they were laid before the Senedd. The Senedd can annul the Regulations within 40 days (excluding any days when the Senedd is: (i) dissolved, or (ii) in recess for more than four days) of the date they were laid before the Senedd.

## Technical Scrutiny

The following three points are identified for reporting under Standing Order 21.2 in respect of this instrument.

### **1. Standing Order 21.2(v) that for any particular reason its form or meaning needs further explanation**

It is not clear why the word "specified" is defined in regulation 2. Its meaning is given as "specified in regulations", however the word is not used in this context in the body of the Regulations (as opposed to the wording that the Regulations insert into other legislation). It is only used as part of the phrase "specified state", which is defined as a state specified in Schedule 2 to the Regulations, and as part of the phrase "specified state professional" which links back to the definition of specified state. There does not therefore appear to be any use of the word "specified" in the context of "specified in regulations", and its inclusion as a defined term which does not reflect the manner in which it is used in the Regulations may cause confusion for the reader. The Welsh Government is therefore asked to explain why a definition of "specified" is included in regulation 2.

### **2. Standing Order 21.2(vi) – that its drafting appears to be defective or it fails to fulfil statutory requirements**

Regulation 8(6) refers to documents being authenticated in accordance with the law of the United Kingdom. Under the Legislation (Wales) Act 2019, "United Kingdom" means Great Britain and Northern Ireland. It therefore appears that the provision should refer to the laws of England and Wales, and/or Scotland and/or Northern Ireland if applicable.

### **3. Standing Order 21.2(vii) – that there appear to be inconsistencies between the meaning of its English and Welsh texts**

In the English text, regulation 12(b) requires a Welsh regulator to make available information about the "relevant laws" to be applied regarding disciplinary action, financial responsibility etc. In the Welsh text, the phrase "relevant laws" is written as "deddfau perthnasol".





To us, “deddfau” is associated with “primary legislation”, rather than the broader concept of “laws”. We would welcome clarification from the Welsh Government as to what “laws” are intended to be captured by regulation 12(b) and whether there is any inconsistency between the English and Welsh texts.

## Merits Scrutiny

The following three points are identified for reporting under Standing Order 21.3 in respect of this instrument.

### **4. Standing Order 21.3(ii) - that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd**

The preamble to the Regulations states that consultation has been carried out as required by Article 9 of Regulation (EC) No 178/2002(1) of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety (“the Regulation”). This requires open and transparent public consultation, directly or through representative bodies, during the preparation, evaluation and revision of food law, except where the urgency of the matter does not allow it. The Explanatory Memorandum refers to consultation with regulators under the Professional Qualifications Act 2022 (“the 2022 Act”) but contains no detail regarding consultation under the Regulation. The Welsh Government is asked to confirm what consultation it carried out under the Regulation as stated in the preamble.

### **5. Standing Order 21.3(ii) - that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd**

We note the breach of the 21-day convention (i.e. the convention that 21 days should pass between the date a “made negative” instrument is laid before the Senedd and the date the instrument comes into force), and the explanation for the breach provided by Jeremy Miles MS, Minister for Education and Welsh Language in a [letter](#) to the Llywydd dated 30 November 2023.

In particular, we note the following paragraphs from the letter:

*The UK Government is using the concurrent powers in the Professional Qualifications Act 2022 to make the Recognition of Professional Qualifications and the Implementation of International Recognition Agreements (Amendment) Regulations 2023 (“the UK Regulations”). The UK Regulations implement on a UK wide basis provisions relating to the recognition of professional qualifications contained in the free trade agreement between Iceland, Liechtenstein and Norway and the United Kingdom (“the FTA”), and make provision in subject areas which are devolved to Wales.*

*The Wales Regulations amend the UK Regulations to provide that they do not apply to the Welsh regulators of specified regulated professions in respect of which the Senedd has legislative competence.*



*The Wales Regulations also impose the duties required under the FTA on Welsh regulators and amend sectoral legislation in Wales to reflect the implementation of the FTA and the revocation of the European Union (Recognition of Professional Qualifications) Regulations 2015.*

*As the Wales Regulations amend the UK Regulations, it has been necessary to delay making the Wales Regulations until the UK Regulations have been made and exist in law. The UK Government did not lay the UK Regulations until 17 October, and these were not made until 29 November. This meant that the Wales Regulations could not be made until 30 November. As the Wales Regulations must come into force by 1 December in order to comply with the terms of the Free Trade Agreement, it is therefore necessary for them to come into force less than 21 days after they have been made. If the Wales Regulations are not in force by that date, there is a risk that Welsh regulators and Welsh Ministers will be in breach of the Free Trade Agreement and failing to meet international obligations.*

The Welsh Government is asked to provide details of the discussions that it had with the UK Government in relation to these Regulations and the abovementioned UK Regulations with a view to avoiding both sets of regulations being made in such a short timeframe.

**6. Standing Order 21.3(ii) - that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd**

The Committee notes that these Regulations are made under the 2022 Act, in relation to which two legislative consent motions were debated in the Senedd before that Act was passed. The Welsh Government recommended that the consent of the Senedd was withheld due to the inclusion of concurrent regulation making powers and such consent was withheld.

## **Welsh Government response**

A Welsh Government response is required in relation to all reporting points save for point 6.

### **Legal Advisers**

#### **Legislation, Justice and Constitution Committee**

**6 December 2023**



Senedd Cymru

**Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad**

—

Welsh Parliament **Pack Page 42**

**Legislation, Justice and Constitution Committee**



Ein cyf/Our ref MA/JMEWL/2818/23

Elin Jones MS  
Llywydd  
Senedd Cymru  
Cardiff Bay  
CARDIFF  
CF99 1SN

30 November 2023

Dear Llywydd

### **The Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023**

In accordance with section 11A(4) of the Statutory Instruments Act 1946 I am notifying you that the Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023 (“the Wales Regulations”) will come into force on 1 December 2023, less than 21 days after they have been laid. A copy of the Wales Regulations and the Explanatory Memorandum that accompanies it are attached for your information.

The UK Government is using the concurrent powers in the Professional Qualifications Act 2022 to make the Recognition of Professional Qualifications and the Implementation of International Recognition Agreements (Amendment) Regulations 2023 (“the UK Regulations”). The UK Regulations implement on a UK wide basis provisions relating to the recognition of professional qualifications contained in the free trade agreement between Iceland, Liechtenstein and Norway and the United Kingdom (“the FTA”), and make provision in subject areas which are devolved to Wales.

The Wales Regulations amend the UK Regulations to provide that they do not apply to the Welsh regulators of specified regulated professions in respect of which the Senedd has legislative competence.

The Wales Regulations also impose the duties required under the FTA on Welsh regulators and amend sectoral legislation in Wales to reflect the implementation of the FTA and the revocation of the European Union (Recognition of Professional Qualifications) Regulations 2015.

As the Wales Regulations amend the UK Regulations, it has been necessary to delay making the Wales Regulations until the UK Regulations have been made and exist in law. The UK Government did not lay the UK Regulations until 17 October, and these were not

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[Correspondence.Jeremy.Miles@gov.wales](mailto:Correspondence.Jeremy.Miles@gov.wales)

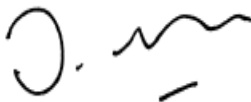
Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

made until 29 November. This meant that the Wales Regulations could not be made until 30 November. As the Wales Regulations must come into force by 1 December in order to comply with the terms of the Free Trade Agreement, it is therefore necessary for them to come into force less than 21 days after they have been made. If the Wales Regulations are not in force by that date, there is a risk that Welsh regulators and Welsh Ministers will be in breach of the Free Trade Agreement and failing to meet international obligations.

I am copying this letter to the Minister for Rural Affairs, North Wales and Trefnydd, Huw Irranca-Davies MS, Chair of the Legislation, Justice and Constitution Committee, Siwan Davies, Director of Senedd Business, Bethan Davies, Head of Chamber and Committee Services and Julian Luke, Head of Policy and Legislation Committee Service.

Yours sincerely,

A handwritten signature in black ink, consisting of a large 'J' followed by a series of wavy lines and a short horizontal stroke at the end.

**Jeremy Miles AS/MS**

Gweinidog y Gymraeg ac Addysg  
Minister for Education and Welsh Language



Huw Irranca Davies MS  
Chair, Legislation, Justice and Constitution Committee  
Senedd Cymru  
SeneddLJC@senedd.wales

30 November 2023

Dear Huw,

I am writing to bring to the Committee's attention the Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023 ("the Wales Regulations") which were laid in front of the Senedd on 30 November.

The regulations are being laid using the powers in the Professional Qualifications Act 2022 (The PQ Act).

The Committee was supportive of my opposition to the concurrent powers in the PQ Act and will recall the Senedd voted against consenting to the then Professional Qualifications Bill. You will be as disappointed as I am that despite the UK Government's repeated assurances that the powers would not be used in a way that undermines the devolution settlement, that is exactly what they have done.

The UK Government is using the concurrent powers in the PQ Act to make the Recognition of Professional Qualifications and the Implementation of International Recognition Agreements (Amendment) Regulations 2023 ("the UK Regulations"). The UK Regulations implement on a UK wide basis provisions relating to the recognition of professional qualifications contained in the free trade agreement between Iceland, Liechtenstein and Norway and the United Kingdom, and make provision in subject areas which are devolved to Wales.

The UK Government did consult with the Welsh Government prior to laying the UK Regulations, and in responding I made it clear that we did not agree with their intention to exercise these powers in Wales.

Therefore I am laying the Wales Regulations which amend the UK Regulations to provide that they do not apply to the Welsh regulators of specified regulated professions in respect of which the Senedd has legislative competence.

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[Correspondence.Jeremy.Miles@gov.wales](mailto:Correspondence.Jeremy.Miles@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

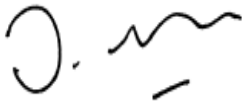
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The Wales Regulations also impose the duties required under the free trade agreement on Welsh regulators and amend sectoral legislation in Wales to reflect the implementation of the free trade agreement and the revocation of the European Union (Recognition of Professional Qualifications) Regulations 2015.

I am attaching a copy of the Explanatory Memorandum which gives more detail about the regulations.

I am copying this letter to Paul Davies MS, Chair of the Economy, Trade and Rural Affairs Committee.

Yours sincerely,

A handwritten signature in black ink, consisting of a large 'J' followed by a series of wavy lines and a short horizontal stroke at the end.

**Jeremy Miles AS/MS**

Gweinidog y Gymraeg ac Addysg  
Minister for Education and Welsh Language

## **SL(6)421 – The Plant Health etc. (Miscellaneous Fees) (Amendment) (Wales) Regulations 2023**

### **Background and Purpose**

These Regulations amend the Plant Health (Fees) (Forestry) (Wales) Regulations 2019 (“the 2019 Regulations”) and the Plant Health etc. (Fees) (Wales) Regulations 2018 (“the 2018 Regulations”). The amendments modify the relevant date for payment of fees payable to the Welsh Ministers under the 2018 Regulations and the 2019 Regulations.

Regulation 2 amends the 2018 Regulations by extending the duration of an exemption from the payment of fees otherwise payable in respect of certification and pre-export services on phytosanitary consignments in certain circumstances. The exemption ceases to have effect at the end of 30 June 2025.

Regulation 3 amends the 2019 Regulations by providing an exemption from the payment of fees otherwise payable in respect of applications to the Forestry Commission for a phytosanitary certificate for export (or re-export) in certain circumstances. The exemption ceases to have effect at the end of 30 June 2025.

### **Procedure**

Draft Affirmative.

The Welsh Ministers have laid a draft of these Regulations before the Senedd. The Welsh Ministers cannot make these Regulations unless the Senedd approves the draft Regulations.

### **Technical Scrutiny**

No points are identified for reporting under Standing Order 21.2 in respect of this instrument.

### **Merits Scrutiny**

The following 2 points are identified for reporting under Standing Order 21.3 in respect of this instrument.

- 1. Standing Order 21.3 (ii) - that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd.**

These Regulations were initially laid on 7 November 2023 and the Committee considered the Regulations on 20 November. The Welsh Government response was received on 20 November.

The Committee’s report identified four reporting points. The Committee decided to write to the Minister for Rural Affairs and North Wales and Trefnydd (“the Minister”) as it considered further information and clarification was required in relation to two of the reporting points.



One of the technical reporting points asked how the Welsh Government considered that substituting the date in regulation 3(5D) would revive regulation 3(5C) of the 2019 Regulations as it ceased to have effect on 31 December 2022.

The Government response received on 20 November stated the following:

*Regulation 3(5C) has never been revoked, but has had (until these Regulations) no legal effect since 1st January 2023. Regulation 3(5D) as now amended and which sits separately to regulation 3(5C) revives regulation 3(5C) of the 2019 Regulations by retrospectively providing for the continuation in period of the effect of regulation 3(5C).*

The letter to the Minister said that the Committee considered that the words "Paragraph (5C) ceases to have effect" amounted to a revocation on the specified date, even if the word "revoked" had not been expressly used. The letter asked for further information to clarify why the Welsh Government did not consider it necessary to expressly re-state paragraph (5C) of regulation 3 of the 2019 Regulations.

The Minister replied in a letter dated 27 November, stating that:

*I am grateful to the Committee for their careful consideration of these Regulations. I agree it is important the Regulations are clear, accessible and operable. To this end, I have decided to withdraw these Regulations ahead of their scheduled debate on 28 November 2023.*

*I intend to lay revised Regulations to achieve the same policy intent. These Regulations will also still seek to extend or apply the Movement Assistance Scheme but will address the specific points raised by the Committee.*

*In particular, the new Regulations will provide clarity that regulations 3(5C) and 3(5D) no longer operate in law, and restate the provisions as new sections 3(5E) and 3(5F)*

These revised Regulations restate the provisions concerned as new paragraphs (5E) and (5F) of regulation 3 of the 2019 Regulations, as indicated in the Minister's letter.

The second point raised with the Minister concerned the third reporting point stating that there appeared to be inconsistencies between the Explanatory Note and the effect of the amendments made by these Regulations. The Welsh Government response stated that:

*Clarity and consistency in the Explanatory Notes with the Regulations is desirable. However, the Explanatory Notes do not form part of the Regulations and the Regulations are correctly stated.*

Whilst the Committee acknowledged that explanatory notes do not form part of regulations it asked for the Minister's views on whether an explanatory note which contains information that is inconsistent with the corresponding regulations could adversely affect the accessibility of the law.





Whilst this point was not directly addressed, the Explanatory Note to the revised Regulations has been amended.

## **2. Standing Order 21.3 (ii) - that it is of political or legal importance or gives rise to issues of public policy likely to be of interest to the Senedd**

The fee exemption provided for by the 2019 Regulations incorrectly ended on 31 December 2022 and as such regulation 3(5C) ceased to have effect. These Regulations insert a new paragraph (5E) into regulation 3 which extends the fee exemption. New paragraph (5F) states that paragraph (5E) ceases to have effect at the end of 30 June 2025.

The effect is that between 1 January 2023 and the date on which these Regulations come into force, 30 December 2023, no fee exemption will have been in force. However the Minister noted the following in her letter of 27 November 2023:

*As a result of this amendment, the new draft regulations will not seek to make retrospective provision in relation to Regulation 3(5C) of the Plant Health (Fees) (Forestry) (Wales) Regulations 2019. This means there will be no retrospective exemption from fees for certain movements of wood, wood products, isolated bark or used forestry machinery. Instead, the relevant fee exemption will now be in place from 1 January 2024 until 30 June 2025. Regrettably, this means there will be no fee exemption in place for certain movements of certain regulated material for 2023 due to the provision not being extended previously. However, as previously communicated, the potential for businesses to be adversely affected by this is considered to be low-risk.*

## **Welsh Government response**

A Welsh Government response is not required.

### **Legal Advisers**

**Legislation, Justice and Constitution Committee**

**7 December 2023**



# Agenda Item 4.1

Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: JJ/PO/404/2023

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee  
Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

1 December 2023

Dear Huw,

Thank you for your letter of 27 November 2023.

In respect of the Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023, I note your comment that the Government response to the LJCC report states that “bennir” will now be used in paragraph 11(1) of the Schedule, whereas “ganfyddir”/“ganfod” has been used in the equivalent provision in the Prohibition on Disposal of Food Waste to Sewer (Civil Sanctions) (Wales) Order 2023 and the Waste Separation Requirements (Wales) Regulations 2023. On further consideration all three SIs will be amended to use “bennir” in this provision for consistency.

In respect of paragraphs 25(3)(c) and 26(c) of the Schedules to the three SIs, we accept your comments that the response provided to the LJCC in respect of the Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023 did not reflect the drafting of the SI. On further consideration, it has been decided that paragraphs 25(3)(c) and 26(c) of the Schedule to the Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023 will be amended for consistency with the two other SIs, so that “bennu”/“bennu’r” will be used in those provisions in place of “ganfod”/“nodi’r”.

The amendments referred to above are detailed below:-

<b>Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023</b>	In paragraph 11(1) of the Schedule “ganfyddir” will be replaced with “bennir”	In paragraph 25(3)(c) of the Schedule “ganfod” will be replaced with “bennu”	In paragraph 26(c) of the Schedule “nodi’r” will be replaced with “bennu’r”
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[Gohebiaeth.Julie.James@llyw.cymru](mailto:Gohebiaeth.Julie.James@llyw.cymru)  
[Correspondence.Julie.James@gov.Wales](mailto:Correspondence.Julie.James@gov.Wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

<b>Prohibition on Disposal of Food Waste to Sewer (Civil Sanctions) (Wales) Order 2023</b>	In paragraph 11(1) of the Schedule “ganfyddir” will be replaced with “bennir”		
<b>Waste Separation Requirements (Wales) Regulations 2023</b>	In paragraph 11(1) of Schedule 2 “ganfod” will be replaced with “bennir”		

Yours sincerely,



**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

Julie James MS  
Minister for Climate Change

27 November 2023

Dear Julie,

The Waste Separation Requirements (Wales) Regulations 2023 / The Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023 / The Prohibition on Disposal of Food Waste to Sewer (Civil Sanctions) (Wales) Order 2023

I am writing in relation to our consideration of the Waste Separation Requirements (Wales) Regulations 2023, the Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023, and the Prohibition on Disposal of Food Waste to Sewer (Civil Sanctions) (Wales) Order 2023.

You will know that we considered all three draft statutory instruments at our meeting on 20 November 2023, and subsequently considered Welsh Government responses to our reporting points at our meeting today.

First, you will be aware that we have previously raised concerns that, where errors are identified in statutory instruments which are subject to the Senedd's approval, the Senedd must be told of what will be fixed after Members of the Senedd have voted but prior to the instrument being made.

The responses from the Welsh Government to our reports on these statutory instruments and the enclosed tables identifying the textual amendments that will be made as a result of our scrutiny is welcome. We thank the Government for responding positively to our concerns.

There is one matter applicable to all three instruments which broadly relates to the Welsh word used for "determine" or "determining" and "establishing" which we believe requires further consideration.

In the Welsh Government response to our fourth technical point in our report on the Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023, it states "In the Schedule, in paragraph 11(1) "ganfyddir" will be deleted". As a result, we believe the Welsh text of these Regulations will use "bennir" as the translation for "determine" in paragraph 11(1) of the Schedule.

However, in the responses we have received to very similar reporting points in our reports on the Prohibition on Disposal of Food Waste to Sewer (Civil Sanctions) (Wales) Order 2023 and the Waste Separation Requirements (Wales) Regulations 2023, it is argued that "ganfyddir" rather than "bennir" is the appropriate translation for "determine" in paragraph 11(1) of the Schedule and paragraph 11(1) of Schedule 2 respectively.

We are therefore concerned that there is a possible contradiction in terms of the appropriate choice of Welsh translation for the term "determine" where it occurs in the equivalent provisions in paragraph 11(1) of the Schedules to these statutory instruments.

In addition, in the response to our seventh technical point in our report on the Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023, it states that the Welsh Government is "satisfied that the word "bennu" is the correct translation of both "determining" and "establishing" in paragraphs 25(3)(c) and 26(c) of the Schedule to those Regulations". However, it is our understanding that the word "bennu" does not appear in the Welsh text of those paragraphs, therefore the response does not appear to address the reporting point. Furthermore, without amendments to the text in the Prohibition on the Incineration, or the Deposit in Landfill, of Specified Waste (Wales) Regulations 2023, we believe that this will result in different Welsh words being used in equivalent provisions across the three statutory instruments, which could cause doubt as to whether or not these provisions are intended to have the same effect.

I would be grateful if you would address these points and provide clarity to Members of the Senedd during the debate on these Regulations, scheduled to take place tomorrow.

I would also welcome a detailed written response at the earliest opportunity.

Yours sincerely,



Huw Irranca-Davies  
Chair

# Agenda Item 5.1

Julie James AS/MS  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: JJ/PO/416/2023

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee

Llŷr Gruffydd MS  
Chair  
Climate Change, Environment and Infrastructure Committee

Welsh Parliament  
Cardiff Bay  
Cardiff  
CF99 1SN

4 December 2023

Dear Huw, Llŷr,

I am writing in accordance with the inter-institutional relations agreement, to report on the latest meeting of the Net Zero, Energy and Climate Change Inter-Ministerial Group, held on 15 November 2023. The meeting focused the Prime Minister's 20 September Announcements watering-down net zero policies and collaboration on green skills.

The meeting also was attended by Mairi McAllan MSP, Cabinet Secretary for Net Zero and Just Transition; Graham Stuart MP, Minister of State Energy Security and Net Zero; and Katrina Godfrey, Permanent Secretary at the Northern Ireland Department of Agriculture, Environment, and Rural Affairs.

Yours sincerely,

**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

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[Correspondence.Julie.James@gov.Wales](mailto:Correspondence.Julie.James@gov.Wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Ein cyf/Our ref MA-LG-2960-23

Huw Irranca-Davies, MS  
Chair  
Legislation, Justice and Constitution Committee

Cc: Counsel General and Minister for the Constitution

7 December 2023

Dear Huw,

### **The Sea Fisheries (International Commission for the Conservation of Atlantic Tunas) (Amendment) Regulations 2024**

I have received a request from Lord Benyon, Minister for Biosecurity, Marine and Rural Affairs, requesting formal consent for the Sea Fisheries (International Commission for the Conservation of Atlantic Tunas) (Amendment) Regulations 2024 (the “2024 Regulations”) which intersects with devolved competence, and will apply in relation to Wales.

The 2024 Regulations make provision in relation to the International Convention for the Conservation of Atlantic Tunas (“the Convention”), to which the United Kingdom is a contracting party.

The UK has an obligation under the United Nations Convention on the Law of the Sea to cooperate on the management of shared fish stocks through appropriate regional or sub-regional organisations. Tuna and tuna-like species are managed globally through Regional Fisheries Management Organisations; the Convention being one such example.

The United Kingdom was formerly subject to the requirements of the Convention as a Member State of the European Union. Following EU exit, the UK has become a contracting party to the Convention as an independent coastal State. This instrument updates and amends retained EU law to account for further requirements under the Convention and to remove ambiguity and unnecessary provisions.

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[Correspondence.Lesley.Griffiths@gov.wales](mailto:Correspondence.Lesley.Griffiths@gov.wales)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

As a contracting party, the UK has an obligation to implement measures (known as 'recommendations') adopted under the Convention. Although the conduct of international agreements is a reserved function, the obligations and their implementation are devolved in so far as they related to devolved matters (e.g. fisheries) and extend to Welsh Ministers in respect of Wales and the Welsh Zone.

The Regulations amends retained EU law to implement recommendations adopted under the Convention which have not yet been reflected in the relevant legislation to ensure the UK is meeting its international obligations. Additionally, the instrument also makes amendments to retained EU law to remove provisions which are unnecessary or to remove ambiguity in legislation which was not comprehensively updated at the point of EU exit.

Furthermore, amendments have also been made to the relevant retained EU law to ensure clarity and enforceability of the relevant provisions. This is particularly the case in relation to provisions regulating the fishing of bluefin tuna. At the point of EU exit, the UK did not have an allocation of quota for bluefin tuna but since joining the Convention as an independent contracting party the UK has established an allocation of quota for this stock in line with the UK-EU Trade and Cooperation Agreement. As such, the opportunity has been taken to redraft some provisions to remove potential ambiguities and clarify how requirements will apply to UK fishing vessels fishing for, or incidentally catching, bluefin tuna in the Convention area. For completeness, offence, penalty, and enforcement provisions have been added directly to relevant retained EU law to avoid any potential ambiguity as to whether existing enforcement provisions would apply to the newly amended provisions.

As these Regulations implement UK-wide, international obligations in relation to the Convention, it is appropriate they are made on a UK basis. Therefore, I intend to give my consent to the Secretary of State to make the 2024 Regulations, so the provisions therein apply in relation to Wales.

The anticipated laying date is 12 December and the SI is subject to the affirmative procedure meaning it can be made following a resolution.

I am copying this letter to the Counsel General and Minister for the Constitution and writing in similar terms to the Chair of the Economy, Trade and Rural Affairs Committee.

Regards,

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive, flowing style.

**Lesley Griffiths AS/MS**  
**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd**  
**Minister for Rural Affairs and North Wales, and Trefnydd**



Huw Irranca-Davies MS

Chair

Legislation, Justice and Constitution Committee

Tŷ Hywel

Cardiff Bay

CF99 1SN

**Welsh Parliament**

Cardiff Bay, Cardiff, CF99 1SN

Petitions@senedd.wales

senedd.wales/SeneddPetitions

0300 200 6565

28 November 2023

Dear Huw

**Petition P-06-1368 The Welsh Govt should take steps to save the Environmental Information Regulations in relation to Wales**

The Petitions Committee considered the above petition at our meeting on 13 November, alongside correspondence from the Minister for Climate Change and the Petitioner.

At the meeting Members agreed to write to the Welsh Government sharing the petitioner's correspondence, and to request answers to the questions outlined in their response.

In addition to this, Members also agreed to write to your Committee in order to bring the petition to your attention and to also share with you the correspondence received from the petitioner, as you are currently monitoring these regulations.

Further information about the petition, including related correspondence, is available on our website at: <https://business.senedd.wales/ielssueDetails.aspx?Ild=42010&Opt=3>.

If you have any queries, please contact the Committee clerking team at the e-mail address below, or on 0300 200 6454.

Yours sincerely



Jack Sargeant MS

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

**P-06-1368 The Welsh Govt should take steps to save the Environmental Information Regulations in relation to Wales, Correspondence – Petitioner to Committee, 31.07.23**

Dear Clerk to the Petitions Committee

I am writing in reference to [The Welsh Govt should take steps to save the Environmental Information Regulations in relation to Wales - Petitions \(senedd.wales\)](https://www.senedd.wales/petitions/2023-24/petition-06-1368).

I am the named Petitioner, acting for a group of students at Cardiff University's School of Land and Politics.

I need to alert you that, since the Petition was opened, changes to the REUL Bill, now enacted as the Retained EU Law (Revocation and Reform) Act 2023, have, to an extent, taken the 'sting' out of the Bill as it was and the threat it poses to the Environmental Information Regulations 2004.

However, the petition remains a very useful exercise and I would hope the Committee can still consider it.

Particularly, it makes reference to a short report produced by the students, which deals with how the Environmental Information Regulations might be amended to improve them, by and for Wales.

In order to assist the Committee when it comes to consider this petition later this year, I attach that report and would commend the suggestions and proposals therein to the Committee.

Please do not hesitate to contact me if I can assist the Committee at any stage.

Yours faithfully

Guy Linley-Adams  
Solicitor  
Lecturer in Law



Pro Bono and  
Employability

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## **The Environmental Information Regulations 2004**

**Report of the Freedom of Information sub-group of the  
pro bono Climate and Environment Project of Cardiff  
University's School of Law and Politics 2022/2023**

## **1. Introduction.**

The Climate and Environment Project is a pro bono extra-curricular project for law students at the School of Law and Politics at Cardiff University.

The Project is not formally part of the assessment for any degree or professional course and the students volunteering on the Project range from second-year undergraduates to postgraduates to those on solicitor and barrister professional courses.

In 2022 into 2023, the Project sub-group on freedom of information, particularly in the environmental field, examined the Environmental Information Regulations 2004, the rights they underpin, from which European and international law and convention they derive, and how are they administered in the UK.

More particularly, the group considered and discussed how the 2004 Regulations could be improved in Wales.

The members of the FOI sub-group in 2022/23 were:

Amira Shazlin Binti Zulkifli  
Ahanaf Taksin Ar-Rafee  
Hann Qiang Liew  
Asha Thirunavukkarasu  
Max Pullen  
Beulah Lee  
Sarah Curran  
Izabela Poniewierska  
Maja Wojczak  
Kian Nah  
Olivia Thomas  
Toby Clark

The group was assisted by Guy Linley-Adams, Lecturer in Law at the School of Law and Politics.

## **2. Background to the Environmental Information Regulations 2004.**

The group examined how the Environmental Information Regulations 2004 provide for a right of access for the public to environmental information held by UK public authorities.

The 2004 Regulations came into force on 1<sup>st</sup> January 2005, under the authority then provided by the European Communities Act 1972, covering England, Wales and Northern Ireland. Scotland has its own Environmental Information Regulations (Scotland) 2004. The Regulations implemented European Council Directive 2003/4/EC on public access to environmental information. That Directive in turn has its origins in the Aarhus Convention.

The 2004 Regulations provide a right of access for the public to environmental information, upon request, subject to a number of exceptions, as well as requiring public bodies to make environmental information available proactively.

The group strongly supported the role the 2004 Regulations play, as part of the UK's implementation of its obligations as a party to the Aarhus Convention, in encouraging transparency from public authorities as part of a process of enabling the public to be informed about the environment and to participate in environmental decision-making from a position of knowledge.

### 3. The potential effect of the Retained EU Law Bill on the Environmental Information Regulations 2004.

The group was concerned at the potential effect on the 2004 Regulations of the Retained EU Law (Revocation and Reform) Bill ('the REUL Bill'), making its way through Parliament.

It was (and remains) unclear whether the Bill will be enacted in its current form, but what follows must be re-considered in the light of what is finally enacted.

However, as the REUL Bill stands, clause 1 will trigger the sunset of EU-derived subordinate legislation and retained direct EU legislation, unless otherwise saved, on 31<sup>st</sup> December 2023.

Clause 1 reads:

- (1) The following are revoked at the end of 2023—*
- (a) EU-derived subordinate legislation;*
  - (b) retained direct EU legislation.*
- (2) Subsection (1) does not apply to an instrument, or a provision of an instrument, that is specified in regulations made by a relevant national authority.*
- (3) The revocation of an instrument, or a provision of an instrument, by subsection (1) does not affect an amendment made by the instrument or provision to any other enactment.*
- (4) In this section “EU-derived subordinate legislation” means any domestic subordinate legislation so far as—*
- (a) it was made under section 2(2) of, or paragraph 1A of Schedule 2 to, the European Communities Act 1972, or*
  - (b) it was made, or operated immediately before IP completion day, for a purpose mentioned in section 2(2)(a) of that Act (implementation of EU obligations etc), and as modified by any enactment.*

The group expressed its general concern that the practical effect of the REUL Bill on the Environmental Information Regulations 2004 is that, unless the 2004 Regulations are later saved pursuant to the provisions clause 1(2), in the case of Wales, by the Welsh Government, the 2004 Regulations would cease to have effect in Wales at the end of 2023.

The group was clear that, quite apart from the wholly negative effect on the right of access to environmental information, that scenario would put the UK in clear breach of the Aarhus Convention.

The group did not consider that the Welsh Government should countenance the Environmental Information Regulations 2004 being allowed to fall as a consequence of the REUL Bill.

### **Recommendation 1**

**In the event that the REUL Bill is enacted in a form which would otherwise lead to 2004 Regulations ceasing to have effect in Wales as part of the planned ‘sunset’ of retained EU law, the groups recommends that Welsh Government should act swiftly to save the 2004 Regulations.**

The group noted that information rights are not a reserved matter – and so are devolved to Wales.

Given the maturity of Welsh devolution, the group considered it appropriate for the Welsh Government to consider if it should, in addition to amending the 2004 Regulations, as they apply in Wales, per the Scottish model, create and appoint a dedicated Welsh Information Commissioner.

If the REUL Bill is to be enacted and lead to the Environmental Information Regulations 2004 ceasing to have effect within England, it would be incongruous for an Information Commissioner based in England to be hearing complaints from Wales, but not from within England.

### **Recommendation 2**

**In the event that the REUL Bill is enacted in a form which will lead to the 2004 Regulations ceasing to have effect in England as part of the planned ‘sunset’ of retained EU law, Wales should consider establishing its own Information Commissioner for Wales.**

#### **4. Problems with the Environmental Information Regulations 2004 and possible solutions.**

The group considered that, especially if the Welsh Government finds itself required to save the 2004 Regulations shortly, it would be an effective time, almost 20 years since the 2004 Regulations were passed, to consider certain improvements to the 2004 Regulations. This would ensure they work better in practice, to enhance the right of the Welsh public to environmental information held by Welsh public authorities.

Such a progressive approach would be entirely in line with the position Wales has adopted on the environment, not least via the Well-being of Future Generations Act 2015, and the well-being goals for Wales.

Therefore, the group analysed real-world examples of problems that have arisen over the nearly 20 years since the 2004 Regulations came into effect, that the group considers the Welsh Government could now address, in order to make the systems work more effectively as providing timely and wider access to environmental information for the Welsh public.

These are:

- Ensuring public authorities respond (including to refuse) as soon as possible, and do not always default to responding at 20 working days.
- Preventing authorities from 'resetting the clock' by asking for clarification, but only at 20 working days
- Reducing time for internal review from 40 working days to 20 working days (as in Scotland)
- Requiring the Commissioner to accept a complaint if there has been no in-time response to an initial request.
- Limiting an applicant's obligation to requesting an internal review on one occasion only
- Improving proactive publication and public authorities learning from regular requests
- Learning from Commissioner Decisions to avoid using unlawful exceptions for the same type of information.
- Remedying the inability of public to take the lack of proactive publication to the Commissioner.
- Remedying public authorities' ability to raise different exceptions at refusal, at review, at Commissioner's investigation or at Tribunal.
- Addressing the use of private emails
- When 'harm' should be required and not required, when applying exceptions under Regulation 12



#### **4.1 Ensuring public authorities respond (including to refuse) as soon as possible, and do not always default to responding at 20 working days.**

The group considered that the effective right granted to the public by the Aarhus Convention would not be delivered without timely access to environmental information.

Even though the provisions of the 2004 Regulations require that a public authority has to respond as soon as possible to a request for environmental information, and no later than 20 working days after a request, there is no metric against which to measure what 'as soon as possible' means.

The group heard that the practical effect has been that there has been nothing to prevent public authorities from routinely, by default, taking the full 20 days to respond. There is a belief, for example in environmental NGOs, that some public authorities may even do this in what might be termed 'bad faith', particularly where the requested information may be considered to be controversial, or the authority concerned might prefer that the information were not released promptly.

The group considered that this problem - of taking 20 working days by default – could be addressed by requiring public authorities to issue an acknowledgment to any request, perhaps within 5 working days, providing, with reasons, an estimate of the time likely to be taken for a substantive response to be given.

This would enable any person requesting information to understand why up to 20 working days may be required to respond and would enable the matter to be raised in any request for internal review (per Regulation 11), or ultimately to be brought to the Commissioner (per Part 5 of the Regulations).

The group considered that this proposal would effectively balance the interests of the public requesting information and the resource demands for the public authorities involved.

#### **Recommendation 3**

**The group proposes that public authorities should be required to acknowledge requests within 5 working days and, in that acknowledgement, give an estimate of the time that will be taken to respond substantively to the request. This can be achieved by an amendment to Regulation 5, adding a new Regulation 5(1A):**

**“5(1A) A public authority shall acknowledge the receipt of any request within 5 working days;”**

#### **4.2 Preventing authorities from ‘resetting the clock’ by asking for clarification, but only at 20 working days.**

The group heard that under the 2004 Regulations, per Regulation 9, public authorities can effectively extend the period within which they must respond to a request by 20 working days, by asking applicants to clarify their request.

The group considered that while asking for such clarification may be entirely reasonable, this provision does potentially allow the ‘reluctant’ public authority to delay responding substantively to a request, by re-setting the 20 working days clock, by asking for clarification, but only after 20 working days have almost elapsed. Such practices dilute the public’s right to receive information in a timely manner.

The group therefore proposed a provision that would require public authorities to ‘triage’ requests received at an early stage, and if necessary, make a request for clarification within 5 working days. This would fit well with the proposed provision (above) under Regulation 5 on acknowledgment of requests.

#### **Recommendation 4**

**The group proposes that public authorities should be required to seek any clarification that may be required from applicants on the requests made within 5 working days of receipt of a request. This can be achieved by an amendment to Regulation 9(2)(a), so that it reads:**

**“9(2) Where a public authority decides that an applicant has formulated a request in too general a manner, it shall - (a) ask the applicant no later than 5 working days after the date of receipt of the request to provide more particulars in relation to the request; and”**

### **4.3 Reducing time for internal review from 40 working days to 20 working days (as in Scotland).**

In examining the regimes in England and Wales, and in Scotland, the group noted that there is a mismatch between the time allowed for internal review for public authorities in different parts of the UK.

In Scotland, an internal review should only take 20 working days. In England and Wales, the law allows for 40 working days. The relevant UK and Scottish provisions are shown below:

#### *“Representations and reconsideration*

*11.—(1) Subject to paragraph (2), an applicant may make representations to a public authority in relation to the applicant’s request for environmental information if it appears to the applicant that the authority has failed to comply with a requirement of these Regulations in relation to the request.*

*(4) A public authority shall notify the applicant of its decision under paragraph (3) as soon as possible and **no later than 40 working days** after the date of receipt of the representations”.*

#### *“Review by Scottish public authority*

*16.—(1) Subject to paragraph (2), an applicant may make representations to a Scottish public authority if it appears to the applicant that the authority has not complied with any requirement of these Regulations in relation to the applicant’s request.*

*(4) The Scottish public authority shall as soon as possible and **no later than 20 working days** after the date of receipt of the representations notify the applicant of its decision”.*

The group considered that there can be no justification for a longer period to be allowed for in England and Wales, as opposed to Scotland. Welsh public authorities should be no less able to deliver a review in 20 days than their Scottish counterparts.

### **Recommendation 5**

**The group proposes a simple amendment to Regulation 11 of the 2004 Regulations (applying to Wales) to allow for a 20 working days maximum period for an internal review.**

#### **4.4 Requiring the Commissioner to accept a complaint if there has been no in-time response to an initial request.**

The group considered the scenario, under the 2004 Regulations, of a public authority failing to respond at all to a request for information and note that there exists no mechanism to address in a timely manner the situation in which the public authority, to whom a request for information has been made, simply does not respond.

In line with the Regulations, if there is no response, the person requesting information has to request an internal review, before the matter can be taken to the Commissioner.

That is the practical effect of section 50(2)(a) of the Freedom of Information Act 2000, which, per Regulation 18, provides for the enforcement mechanism for the 2004 Regulations, and requires that a complainant to the Commissioner must have “exhausted any complaints procedure which is provided by the public authority in conformity with the code of practice under section 45...”.

In short, a complainant must have asked for an internal review by the public authority of its failure to respond, before the matter can be taken to the Commissioner.

The group noted that what this means in practice is that the ‘reluctant’ public authority can safely sit back and wait for a request for information to run past its 20 working days for the initial response, at which point the person requesting will need to make a request for internal review, which then gives the authority a further 40 working days to address the matter.

In effect, any public authority can therefore safely ignore a request unless an applicant ‘asks twice’, with those requests 20 working days apart.

If a public authority does not wish to provide information (for example, if the requested information is somehow embarrassing, or might be used to ‘fuel’ a legal challenge), it has a total of 60 working days minimum to respond substantively to any request, without fear of any sanction or referral to the Commissioner.

The group considered that such length of delay could be highly detrimental to the value of the requested information to an applicant. Moreover, that such an approach is possible at law undermined the purpose of initial 20 working day time limit for answering requests.

#### **Recommendation 6**

**The group proposes that an amendment is required to allow an applicant to go directly to the Information Commissioner for a decision to prevent such abuse and uphold the right of access to environmental information in a timely manner, by inserting paragraph 18(1A) into Regulation 18:**

**18(1A) The enforcement and appeals provisions of the Act shall be read for the purposes of these Regulations such that section 50(2)(a) of the Act does not apply if a public authority fails to respond to a request within the time limits specified in Regulation 5.**

#### **4.5 Limiting an applicant's obligation to requesting an internal review on one occasion only.**

The group examined a particular matter in relation to the requirement on applicants that they have gone through a public authority's internal review procedure before a matter can then be raised with the Commissioner.

In the case of the Friends of the Earth v DEFRA, Decision Notice IC-102916-C8Q5, 13<sup>th</sup> June 2022, the Commissioner sought to require Friends of the Earth to request an internal review from DEFRA on a second occasion, having initially complained about a lack of a timely response in a first internal review request. In that matter, Friends of the Earth in fact refused to go to a second internal review and, albeit reluctantly, the Commissioner agreed to deal with the matter by way of a Decision, despite advising Friends of the Earth to go for a second internal review on the substance of the matter.

The group considered that no applicant for information should be required by law or by the Commissioner to go to a second internal review because that would enable the 'reluctant' public authority to add further delay to a process of disclosure of information, undermining the right granted by the Aarhus Convention of timely access to information.

#### **Recommendation 7**

**The group recommends amending Regulation 18 so as to require the Commissioner to issue a Decision if a complainant has made at least one request for internal review by a public authority.**

**Insert a new Regulation 18(11):**

**“For the purposes of these Regulations, section 50 of the Act shall be read as requiring the Commissioner to make a decision as to whether a public authority has dealt with a request in accordance with the requirements of these Regulations where a complainant to the Commissioner has made any representation to a public authority pursuant to Regulation 11. An applicant shall not be required to make more than one representation to a public authority under regulation 11”.**

#### **4.6 Improving proactive publication and public authorities learning from regular requests.**

Access to environmental information is recognised as a right under the Aarhus Convention, but the Convention also requires proactive publication of environmental information, obviating the need for specific requests to be made by the public.

Effective public participation in decision-making processes requires more proactive publication of environmental information. The more information in the public domain, the greater the public engagement, which can also lead to insights and ideas of great value to public authorities. Proactive publication would mean a greater level of access to information and as such would also support open-source research.

The group was generally very supportive of proactive publication.

Proactive publication also reduces pressure on public authorities having to process requests for information.

However, the group considered that experience suggests public authorities do not always learn from previous requests and start proactively publishing information that is regularly requested, or which they have been ordered by the Commissioner to publish.

The group suggested that information of any type or character that has been requested and provided on more than, say, three occasions by the public authority should be considered as a matter of law for future proactively publication.

#### **Recommendation 8**

**In order to encourage more proactive publication, the group recommends an amendment adding a new subsection to Regulation 4(4)(c) requiring public authorities to ‘learn’ from repeat requests, such that Regulation 4 then reads:**

#### **Dissemination of environmental information**

**4.—(1) Subject to paragraph (3), a public authority shall in respect of environmental information that it holds—**

**(a) progressively make the information available to the public by electronic means which are easily accessible;**

...

**(4) The information under paragraph (1) shall include at least—**

...

**(c) information of any type or character that has been requested and provided on more than three occasions by a public authority or following decisions issued the Commissioner**

#### **4.7 Remedying the inability of public to take the lack of proactive publication to the Commissioner.**

The group examined how, under the 2004 Regulations, and the enforcement and appeal provisions provided for under the Freedom of Information Act 2000, an applicant for environmental information cannot take the matter of a lack of proactive publication to the Commissioner.

The enforcement and appeal provisions of the 2004 Regulations are in effect, borrowed from the 2000 Act, by virtue of Regulation 18:

18.—(1) The enforcement and appeals provisions of the Act shall apply for the purposes of these Regulations as they apply for the purposes of the Act but with the modifications specified in this regulation.

Section 50 of the 2004 Act, subsection 1, provides that a person can take a matter to the commissioner when “a request for information” has not been dealt with in accordance with, in this case, the 2004 Regulations.

However, when a person is taking issue with a lack of proactive publication, that would not be considered “a request for information” under section 50 of the Act.

The group considered that a person should be able to complain to the Commissioner and secure a Decision from the Commissioner if there is breach of the duty under the 2004 Regulations on proactive publication.

#### **Recommendation 9**

**The group recommends an amendment with the effect that a person can complain if there is a breach of duty under the 2004 Regulations on proactive publication, by inserting a new Regulation 18(1)(A):**

**18(1A) The enforcement and appeals provisions of the Act shall be read for the purposes of these Regulations, such that a request for information as defined in section 50(1) of the Act, shall be taken to include circumstances in which a public authority has, in the opinion of the applicant or complainant, failed to comply with the duty under Regulation 4.**



#### **4.8 Learning from Commissioner Decisions to avoid using unlawful exceptions for the same type of information.**

The group heard examples of how public authorities do not always appear to learn from previous Decisions from the Commissioner, or from Tribunal or higher Courts as to when, and to what information, they can and cannot apply exceptions provided for by Regulation 12.

These can be decisions made by the Commissioner either against the authority itself, or against other public authorities, in relation to when it is appropriate to apply particular exceptions under regulation 12 and when it is not.

This adds considerably to the time and trouble faced by applicants for information.

It is not resource-efficient for public authorities repeatedly to put applicants to the trouble of complaining to the Commissioner on points that the Commissioner has already addressed in previous Decisions. By repeating the same incorrect application of exceptions to requests, internal review and Commissioner investigations are triggered on points that have been addressed previously.

That can take many months.

Most importantly, the group considered that, in practical effect, reliance on exceptions to withhold information, where public authorities should already understand that such reliance is unlawful, undermines the right of the public to have access to environmental information in a timely manner.

#### **Recommendation 10**

**The group recommends an amendment adding add a new subsection to Regulation 12 requiring public authorities to ‘learn’ from Decisions, Tribunal or higher Court rulings, by inserting a new Regulation 12(1A):**

**“A public authority may not refuse to disclose environmental information by applying any exception to disclosure under paragraphs (4) or (5) if the public authority should reasonably be aware from decisions of the Commissioner or judgments of the Tribunal or any higher Court that an exception does not apply to the environmental information requested”.**

#### **4.9 Remediating public authorities' ability to raise different exceptions at refusal, at review, at Commissioner's investigation or at Tribunal.**

The group examined the effect of the case of *Birkett v DEFRA* [2011] EWCA Civ 1606 which ruled that a public authority could rely upon a different exception or exceptions in proceedings before the Commissioner and/or the Tribunal for refusing to disclose environmental information.

The group considered whether there should be a regulatory or statutory limit on the number of attempts that a public authority can make to involve the correct exception under Regulation 12.

The group noted, as the Tribunal stated in *Department for Business, Enterprise and Regulatory Reform v ICO and Friends of the Earth* (EA/2007/0072, 29 April 2008, that "it was not the intention of Parliament that public authorities should be able to claim late and/or new exemptions without reasonable justification otherwise there is a risk that the complaint or appeal process could become cumbersome, uncertain and could lead public authorities to take a cavalier attitude towards their obligations. This is a public policy issue which goes to the underlying purpose of FOIA".

The group noted that *Birkett* in effect means that different exceptions be applied (at refusal, at review, at the stage of investigation by the Commissioner and at Tribunal) giving a public authority four attempts to 'get it right'.

This is patently unfair to applicants.

The group proposed an amendment preventing the Commissioner from making a Decision applying exceptions not already raised by the public authority at the initial refusal or internal review stages. Two attempts at 'getting it right' was considered more reasonable for both the applicant and the public authority to ensure a balance between timely access to information, while ensuring the public authority still has an opportunity to revise its reasons for refusing to disclose information.

#### **Recommendation 11**

**The group proposes an amendment to Regulation 18:**

**"18(1A) The enforcement and appeals provisions of the Act shall be read for the purposes of these Regulations such that the Commissioner may not make a Decision applying any exceptions under Regulation 12 that have not been raised reasonably by the public authority as part of its reconsideration under Regulation 11".**

#### **4.10 Addressing the use of private emails.**

The group noted that use of private emails or other private 'channels' of communications has been an issue on a number of occasions recently and there has been increasing use of private email accounts by people working in public authorities for their work-related communications.

There is an increasing concern of the use of private emails by public bodies/authorities to avoid disclosure under freedom of information for work-related purposes.

However, information from private emails would be difficult to locate, which in turn, makes it practically very difficult to disclose.

The group noted the cases of Hillary Clinton, Suella Braverman and Matt Hancock and considered whether adding a new provision to the 2004 Regulations, expressly to include the use of private emails to hold or communicate information relating to the functions of a public authority within the definition of information susceptible to request under the regulations, might work.

Screening private communications may be considered in some circumstances to be too invasive.

However, the group considered that an amendment to the 2004 Regulations could provide that information to be disclosed should include any information that is received, held, stored or communicated through private communications channels, if it related to the functions of a public authority.

#### **Recommendation 12**

**The group proposes an amendment to Regulation 12(4)(a), so that it reads:**

**“12(4) For the purposes of paragraph (1)(a), a public authority may refuse to disclose information to the extent that—**

**(a) it does not hold that information when an applicant’s request is received and, where there is reason to consider that private communications may contain that information, such search of private communications as can be made lawfully has been made”**

#### **4.11 When ‘harm’ should be required and not required, when applying exceptions under Regulation 12.**

The group examined and noted that under regulation 12, which deals with the exceptions to the duty to disclose environmental information, the exceptions are divided into two groups per regulation 12(4) and regulation 12(5).

The exceptions provided for in 12(4) are what is known as absolute exceptions, whereas those in 12(5) apply only where the disclosure of the information requested would adversely affect the subject matter of the exception. If there is no harm, the exception cannot be applied.

In other words, Regulation 12(4) exceptions do not require harm to be shown by a public authority seeking to rely on them, whereas Regulation 12(5) exceptions do require harm.

The group considered that there is no logical reason why the exceptions provided for at Regulation 12(4)(d) and (e) should not also require there to be harm before the exception applies. There was nothing that logically means that information that is still in the course of completion (per Regulation 12(4)(d)) or information that is internal communications (Regulation 12(4)(e)) should not be disclosed if the disclosure of that information causes no **harm**.

#### **Recommendation 13**

**The group therefore recommends that Regulation 12(4) and (5) are amended such that the current regulation 12(4)(d) and (e) appear as regulation 12(5)(h) and (i) respectively.**



# Agenda Item 6.2

Julie James MS  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change



Llywodraeth Cymru  
Welsh Government

Our ref JJ/PO/408/23

Elin Jones MS  
Llywydd  
Senedd Cymru  
Cardiff Bay, Cardiff, CF99 1SN  
Email - [Llywydd@senedd.wales](mailto:Llywydd@senedd.wales)

29 November 2023

Dear Elin

The UK Government introduced the Renters (Reform) Bill into Parliament on 17 May 2023. No Legislative Consent Memorandum was required at that time.

UK Government have been working on amendments to the Bill which will end the practice of landlords and agents arbitrarily applying “No DSS” and “No children” in respect of rental properties to tenants and prospective tenants. My officials have been working with UK Government counterparts to extend these provisions into Wales.

The amendments which seek to introduce the ban on these practices into England and Wales were laid on 15 November. Legal analysis of the clauses pertaining to the ban have been completed, but these provisions were part of 182 amendments to the Bill. Some of the amendments could potentially require further legislative consent, and although legal analysis of the further amendments has begun, it is not going to be completed in time to meet the normal two-week Standing Order 29 deadline. I will endeavour to lay the Legislative Consent Memorandum as soon as possible.

I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee, Huw Irranca-Davies MS and the Chair of the Local Government and Housing Committee, John Griffiths MS.

Yours sincerely

**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

**Julie James AS/MS**  
**Y Gweinidog Newid Hinsawdd**  
**Minister for Climate Change**

Ein cyf/Our ref: MA-JJ-3057-23

Peredur Owen Griffiths MS  
Chair  
Finance Committee  
Senedd Cymru  
Cardiff Bay  
Cardiff  
CF99 1SN

1 December 2023

Dear Peredur,

Thank you for the Finance Committee Report in relation to the Infrastructure (Wales) Bill, published on 24 November 2023.

Please see my responses to the set of recommendations within the report in Annex 1. I am copying this letter to the Chair of the Climate Change, Environment, and Infrastructure Committee and the Chair of the Legislation, Justice and Constitution Committee for information.

Yours sincerely,



**Julie James AS/MS**  
**Y Gweinidog Newid Hinsawdd**  
**Minister for Climate Change**

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## Annex 1

### Infrastructure (Wales) Bill Responses to Finance Committee Recommendations

**Recommendation 1. The Committee believes that the methodology paper provided in relation to this Bill serves as a good practice model for future legislation. Therefore, we recommend that the Welsh Government considers including such details, which are used to inform the cost estimates arising from each Bill, within Regulatory Impact Assessments, rather than as separate documents, as a matter of principle.**

I accept the principle of this recommendation. I thank the committee for their consideration of the Regulatory Impact Assessment (RIA) and the accompany methodology paper and their conclusion that the content represents good practice. The recommendation has been shared with officials in Welsh Treasury who have oversight of the RIA process.

The Methodology Paper supplements the RIA by providing the detailed workings behind the costs and savings for the four options outlined. We believe, for this Bill, due to the extent of detailed workings and calculations informing the RIA costs and savings, it was best to locate this in a separate Methodology Paper. This decision was taken to reduce the length and complexity of the RIA and to enable it to focus on key figures and justifications for them.

In terms of future Bills, consideration will be given to the most appropriate and transparent presentation of costs and benefits on a case-by-case basis. Depending on the nature of the Bill and the complexity of the RIA, it may be possible for all information to be included in the main assessment. However it is not the intention to commit to this for every future Bill. In some cases, where it is considered it will improve the accessibility of the RIA to the general reader, we may still opt to remove some of the detailed assumptions and calculations from the main assessment and include that information in an annex to the EM/RIA.

**Recommendation 2. The Committee recommends that the Minister undertakes the following and that the information is included in a revised Regulatory Impact Assessment, after Stage 2:**

- **undertakes further modelling work to identify the costs and benefits for communities and/or interested parties arising from the Bill. This information should include an analysis to show the potential range of costs and benefits that might be incurred; and**
- **provides examples or further information on community involvement, how that currently works, who is involved and how it might change as a result of the Bill.**

I accept this recommendation in part.

I reject the first part of this recommendation that further modelling work should be undertaken to identify costs and benefits for communities and other parties arising



from the Bill. The costs to communities will vary greatly depending on each type of development scheme and therefore it is impossible to quantify with any accuracy. The cost will be dependent on the nature, size and location of each future scheme, as well as the extent of the interest of individuals in those schemes, the extent they wish to make their views known, and the cost incurred to make these views known. Given the uncertainties involved, we do not believe it would be possible to model these future costs in a robust and meaningful way.

However, I do accept we can provide further information on how communities can currently engage on infrastructure applications and what the Bill will mean for communities engaging in infrastructure applications under a new consenting process. We will update the RIA by providing more information on the benefits to communities arising from the new consenting regime compared to current processes. Therefore, I accept the second part of this recommendation.

**Recommendation 3. The Committee recommends that the Minister undertakes further work in regard of the financial benefits arising from a streamlined consenting process. This information should be included in a revised Regulatory Impact Assessment, after Stage 2.**

I do not accept this recommendation. The RIA contains costs for every element of the consenting process where we are able to do so. Many of those costs show clear financial benefits arising to stakeholders from a new consenting regime. For example, where we have costed the savings to statutory consultees in the RIA compared to current processes, this is obviously a clear cost benefit. The approach we have taken to other benefits in the RIA is to list those that are qualitative and descriptive in nature, it is not possible to attribute a cost to them and they have been listed for completeness.

I have elaborated on a number of examples taken from the RIA of where we have not provided a financial figure to the benefits described.

#### Complexity

We have stated in the RIA that a benefit of a new consenting regime would be to reduce complexity. This will result in stakeholders only having to engage with the one rather than numerous consenting regimes for infrastructure projects. This will make it easier and less onerous for developers to submit their applications and others to subsequently comment on a single scheme. That is a clear benefit, but not one that is readily quantifiable. However, what we have done in the RIA is to provide costs on complexity where we are able. This includes the costs to developers for submitting applications through the current numerous consenting systems, compared to the costs for submissions under the new single regime. Wider matters on complexity which can be viewed as a benefit of a new consenting process are not quantifiable.

#### Flexible process

Another example where we have stated in the RIA that a new consenting regime would provide a benefit is by providing a more flexible process than exists currently. This would be in terms of ensuring developments that may be smaller in scale or impacts are consented through a more proportionate system. It also allows us to direct individual novel schemes be considered under this process, but also where

there may be a need to identify a new type of infrastructure scheme under this process in the future due to emerging technologies.

These are benefits that will future proof the consideration of infrastructure schemes by the Welsh Ministers. They are not matters we can elaborate on in terms of a specific cost benefit as they have many variables. For example, to what extent future technologies may result in certain types of projects falling under the new regime in future.

However, in the context of applications of a smaller scale and impact that would be more appropriately determined at the local level we have assessed those on the basis of historic data. We have looked at historic applications and costed the process under which they would likely be determined. Those costs are incorporated under the various stakeholder costs listed in the RIA.

Therefore, in terms of flexibility this is more than a cost benefit and we have provided figures on costs savings to stakeholders in the RIA as far as we can.

#### Wider resource saving

We have further stated in the RIA that a new consenting regime would provide benefits in terms of resource savings to stakeholders and by reducing duplication. For example, one process rather than numerous processes will improve public awareness on how to participate in an infrastructure project, whereas currently members of the public may be unaware of how to engage in certain consenting processes where limited guidance may be available. For the reasons I have set out in response to recommendation two, this is not quantifiable.

However, in terms of the cost element for this matter, again we have done this where we know the costs to different stakeholders (such as statutory consultees) for participating in numerous current regimes and comparing those costs to what the likely costs would be for participating in a single process where involvement would not be duplicated.

I am happy to include further information in the benefits section of the RIA to ensure it provides clear justification for the approach that has been taken where no costs are provided.

#### **Recommendation 4. The Committee recommends that the Minister provides further information on how fees will differ under the new regime, compared to the current regime, and the impact of this on relevant stakeholders.**

I accept this recommendation. The current fees for infrastructure applications are based on what is prescribed in regulations and statutory guidance. Some operate on a full cost recovery basis whilst others do not. For example, fees for 'Developments of National Significance' operate on full cost recovery, whilst fees for Harbour Orders do not result in full cost recovery for their determination. Therefore, currently the full extent of costs for determining infrastructure applications is not recovered from applicants.

Section 121 provides for fees for performance of infrastructure consent functions and services. Under this power it is expected the new regime will allow for fixed rate and variable fees to allow for full cost recovery on all types of infrastructure applications. In terms of fixed fees, those will be for elements of the process that will always require the same level of input and resources. Setting standardised fees on those elements will therefore allow for consistency and certainty. The elements of the regime that will allow for variable fees will be for those elements of the process which will vary for each application, for example the examination procedure. It is anticipated we will introduce variable fees in the form of a daily rate, which will help keep costs down and ensure applicants are only being charged for the time spent examining and determining their application. The new fee arrangements will therefore result in a fairer system of fee charging where applicants will be charged the true extent of the costs for determining a significant infrastructure project.

In terms of impacts on relevant stakeholders, for developers or applicants, it could result in a change in the fees for specific applications to ensure the full extent of costs are covered.

In addition, the new regime will have wider changes to the fee system. Developers will now pay for the one set of fees, rather than numerous fees where a scheme would currently require numerous consents. These efficiency savings resulting from a streamlined process will result in a fee system which better reflects costs for determining projects in the round, rather than duplicating costs. Under the new system it is expected developers will be invoiced for charges on an incremental basis at different stages of the determination process. This will offer more certainty and clarity on services they are paying for, rather than paying the full fee amount in one go where they would be paying for services they are not currently receiving.

For statutory consultees, the current consenting regimes do not allow for the costs to be recovered for input into infrastructure applications. Section 121 enables consultees to be remunerated for the services they provide in the consenting process. This will enable their resources for input into infrastructure applications to be fully recovered through applicant fees.

For local authorities, again their input into infrastructure applications is not fully reimbursed through existing consenting systems. They currently only receive a fee for preparation of Local Impact Reports to inform the determination of 'Developments of National Significance' of around £8,000. Equally, Section 121 enables local authorities consultees to be remunerated for the services they provide in the consenting process.

Any specific changes to fee charges will be subject to further work and consultation, with the detail being set out in regulations.

**Recommendation 5. The Committee recommends that the Minister provides further information on the process associated with the optional threshold, including whether this flexibility could lead to some variability in the efficiencies outlined in the RIA.**

I accept this recommendation. For those applications falling under the thresholds for 'directed applications', the applicant can request for their application to be determined either by the Welsh Ministers under the new consenting process or by the local planning authority. Ultimately, it will be for the Welsh Ministers to make an informed decision based upon the nature of the application and the issues that it raises whether it is or is not a significant infrastructure project for the Welsh Ministers' determination.

The RIA has already estimated future costs arising from the inclusion of 'directed applications' in the modelling. This was undertaken through assessing historic applications that would fall under that process and whether they would be determined by the local planning authority or the Welsh Ministers on the basis of their scale and impacts.

**Recommendation 6. The Committee recommends that any post-implementation review assesses the overall costs and benefits of the new consenting regime and whether this met the expectations set out in the Regulatory Impact Assessment.**

I accept this recommendation. I can confirm the evaluation project will be undertaken within the first five years following implementation of the new regime through subordinate legislation. This work will evaluate the operation of the new consenting regime, including the costs and benefits to different stakeholders. The new regime will also be monitored on an annual basis, where the performance in meeting the statutory timeframes set out in the Bill for determining applications will be set out in an annual report laid before the Senedd.

Julie James AS/MS  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

Llywodraeth Cymru  
Welsh Government

Our ref: JJ/PO/420/23

Huw Irranca-Davies MS  
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6<sup>th</sup> December 2023

Dear Huw

Thank you for your letter of 7 November regarding working with the UK Government to explore joint working to outlaw discriminatory blanket “no DSS” and “no children” practices (‘blanket ban’) in residential lettings in Wales.

The amendments which seek to outlaw this practice were laid on 14 November, and my officials are currently working on a Legislative Consent Motion which I hope to be able to lay as soon as possible.

In answer to your specific questions, I can confirm that I am pursuing the blanket ban proposals in an England and Wales Bill. Whilst the blanket ban proposals would have been something which could have been included in a Senedd Bill, there is no opportunity within the current Legislative Programme to do so. I consider prohibiting such discriminatory practices cannot wait until the next Senedd term and given there is an opportunity to address this in an England and Wales Bill currently proceeding through Parliament, I am keen we take the opportunity. This is in line with the principles set out by the First Minister, as to when it is appropriate to pursue a joint legislative approach. Not to do so when the opportunity presents itself would mean that tenants in Wales would still be subject to such practices for simply being a benefits claimant, or having children live with or visit them at a dwelling which is to be subject to an occupation contract.

The details of the Welsh ban provisions will be fully set out in the Legislative Consent Memorandum, but there are major differences in the Welsh approach. For example, enforcement in Wales follows that already in place under the Renting Homes (Fees etc.) (Wales) Act 2019, with the addition of the local Weights and Measures Authority being an additional enforcement body. It will be a criminal offence for a landlord or person acting, or purporting to act on a landlord’s behalf to discriminate in relation to occupation contracts against persons who would have children live with or visit them, or who are benefits claimants, whereas such breaches will be by way of a financial penalty in England.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

I fully agree with your comments in relation to aligning these measures with the wider Renting Homes legislation in Wales. This is why the approach taken in the amendments in the Renters (Reform) Bill is to amend both the Renting Homes (Wales) Act 2016, as well as the Renting Homes (Fees etc.) (Wales) Act 2019, so that they are integrated, rather than sitting outside of our Renting Homes framework. The 2016 Act is being amended to ensure that the contract-holder under an occupation contract may permit a person who has not reached the age of 18 to live in or visit the dwelling (subject to any interference by the landlord being a proportionate means of achieving a legitimate aim), and a right to claim benefits. These are being made fundamental terms of all occupation contracts.

On your second point regarding the timing of the proposed amendments and consultation, the Renters (Reform) Bill is currently at Report Stage in the House of Commons, and these amendments were agreed by the Bill Committee during their Stage Two considerations. We don't have set dates for the next stages, but both Report Stage and the Third Reading of the Bill are scheduled for later this winter.

Whilst I do not have any plans to consult on these changes, as this has not been possible due to the speed at which the blanket ban amendments needed to be made, I would stress that the concerns being addressed by the amendments are in no way new. I also have no reason to believe that the position in Wales in relation to these practices is significantly different to that identified in the consultation carried out in England. Therefore, I am firmly of the view that to increase protection for tenants in the manner proposed is entirely appropriate and should be undertaken at the same time as such discriminatory practices are banned in England.

Yours sincerely



**Julie James AS/MS**  
Y Gweinidog Newid Hinsawdd  
Minister for Climate Change

Julie James MS

Minister for Climate Change

13 November 2023

Dear Julie

Joint working with UK Government on outlawing certain blanket practices in residential lettings

Thank you for your letter of 25 October 2023. We very much welcome that you have sought to draw this joint-working to our attention and your intention to provide further information in due course.

We would find it particularly helpful if, as part of that further information, you would:

- confirm that you are pursuing a Wales and England Bill (as indicated by the Counsel General's Written Statement on the UK Legislative Programme), and if so, why this approach has been followed given the recent creation of a new renting homes legislative framework for Wales and also given the Welsh Government's commitment to consolidating and codifying Welsh law, as well as to accessible legislation more generally;
- the timing of any proposed legislation and your plans for public consultation.

I am copying this letter to the Llywydd and the Chair of the Local Government and Housing Committee.

Yours sincerely,

*Huw Irranca-Davies*

Huw Irranca-Davies

Chair

# Agenda Item 9

By virtue of paragraph(s) ix of Standing Order 17.42

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Lesley Griffiths AS/MS  
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd  
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA/LG/2216/23

Rt Hon Elin Jones, MS  
Llywydd  
Senedd Cymru

22 November 2023

Dear Elin

### **Agriculture (Wales) Act 2023 – Revised Explanatory Memorandum**

The Explanatory Memorandum (EM) to the Agriculture (Wales) Bill has been revised to reflect the Bill as amended at Report Stage and as enacted. I enclose final versions of these documents for information and I would be grateful if these can be published on the Senedd's webpage for the Act.

#### **Report Stage Amendment**

**Welsh Ministers power to provide support:** The EM has been updated to reflect Government amendment 1 to section 9 (3) and (4). It provides examples of eligibility criteria that may need to be met in order for a person to be eligible for support. It replaces section 9(3) of the Bill, inserted as amendment 55 at Stage 3 (see Part 1, Chapter 3, paragraph 3.128-3.131 and Explanatory Notes).

I am copying this letter and enclosures to the Chairs of the Economy, Trade and Rural Affairs Committee, the Legislation, Justice and Constitution Committee and the Finance Committee for information.

Regards

**Lesley Griffiths AS/MS**  
**Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd**  
**Minister for Rural Affairs and North Wales, and Trefnydd**

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Llywodraeth Cymru  
Welsh Government

# **AGRICULTURE (WALES) ACT 2023**

**Explanatory Memorandum**  
incorporating the  
**Regulatory Impact Assessment and**  
**Explanatory Notes**

**August 2023**

# **Agriculture (Wales) Act**

## **Explanatory Memorandum to Agriculture (Wales) Act**

This Explanatory Memorandum has been prepared by Climate Change and Rural Affairs departments of the Welsh Government.

### **Member's Declaration**

In my view the provisions of the Agriculture (Wales) Act, introduced by me on the *26 September 2022*, would be within the legislative competence of Senedd Cymru.

### ***Lesley Griffiths MS***

Minister for Rural Affairs and North Wales, and Trefnydd  
Member of the Senedd in charge of the Act

*August 2023*

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## Glossary of Acronyms

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AA	<i>Agriculture Act 2020</i>
AFBI	<i>Agri-Food and Biosciences Institute</i>
AHA	<i>Agricultural Holdings Act 1986 (the 1986 Act)</i>
AHDB	<i>Agriculture and Horticulture Development Board</i>
AIF	<i>Alleged Illegal Felling</i>
ALA	<i>Agricultural Law Association</i>
AMR	<i>Antimicrobial Resistance</i>
AONB	<i>Area of Outstanding Natural Beauty</i>
APHA	<i>Animal Plant Health Agency</i>
ATA	<i>Agricultural Tenancies Act 1995 (the 1995 Act)</i>
BaOL	<i>Brexit and Our Land (consultation paper)</i>
BAU	<i>Business As Usual</i>
BEIS	<i>Business, Energy and Industrial Strategy</i>
BPCA	<i>British Pest Control Association</i>
BPS	<i>Basic Payment Scheme</i>
BVA	<i>British Veterinary Association</i>
BVD	<i>Bovine Viral Diarrhoea</i>
BVZS	<i>British Veterinary Zoological Society</i>
CAAV	<i>Central Association of Agricultural Valuers</i>
CAP	<i>Common Agricultural Policy</i>
CBA	<i>Cost Benefit Analysis</i>
CCC	<i>Climate Change Committee</i>
CCERA	<i>Climate Change, Environment and Rural Affairs Committee</i>
CH <sub>4</sub>	<i>Methane</i>
CLA	<i>Country Land and Business Association</i>
CMO	<i>Common Market Organisation</i>
Confor	<i>Confederation of Forest Industries</i>
CO <sub>2</sub>	<i>Carbon Dioxide</i>
CPH	<i>County Parish Holdings</i>
CPI	<i>Consumer Price Index</i>
CTS	<i>Cattle Tracing Service</i>
DA	<i>Disadvantaged Area</i>
DCD	<i>Dicyandiamide</i>
DEFRA	<i>Department for Environment, Food and Rural Affairs.</i>
EIA	<i>Environmental Impact Assessment</i>
EID	<i>Electronic Identification</i>
EMFF	<i>European Maritime Fisheries Fund</i>
EPS	<i>European Protected Species</i>
ERAMMP	<i>Environment and Rural Affairs Monitoring and Modelling Programme</i>
ETS	<i>Emissions Trading System</i>
EU	<i>European Union</i>
FAPRI	<i>Food and Agricultural Policy Research Institute</i>
FAO	<i>Food and Agriculture Organisation</i>
FBI	<i>Farm Business Income</i>

FBS	<i>Farm Business Survey</i>
FBT	<i>Farm Business Tenancy</i>
FC	<i>Farming Connect</i>
FLA	<i>Felling Licence Applications</i>
FLS	<i>Farm Liaison Service</i>
FMP	<i>Forestry Management Plan</i>
FMU	<i>Forest Management Unit</i>
FRAPs	<i>Flood Risk Activity Permits</i>
FTE	<i>Full Time Equivalent</i>
FUW	<i>Farmers Union of Wales</i>
GAEC	<i>Good Agricultural and Environmental Conditions</i>
GDP	<i>Gross Domestic Product</i>
GDPR	<i>General Data Protection Regulations</i>
GHG	<i>Greenhouse Gas</i>
GLU	<i>Grazing Livestock Units</i>
GMEP	<i>Glastir Monitoring and Evaluation Programme</i>
GoWA	<i>Government of Wales Act 2006 (amended by the Wales Act 2017)</i>
Ha	<i>Hectare</i>
HM	<i>Her Majesty's</i>
HRA	<i>Habitats Regulations Assessment</i>
IIA	<i>Integrated Impact Assessments</i>
IACS	<i>Integrated Administrative Control System</i>
IPCC	<i>Intergovernmental Panel on Climate Change</i>
INNS	<i>Invasive Non-Native Species</i>
IMP	<i>Integrated Modelling Platform</i>
IUCN	<i>International Union for Conservation of Nature</i>
JSII	<i>Justice System Impact Identification</i>
LACS	<i>League Against Cruel Sports (Charity)</i>
LAM	<i>Land Allocation Module</i>
LED	<i>Light Emitting Diode</i>
LMA	<i>Land Management Agreement</i>
LRC	<i>Local Record Centres</i>
LULUCF	<i>Land Use, Land-Use Change and Forestry</i>
MoJ	<i>Ministry of Justice</i>
N	<i>Nitrogen</i>
NECD	<i>National Emissions Ceilings Directive</i>
NFU	<i>National Farmers' Union (Cymru)</i>
NGO	<i>Non-Governmental Organisation</i>
NH <sub>3</sub>	<i>Ammonia</i>
NHS	<i>National Health Service</i>
NMP	<i>Nutrient Management Planning</i>
NMVOC	<i>Non-Methane Volatile Organic Compounds</i>
NPTA	<i>National Pest Technicians Association</i>
NPV	<i>Net Present Value</i>
NRW	<i>Natural Resources Wales</i>
N <sub>2</sub> O	<i>Nitrous Oxide</i>
ONS	<i>Office for National Statistics</i>
P	<i>Phosphorous</i>
PfG	<i>Programme for Government (commitment)</i>
PIPSA	<i>Public Intervention and Private Storage Aid (scheme)</i>

PM <sup>2.5</sup>	<i>Particulate Matter</i>
PoW	<i>Programme of Works</i>
RD	<i>Rural Development</i>
RDP	<i>Rural Development Programme</i>
RDPS	<i>Rural Development Payment Scheme</i>
RIA	<i>Regulatory Impact Assessment</i>
RICS	<i>Royal Institute of Chartered Surveyors</i>
RIW	<i>Rural Inspectorate Wales</i>
RPW	<i>Rural Payments Wales</i>
RSPB	<i>Royal Society for Protection of Birds</i>
RSPCA	<i>Royal Society for the Prevention of Cruelty to Animals (Charity)</i>
RUMA	<i>Responsible Use of Medicines in Agriculture Alliance</i>
SAC	<i>Special Areas of Conservation</i>
SAF	<i>Single Application Form</i>
SDA	<i>Severely Disadvantaged Area</i>
SFARMOD	<i>Silsoe Whole Farm Model</i>
SFS	<i>Sustainable Farming Scheme</i>
SFaOL	<i>Sustainable Farming and Our Land (consultation paper)</i>
SLM	<i>Sustainable Land Management</i>
SMNR	<i>Sustainable Management of Natural Resources</i>
SMS	<i>Sustainable Management Scheme</i>
SoNaRR	<i>State of Natural Resources Report</i>
SSSI	<i>Site of Special Scientific Interest</i>
TB	<i>Tuberculosis</i>
TPO	<i>Tree Preservation Order</i>
TRIG	<i>Tenancy Reform Industry Group</i>
TWh	<i>Terrawatt hour</i>
UKCCC	<i>UK Committee on Climate Change</i>
UKFS	<i>United Kingdom Forestry Standard</i>
UN	<i>United Nations</i>
WFD	<i>Water Framework Directive</i>
WFG	<i>Well-being of Future Generations (Wales) Act 2015</i>
WG	<i>Welsh Government</i>
WWF	<i>Worldwide Wildlife Fund (for nature)</i>



# *PART 1 – EXPLANATORY MEMORANDUM*

## **Chapter 1 - Description**

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- 1.1 The Agriculture (Wales) Act (“the Act”) makes provision for Sustainable Land Management (“SLM”) and also makes provision relating to support for or in connection with agriculture in Wales.
- 1.2 The Act will allow for Welsh Ministers to continue making agricultural support payments to farmers during a transition period (policy proposals on transition are set out in the *Sustainable Farming Scheme* (SFS) publication).
- 1.3 The Act will amend the Agricultural Holdings Act 1986 (“the 1986 Act”) and the Agricultural Tenancies Act 1995 (“the 1995 Act”) to provide tenants with a route to dispute resolution in certain circumstances.
- 1.4 The Act will replace the time limited powers taken for Welsh Ministers in the Agriculture Act (AA) 2020, Schedule 5, which expire in December 2024.
- 1.5 The Act will alter the Forestry Act 1967 to give Natural Resources Wales (NRW) the power to add “environmental” conditions to felling licences, and to amend, suspend or revoke felling licenses already granted to prevent felling that would contradict other environmental legislation.
- 1.6 The Act also provides for the prohibition of Snares and Glue Traps.
- 1.7 The Act, which comprises six parts, will make provision for:

## PART 1 – SUSTAINABLE LAND MANAGEMENT

- 1.8 Establishes four SLM objectives.
- 1.9 Places a duty on the Welsh Ministers to exercise certain functions in the way they consider best contributes to achieving the SLM objectives, so far as consistent with the proper exercise of the function.
- 1.10 Provides for monitoring and reporting of progress towards achieving the objectives, including the setting of indicators and targets, to assess implementation, to provide an important evidence base, and to facilitate scrutiny and accountability.

## PART 2 – SUPPORT FOR AGRICULTURE ETC

### ***Chapter 1 – Welsh Ministers’ power to provide support***

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- 1.11 Provides Welsh Ministers with the power to provide support, such as the creation of schemes (or other forms of support) for or in connection with agriculture and ancillary activities. The principal proposed delivery mechanism for SLM will be the SFS.
- 1.12 Allows for the checking, enforcing and monitoring of any support provided under the power to provide support, ensuring that all agricultural support (scheme or otherwise) which is supported and / or financed by the Welsh Ministers is administered correctly.
- 1.13 Sets out the reporting requirements for all support schemes and any support provided under the power to provide support. There will be two levels of mandatory reporting, an Annual Report and an Impact Report.
- 1.14 The Annual Report must be prepared annually and will provide details on all financial and non-financial support provided during each financial year.
- 1.15 The Impact Report will need to be prepared every five years to assess the impact and effectiveness of all support (be that via a scheme or otherwise) provided during the reporting period under the powers to provide support.

## ***Chapter 2 - Powers to modify legislation relating to financial and other support***

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- 1.16 Replaces the time limited powers in the AA 2020 for Welsh Ministers to modify the financing, management, and monitoring of the Common Agricultural Policy (CAP).
- 1.17 Provides powers to modify, while honouring existing, rural development payment schemes (RDPS) entered into prior to European Union (EU) Exit which extend beyond Exit day.
- 1.18 Replaces the time limited powers in the AA 2020 for Welsh Ministers to modify retained direct EU legislation relating to apiculture and subordinate legislation relating to that legislation.

## ***Chapter 3 - Intervention in agricultural markets***

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- 1.19 Provides powers for Welsh Ministers to:
  - a) Make a declaration of exceptional market conditions in agricultural markets.
  - b) Provide financial assistance to producers following a declaration of exceptional market conditions.
  - c) Modify retained EU legislation relating to Public Intervention and Private Storage Aid (PIPSA).

## ***Chapter 4 - Agricultural tenancies***

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- 1.20 The 1986 and 1995 Acts have been amended to provide tenants under both Acts with a route to dispute resolution in circumstances where their landlord may be unreasonably withholding consent to *a matter which requires consent under the tenancy*, or to a request to vary a restrictive clause in the tenancy agreement, *where the request is made to enable the tenant to request or apply for financial support*, and additionally in the case of the 1995 Act complying with a statutory duty. This will ensure

access to arbitration is similar for tenants under both the 1986 Act (which already includes provisions regarding complying with statutory duties following amendments made by the Agriculture Act 2020) and the 1995 Act.

## PART 3 - MATTERS RELATING TO AGRICULTURE AND AGRICULTURAL PRODUCTS

### ***Chapter 1 – Collection and sharing of data***

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1.21 Provides powers to enable data to be collected from the agricultural sector across two distinct yet complementary categories, firstly from persons within or closely connected to an ‘agri-food supply chain’; and secondly from those persons who undertake ‘relevant activities’ which is those who undertake activities related to agriculture.

### ***Chapter 2 – Marketing standards: Agricultural products***

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1.22 Replaces the time limited powers in the AA 2020 for Welsh Ministers to make provision about the standards with which a designated list of agricultural products must conform when they are marketed within Wales.

### ***Chapter 3 – Classification etc. of certain carcasses***

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1.23 Replaces the time limited powers in the AA 2020 for Welsh Ministers to make provision for bovine, pig and sheep carcass classification in Welsh slaughterhouses.

## PART 4 - FORESTRY

1.24 To introduce amendments to the Forestry Act 1967 to provide for the addition of conditions focussed on environmental protection and conservation to felling licences and introduce new powers for NRW to amend, suspend or revoke felling licences once granted.

## PART 5 - WILDLIFE

1.25 Prohibits two specific methods of pest control, namely the use of snares for capturing wild animals, and the use of glue traps for capturing (non-human) vertebrates.

## PART 6 – GENERAL

1.26 Defines what is meant by ‘agriculture’ and ‘ancillary activity’ within the confines of the Act. The definitions reflect the breadth of farming activities within Wales, capturing both traditional and modern agricultural practices and methods in Wales.

1.27 Sets out the regulation powers throughout the Act and when each provision under the Act will come into force.

## SCHEDULE 1 - AGRICULTURAL PRODUCTS RELEVANT TO MARKETING STANDARDS PROVISIONS

## SCHEDULE 2 - MINOR AND CONSEQUENTIAL AMENDMENTS ETC. RELATING TO PARTS 1 TO 3

## SCHEDULE 3 - CONSEQUENTIAL AMENDMENTS ETC. TO THE COMMON MARKET ORGANISATION (CMO) REGULATION

## Chapter 2 - Legislative Competence

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2.1 Senedd Cymru ("the Senedd") has the legislative competence to make the provisions in the Agriculture (Wales) Act ("the Act") pursuant to Part 4 of the Government of Wales Act 2006 ("GoWA 2006") as amended by the Wales Act 2017.

## **Chapter 3 - Purpose and intended effect of the legislation**

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### ***Introduction***

3.1 Welsh land matters. It gives us food, provides livelihoods, supports communities and generates vital environmental services which we all rely on. By working their land, farmers make an important contribution to the economy, the natural environment, and our rural communities.

### ***Leaving the European Union (EU) and Common Agricultural Policy (CAP)***

3.2 The way support has been provided to farmers has changed over time. After the Second World War, the predominant purpose of agricultural policy was to ensure an adequate and secure food supply. The EU's CAP, launched in 1962, was designed to be a partnership between agriculture and society, and between Europe and its farmers.

3.3 As a member of the EU, Wales implemented the CAP which is governed primarily by directly applicable EU regulations. Following the exit from the EU, these regulations were incorporated into domestic law under the European Union (Withdrawal) Act 2018 and became retained direct EU legislation.

3.4 As the challenges facing Wales, the UK and Europe have changed, support has increasingly been linked to the environment.

3.5 The United Kingdom's membership of the EU has provided a relatively stable operating environment for agriculture in Wales for decades. Membership had provided many farmers with significant amounts of annual income support and access to a large market for agricultural products protected by an external tariff boundary. Farming and land management practices in Wales have also been governed by a complex framework of European and domestic legislation.

3.6 Leaving the EU also means the end of the EU CAP and its associated funding for farmers and regulatory framework. Agriculture is a devolved matter. Therefore, leaving the EU has presented Wales with the

opportunity to create future agricultural policy which is more in tune with the unique challenges and opportunities specific to Wales.

3.7 The principal role of agriculture is to produce food and related agricultural products. Recent shocks to the global agri-food supply chain such as Covid-19, the shipping crises and the war in Ukraine have highlighted the importance of resilient supply chains and locally produced food.

3.8 It is equally important that food production and the supply chains that support it are sustainable so that future generations maintain the ability to produce and supply agricultural products to and from Wales.

3.9 The Welsh Government also recognises the key role that agriculture has to play in the cultural and social make up of Wales as well as the vital role the sector has in helping to meet its wellbeing, climate change and biodiversity goals. This Act is designed to support farmers to deliver these outcomes alongside the sustainable production of agricultural products. The Welsh Government believes that these goals, when considered as a whole, are complementary.

### ***Climate Emergency***

3.10 The Welsh Government declared a climate emergency in response to the latest evidence from the Intergovernmental Panel on Climate Change (IPCC). This was intended to send a clear signal the Welsh Government will not allow the process of leaving the EU to distract from the challenge of climate change, which threatens our health, economy, infrastructure, our natural environment and consequently our language and culture.

3.11 In 2019, Welsh Government accepted the UK Committee on Climate Change (UKCCC) recommendation for Wales to increase its 2050 emissions reduction target from 80% to 95% and declared an ambition to reach net zero. Following further advice from the UKCCC in December 2020, the Welsh Government asked the Senedd to update Wales's statutory emissions reduction pathway in March 2021. The new targets demand greater effort from all emissions sectors, including agriculture.

3.12 To realise these benefits, the Act will provide a framework within which the Basic Payment Scheme (BPS) and other EU agri-environment support



schemes will be replaced, by support provided under the power to provide support. The proposed Sustainable Farm Scheme (SFS) is intended as the principal scheme to be created under the power to provide support. The SFS will be a scheme aimed at rewarding farmers for the delivery of a range of outcomes alongside, in addition to, and as a consequence of the production of food and other goods.

- 3.13 Agricultural reform and responding to the climate and nature emergencies are long term challenges. A sustainable agriculture sector is key to meeting our commitment for Wales to be net zero by 2050, contributing to nature recovery and to Wales's biodiversity commitments in accordance with the Kunming-Montreal biodiversity framework.
- 3.14 The Act will be fundamental to delivering these aims, setting our policy direction for the next fifteen to twenty years.

### ***Well-being of Future Generations (Wales) Act 2015***

- 3.15 The Well-being of Future Generations (Wales) Act (WFG) 2015 requires the Welsh Government to think more about the long-term. It requires us to take a joined-up approach, to prevent problems and to create a Wales that we all want to live in, now and in the future. The Sustainable Development Principle and seven Well-being Goals provide a framework for government decision-making which must be reflected in our new approach to land management.

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## The Agriculture (Wales) Act

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- 3.16 As set out in the Programme for Government<sup>1</sup>, tackling the climate and nature emergencies are a priority for this Government. Sustainable food production, responding to the climate emergency and reversing the decline of biodiversity are just three of today's most significant challenges.
- 3.17 The Welsh Government believe farm support should reflect this important change in context and reward farmers who take action to meet these challenges. Operating outside of the EU is also likely to mean a more challenging economic environment. Farm support must help farmers adjust to this.
- 3.18 The Counsel General set out the Welsh Government's ambitious legislative programme on 6 July 2021. This confirmed the Welsh Government would introduce an Agriculture Bill to the Senedd to establish a new system of farm support, based on the framework of (SLM), which will maximise the protective power of nature through farming.
- 3.19 The overarching policy objective of the Act is to provide the Welsh Ministers with the powers to enable and support the delivery of the SLM objectives, through powers to provide support to the agricultural sector, through a support scheme or schemes, or via other forms of support.
- 3.20 This includes our proposals to:
- a) Establish SLM as the overarching framework for agricultural policy in Wales.
  - b) Establish a power to provide support to the Agricultural sector – the support, which may take the form of a scheme, would address climate change, public health and environmental issues associated with agriculture by exercising their functions in a way that best contributes to the SLM objectives. This integrated approach would enable the sustainable production of food alongside the delivery of improvements to those social and environmental issues.

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<sup>11</sup> [Programme for government: update | GOV.WALES \(2021\)](#)

c) Provide support to those parts of the wider industry and supply chain that also support the continued delivery of SLM.

3.21 The Act will also amend other legislation in relation to agricultural tenancies, Forestry, Snares and Glue Traps. It will:

a) ensure tenants of 1986 Act (AHA) and 1995 Act (FBT) agreements are not unfairly restricted from accessing financial assistance provided under the power of support provisions in the Act.

b) amend the Forestry Act 1967 to add conditions focussed on environmental protection and conservation to felling licences and amend, suspend or revoke felling licences once granted.

c) prohibit two specific methods of pest control, namely the use of snares for capturing wild animals, and the use of glue traps for capturing (non-human) vertebrates.

### ***Sustainable Land Management (SLM):***

3.22 The Act establishes four SLM objectives:

a) To produce food and other goods in a sustainable manner.

b) To mitigate and adapt to climate change.

c) To maintain and enhance the resilience of ecosystems and the benefits they provide, and

d) To conserve and enhance the countryside and cultural resources, and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.

3.23 Each SLM objective also provides that the objective is realised in a way that:

a) meets the needs of the present without compromising the ability of future generations to meet their own needs, and

b) contributes to achieving the well-being goals in section 4 of the Well-being of Future Generations (Wales) Act (WFG) 2015.

- 3.24 This means that contributing to achieving each objective also contributes to meeting the needs of current and future generations in Wales.
- 3.25 The SLM objectives have been developed and informed through a comprehensive consultation process documented in *Brexit and our Land (BaOL)*<sup>2</sup>, *Sustainable Farming and our Land*<sup>3</sup>, and the *Agriculture (Wales) White Paper*<sup>4</sup>. These consultations describe the development of a policy framework, SLM, that compliments the requirements of domestic legislation, notably the *Well-being of Future Generations (Wales) Act 2015*<sup>5</sup> and the *Environment (Wales) Act 2016*<sup>6</sup>, and responds to the pressing needs to address the Climate and Nature emergencies declared by the Welsh Government.
- 3.26 For their own and society's benefit, Welsh farmers will need to continue producing high quality food whilst maintaining high production standards. However, there is increasing evidence that agricultural intensification has adverse impacts upon society and the environment through reductions in air and water quality, carbon emissions and reductions in farmland biodiversity and ecosystem degradation.
- 3.27 The *Agriculture (Wales) Act* provides support and regulatory mechanisms to enable and encourage Welsh farmers to produce food and other goods sustainably from farms which are characterised by having a very low carbon footprint, enhanced ecosystem resilience including increased biodiversity, and minimised nutrient losses to air and water. Rewarding farmers for achieving these goals will help create a sustainable and resilient agriculture sector in Wales for future generations.

### ***Agriculture Act (AA) 2020***

- 3.28 Introduced into the UK Parliament on 16 January 2020 and achieving Royal Assent on 11 November 2020, the stated policy objective of the AA 2020 is to provide the legal basis for the Secretary of State to operate and

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<sup>2</sup> [Brexit and our land - securing the future of Welsh farming \(GOV.WALES\)](#) (2018)

<sup>3</sup> [Sustainable Farming and our land \(GOV.WALES\)](#) (2019)

<sup>4</sup> [Agriculture \(Wales\) White Paper \(GOV.WALES\)](#) (2020)

<sup>5</sup> [Well-being of Future Generations \(Wales\) Act 2015 \(legislation.gov.uk\)](#)

<sup>6</sup> [Environment \(Wales\) Act 2016 \(legislation.gov.uk\)](#)

transition to, in England, new financial assistance schemes based on the principle of “public money for public goods”.

3.29 The AA 2020 contains provisions enabling the Welsh Ministers to continue to provide financial support to the Welsh agricultural sector through a domestic version of the CAP’s BPS and Rural Development Payment Scheme (RDPS).

3.30 The Welsh Government was clear from the outset the relevant powers for Welsh Ministers were intended to be transitional until primary legislation in the form of an Agriculture (Wales) Act could be brought forward.

3.31 To address the concerns of Senedd Committees, the Act includes a ‘sunset’ date in Section 47 and ensures the expiry of provisions in Schedule 5, along with a small number of related provisions, at the end of 2024 in accordance with that provision. The Act will repeal and replace those provisions which sunset in the AA 2020.

## PART 1 – SUSTAINABLE LAND MANAGEMENT

### ***Introduction:***

3.32 Welsh farmers hold a unique position in Welsh society, recognised for their role in producing a supply of safe, high-quality food. The role of our land to produce goods beyond this, and farmers' capability to help tackle some of the most pressing challenges our country faces, is often not so clearly recognised. Contributing to clean air and water, reducing carbon emissions, capturing carbon, supporting ecosystems, and providing a key part of rural communities, livelihoods and culture are examples of the wider benefits which agriculture and its ancillary activities can provide. SLM brings together the wide-ranging and significant economic, environmental, cultural and social contribution of agriculture and its ancillary activities into a single concept.

3.33 The policy purpose of SLM is to contribute to achieving particular objectives (the "SLM objectives"). Those objectives are:

- a) to produce food and other goods in a sustainable manner.
- b) to mitigate and adapt to climate change.
- c) to maintain and enhance the resilience of ecosystems and the benefits they provide.
- d) to conserve and enhance the countryside and cultural resources, and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.

3.34 In each case, contributing to achieving an objective is (a) to meet the needs of the present without compromising the ability of future generations to meet their own needs, and (b) to contribute to achieving the well-being goals in section 4 of the Well-being of Future Generations (Wales) (WFG) Act 2015 (section 1).

3.35 The Act seeks to achieve these objectives by imposing a duty on the Welsh Ministers to exercise certain functions, such as, for example, the power to provide support, in the way they consider best contributes to

achieving the objectives, so far as consistent with the proper exercise of the function (the “SLM duty”) (section 2).

3.36 The Welsh Ministers’ functions to which the SLM duty applies are specified at section 2(2) and (3), subject to the exceptions at section 3.

3.37 Adopting this policy approach seeks to ensure the economic, environmental, cultural and social outcomes from land management practice can be delivered for the long-term benefit of the people of Wales.

3.38 Accountability, scrutiny, ongoing policy development and assessment of the effectiveness of SLM is enabled by the SLM monitoring and reporting provisions (sections 4 to 7). Indicators and targets will be set to measure progress, and these are described in detail in the ‘Reporting and Monitoring’ section below.

3.39 It is envisaged that the power to provide support, Part 2, Chapter 1 of the Act, will be one of the main mechanisms by which the SLM objectives are realised. The relationship between Parts 1 and 2 means that the SLM objectives, taken together with the SLM duty, provide the policy and legislative framework for the provision of support. When the Welsh Ministers exercise relevant functions, such as, for example, the power to provide support in Part 2 of the Act, they must act in a way which they consider best contributes to the SLM objectives so far as is consistent with the proper exercise of the function. In this way any support provided under the power to provide support will be assessed against the SLM objectives and provided in accordance with the SLM duty.

### ***The SLM Objectives:***

3.40 The SLM objectives were developed from the United Nations (UN) definition of SLM: “The use of land resources, including soils, water, animals and plants, for the production of goods to meet changing human needs, while simultaneously ensuring the long-term potential of these resources and the maintenance of their environmental benefits.”<sup>7</sup> They also align with international programmes and initiatives such as “the UN

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<sup>7</sup> [https://www.un.org/esa/sustdev/csd/csd16/documents/fao\\_factsheet/land.pdf](https://www.un.org/esa/sustdev/csd/csd16/documents/fao_factsheet/land.pdf) (2016)

Decade on Ecosystem Restoration 2021-2030”, declared on 1 March 2019 by the UN General Assembly.

3.41 The scope and design of the objectives seeks to ensure that the agricultural sector produces food and other goods in a way which is sustainable for the people of Wales, responds to the climate and nature emergencies, conserves and enhances the countryside and cultural resources and promotes public access to them, and contributes to a thriving Welsh language.

***The first objective – to produce food and other goods in a sustainable manner***

3.42 This objective recognises the primary function and vital role of agriculture and its ancillary activities in the production of food and other goods. It is important that farmers are able to stay on the land and produce food and other goods in a way that is environmentally, economically, and socially sustainable.

3.43 The first SLM objective also recognises the important contribution that farmers and the agricultural sector provide for the preservation and furtherance of Welsh culture. In requiring the production of "food and other goods in a sustainable manner" the objective encapsulates the three pillars of sustainability: economic, social and environmental. In respect of the social and economic aspects these are often linked in that, by supporting Welsh farmers to stay on and farm their land, the cultural heritage in the traditions and way of working that those farmers embody is also preserved. For farming to be truly sustainable in Wales the cohesion and resilience that the continuity of Welsh farms provide to their communities should be supported. This is captured in the wording of the first SLM objective.

3.44 Section 1(6) provides that the resilience of agricultural businesses, including but not limited to their economic resilience, within the communities in which they operate and their contribution to the local economy are relevant factors (among other things) to determine whether food and other goods are produced in a sustainable manner for the purposes of the first SLM objective. This acknowledges the crucial role that agricultural businesses play locally,



within the communities in which they operate and the local economy, and highlights that their resilience, including but not limited to their economic resilience, enhances the sustainable production of food and other goods. Resilient agricultural businesses contribute to the economic, environmental, and social aspects of sustainable food production and support the environmental, social and other aspects outlined in the second, third, and fourth objectives, ultimately promoting sustainable agricultural practices by ensuring that the conditions are favourable to support thriving communities that are the bedrock of our rural life, supporting people to live in communities to manage the land sustainably.

3.45 Food production is a vital component of SLM, as part of the production of goods to meet human needs. A sustainable approach makes it possible for farms to produce positive environmental and social outcomes like cleaner air and cleaner water alongside producing food. Achieving these outcomes contributes to a prosperous and resilient agricultural sector and local economies. This objective also captures other important policy objectives that may not be covered by the other objectives, such as the production of goods in a way that promotes high standards of animal health and welfare.

3.46 This approach supports our ambition for Welsh farmers to be world leaders in sustainable farming, meeting our global obligations without offshoring food production to countries with lower standards. Whilst the biggest medium to long term risk to food security comes from climate change, soil degradation, water quality and biodiversity loss<sup>8</sup>, the conflict in the Ukraine has brought the issue of global food security into sharp focus. This objective recognises the fundamental importance of supporting farmers to produce food sustainably in response to all of these challenges. The Act also makes provision for the monitoring and reporting of progress towards achieving this objective, including the setting of indicators and targets, which will provide an important evidence base and facilitate scrutiny and accountability.

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<sup>8</sup> United Kingdom Food Security Report 2021: Theme 2: UK Food Supply Sources (2021)

## ***The second objective – to mitigate and adapt to climate change***

3.47 Agriculture in Wales accounts for circa 14% of the country's total greenhouse gas (GHG) emissions. The second objective requires and enables the Welsh Ministers to take action to mitigate and adapt to climate change. In turn, this helps to support farmers to minimise their emissions to help meet Wales's net zero by 2050 goal<sup>9</sup>.

3.48 This will be achieved through a combination of reducing agricultural emissions and maximising the potential of our land to drawdown and store atmospheric carbon. Adaptation to the effects of the climate emergency through actions which lessen the impacts on the people, land and infrastructure of Wales are also included. This objective is therefore focused on measures to reduce climate change through the reduction of GHG's and carbon sequestration and storage (mitigation), as well as adapting to the effects of climate change, for example, by taking action to reduce flood risks.

3.49 Soil health initiatives are an example of the kind of approaches the second objective is designed to encourage. Improving soil health enables the sustainable production of food while preserving the ability for future generations to do the same; lowering carbon emissions by reducing the requirement for artificial fertilisers; as well as improving the ability of soil to drawdown and store carbon. Exploring efficiencies in the agri-food supply chain will also help to lower carbon emissions, for example, by helping to mitigate climate change by increasing resource efficiency and lowering transport emissions.

3.50 As well as reducing emissions, agricultural land in Wales also has the potential to act as a carbon sink. For example, increases in tree cover and the restoration and care of natural features such as salt marshes and peat bogs have the potential to deliver against Welsh Governments net zero goals.

3.51 It is vitally important Wales learns to adapt to the effects of climate change at the same time as working to mitigate it. The agricultural sector has a role to play in helping to adapt to some of those changes in a way that

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<sup>9</sup> [Net Zero Wales Carbon Budget 2 \(2021-2025\)](#)

minimises disruption and costs. For example, the increase in global temperature is predicted to mean more frequent flood events but the damage they cause can be managed by river catchment area interventions such as water course management or flood water storage. Rising temperatures and sun hours can be made less harmful by increases in tree cover. These and other adaptative actions along with support for innovative farming methods would also contribute to the first objective, the sustainable production of food and other goods as well as ecosystem resilience and biodiversity gains.

### ***The third objective – to maintain and enhance the resilience of ecosystems***

3.52 The third objective focusses on the resilience of ecosystems including condition, scale and connectivity. Resilient and varied ecosystems provide the cornerstone of a productive and sustainable agricultural sector as well as supporting the delivery of wider social and economic benefits. In 2021, Wales declared a nature emergency with 1 in 6 species<sup>10</sup> in the country at risk of extinction.

3.53 In December 2022 the Welsh Government reiterated its commitment to addressing the nature emergency in response to the COP15 Kunming-Montreal Global Biodiversity Framework (KM-GBF) and identified its intent to become a “global leader” through implementation and “learning from people all over the world on forestry and nature restoration”. Provision to maintain and enhance ecosystem resilience is intended to ensure action is taken to address the “nature emergency” and contribute to Wales’ wider response to the KM-GBF.

3.54 Taking action to contribute to ecosystem resilience in accordance with the SLM duty, for example through support schemes that may be established under this Act, will contribute to several of the goals and targets under the KM-GBF. Targets 7 and 10 of the KM-GBF are of particular relevance.

3.55 Target 10 of the KM-GBF requires action to:

“Ensure that areas under agriculture, aquaculture, fisheries and forestry are managed sustainably, in particular through the sustainable use of

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<sup>10</sup> Natural Resources Wales / State of Natural Resources interim report (2019)

biodiversity, including through a substantial increase of the application of biodiversity friendly practices, such as sustainable intensification, agroecological and other innovative approaches contributing to the resilience and long-term efficiency and productivity of these production systems and to food security, conserving and restoring biodiversity and maintaining nature's contributions to people, including ecosystem functions and services.”

3.56 Target 7 of the KM-GBF requires a reduction in pollution risks and the negative impact of pollution from all sources by 2030 to levels that are not harmful to biodiversity and ecosystem functions and services. This includes reducing excess nutrient run off by at least half, reducing overall risk from pesticides and other harmful chemicals by at least half and working towards eliminating plastic pollution.

3.57 The third objective is to maintain and enhance the resilience of ecosystems and the benefits they provide is intended to ensure that support and other action taken in accordance with the SLM duty, includes, for example, improving environmental protection, reversing biodiversity loss and protecting natural habitats. Factors relevant to ecosystem resilience include scale, condition, connectivity, diversity and adaptability to factors such as climate change, environmental pollution and invasive species. The benefits provided by resilience ecosystems include clean air, clean water and enhanced carbon storage.

3.58 Different ecosystems each with a variety of flora and fauna are more resilient to changes in climate and weather patterns. They are also more robust against shocks such as disease or invasive species and aid the proliferation of crops through an increase in pollinators contributing to the first SLM objective, the sustainable production of food and other goods.

3.59 The third objective compliments the other SLM objectives by seeking to maintain and enhance a biodiverse natural environment with healthy functioning ecosystems that support social, economic and ecological sustainability and the capacity to adapt to change. This recognises that healthy functioning ecosystems are a foundation of economic and social/cultural sustainability.

***The fourth objective – to conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use***

3.60 The fourth objective addresses the myriad ways in which agriculture and our land form a key part of the identity of Wales including, but not limited to the communities of rural Wales. Recognising the benefits for Wales in supporting farmers not just in their key role as producers of food and delivering environmental outcomes but also as stewards of our land, history, language, and culture.

3.61 Agriculture and its ancillary activities deliver benefits that play a key part in the social and cultural life of Wales. These benefits arise out of the wider services farming provides to local communities and to Wales as a whole. The fourth objective recognises the vital place that the countryside, including our agricultural land, has at the heart of our communities particularly in the more rural areas of Wales.

3.62 Access to the countryside and the numerous physical and mental benefits it provides forms a key part of the Welsh Government's wellbeing strategy. The fourth objective recognises the key role that the agricultural sector plays in facilitating and encouraging access, and to conserving and enhancing the countryside, including the beauty of the natural environment and Wales's cultural resources.

3.63 Wales is particularly rich in historical assets, and these form an important part of our cultural heritage. The fourth objective also focusses action on the conservation and enhancement of cultural resources, including cultural heritage and the historic environment, and promoting access to them. Heritage can help to foster a sense of place and belonging, having and maintaining a shared identity and knowing it exists is important in itself, just as knowing it will be there for future generations. It fosters cultural and community values that are consistent with the social goals of SLM.

3.64 Our agricultural communities can also be bastions of the Welsh language and culture and it is important that these practices are sustained and shared. The Welsh Ministers recognise the importance our rural communities have in ensuring a thriving Welsh language. The fourth objective

therefore makes provision that aims to sustain the Welsh language and promote and facilitate its use and in so doing also supports Wales's wellbeing goal of "a Wales of vibrant culture and thriving Welsh language"<sup>11</sup>.

### ***The SLM Duty:***

3.65 The duty places the SLM objectives at the heart of future agricultural policy in Wales. It requires the Welsh Ministers to exercise certain of their functions in the way they consider "best contributes" to achieving the objectives, so far as consistent with the proper exercise of the function (section 2).

3.66 The Welsh Ministers' functions to which the duty applies are specified at section 2(2) and (3), subject to the exceptions at section 3 (described below).

3.67 Section 2(2) provides that the functions within scope are functions under the Act; functions under any other enactment that require or allow the Welsh Ministers to provide support for (i) agriculture, or other activities carried out on land used for agriculture, or (ii) ancillary activities; and functions under any other enactment that require or allow the Welsh Ministers to regulate (i) agriculture, or other activities carried out on land used for agriculture, or (ii) ancillary activities.

3.68 Section 2(3) provides clarity that the SLM duty applies to the functions referred to in subsections (2)(b) and (2)(c) only to the extent that those functions are exercised to provide support for, or to regulate, (a) agriculture, or other activities carried out on land used for agriculture, or (b) ancillary activities (and not, therefore, to the extent that those functions are exercised for some other purpose).

3.69 This broad reach across Welsh Ministers' agricultural functions enables a cohesive approach to the sector which will be more effective in meeting the SLM objectives. For example, circular economy initiatives, which work to lower emissions and waste while increasing productivity, could be most effective if support is provided post farm gate as well as to the agricultural activities themselves.

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<sup>11</sup> Wellbeing of Wales: 2021

3.70 The duty requires that the Welsh Ministers must consider all four SLM objectives when the Welsh Ministers are exercising a relevant function to which the duty applies, and to exercise the function in the way they consider best contributes to achieving those objectives (taken together), so far as consistent with the proper exercise of the function. The objectives are intended to be complementary, and, in some cases, this will mean that action can be taken that contributes to all of the objectives, though not necessarily equally. In other cases, this may not be possible, for example, where the exercise of a particular function has no effect in respect of one or more for the objectives.

3.71 The duty is intended to provide a clear and strong policy direction, with the flexibility necessary to ensure effective application. In each case, the Welsh Ministers will be required to exercise relevant functions in the way they consider best contributes to the SLM objectives (so far as consistent with the proper exercise of the function). This means that where there is more than one option, the Welsh Ministers will be required to choose the option that they consider is most beneficial in SLM terms.

### ***Exceptions From The Duty***

3.72 Functions relating to the BPS, including functions governing the financing, management and monitoring of the CAP so far as the function is being exercised in a way that has an effect on the BPS, have been excepted from the SLM duty (section 3). This is because the BPS is a universal income support scheme that does not deliver against the policy outcomes sought by the SLM objectives. The functions relating to the BPS are necessary to support payments to farmer during a transition period should a farmer choose not to enter the SFS.

### ***SLM reporting and monitoring***

3.73 SLM is aimed at transformational change in agricultural policy with the intention of establishing a policy framework to ensure a sustainable future for farming for both current and future generations. In that context, provision for effective monitoring and reporting is essential to ensure effective accountability for the implementation of SLM, as well as appropriate

engagement with and scrutiny by the Senedd, interest groups, and others. Effective monitoring and reporting is also essential to assess policy effectiveness and to provide an important and developing evidence base for ongoing policy development, through improving knowledge, innovation and identifying trends.

3.74 It is important that detailed and specific provision is made for monitoring and reporting, including specific indicators and targets, so that clear assessments of progress can be made with a view to supporting delivery.

3.75 Monitoring and reporting progress against the SLM objectives will be complimented by provision for evaluation of the implementation of key policy areas, including the provision of financial support.

### ***Sustainable Land Management indicators and targets:***

3.76 The Welsh Ministers will be required to publish a statement of indicators and targets to measure progress towards achieving the SLM objectives through the exercise of the functions to which the SLM duty applies.

3.77 Indicators will be established as measurable aspects of an SLM objective that provide metrics by which the contribution of an action to the SLM objectives can be assessed.

3.78 For example, the third objective “maintain and enhance the resilience of ecosystems and the benefits they provide”, may be addressed by several indicators one of which could be a decrease in the levels of pollutants in rivers downstream of agricultural and ancillary activities. A specific target would then be set against that indicator and both the indicator, and the target would be reported against in the SLM report. Another example would be to establish indicators and targets for increased biodiversity to maintain and enhance ecosystem resilience. This allows the Welsh Ministers to build up a detailed picture on the effectiveness of actions taken and, if necessary, adjust those actions to ensure the best contribution to the objectives is achieved.

3.79 To ensure accurate and effective accounting of progress, each SLM objective must have at least one different indicator against it. Further indicators can be set, for one or more of the objectives. It is likely actions



taken in relation to the SLM objectives will be complementary to one another and so it may be appropriate that these further indicators apply to more than one objective.

3.80 Similarly, at least one distinct indicator for each objective must have at least one distinct target set against it, so that progress can be clearly assessed. Further targets may be set which cover one or more of the indicators.

3.81 Indicators and targets may cover all or part of Wales and targets may span any timeframe which Ministers consider appropriate. This allows sufficient opportunity for the results of actions to be measurable against the indicators and targets. For example, changes in the carbon levels in soils can take many years to be measurable and so, if soil carbon sequestration were to be used as an indicator, then a range of relevant matters would need to be considered when setting the appropriate time frame, including the technical realities of testing.

3.82 The SLM indicators and targets statement must be published and laid before the Senedd before 31 December 2025.

3.83 To ensure the effectiveness and responsiveness of the SLM indicators and targets to future challenges and priorities, and to take account of the progress in regard to the SLM objectives, the Welsh Ministers may, at any time, revise the indicators and targets by revising the statement, publishing it and laying it before the Senedd.

### ***Steps to be taken in preparing or revising indicators and targets***

3.84 To ensure that the indicators and targets are effective and appropriate, the Welsh Ministers are required to consult with the Future Generations Commissioner, and any other persons they consider appropriate, in preparing or revising the statement of indicators and targets.

3.85 They are also required to have regard to relevant national indicators published under section 10 of the Well-being of Future Generations (Wales) Act 2015, the state of natural resources report and the national natural resources policy (in both cases so far as they relate to agriculture, other

activities carried out on land used for agriculture, or ancillary activities), and the Impact Report (if any) published under section 14 of the Act.

3.86 The Welsh Ministers must also consider any other matters they consider appropriate. It is the expectation that this will include, amongst other things, statistics published by the Welsh Ministers on agricultural production or the income of agricultural businesses, deriving from surveys of the sector. This could include, for example, the Farm Business Survey and the Farming Facts and Figures report, which provide valuable sources of information and data which may be used to develop target and indicator for levels of sustainable agricultural production.

3.87 Examples of other matters to be considered could include any nature restoration and biodiversity strategies published by the Welsh Government that the Welsh Ministers consider appropriate.

3.88 This will ensure SLM monitoring and reporting takes appropriate account of wider sustainability goals, policies and reporting, to the extent they are relevant.

### ***Sustainable Land Management reports***

3.89 The SLM report is the mechanism by which the effectiveness of actions taken by the Welsh Ministers in accordance with the SLM duty to achieving the SLM objectives is assessed and reported on

3.90 The SLM reporting period will run-in five-year intervals with the exception of the first report, which will run from the period beginning with the day on which section 2 comes into force and ending on 31 December 2025. This ensures a reporting schedule which is timely while allowing appropriate opportunity for progress against indicators and targets to be measurable. The shortened first reporting period is to bring the SLM reports in line with the power of support Impact Report and wider environmental reporting in Wales.

3.91 The Welsh Ministers are required to prepare and publish reports no more than twelve months after the end of a reporting period setting out their assessment of:

- a) the cumulative progress made, since the SLM duty came into force, towards achieving the SLM objectives through the exercise of the functions to which the SLM duty applies, and

- b) the progress made, during the reporting period, towards achieving the objectives through the exercise of those functions.

3.92 As noted above, the report must assess progress against the SLM indicators and targets that have been set. The report must set out the progress made in relation to each indicator in the statement and how that has contributed to the objectives. Furthermore, the report must set out whether each target has been achieved during the reporting period. If a target has not been met, the reason why and the steps Welsh Ministers have taken or intend to take to achieve the target or to set an appropriate new target must be detailed.

3.93 The report may also cover other matters, such as the key priorities, risks, and opportunities in relation to achieving the SLM objectives, and the effect that the progress made towards achieving those objectives has on wider goals and objectives. This allows the report to integrate the effect of working to meet the SLM objectives into wider Welsh Government objectives, for example how work to mitigate GHG emissions from agriculture contributes to Wales's net zero 2050 goal.

3.94 These provisions allow for the assessment of progress made during a reporting period and the cumulative progress since the SLM duty came into force.

### ***Steps to be taken in preparing reports***

3.95 In preparing the SLM reports, the Welsh Ministers must consider the state of natural resources report and the national natural resources policy (in both cases so far as they relate to agriculture, other activities carried out on land used for agriculture or ancillary activities), and the Impact report (if any) published under section 14 of the Act.

3.96 The Welsh Ministers must also consider any other matters that they consider appropriate. It is the expectation that this will include, among other things, statistics published by the Welsh Ministers on agricultural production or the income of agricultural businesses, deriving from surveys of the sector.

3.97 Examples of other matters to be considered could include any nature restoration and biodiversity strategies published by the Welsh Government that the Welsh Ministers consider appropriate.

3.98 It is expected that other matters to be considered in preparing SLM reports will include, amongst other things, any historic and interim SoNaRR reports that the Welsh Ministers consider are appropriate

3.99 This will ensure that SLM reporting is conducted in the context of wider reporting and sustainability actions undertaken in Wales and that appropriate data is considered in the reporting of progress towards the SLM objectives. It will also encourage a cohesive approach to the reporting, and application, of environmental and other actions across Wales providing a robust basis for future policy development which takes a holistic approach to delivering the SLM objectives and wider sustainability goals.

## PART 2 – SUPPORT FOR AGRICULTURE ETC

### ***Chapter 1 – Welsh Ministers’ power to provide support***

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#### ***Welsh Ministers’ power to provide support***

##### ***Introduction:***

3.100 The United Kingdom’s decision to leave the EU has had far-reaching consequences particularly for the agricultural sector. Welsh farmers, like others in the EU, benefited from decades of Common Agriculture Policy funding and a single market protected by an external tariff boundary.

3.101 In both of the Welsh Government’s consultations, BaOL<sup>12</sup> and Sustainable Farming and Our Land<sup>13</sup>, Welsh Ministers set out their ambition to bring forward an Agriculture (Wales) Bill in the Senedd.

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<sup>12</sup> [Brexite and our land - securing the future of Welsh farming \(GOV.WALES\) \(2018\)](#)

<sup>13</sup> [Sustainable Farming and our land \(GOV.WALES\) \(2019\)](#)

- 3.102 Welsh Ministers followed this with the Agriculture (Wales) White Paper consultation<sup>14</sup> where they outlined their intent to implement the principles of Sustainable Land Management and through using this framework, their approach to providing support for sustainable land management actions to the agricultural sector across Wales.
- 3.103 Welsh Ministers are seeking to ensure that the future of agriculture and farming across Wales is sustainable by supporting farmers now and by providing the ability for future generations to continue farming agricultural land.
- 3.104 The Act provides the Welsh Ministers with a power to provide support for or in connection with agriculture in Wales and ancillary activities that take place in Wales.
- 3.105 This power will enable the Welsh Ministers to provide support, which includes the ability to establish, administer and close a scheme or schemes which enable and support the delivery of the SLM objectives. The proposed SFS is expected to be the main delivery mechanism in providing agricultural support to farmers in Wales. As set out under the SLM framework under Part 1 of the Act, the power to provide support (under Part 2) must be exercised in the way the Welsh Ministers consider best contributes to achieving the SLM objectives, so far as consistent with the proper exercise of that function.
- 3.106 In order to ensure there is appropriate and ongoing transparency, accountability and effectiveness of the support provided under the power to provide support, there are two mandatory monitoring and reporting provisions (sections 13 and 14), which provide for an Annual Report and an Impact Report. These are described in detail in the ‘Reporting Requirements’ section below.

### ***Purpose and intended effect of the legislation***

- 3.107 The power to provide support provides Welsh Ministers with the mechanism to support farmers in producing food and other goods in a sustainable way that supports the Welsh Government’s environmental and

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<sup>14</sup> [Agriculture \(Wales\) White Paper \(gov.wales\)](https://gov.wales/agriculture-white-paper)

climate commitments, whilst also supporting our Welsh speaking rural communities and access to the countryside and historic environments for all citizens in Wales.

- 3.108 Support may be provided financially or otherwise. Section 9 provides that financial support may be given via various methods such as a grant, loan, or a guarantee or any other form. Support may also be given as non-financial support, this may include access to advisory services.
- 3.109 One of the aims behind the power to provide support is to prepare and support a thriving agricultural sector which delivers commodities to not only the home market but also further afield, and one which supports farmers to attain a premium price for the sale of their goods, in addition to supporting farmers to take action in response to the nature and climate emergencies.
- 3.110 The power to provide support provision provides a non-exhaustive list of the type of purposes for which support may in particular be provided. Purposes within the list may be amended, removed and added to, by way of regulations. Such amendment may be considered appropriate should for example, future land management practices, government priorities, or environmental needs require. Support may be given for purposes other than those listed so long as they are for or in connection with agriculture in Wales and ancillary activities that take place in Wales.
- 3.111 The list of purposes and a description of each is as follows:
- a) ***Encouraging the production of food in an environmentally sustainable manner*** – Providing for the sustainable production of food, in such a way that it supports environmentally sustainable agricultural practices / methods which use natural resources in a way and at a rate that maintains and enhances the resilience of ecosystems and the benefits they provide.
  - b) ***Helping rural communities to thrive and strengthening links between agricultural businesses and their communities*** – Contributing to thriving and diverse rural communities by strengthening the links between the sector's businesses and their local communities; supporting the economic resilience of agricultural businesses through

farm diversification and strengthening farm businesses to support and contribute towards thriving rural (local) communities.

- c) **Improving the resilience of agricultural businesses** – Actions in favour of keeping farmers on the land, through supporting the resilience and future prosperity of agricultural businesses including new entrants and succession planning which contributes towards achieving the sustainability of the Welsh agricultural sector and the production of food and other goods.
- d) **Sustaining the Welsh language and promoting and facilitating its use** – Sustain and promote the use of the Welsh language across the sector, through actions which facilitate its use across all levels of competency; encourage new learners to engage with the Welsh language across the agricultural sector.
- e) **Reducing emissions of GHGs** - Farms reduce their GHG emissions, including through making efficient use of fuel and energy, minimising external inputs and having productive livestock and crops.
- f) **Maximising carbon sequestration and storage** - Creating new and enhancing existing carbon stocks on farms, for example through increasing soil carbon content, restoring peatland, tree and/or hedge planting and farm woodland management.
- g) **Maintaining and enhancing the resilience of ecosystems** - Avoiding negative impacts on, and delivering benefits for, biodiversity, species, and habitats.
- h) **Conserving and enhancing landscapes and the historic environment** - Conserve and enhance natural beauty, cultural heritage, and the historic environment.
- i) **Improving air quality** - Air which has limited pollution (human made particles and harmful gases) including fine particulate matter (PM<sup>2.5</sup>), ammonia (NH<sup>3</sup>) and non-methane volatile organic compounds (NMVOC).
- j) **Improving water quality** - The water environment (including inland water) is sustainably managed to support healthy communities, flourishing businesses and biodiversity.

- k) ***Maintaining and enhancing public access to and engagement with the countryside and the historic environment*** - People are more easily able to enjoy the countryside for health and wellbeing benefits.
- l) ***Mitigating flood and drought risks*** - Farms prepare for periods of low or high rainfall, reducing the risks to the farm and communities from flooding, drought and coastal erosion including through nature-based flood management.
- m) ***Achieving and promoting high standards of animal health and welfare*** - Animals are healthy, productive and have a good quality of life.
- n) ***Maximising resource efficiency*** - Taking a circular approach by keeping resources and materials in use for us as long as possible and avoiding waste.
- o) ***Encouraging agricultural businesses to manage energy effectively (including by adopting energy efficiency and energy saving practices, and generating renewable energy on their land)*** - Energy efficient management can involve the process of planning, implementing and monitoring the use of energy resources in order to optimise productivity, reduce costs and minimise environmental impacts. The management of efficient energy practices in this way can help an agricultural business to increase its competitiveness, resilience, profitability and sustainability and could involve generating renewable energy on their land.

3.112 Where a purpose is listed with an “and” for example, “conserving and enhancing landscapes and the historic environment”, this means that the purpose could be to ‘either’ conserve or enhance, or to ‘both’ conserve and enhance.

3.113 During stage 2 amendments, the Welsh Government tabled three additional purposes for which support may be provided.

3.114 For each of the additional purposes listed above at 3.102(b), (c), and (d) a more comprehensive outline is provided below to describe the scope of these additional purposes. They are complementary to existing purposes, and fundamentally, the SLM objectives.



- 3.115 **Purpose (b):** *helping rural communities to thrive and strengthening links between agricultural businesses and their communities.*
- 3.116 This purpose captures support which may be provided to enable farmers to diversify outside their core business (e.g., the production of food and other goods) into areas such as direct to consumer sales and the processing of goods.
- 3.117 Support provided under this purpose could seek to diversify farming methods, and increase community engagement, in ways which support and encourage an increase in biodiversity or eco system resilience on farms. For example, through collaborative projects such as community orchards or through engaging with local expertise, who can deliver complementary services such as coppicing. This could help to make farm businesses more resilient as well as keeping the economic and employment benefits within the local area. Innovative practises could also be supported such as direct to consumer sales, for example through the use of veg and meat boxes.
- 3.118 Support provided under the purpose could encourage innovative practises designed to re-invigorate agricultural businesses, as well as creating opportunities in rural communities. The effect this could have on encouraging new and novel businesses could create more opportunities and employment in rural areas for all. It may also encourage a younger generation of business owners to 'stay local' which in turn supports the local community and helps to retain the Welsh origin and culture of their communities.
- 3.119 Businesses which have diversified are also likely to be more resilient to future challenges.
- 3.120 Minimising the distance goods travel for processing and point of sale would have environmental benefits through the lowering of food miles and the associated reduction in emissions. Food which has travelled less tends to suffer less degradation, e.g., in micro nutrients, which could result in healthier foods for Welsh consumers. This approach could encourage more circular economy thinking in rural economies minimising costs, waste, and the need for imported goods.

- 3.121 Approaches which encourage produce to be processed and sold more locally also help to reinforce the link between agricultural land and its produce, where the food journey from field to fork becomes more transparent for consumers which could turn in foster increased awareness and interest in agriculture.
- 3.122 **Purpose (c):** *improving the resilience of agricultural businesses.* This additional purpose is aimed at supporting the future prosperity of agricultural businesses. Resilient agricultural businesses are better placed to act and react to changes in the environment or market within which they operate. Resilient agricultural businesses are more likely to thrive and survive shocks to the sector; and contribute to thriving rural communities increasing the likelihood that Welsh agricultural land is sustained for future generations.
- 3.123 Resilient agricultural businesses are also more likely to provide reliable long-term employment and opportunities to provide subsidiary services, where skills and experience are valued. Other opportunities may come from diversifying farm income with additional enterprises, which can provide increased stability.
- 3.124 Furthermore, support in this area could also be designed to assist new entrants into the sector as well as assisting farmers in their succession planning, through supporting agricultural businesses to improve their resilience.
- 3.125 Actions taken under this purpose would seek to equip farmers with the tools needed to make their businesses more resilient, informed and adaptive.
- 3.126 **Purpose (d):** *sustaining the Welsh language and promoting and facilitating its use.* This additional purpose seeks to recognise that agricultural businesses in our communities, as well as being key producers and environmental stewards, are important for our Welsh language and culture. It is important these businesses are supported and sustained for present and future generations. Promoting and facilitating the use of the Welsh language is expected to complement other purposes, including the purpose at section 8(2)(b).

- 3.127 This purpose seeks to reinforce and support the use of the Welsh language in agricultural settings, working towards both sustaining and increasing its use within the workplace, to support both new speakers and those wishing to improve their Welsh language skills.
- 3.128 During the Report Stage of the Act, the Welsh Government proposed an amendment to section 9(3) which replaced section 9(3) and introduced a new section 9(4) into the Act. The amendment was agreed. Section 9(3) sets out, on the face of the Act, that support may be provided subject to eligibility criteria being met (essentially pre-conditions to financial and other support provided under section 8).
- 3.129 Section 9(4) provides that where support is provided in connection with the use of land, eligibility criteria may include, among other things, requirements relating to the characteristics of the land, for example, the ecological features of the land. Another requirement could relate to the person receiving support – this could include someone who is new to farming or someone who wants to diversify from current farming practices on the land.
- 3.130 Section 9(3) expressly provides that schemes can define eligibility criteria. The criteria will be determined by each individual scheme established under section 8. Eligibility criteria may evolve over time, for example as farm businesses, farming or land management practices adapt and change.
- 3.131 The wording of the provision reflects the flexibility Welsh Ministers need to set eligibility criteria for schemes operating under section 8.
- 3.132 Under section 12 the Welsh Ministers have the power to make provision by way of regulations to check whether eligibility criteria for support are met.

## ***Power to make provision about publication of information about support***

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### ***Purpose and intended effect of the legislation:***

3.133 The Welsh Ministers may make provision by way of regulations to publish certain information about the support which has been or is being provided under the power to provide support. The regulations may specify information which includes information about the recipient of any support, the amount of any support provided, and the purposes of any support being provided.

3.134 Currently, under the existing agricultural support schemes, the Welsh Government publish the trading title of the business (which includes natural names, as well as business names) and the first four digits of their postcode (this is to avoid any possible misuse of information). This information is only published where the amount given exceeds a specific amount (currently £1,250). The Welsh Government would seek to continue to publish this information under the support provided under the power to provide support, though this will only be published where the amount given exceeds a specific amount.

3.135 Setting out the purpose of the support given is deemed appropriate in order to provide not only transparency but also demonstrate what has been achieved or is required from the support given.

3.136 It is not the policy intent to use regulations under this section to impose a requirement to publish data about the total amounts paid out under the power to provide support (whether through a scheme or otherwise) on the basis that the Annual Report (see below) will provide this information. Instead, the data will only relate to individual support amounts.

## ***Multi-annual support plans***

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### ***Purpose and intended effect of the legislation:***

3.137 Section (11) requires the Welsh Ministers to prepare a 'Multi-annual Support Plan' (MASP) in respect of agricultural support under the Act. The MASP seeks to provide the agricultural sector with assurance and transparency that the Welsh Government has in place a plan or suite of activities of future support for the sector, which will be expected to be delivered pursuant to section 8 (power to provide support).

3.138 The purpose of the MASP is to provide a document or plan, setting out:-

- a. how the Welsh Ministers intend to provide support during the period of the plan which best contributes to achieving the sustainable land management objectives; and
- b. details of the support schemes which are operational or planned to become operational within the period determined within the plan.

3.139 The MASP will provide a summary of each support scheme in operation or expected to be in operation during the plan period, such as the SFS. It will also include details on other support intended to be offered, for example Knowledge, Transfer and Innovation programmes.

3.140 It is intended to provide assurance, transparency and clarity to the agricultural sector of the Welsh Government's intentions to provide support across the sector, enabling the sector and its businesses to plan ahead in five yearly cycles.

3.141 A new MASP will be published every five years. For each five-year cycle, a new plan must be laid before the Senedd no later than 12 months before the start of the new plan period, which demonstrates to the sector the intent for support to be provided by the Welsh Minister during the forthcoming five years.

3.142 If or where any changes of support are made, for example where a support scheme is no longer operational, or the conditions for the scheme have been amended, these changes need to be reflected and the plan

updated as soon as reasonably practicable. The updated plan will also need to be published and laid before the Senedd.

3.143 The MASP is not intended to provide financial projections. It will act as a vehicle to provide assurance and transparency to the sector of the Welsh Government's plans to provide support to and across the sector within the plan period.

***Power to make provision about checking eligibility for support, etc***

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***Purpose and intended effect of the legislation:***

- 3.144 There must be a comprehensive and coherent system of checks, enforcement and monitoring of the support provided under the power to provide support.
- 3.145 This will ensure that all agricultural support financed by the Welsh Government is administered correctly. This is vital to ensure that appropriate governance of public money is in place, thus safeguarding any support which is provided, and ensuring that it is used appropriately and for the purposes it was intended. The system of checks will enable any irregularities to be identified and addressed. It will also act as a deterrent for non-compliance.
- 3.146 The power to provide support provision will be utilised to provide support with Welsh Ministers setting the conditions (the 'scheme rules'). For example, the proposed SFS will have a set of conditions which will detail the Scheme's eligibility requirements; the implications and actions to be taken when land is bought or sold during the contract period; change of contract arrangements; which agricultural activities will be supported by the Scheme; and which actions a farmer must undertake in order to receive payment. Support may be provided subject to any conditions the Welsh Ministers think appropriate, which allows for both flexibility and adaptability to any land management changes.
- 3.147 Each support scheme established under the power to provide support may have its own guidance.
- 3.148 The Welsh Ministers will have the power to make regulations regarding the enforcement of compliance with the conditions in respect of which any support has been provided, in addition to making provision about penalties and appeals (amongst other matters). This may include, but is not limited to, a financial penalty; recovery of any financial support paid; withholding any support (either financial or non-financial, or both); prohibiting access to specific support for a set period or until specified conditions are met.

3.149 During the stage 2 process, the Welsh Government included an amendment *“for recovery of amounts due in respect of monetary penalties, including provision for interest, set-off and security for payment.”* This amendment provides that the regulation making provision in respect of checking eligibility for support, etc, is broad enough to enable the recovery of any amounts due against monetary penalties.

### ***Reporting Requirements:***

3.150 All support schemes and any support provided under the power to provide support will be reported against. There will be two levels of mandatory reporting requirements, an Annual Report and an Impact Report.

3.151 The Annual Report will provide information about support that has been provided, on a yearly basis. It may include other information the Welsh Ministers consider appropriate, for example, committed spend by the Welsh Government.

3.152 The Impact Report will provide quantitative and qualitative information on the impact of the support which has been delivered using the power to provide support, over a five-year period. Each of these reports are discussed in turn, below.



## ***Annual Report about support provided under section 8 (power to provide support)***

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### ***Purpose and intended effect of the legislation:***

3.153 At the end of each financial year, there will be a requirement to prepare an Annual Report on all financial and non-financial support provided during the reporting period. It will be mandatory that the Annual Report includes the following key areas:

- a) The total amount of financial support provided during the reporting period.
- b) Details on all non-financial support provided during the reporting period.
- c) Details of all financial and non-financial support provided under each support scheme set-up pursuant to the 'power to provide support'.

3.154 In addition, the report may also provide any other information which the Welsh Ministers consider appropriate. This is intended to capture, for example, details on any support that has been withdrawn, or whether any financial support which has been paid, is being recouped and the reasons for this. It may also highlight any one-off payments in support of any capital expenditure projects. Welsh Ministers may also provide information on the number of beneficiaries of support, under each support scheme or otherwise.

3.155 The Annual Report is intended to predominantly focus on high-level financial information, for example: how much money has been spent under the power to provide support. It may also act as a vehicle for additional reporting, contextualising what monies have been spent on as well as providing a demographic snapshot of farmers and farm types that are benefitting from the power to provide support, for example, the number of farms that have signed up to any support scheme established under the power to provide support.

- 3.156 The Annual Report is not intended to include any assessment in respect of the power to provide support purposes, or the Sustainable Land Management objectives.
- 3.157 The Annual Report must be published and laid before the Senedd no later than twelve months after the end of each reporting period. For example, if a reporting period ends on 31 March 2028, the Annual Report must be published and laid before the Senedd by 31 March 2029.
- 3.158 If Welsh Ministers decide to produce an interim report, which covers all the areas of the Annual Report, but over a shorter period, the Welsh Ministers have this power available to them under sections 58A and or 60 of the Government of Wales Act (GoWA) 2006.

## ***Impact Report***

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### ***Purpose and intended effect of the legislation:***

- 3.159 Every five years there will be an evaluation of the support provided under the power to provide support for the relevant reporting period. The results of the evaluation will be set out in an Impact Report. The first impact reporting period will be for a period exceeding five years; and is discussed at paragraph 3.144.
- 3.160 Welsh Ministers are required to prepare an Impact Report no later than 12 months after the end of each reporting period. The Impact Report must set out the purposes for which support has been provided and must also set out an assessment of the impact and effectiveness of such support, including (a) the way in which, and extent to which, the support, through a scheme or otherwise, has achieved the purposes for which the support was provided and (b) the way in which, and extent to which, the provision of the support has contributed towards achieving the SLM objectives.
- 3.161 Where the assessment determines that the support has failed to achieve a purpose, it is intended that the Impact Report will include steps to be taken to rectify the failure. For example, at a support scheme level such as the proposed SFS, this could include whether any of the actions undertaken by support scheme recipients (farmers) have been completed, are in progress, or not undertaken and how this might be remedied.
- 3.162 For example, in the case of tree planting, trees are planted as saplings but will take time to grow, the use of cover crops, graze and rest practices and crop rotation to aid soil recovery can take up to 30 years or more to show improvement in soil carbon testing, and in the case of habitat creation it can take time for wildlife to take up habitation. The assessment will also demonstrate whether the actions are fit for purpose or whether they need to be adapted, in addition to providing an evidence base for additional actions to be considered to achieve the purpose of the support.
- 3.163 This approach ensures that (a) there is flexibility to monitor and evaluate all future support provided under the power to provide support, and (b) it captures all support whether that meets those purposes listed

under the power to provide support, or any other purpose which meets the conditions of support for or in connection with agriculture in Wales and ancillary activities that take place in Wales.

3.164 Welsh Ministers may also include other information within the Impact Report which is considered relevant to the assessment of the impact and effectiveness of the support during the reporting period. This could include information on whether actions taken under a support scheme are still suitable, whether they have been achieved, are still in progress, or whether the administration of any scheme is fit for purpose.

3.165 The Impact Report must be published and laid before the Senedd no later than twelve months after each reporting period. The first reporting period will end on 31 December 2029 (therefore the first Impact Report must be laid before the Senedd no later than 31 December 2030). The first reporting period will be for a period exceeding five years; this is to ensure that the first five years of the proposed SFS are captured and will be aligned with contract periods. Thereafter, the reporting period will be for periods of five years, for example, with the second reporting period commencing 1 January 2030 and ending on 31 December 2034.

3.166 Whilst the Impact Report is subject to a five-year reporting period, if this is no longer considered appropriate, for example, if the proposed SFS alters the contract period and future policy objectives are to align the Impact Report with the contract periods, there is a provision which enables for the reporting period to be amended by way of regulations.

3.167 The provisions seek to ensure effective implementation and appropriate accountability and engagement with the Senedd, interest groups, and others. The Impact Report will be important to assess policy effectiveness and to provide an important and developing evidence base for ongoing policy development, for example through improving knowledge, innovation and identifying trends.

3.168 The Impact Report will also be one of the main data sources for the SLM report which will set out an assessment of how the agricultural sector is achieving the SLM objectives.

3.169 The flow chart (figure 1) below is an illustration of how data would be captured under a support scheme or otherwise provided under the power

to provide support, and how this data might flow from a support scheme through to the SLM reports and support a wider view on the targets and indicators associated with the SLM reporting. This, in turn, demonstrates how the outcomes will feed into wider Welsh Government reporting commitments.

3.170 Figure 2 provides an illustration of the flow of data using an action at a support scheme level under the power to provide support. It tracks that action's purpose and its outcome as it moves upwards through the reporting levels from the power to provide support, up through to the SLM targets; indicators; objectives; and their corresponding reporting and leading through to Welsh Government wider reporting and Government commitments, such as Net Zero by 2050.

Figure 1. Overview of data flow from a Scheme through to Welsh Government Commitment Reporting.

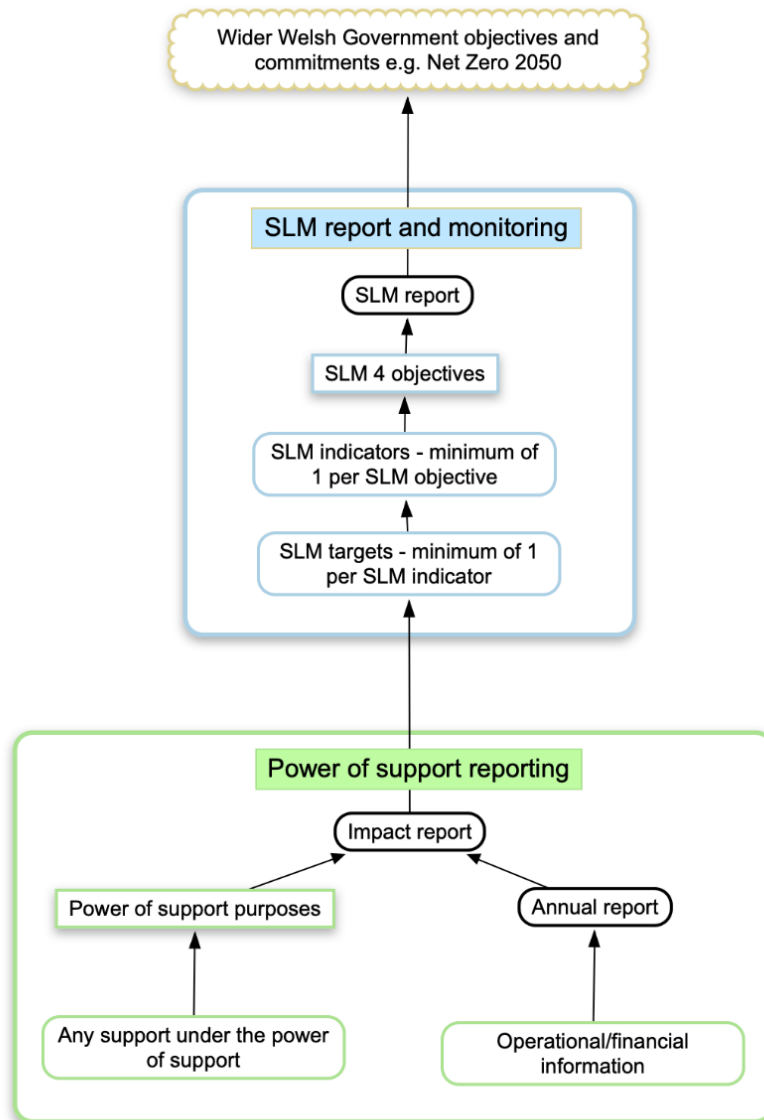
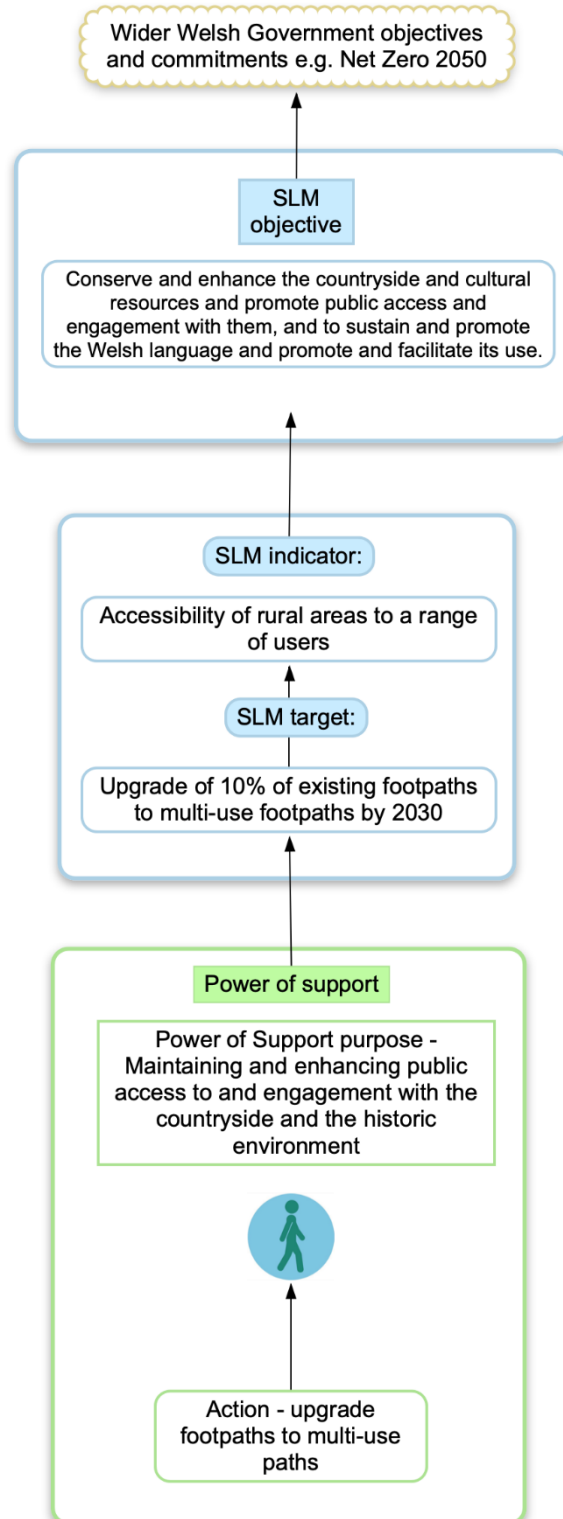


Figure 2. Illustration of the flow of data from scheme level actions through to reporting on wider Welsh Government objectives



## ***Steps to be taken in preparing report under section 14:***

3.171 When preparing each Impact Report, Welsh Ministers will need to have regard to the following; the purposes for which support is being given, all previous Annual Reports that have been published during the reporting period in question, the most recent (previous) Impact Report, and any other matters that Welsh Ministers consider appropriate, for example this may include any issues in the administration of the power to provide support (e.g. whether it is fit for purpose).

3.172 By ensuring that consideration is applied to the four aspects in preparing the Impact Report, this will support a more complete and robust evaluation of the impact of the power to provide support.

## ***Chapter 2 - powers to modify legislation relating to financial and other support***

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### ***Power to modify legislation governing the basic payment scheme***

3.173 The Common Agriculture Policy (CAP) provides support to farmers and land managers in Wales but is due to be phased out following the departure of the UK from the EU. The 2014 -20 CAP provided direct payments to Welsh farmers through the BPS greening, redistributive and young farmer schemes plus a Rural Development Programme (RDP), which also provided support to the wider Rural Economy. The Act provides the Welsh Ministers with the power to modify BPS legislation so far as it has effect in relation to Wales. Such regulations may be made by way of the affirmative procedure.

### ***Agriculture Act 2020 (AA 2020) – impact of the ‘sunset clause’***

3.174 The Welsh Government have taken powers for the Welsh Ministers through Schedule 5 (and other related sections) of the AA 2020, which sunset on 31 December 2024. It provides the Welsh Ministers with powers



to enable the continued operation of existing farming support beyond 2020 and to ensure the effective operation of the agricultural sector and agriculture markets following our departure from the EU.

### ***Current position***

3.175 Welsh Ministers have established equivalent versions of these EU measures to deliver schemes in support of Programme for Government (PfG) priorities, using the powers provided in Schedule 5 of the AA 2020.

### ***Purpose and Intended effect of this legislation***

3.176 To replace the powers in the AA 2020 and to ensure agricultural support can continue during a managed transition period. Powers to modify BPS during the transition period, which (subject to consultation) may also be needed to provide a stability payment.

### ***Power to modify legislation relating to the common agricultural policy***

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### ***Purpose and Intended effect of this legislation***

3.177 These powers will replace the time limited powers to modify the financing, management and monitoring of the CAP in the AA 2020.

3.178 They will enable the Welsh Ministers to ensure the continued operation of existing farming support and the effective operation of the agricultural sector and agriculture markets following our departure from the EU. The Welsh Ministers may, by regulations, make changes to the CAP legislation by way of the affirmative procedure.

### ***Powers to modify legislation relating to support for apiculture***

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### ***Purpose and Intended effect of this legislation***

3.179 The EU's Apiculture Programme supports beekeeping through the national apiculture programmes, which aim to improve general conditions for the production and marketing of honey and other apiculture products.

3.180 It covers technical assistance to beekeepers, combatting disease and pests, transhumance, laboratory and market support for apiculture products, restocking, applied research programmes, market monitoring and enhancement of product quality.

3.181 The Act contains a regulation-making power for the Welsh Ministers to modify legislation relating to support for apiculture and subordinate legislation relating to that legislation. This replaces the power for Welsh Ministers within the sunset provision in the UK AA 2020, which is due to expire at the end of 2024. The Welsh Ministers may by regulations make changes to the apiculture legislation by way of the affirmative procedure.

### ***Power to modify legislation relating to support for rural development***

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#### ***Current position***

3.182 Welsh Ministers have established equivalent versions of these EU measures to deliver schemes in support of Programme for Government priorities, using the powers provided in Schedule 5 of the AA 2020.

#### ***Purpose and Intended effect of this legislation***

3.183 These regulation-making powers will replace the time limited powers to modify legislation relating to support for rural development, in the AA 2020, which may be needed to provide support alongside any new scheme(s) set up under the Act. The Welsh Ministers may by way of regulations modify legislation relating to support for rural development by way of the affirmative procedure.

## **Chapter 3 – Market Intervention and Private Storage Aid**

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### **Purpose and Intended effect of this legislation**

3.184 There are three aspects to the legislation on intervention in agricultural markets. There are powers for Welsh Ministers to:

- a) Make a declaration of exceptional market conditions in agricultural markets.
- b) Provide financial assistance to producers following a declaration of exceptional market conditions.
- c) Modify retained EU legislation relating to Public Intervention and Private Storage Aid (PIPSA)

3.185 The first two of these powers relate to reacting to exceptional market conditions in agricultural markets. The possibility of such conditions, those which present a risk of severe adverse effects to agricultural producers, means it is desirable for Welsh Ministers to have powers to react to such events.

3.186 Legislation to provide powers to Ministers and define action which Ministers can take in a crisis affecting the agricultural sector was made at the EU level prior to the UK's departure. Similar powers were then included in the AA (2020) which has allowed Welsh Ministers to declare a state of exceptional market conditions.<sup>15</sup>

3.187 Following such a declaration, the Act gives Ministers the power to intervene in markets by providing direct financial assistance to agricultural producers in such circumstances,<sup>16</sup> and by opening public intervention or private storage aid schemes.<sup>17 18</sup>

3.188 The market intervention powers for Welsh Ministers in the AA are part of a “sunset” clause, meaning they are due to expire at the end of 2024.<sup>19</sup>

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<sup>15</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/paragraph/7/enacted>

<sup>16</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/paragraph/8/enacted>

<sup>17</sup> The nature and detail of Public Intervention and Private Storage Aid schemes is written in Retained EU Regulation 1308/2013:

<https://www.legislation.gov.uk/eur/2013/1308/part/II/title/II/chapter/II/2020-12-31>

<sup>18</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/paragraph/9/enacted>

<sup>19</sup> <https://www.legislation.gov.uk/ukpga/2020/21/section/47/enacted>

This is because the Senedd requested primary powers for Welsh Ministers to be included in Welsh legislation, hence their inclusion in this Act.

- 3.189 It is impossible to predict when Ministers will need to use these powers, as by their nature they are to be used in a crisis. The Welsh Government believe these powers are necessary, however, as Ministers may need to respond quickly in a crisis to ensure food security and prevent large-scale market failure. Financial support and management of food supply are the most direct way in which Ministers can do this.
- 3.190 If market intervention powers for Welsh Ministers were not included in the Act, it would leave Ministers without crucial tools needed to respond to crises in the agricultural sector. This could lead to widespread agricultural business failure and potentially disrupt food supplies.
- 3.191 The third power given to Ministers in relation to market intervention are powers to modify retained EU legislation relating to PIPSA. Although PIPSA schemes may be used to respond to an emergency, retained EU law also permits their use when there are not exceptional market conditions. As with the first two powers discussed, this power for Welsh Ministers is included within the sunset provision in the AA 2020, meaning it is due to expire at the end of 2024.<sup>20</sup> The Welsh Ministers may make changes to this section through the affirmative procedure.
- 3.192 The CAP currently provides powers to remove surplus products from the market and stabilise market prices by purchasing, storing and reselling certain goods once prices have risen (Public Intervention) or by paying producers to store products for an agreed period to remove them from the market (Private Storage Aid).
- 3.193 These domestic powers will enable the Welsh Ministers to alter the operation of these provisions in ways not currently provided for in the existing legislation, to ensure these schemes are tailored to the domestic market.
- 3.194 This could include, for example, changing the products which are eligible for specific aid schemes, to tailor them to domestic market

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<sup>20</sup> <https://www.legislation.gov.uk/ukpga/2020/21/section/47/enacted>

conditions. There is also a specific power to phase out these schemes as the sector becomes self-reliant.

3.195 The intention is these powers would be operational by order from two months after Royal Assent is given for the Act.

## ***Chapter 4 - Agricultural Tenancies***

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### ***Dispute resolution relating to financial support and compliance with statutory duty***

#### ***Background***

3.196 Many leases under the Agricultural Holdings Act 1986 (the 1986 Act) and the Agricultural Tenancies Act 1995 (the 1995 Act) include standard landlord restrictive clauses that prevent the tenant from undertaking activities which could change the landlord's fixed equipment or land use on the holding without the tenant first gaining the landlord's consent to the activity (e.g., erecting or altering buildings, investing in new fixed equipment, taking on other land or diversifying into non-agricultural activities such as environmental land management).

3.197 Many landlords and tenants work together effectively to negotiate and overcome issues relating to restrictive clauses without the need for recourse to dispute resolution.

3.198 For example, tenants often work with their landlords to agree diversification plans and to enable them to enter environmental management schemes. It is understood this may not be the case for all tenancies and some tenants may find restrictive clauses written many years ago now present a constraint on their ability to develop a productive and viable business.

3.199 There are no general provisions in the 1986 or 1995 Act which enable a tenant to challenge a restrictive clause in their lease through dispute resolution.

## ***Purpose and Intended effect of this legislation***

- 3.200 The Welsh Government wants to ensure that tenants of AHA and FBT agreements are not unfairly restricted from accessing financial assistance delivered under the power of support provisions in the Act.
- 3.201 The Act amends both Acts so as to provide tenants with a route to dispute resolution in circumstances where their landlord may be unreasonably withholding consent to a matter which requires consent under the tenancy, or to a request to vary a restrictive clause in the tenancy agreement where the request is made to enable the tenant to request or apply for financial support assistance. The amendment to the 1986 Act provides Welsh Ministers with a regulation-making power, whereas the 1995 Act is a direct provision, as well as a regulation-making power. This is as a consequence of the way the Acts are drafted.
- 3.202 So as to ensure both amendments can follow the same timetable, the intention is that both provisions will be commenced simultaneously by commencement order.
- 3.203 The new processes are intended to provide an incentive for tenants and landlords to come to a negotiated agreement in order to avoid the costs of dispute resolution, whilst providing a legislative backstop and a means of resolution for those tenants who cannot reach a reasonable agreement with their landlord.
- 3.204 The Act amends the 1986 Act and the 1995 Act in respect of other forms of financial assistance, e.g. power to provide support, the BPS, legislation relating to support for apiculture etc, and the 1995 Act in respect of complying with a statutory duty.

## PART 3 - MATTERS RELATING TO AGRICULTURE AND AGRICULTURAL PRODUCTS

### ***Chapter 1 – Collection and Sharing of data***

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#### ***Introduction***

3.205 The data collection powers enable data to be collected from the agricultural sector across two distinct yet complementary categories, firstly from persons within or closely connected to an ‘agri-food supply chain’; and secondly from those persons who undertake ‘relevant activities’ which is those who undertake activities related to agriculture. In both cases, the activities must take place in Wales.

#### ***Purpose and intended effect of the legislation***

3.206 The data collection powers enable Welsh Government to collect and share data on productivity, animals and plants. These powers will be used to help farmers and producers increase productivity through gathering and sharing data, including price information, on specific products at all stages of the food chain. This will help to manage risk and market volatility. They will also support animal and plant health and traceability improvements through the collection and sharing of data on animal births, deaths and movements, disease signs and veterinary medicine use as well as data collection and sharing on plant imports, plant pests and diseases.

3.207 Any data that is collected in relation to either the agri-food supply chain or a relevant activity will not be collected from a person undertaking non-commercial agricultural activities, such as growing vegetables for personal consumption or hobbyists. The provisions state that the duty cannot impose the condition to collect from those persons who are undertaking a relevant activity other than for profit or reward.

3.208 Prior to any data being collected our intention to capture any data, the reasons for capturing the data and from whom we will collect the data will be published.

3.209 There are two distinct yet related areas of data collection within the agricultural sector:

### ***Agri-Food Supply Chain***

3.210 The agri-food supply chain provisions enable data to be collected from any activity that is connected to a supply chain, or part of a supply chain, that results in the production of food or drink for human consumption. For example, an agri-food supply chain would encompass the farmer who grows the crops for food, through to the milling of the crop for the making of bread, and to the shop that sells the bread to the end-consumer. Or from the farmer that tends to their livestock, to the livestock markets where they are sold, through to the shop that sells the food or drink products.

### ***Relevant Activity***

3.211 The relevant activity provisions enable data to be collected from those who carry out activities which are agricultural in nature, but which sit outside of an agri-food supply chain. For example, crops grown for energy up until the point in which they are converted into energy post-farm gate, or an activity related to ornamental horticulture. This will provide the Welsh Government with the information needed to monitor market fluctuations as well as identifying market trends and increasing our understanding of the sector. If, for example, there is a market crisis Welsh Ministers will have the data to support a decision on if, and what kind of, intervention is required.

3.212 The term 'relevant activity' is defined within the Act as an activity listed under the general definition of agriculture (section 51) and / or an ancillary activity (section 52).

3.213 It is important to note that a farmer may be a part of both an agri-food supply chain and they may carry out a relevant activity. They are not mutually exclusive.

3.214 The Welsh Government amended section 32(3)(e) as a technical amendment to align with the language used across other enforcement provisions in the Act. There is no change to the effect of the amendment



which enables for the provision of conferring functions to a person in connection with the enforcement of information requirements.

3.215 Section 33 places a statutory duty on the Welsh Ministers to produce a report on the operation of the data collection regime within Sections 25 to 32 of the Act, every five years.

3.216 The report will provide an additional level of transparency and assurance of the operation of the data collection provisions, over a reporting period of (successive) five years, for all data being collected from across the sector. Each reporting period will be for five years, with the first reporting period commencing on the day in which the data collection provisions come into force. Following each reporting period, the Welsh Ministers must prepare and lay the report before the Senedd within 12 months of the end of the reporting period.

## ***Chapter 2 – Marketing standards: Agricultural products***

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### ***Background***

3.217 Until the UK's exit from the EU, marketing standards for agricultural products were set at an EU level. EU Regulations for certain agricultural products were developed based on the specificities of such products and were retained in Wales following EU exit. In order to modify such regulations in future, as well as to continue the enforcement of existing legislation, powers for Welsh Ministers to make provision for marketing standards for agricultural products were included in the AA 2020.

### ***Purpose and Intended effect of this legislation***

3.218 Under the AA 2020, Welsh Ministers have the powers to make provision about the standards with which a designated list of agricultural products must conform.<sup>21</sup> They also have the power to add, remove or alter the description of any product in the list.<sup>22</sup> Due to a “sunset” clause in

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<sup>21</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/paragraph/16/enacted>

<sup>22</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/paragraph/17/enacted> Point 3

the AA 2020, these powers are due to expire at the end of 2024.<sup>23</sup> This sunset clause was included at the request of Senedd, who desired primary powers for Welsh Ministers to be included in Welsh legislation.

- 3.219 The Welsh Government does not presently have specific plans to amend agricultural marketing standards legislation using these powers, but believes such powers are necessary in order to update legislation based on changing circumstances in market organisation, consumer preferences and technological development. Such legislation is intended to improve market efficiency and consumer confidence by correcting an information asymmetry between producers, retailers and consumers of agricultural products.
- 3.220 The Welsh Ministers would also need these provisions to amend the enforcement provisions of existing legislation, should such changes be desirable.
- 3.221 Should powers for Welsh Ministers in respect of marketing standards for agricultural products not be included in the Act, or should there be a gap in their operability, there is a risk of a heavy bureaucratic burden on Welsh farmers, food processors and retailers. This is because marketing standards regulations could be altered in other parts of the UK, while remaining the same in Wales.
- 3.222 Welsh businesses would then have to comply with two different sets of regulation should they continue to send agricultural products covered by the regulations for sale in Scotland, Northern Ireland and England, which are crucial markets for Welsh businesses. This would likely be disruptive due to agricultural and food supply chains being integrated between the UK nations.
- 3.223 The marketing standards powers in the Act are intended come into force by order on a day appointed by the Welsh Ministers.

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<sup>23</sup> <https://www.legislation.gov.uk/ukpga/2020/21/section/47/enacted> Point 1(a)

## **Chapter 3 – Classification etc. of certain carcasses**

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### **Background**

3.224 Carcass classification regulations for beef and pig meat have been a feature of EU law since the 1960s and 1970s, respectively.<sup>24 25</sup> More recently, powers have been included in EU law to make provision for the classification of sheep meat on a voluntary basis, although regulations for this have not yet been implemented in Wales.<sup>26</sup> Upon the UK's exit from the EU, powers for Welsh Ministers to make provision for bovine, sheep and pig carcass classification in Welsh slaughterhouses were included in the AA 2020.<sup>27</sup> These powers are subject to a "sunset" clause meaning they will expire at the end of 2024.<sup>28</sup> This sunset clause was included at the request of Senedd, who desired primary powers for Welsh Ministers to be included in Welsh legislation.

### **Purpose and Intended effect of this legislation**

3.225 The Welsh Government has previously consulted on plans to make secondary legislation on sheep carcass classification and the intention would be to use the powers proposed here to do so. The Welsh Government considers such regulation-making powers are also necessary for future amendment to beef and pig carcass classification legislation. This is based on past experience of the EU carcass classification regulations, which needed updating periodically to reflect newer technologies and changes to market conditions.

3.226 Government regulation of carcass classification has been implemented to improve transparency and fairness for the producer, market efficiency and ensure consumer confidence. It has primarily affected slaughterhouses, where such classification takes place. Creating a framework in legislation for carcass classification has meant transparency in prices paid to producers for bovine and pig carcasses depending on

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<sup>24</sup> [https://www.legislation.gov.uk/eur/1968/805/pdfs/eur\\_19680805\\_adopted\\_en.pdf](https://www.legislation.gov.uk/eur/1968/805/pdfs/eur_19680805_adopted_en.pdf)

<sup>25</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:31975R2759&from=EN>

<sup>26</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32013R1308&from=EN>, Article 10

<sup>27</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/paragraph/18/enacted>

<sup>28</sup> <https://www.legislation.gov.uk/ukpga/2020/21/section/47/enacted>

their quality, enabled by price reporting provisions being contained in the regulations.

3.227 The legislation has led to buyers of bovine and pig carcasses having more confidence the product they are buying meets the standards they require. Without a legislative framework which created a standardised grading system, this consumer confidence on the part of the buyer would likely not have existed.

3.228 Should powers for Welsh Ministers on carcass classification not be included in the Act, there is a risk of a heavy bureaucratic burden on Welsh abattoirs if carcass classification regulations are altered in other parts of the UK. Welsh slaughterhouses would then have to comply with two different sets of regulation should they continue to send meat products for sale in Scotland, Northern Ireland and England, where most red meat from Wales is consumed.<sup>29</sup> This would likely be disruptive due to red meat supply chains being integrated between the UK nations.

3.229 The intention is these powers would be brought into force by order on a day appointed by the Welsh Ministers.

## PART 4 – FORESTRY

### ***Amendments to Forestry Act 1967 to add conditions to felling licences and amend, suspend or revoke felling licences once granted.***

#### ***Background***

3.230 Tree felling is a necessary part of sustainable woodland management, harvesting carbon locked up in timber which can be used as a substitute for high energy materials such as concrete and steel. Woodland management is also important for improving or maintaining the condition of woodland habitats for example in terms of structural diversity or creating gaps in the tree canopy.

3.231 The control of tree felling in Wales is regulated through the Forestry Act 1967 (“1967 Act”) which requires an owner to obtain a felling licence

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<sup>29</sup> <https://meatpromotion.wales/en/industry-statistics>

before felling growing trees. The 1967 Act allows a number of exemptions from the need for a felling licence, many of which are designed to enable the day-to-day functioning of the economy e.g., felling for disease control, the prevention of danger, felling small amounts of timber for own use, or work as a statutory undertaker such as for electricity or water services.

3.232 The felling licence process is administered by the “appropriate forestry authority” which in Wales is Natural Resources Wales (“NRW”).

### ***Conditions within felling licences***

3.233 A felling licence only gives authority to fell trees where felling would not otherwise be lawful under the 1967 Act. It does not override the need to comply with other legislation, such as the need for a licence under different legislation or the obligation on the licensee to comply with the law.

3.234 Currently the Forestry Act allows certain conditions to be added to felling licences related to restocking and the subsequent maintenance of the restocked trees. However, it does not allow conditions to be added to felling licences to ensure the integrity of protected sites, protected species or other sensitive elements of the environment.

3.235 This could lead to NRW issuing a felling licence that may negatively impact the environment and could contravene other environmental legislation such as the Conservation of Habitats and Species Regulations 2017.

3.236 This issue was the subject of a letter from the Chief Executive of NRW to the then Minister for the Environment Hannah Blythyn in November 2018 following increased public awareness of a licensed tree felling operation on Anglesey and NRW’s inability to attach legally enforceable conditions to felling licences for conservation purposes.

3.237 A member of the public raised a petition to the UK Government and Parliament petitions website calling for the Forestry Act 1967 to be amended to protect wildlife, which closed at over 11,000 signatures in May 2019. A similar petition closed in February 2021 with around 12,000 signatures.

3.238 Darren Millar MS raised the same issue in Plenary on 22 January 2019 and there has been some coverage in the media. A petition which called

for changes to the Forestry Act for the protection of red squirrel habitat was debated in the Senedd on 8th December 2021. Additional correspondence continues regarding protecting habitat from felling.

### ***Amend/suspend/revoke licences***

3.239 NRW has no powers to amend, suspend or revoke a licence it has issued in the event that something about that licenced activity becomes unacceptable. This can arise where change of ownership results in a change of objectives, or disease affects species choice in restocking.

3.240 However, it can also be related to additional constraints identified after the licence was granted such as the presence of protected species either accidentally or deliberately overlooked. Example cases include presence of red squirrels in a felling area, and the unexpected presence of a rare woodland species of bat.

3.241 The latter becomes more likely as more reliance is placed on more accurate and proportionate applications in a bid to streamline regulatory processes. The power to amend a felling licence to address an issue is the main intention, with suspension or revocation of a licence only used as a last resort.

### ***Current position***

3.242 NRW assess each application for a felling licence against the legal and good forestry practice requirements set out in the United Kingdom Forestry Standard (UKFS). The UKFS is the reference and technical standard for sustainable forest management in the UK and is endorsed by UK governments.

3.243 It highlights a number of legal requirements, along with good practice requirements and guidance on the management of trees in relation to soil, water, biodiversity, people, the historical environment, landscape and climate change and general forestry good practice.

3.244 Applications for felling licences that clearly contravene the UKFS are refused on the basis that in failing to comply with the UKFS, the application would not be in the “interests of good forestry” as set out in the Forestry Act 1967.

- 3.245 Foresters and landowners are additionally required to adhere to existing environmental and wider legislation where it is applicable to felling and operations. The current felling licensing process has been embraced by the forestry sector and has worked effectively as felling licences have become the main tool for gaining felling permissions in Wales over the last 7-8 years. Prior to this, the majority of felling licences were issued as part of a management grant agreement where conditions were incorporated, monitored and enforced under the grant contract.
- 3.246 The UKFS and interpretation of the Forestry Act 1967 has evolved with forestry policy over the years to encompass a wider range of environmental issues than first envisaged when the 1967 Act was drafted and passed.
- 3.247 However, there are occasions where further clarity in the form of conditions and the ability to amend/suspend/revoke an existing licence would have provided better protection for biodiversity and the environment, particularly in instances where rules have not been followed or further sensitivities come to light after a licence has been granted.

### ***Conditions in felling licences***

- 3.248 Felling licences are issued under Section 10 of the Forestry Act 1967. Conditions are limited in Section 12 to replanting and the subsequent maintenance of the replanted trees. Conditions to further protect a designated site or the wider environment from the impact of felling e.g., through how and when a felling may be carried out, and by whom, cannot be added to felling licences in Wales under the existing 1967 Act provisions.
- 3.249 Felling licences are subject to the assessment provisions in the Conservation of Habitats and Species Regulations 2017 (“Habitats Regulations”). The Regulations require NRW, acting in their role of the “appropriate nature conservation body”, to advise on the application of conditions to any permission or consent to avoid any adverse effects on the integrity of a European site (as defined in the Habitats Regulations).
- 3.250 However, as the competent authority on whether to grant a felling licence, NRW is not able to add such conditions to felling licences owing to

the constraints of the Forestry Act 1967. Under the Habitat Regulations, if NRW conclude that a condition is necessary to prevent an adverse effect from felling then it should not be granting the felling licence if the necessary conditions are not legally enforceable.

- 3.251 A similar situation arises with NRW's duties under The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 ("Water Framework Directive"), where conditions required to meet the Directive cannot be conditioned within a felling licence.
- 3.252 The Forestry Act 1967, under which the licence is issued, does require cross compliance with all other relevant legislation including protected species and environment licencing. This is reiterated under the UK Forestry Standard (UKFS).
- 3.253 Where an application for a felling licence does not meet 'Good forestry practice' as laid out in the UKFS, NRW will advise the applicant to re-consider. If the application is still not acceptable on re-submission, NRW will refuse the licence citing the relevant parts of UK Forestry Standard.
- 3.254 Refusal of licences or consent is currently avoided by informal agreement between NRW and licence applicant, as set out below, but such agreement is not legally enforceable.
- 3.255 In the absence of suitable conditions, NRW provide an advisory letter which accompanies the felling licence, setting out the need to comply with other existing law.
- 3.256 NRW have also developed a voluntary long-term forest management plan approach. This enables applicants to articulate their vision, management objectives and how they will mitigate and manage key environmental requirements, but in return for a long-term felling permission they are required to 'opt-in' to similar terms as exist in Scotland using a land management agreement made under Section 16 of the Environment (Wales) Act 2016.
- 3.257 However, as land management agreements are a voluntary arrangement between the parties and can be costly to draw up, they are impractical to apply to the whole felling licence regime.



- 3.258 The cumulative impact of felling on habitat is important for the resilience of wildlife populations and relates to NRW's Section 6 duty under the Environment (Wales) Act 2016 "to seek to maintain and enhance biodiversity... and promote the resilience of ecosystems..." consistent with the proper exercise of its functions.
- 3.259 Considering this duty is already part of the felling licence regime, NRW takes account of the needs of species in relation to existing and new applications for felling licences, as well as their own Forest Resource Plans. This is informed by wildlife site surveys undertaken by applicants and NRW, along with monitoring data and that obtained through the Local Records Centre.
- 3.260 While this relates to an internal process within the NRW, the power to add environmental conditions to felling licences could strengthen protection of habitat where deemed necessary.
- 3.261 Protection of a range of wildlife and their shelter is available through the Wildlife and Countryside Act 1981. Section 10(3)(c) exempts an act from being unlawful where it was "the incidental result of a lawful operation and could not reasonably have been avoided." The restrictions on conditions that can be applied to felling licences can make it difficult to protect some elements of wildlife considering the above exemption, although European Protected species and Schedule 1 birds are not affected.

### ***Amend/suspend/revoke licences***

- 3.262 Currently there are no powers for NRW to amend, suspend or revoke a felling licence.
- 3.263 Where an area of woodland changes ownership, a felling licence passes to the new owner (although it is not placed in the Land Registry). Any change of objectives e.g., a wish to restock with a different tree species, cannot be accommodated within a felling licence. While this can be addressed through informal mutual agreement between NRW and the owner, only the original conditions set out in the felling licence can be enforced if there is a breach.

3.264 There are no powers to suspend or revoke a felling licence owing to a breach in other environmental legislation resulting in environmental damage e.g., water pollution or where the presence of protected species has been omitted from consideration within the felling licence process.

### ***Other devolved governments***

3.265 Both Scotland and Northern Ireland have replaced the Forestry Act 1967 with their own legislation which enables additional conditions to be added to felling licences. Scottish legislation also includes the powers to amend/suspend/revoke felling licences already granted.

### ***Increase in penalty for felling without a licence***

3.266 In the Forestry Act 1967, fines for not complying with an enforcement notice which can relate to the non-compliance of conditions within a felling licence, are set out at section 24 and are subject to a Level 5 “unlimited” fine. However, section 17 which deals with illegal felling, has a level 4 fine (£2500). This means that a person can be fined less for illegal felling than being in breach of a felling licence condition. Schedule 16 paragraph 2 to the Environment Act 2021, removed the limit on these fines in England.

### ***Purpose of legislation***

3.267 Both of the following powers would apply to all applications for felling licences within Wales.

### ***Power to add conditions***

3.268 We wish to alter the Forestry Act 1967 to give NRW the power to add “environmental” conditions to felling licences to prevent felling that would contradict other environmental legislation. This is in addition to the existing conditions currently set out in the Forestry Act 1967.

3.269 Environmental conditions will be used when the NRW Permitting team consider that it is necessary to include conditions to protect a particular species, habitat or other environmental concerns or sensitivities that have been raised during consultation within the application process.

- 3.270 These new conditions will be added where they are appropriate and proportionate to the activity being applied for, and worded so they are enforceable and relevant. Their application will be in line with NRW's Regulatory Principles, Regulator's Code and Public law principles. Conditions have still to be developed in line with necessary legal wording. However, examples of the *type* of conditions applicable are at Table 1.
- 3.271 This power would help to address disconnect between a felling licence and its impact on other environmental legislation such as the Habitat Regulations 2017. It would also assist NRW in meeting its legal duty under the Environment (Wales) Act 2016 on the Sustainable Management of Natural Resources (SMNR) and the Section 6 duty under the same Act.
- 3.272 The power would also bring the enforcement of those environmental conditions within the powers of the Forestry Act 1967 and under the functions of NRW as the appropriate forestry authority in relation to Wales.
- 3.273 Scotland and NI have taken similar powers. The England Trees strategy outlines that new statutory duties and powers for the Forestry Commission will be considered, to better reflect the social and environmental value of woodlands.

### ***Power to amend/suspend/revoke licences***

- 3.274 We wish to alter the Forestry Act 1967 to take powers to enable NRW to amend, suspend or revoke a felling licence after it has been granted.
- 3.275 The ability to amend a felling licence in mutual agreement with the licence holder will help address changes in objectives or where additional information has come to light since the licence was granted. The "mutual agreement" approach reflects that used in Scotland in the Forestry & Land Management (Scotland) Act 2018.
- 3.276 The proposed amendments to the Forestry Act 1967 will allow for felling licences already granted to be amended, suspended or revoked where environmental conditions have not been complied with or where a licence already granted is likely to cause environmental harm e.g., where a new sensitivity has unexpectedly come to light.
- 3.277 The proposed amendments to the Forestry Act 1967 will enable NRW to take a number of actions through the serving of a notice, including

varying the environmental conditions in the felling licence, amending the felling licence itself, setting out remedial action or “steps”, or ultimately suspending or revoking of the felling licence.

3.278 The proposed amendments will also allow notices to amend, suspend or revoke a felling licence to take immediate effect where NRW considers this necessary due to an imminent and serious risk of environmental harm (“emergency circumstances”).

3.279 The amendments also include provision setting out the procedure to be followed where a notice served under the new powers, or where a felling licence is to be amended by agreement, relates to a felling licence in respect of trees subject to a Tree Preservation Order (TPO).

3.280 Suspension or ultimately revocation are seen as extreme outcomes and would only be used in exceptional circumstances where amendment to conditions or the felling licence would not address the issue or cannot be agreed.

In recognition of this, the proposed amendments also set out provision to enable a period of suspension to be lifted early where it is appropriate to do so.

3.281 As part of the new powers, the proposed amendments also introduce a new offence, enabling NRW to take enforcement action where steps specified in a notice arising from a breach of conditions have not been carried out. Provision is made where land has changed hands, to ensure that a new owner may be made aware of the “steps” required and has opportunity to undertake those steps before criminal enforcement action can be taken for failure to take those steps under the new offence.

3.282 The level of fine is unlimited, in line with the existing fine within the Forestry Act 1967 for non-compliance with a notice. The proposed amendments also enable NRW to enter the land and undertake steps set out in a notice that have not been complied with and recover those costs from the owner. This is to ensure that action can be taken where necessary to alleviate environmental harm caused, where the owner has failed to take that action in the period set out in the notice.

3.283 The proposed amendments to the Forestry Act 1967 set out provision to ensure that the correct person has grounds to bring an appeal against

the different notices relating to amendment, suspension or revocation arising from the new powers.

3.284 The amendments to the Forestry Act 1967 also allow compensation for depreciation in timber value due to the serving of a notice, to be made available where a felling licence is revoked or amended due to environmental harm arising through no fault of the licence holder. This reflects existing compensation provision for refusal of a felling licence already within the Forestry Act 1967. Provision is also made to allow that compensation may be payable to the correct person, where a notice served to amend, suspend or revoke a licence is later cancelled as a result of a successful appeal. Compensation may include depreciation in timber value and/or expenses reasonably incurred, depending on the type of notice cancelled.

3.285 To date, there have been no cases of compensation having been paid under the existing provision within the Forestry Act 1967.

3.286 In line with Public Law principles and its Regulatory Principles, NRW will work with felling licence holders to agree mitigation or remedial works through amendment to avoid suspension or revocation wherever possible.

### ***Increase in penalty for felling without a licence***

3.287 The proposed amendments will alter the penalty for felling without a licence at section 17 of the Forestry Act 1967 to an unlimited fine. This is relevant to the powers to amend/suspend/revoke a felling licence outlined above. Breaches in conditions relating to felling would ultimately be enforced under the section 17 offence. This would include non-compliance with a notice to suspend or revoke a felling licence. Non-compliance with a requirement to take “steps” (e.g. remedial works) within notices would be dealt with under the new offence at s.24C.

3.288 The current level of fine under section 17 is at Level 4, or £2500, which is below the existing unlimited fine level at section 24 and the new offence at section 24C. To leave the section 17 fine at its current level risks undermining the effectiveness of the new powers. Increasing the section 17 fine to an unlimited fine will address the discrepancy between the unlimited fine for not complying with a notice under section 24 and the

currently limited fine for illegal felling in section 17. This will allow the Court greater flexibility regarding the extent of the fine in the event of a major incident.

### ***Intended effect***

3.289 The power to add conditions and to amend/suspend/revoke felling licences already granted are being sought to prevent felling that would contradict other environmental legislation. The effect of this is primarily to safeguard wildlife and provide protection from environmental damage, although it would also enable felling licences to be amended for other reasons such as a change in owner objectives.

3.290 It also enables such “environmental” conditions to be enforceable under the Forestry Act 1967; helps the Forestry Act 1967 align with other environmental legislation such as the Habitat Regulations 2017 and enables NRW to meet its SMNR (sustainable management of natural resources) and section 6 duty under the Environment (Wales) Act 2016.

3.291 Increasing the associated fine at section 17 to unlimited will address the existing discrepancy between different but related sections of the Forestry Act 1967. It will also act as a better deterrent against illegal felling, giving the courts the flexibility of higher fines where appropriate.

3.292 Other reasons include the desire for forestry permitting to be brought in line with NRW’s other regulatory regimes. This applies to the power to amend, suspend and revoke as well as the power to add conditions to felling licences.

### ***Frequency of Use***

#### ***Environmental conditions***

3.293 Most felling licences would benefit from having generic or baseline conditions to provide protection to the wider environment, for example, pollution prevention. The forestry sector is already required to comply with other environmental legislation, but this will formalise compliance within the felling licence regime.

- 3.294 Adding such conditions should not add any extra burden as this is how the forestry sector should already be working to comply with the law.
- 3.295 An estimated 31% of licences may need further conditions, based on site specific factors such as impact pathways to designated sites. These could be generic for the more common sensitivities. A further 4% may need more bespoke conditions where there is something particularly sensitive on site or where there are a number of sensitivities occurring altogether.
- 3.296 These 3 levels or “tiers” enable conditions to be applied depending on necessity related to the sensitivity and potential risk of environmental harm.
- 3.297 NRW will apply these conditions to felling licences where they are appropriate and proportionate to the activity being applied for and worded so they are enforceable and relevant. Their application will be in line with NRW’s General Purpose under the Environment (Wales) Act 2016 and its balancing duty under the Forestry Act 1967, coupled to NRW’s Regulatory Principles, Regulator’s Code and Public law principles.

### ***Powers to amend/suspend or revoke licences***

- 3.298 The use of powers to amend felling licences where there is mutual agreement will vary as the need arises either from NRW or the forestry sector. Where environmental harm has arisen resulting from a breach of environmental conditions or from an unexpected sensitivity coming to light after a felling licence has been granted, new powers allow NRW to serve a notice to amend a felling licence to address the harm done, or suspend or revoke the felling licence. Suspension or ultimately revocation of a felling licence is seen as an extreme outcome as costs to the private sector would likely be high, depending on the nature of the site and timber supply contract.
- 3.299 For this reason, these powers are for use only in the rare circumstances where amendment to conditions or the felling licence itself would not address the issue or cannot be agreed. In all cases, in line with NRW’s Regulatory Principles, NRW will work with felling licence holders to

agree mitigation or remedial works through amendment in order to avoid suspension or revocation wherever possible.

## **General**

3.300 It is intended that these powers are used where there is a clear need to do so, particularly under Regulation 63 of the Conservation of Habitats and Species Regulations 2017 and other environmental regulation.

3.301 The use of these powers is to be justified, proportionate and appropriate in line with NRW's regulatory principles as well as their balancing duty in Section 1 (3) (a) of the Forestry Act 1967. The circumstances in which NRW may refuse a request for an amendment will also need to be considered.

3.302 Overuse of these conditions outside NRW's balancing duty has the potential to make felling licences too burdensome to be operated practically or financially which could have an impact on woodland management.

3.303 As private landowners often fund woodland management from the income realised, increasing the financial burden of compliance may lead to discouragement of woodland management and loss of the associated ecosystem or timber production benefits.

3.304 Use of these powers within NRW's General Purpose under the Environment (Wales) Act 2016 and its balancing duty under the Forestry Act 1967, coupled to its requirement to act in accordance with Public Law, the Regulator's Code and their Regulatory Principles will serve to counteract this and ensure that the powers are used proportionately and where justified. The extent of the appeals and compensation provisions will also provide a safeguard against NRW issuing notices that are disproportionate.

## **No retrospective use**

3.305 It is intended that these powers are used for felling licences granted after this provision comes into force. As felling licences have a "life" of 2 years, having the powers to amend/add conditions, suspend or revoke a



licence retrospectively to current felling licences is not considered necessary.

### ***Unintended effects***

- 3.306 There could be commercial implications to both the private forestry sector and NRW in suspending or revoking a licence once it has been granted. However as in Scotland, this would only be applicable where the ability to amend was not seen as adequate to minimise or prevent the environmental harm or other breaches in conditions or legislation. Overuse of powers by NRW to amend, suspend or revoke a felling licence will be countered by grounds for appeal and potential for compensation where an appeal is successful.
- 3.307 There is considerable concern from the forestry sector that providing NRW with a general power to add conditions to felling licenses will result in 'mission creep' over time, with increasing numbers of conditions added to licenses and use of powers to amend/suspend/revoke licences already granted.
- 3.308 This would be detrimental to the operation of the sector and Welsh Government's objective of bringing more woodlands into management and we wish to avoid this. The Forestry Act 1967 already contains provisions to enable a felling licence holder to appeal conditions imposed. As above, the application of conditions by NRW must comply with Public Law principles, the regulators' code and NRW own Regulatory Principles, as well as their General Purpose under the Environment (Wales) Act 2016 and balancing duty under the Forestry Act 1967 which will serve to counteract this.
- 3.309 It is proposed that clear applicant guidance accompanies these powers so applicants and permit holders are clear on when these powers will be used and what is required. The aim is to be able to operate efficiently and sustainably within the law, avoiding fines, penalties, possible criminal convictions, and adverse publicity in order to benefit from a social licence. Welsh Government has provided non-statutory guidance "Amending the Forestry Act 1967: Principles of Implementation" to NRW on which to base their applicant guidance. This and a high level paper "Amending the Forestry Act 1967: Natural Resources Wales approaches

paper” setting out NRW’s approach to applying these powers have been provided as a supporting documents to this Act.

**Table 1** Tier system of conditions and examples of condition types.

\*NB. actual conditions have still to be developed, requiring careful consideration in line with necessary legal wording.

Tier	Condition	Reason	Example of type of condition*
1 - Majority of licences	e.g., Pollution prevention	To minimise the risk of pollution incidents, and to ensure the timely report of such incidents, to enable the Licensing Authority to take action as appropriate.	<b>Example from marine licences:</b> - Pollution prevention - The Licence Holder must ensure adherence to pollution prevention best practice. Any incidents must be reported to the Licensing Authority as soon as possible using the hotline number 0300 065 3000.
2 - General conditions for recurring themes e.g., SAC features	e.g., Otters as a designated feature of a SAC: An HRA (Habitats Regulations Assessment), It is possible that a generic condition could be agreed for this scenario	Requirement of Habitat Regulation Assessment (HRA)	Example from a felling licence advisory note: -  Thinning and clearfelling can damage or destroy otter holts and resting sites.  <u>HARVESTING</u>  Clearfelling <ul style="list-style-type: none"> <li>• Limit clearfell in riparian zones to retain woodland cover.</li> <li>• Retain brash piles and leave undisturbed.</li> <li>• Avoid carrying out felling within 30 m of a holt or 100 – 200m of a breeding site.</li> </ul>
3 - Specific conditions – 4%	e.g., multiple sensitivities on site	Impact pathways to multiple sensitivities.	Bespoke e.g., avoid critical breeding season

## Part 5 - WILDLIFE

### **Context**

3.310 The Act will create new offences under the Wildlife and Countryside Act 1981. A person who uses a snare to capture a wild animal will commit an offence. A person who uses a glue trap to capture a vertebrate will commit an offence. A person guilty of an offence is liable on summary conviction to imprisonment for a term not longer than 6 months or an unlimited fine – which is in line with those of the Wildlife and Countryside Act 1981.

3.311 The use of snares to capture foxes and rabbits and the use of glue traps to capture rodents both generate strongly held opinions and a significant degree of public and political interest.

### **Snares**

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3.312 A free running snare – which essentially is an anchored loop of cable (usually wire or steel) – can be easily purchased from a wide variety of retailers, including online. They are used to enable foxes or rabbits to be caught around the neck and restrained until the operator can return to dispatch the animal. Gamekeepers and farmers use these legal means of trapping and killing animals – predominately foxes – that are deemed to be pests because they can predate gamebirds bred for shooting, and also lambs.

3.313 Their use in Wales is believed to be widespread but some estimates are likely to be largely inaccurate due to a reticence in reporting. A 2012 Department for Environment, Food and Rural Affairs (Defra) report<sup>30</sup> found that between 17,200 and 51,600 fox snares were in use in Wales. The same report found that rabbit snares are not used as extensively.

3.314 The extrapolation from the survey's results suggested that only 115 holdings in Wales use rabbit snares, with an average of 12 snares in use at each holding at any one time. Snares are also sometimes used to capture rabbits for food.

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<sup>30</sup> [Defra, UK - Science Search](#)

- 3.315 Snares are known to inflict both physical and mental suffering upon the animals they capture<sup>31,32</sup>, particularly as the animal may be trapped for many hours - legally, or days - illegally<sup>33</sup>. Injuries sustained from the snare can result in a slow, agonising death for the trapped animal, and they can be attacked or killed by other animals.
- 3.316 When an animal struggles to free itself, the snare can slip to the body or lower extremities leading to the animal further injuring its teeth and body as it attempts to gnaw through the restraint.
- 3.317 Even where care is taken on the size and location of the snare, they are, by their nature, indiscriminate and as such many other non-target species regularly fall victim to being trapped injured or even killed, this includes other wildlife and domestic species as well as farm livestock.
- 3.318 The Department for Environment, Food and Rural Affairs (Defra) study found that while 84 per cent of snare users reported that they made efforts to avoid capturing non-target species, 60 per cent had nevertheless caught non-targets at some time or other.
- 3.319 These non-target species included hares, deer, otters, and pet dogs and domestic cats (5 out of the 17 rabbit snare users in the study had caught a cat at least once). The Defra study found that the badger was the most common non-target with 25 per cent of operators reporting this species found captured in their snares.

## **Glue Traps**

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- 3.320 Glue traps, also called 'glue boards', 'sticky boards' or 'sticky traps' (etc.), are readily available for anyone to buy. They can be purchased from a wide variety of retailers and, because they amount to little more than a board (plastic or card) with the addition of a non-drying adhesive, they can also easily be made at home. These traps are predominately<sup>34</sup> used to

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<sup>31</sup> Munro, R. and Munro, H.M.C. (2008) 'Traps and Snares' in *Animal Abuse and Unlawful Killing Forensic Veterinary Pathology*. Edinburgh, Elsevier Saunders

<sup>32</sup> Rochlitz, I., Pearce, G.P. and Broom, D.M. (2010) The Impact of Snares on Animal Welfare. OneKind Report on Snaring, Centre for Animal Welfare and Anthrozoology, Department of Veterinary Medicine, Cambridge University Animal Welfare Information Service.

<sup>33</sup> Under s11 of the Wildlife and Countryside Act 1981 it is illegal to fail to check a set snare at least once every 24 hours

<sup>34</sup> Glue boards/traps are also used for insects and pests, such as cockroaches, which will not be prohibited because the proposed ban will only apply to vertebrates.

catch a rodent by its limbs or fur as soon as it comes into contact with the glue. These traps are in frequent use by members of the public as well as a number of professional pest controllers.

- 3.321 There is no requirement for the user of a glue trap to have any skills or knowledge in the 'pest' species they are seeking to capture. One of the key concerns is in relation to what happens to the animal once it becomes trapped. Many members of the public may not understand how that animal must then be handled and killed once it has become trapped (it is unlikely the animal can be safely and humanely freed from the glue trap to be released unharmed elsewhere), and therefore the glue trap may just be thrown away with the live animal still attached.
- 3.322 Most people may also not understand that to do so could constitute a criminal offence under the Animal Welfare Act 2006. They may also be committing an offence if they are not able to kill the animal humanely which may frequently be the case if they do not have knowledge and skills to do this.
- 3.323 Indeed, a YouGov poll<sup>35</sup> found that over half of the respondents either would not know what to do with a trapped live animal or would recommend an action such as drowning, which would be illegal, and only 20 per cent knew the preferred, and legal, method of striking the animal with a sharp blow to cause instant death.
- 3.324 Reports of non-target species including pet animals such as cats, becoming caught in glue traps suggest serious injury and even death can, and has, occurred. Target and non-target animals caught in these traps have been reported to have sustained serious and painful injuries including dislocated or broken limbs and skin tears, and in some cases an animal may try to chew its own limb off to break free. Trapped animals frequently suffer from exhaustion, dehydration and starvation and can drown in the glue or fall prey to other animals. Between 2016 and 2021 the Royal Society for the Prevention of Cruelty to Animals (RSPCA) alone received 270 reports involving glue traps, with seven of these in Wales.

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<sup>35</sup> Humane Society International (HSI), 2015. Inhumane, Indiscriminate, Indefensible: The case for a UK ban on rodent glue traps. Available at: <https://www.hsi.org/wp-content/uploads/assets/pdfs/hsi-glue-trap-report.pdf>

3.325 The annual figures were significantly lower during the pandemic, and it is important to recognise most incidents where animals suffer due to glue boards may go undetected and unreported.

3.326 Three out of every four incidents the RSPCA responded to involved non-target species being caught, often fatally, including owls and other wild birds, squirrels, hedgehogs, and pet cats - and importantly the glue traps involved have been laid by both the general public/amateurs and professional pest controllers.

## *Calls to ban*

### **Snares**

3.327 Calls to take action on snares have been prevalent and growing for many years. In 2015 this led to the development of a Code of Best Practice on the Use of Snares in Fox Control<sup>36</sup> produced by Welsh Government in consultation with representatives of a number of interested stakeholders including snare users. However, the first annual report to the Climate Change, Environment and Rural Affairs Committee's consideration on the use of snares in Wales (CCERA)<sup>37</sup> could not provide guarantees that the Code had been widely adopted by snare users.

3.328 As such the 2017 CCERA Committee report recommended that 'the Welsh Government prepares draft legislation now so that it is in a position to act immediately should the combined efforts of government, the industry and land managers fail to deliver the ambitions of the Code'.

3.329 Subsequent repeated requests for evidence on adherence to the Code have not been responded to by representatives of snare users in the six years since the Code's introduction.

3.330 The League Against Cruel Sports (LACS) reported that a YouGov poll they had commissioned in January 2021 found that 78 per cent of the public in Wales wanted the use of snares to be made illegal<sup>38</sup>.

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<sup>36</sup> [Code of best practice on the use of snares in fox control | GOV.WALES](https://gov.wales/code-of-best-practice-on-the-use-of-snares-in-fox-control)

<sup>37</sup> <https://senedd.wales/laid%20documents/cr-ld11086/cr-ld11086-e.pdf>

<sup>38</sup> [Calls for Welsh Government to ban barbaric snares | League Against Cruel Sports](https://www.leagueagainstcruelsports.org.uk/calls-for-welsh-government-to-ban-barbaric-snares)

- 3.331 Two petitions calling for a ban snares in Wales have been considered by the Senedd Petitions Committee in recent years. Senedd petition (P-06-1159) raised 6,514 signatures when it was closed by the Petitions Committee in October 2021<sup>39</sup>. An earlier Senedd petition (P-05-715) led by the LACS generated 1,405 by November 2017 and was closed by the Petitions Committee in light of the CCERA's discussion and recommendations.
- 3.332 In the UK Parliament in 2021 a petition calling for the sale, use and manufacture of free-running snares to be banned reached in excess of 100k signatures<sup>40</sup>. In January 2022 and before the petition had closed, Defra responded 'The Government recognises that some people consider snares to be an inhumane and unnecessary means of trapping wild animals and will launch a call for evidence on the use of snares', adding 'the Government will ensure it has the very latest understanding on this issue, and our position will be informed by the responses received'.<sup>41</sup>
- 3.333 The call to ban snares is reflected elsewhere in Great Britain. A recent poll in Scotland – where snares are regulated - found that 76 per cent of Scots want a ban on snares<sup>42</sup> which may have precipitated the Scottish Government's announcement committing to a review that will include a ban as one of the options<sup>43</sup>.

## **Glue traps**

- 3.334 Glue traps are considered inhumane<sup>44,45</sup>, and animal welfare organisations have long called for them to be banned. This has been supported by professionals in the British Veterinary Association and the British Veterinary Zoological Society who have pointed to similar methods, such as, bird lime, which is already illegal. Concerns have been raised not

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<sup>39</sup> It was closed because it was a subject already under consideration by Welsh Government.

<sup>40</sup> Which means it may likely be debated in the House of Commons

<sup>41</sup> <https://petition.parliament.uk/petitions/600593>

<sup>42</sup> [76% of Scots want to see a ban on the use of snares - OneKind](#)

<sup>43</sup> [Snares to trap animals could be banned due to illegal use | Scotland | The Times](#)

<sup>44</sup> Baker, S.E., Ayers, M., Beausoleil, N.J., Belmain, S.R., Berdoy, M., Buckle, A.P., Cagienard, C., Cowan, D., Fearn-Daglish, J., Goddard, P., Golledge, H.D.R., Mullineaux, E., Sharp, T., Simmons, A. and Schmolz, E. (2022) An assessment of animal welfare impacts in wild Norway rat (*Rattus norvegicus*) management. *Animal Welfare* 2022, (31) pp 51-68.

<sup>45</sup> Scottish Animal Welfare Commission: report on the use of rodent glue traps in Scotland [www.gov.scot/publications/scottish-animal-welfare-commission-report-use-rodent-glue-traps-scotland/documents](http://www.gov.scot/publications/scottish-animal-welfare-commission-report-use-rodent-glue-traps-scotland/documents)



just in relation to the non-target animals which have fallen victim to glue traps and suffered injuries or a painful death, but also the target species. Rodents – often referred to as ‘pests’ - are not always offered the same protection from pain and injury in legislation.

3.335 Whilst rodent ingress in our immediate environment is always a significant human health concern, all animals are nevertheless sentient. As such calls to ensure a minimum level of humaneness when dealing with a rodent problem have been growing – which glue traps are incompatible with.

3.336 Legislation to ban the use of glue traps was passed in England in April 2023 although there will be an exemption for professional pest controllers – the exact details of this exemption and how licensing will work have not been announced and are not due to come into force until the spring of 2024. The Scottish Government has also recently announced its intention to introduce a complete ban on glue traps (no exemptions) once a legislative opportunity becomes available. This follows a petition calling for a ban in Scotland which reached more than 5,000 signatures.

3.337 A YouGov poll found that 68 per cent of people surveyed want to see a ban on glue traps and only 9 per cent opposed this<sup>46</sup>. A petition on Change.org has reached over 75,000 signatures<sup>47</sup>. Another petition submitted to the Senedd in 2021 was rejected on procedural grounds because it came after the Welsh Government announcement on the intention to introduce legislation to ban.

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<sup>46</sup> Humane Society International (HSI), 2015. Inhumane, Indiscriminate, Indefensible: The case for a UK ban on rodent glue traps. Available at: <https://www.hsi.org/wp-content/uploads/assets/pdfs/hsi-glue-trap-report.pdf>

<sup>47</sup> <https://www.change.org/p/the-department-for-environment-food-and-rural-affairs-defra-ban-cruel-glue-traps-in-the-uk>

## Part 6 – GENERAL

### ***Purpose and intended effect of the legislation:***

3.338 The Act provides a definition for both "agriculture" and "ancillary activities", these are central concepts in the context of the Act. These terms are defined, for the purposes of the Act, at sections 51 and 52. The definitions reflect the breadth of farming activities within Wales, capturing both traditional and modern farming in Wales, while ensuring the sector continues to innovate with encouragement and support by Welsh Ministers. The definitions seek to capture the range of innovative practice currently used in Wales as well as looking ahead to steps the industry may need to take as it adapts to the challenges ahead.

### ***Meaning of “agriculture” and related references:***

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3.339 The definition of “agriculture” comprises the range of agricultural activities which Welsh Ministers may want to support, pursuant to the power to provide support. It has also been shaped in the context of the SLM duty and the corresponding functions within the Act.

3.340 Caught within the definition are more modern farming practices and methods, demonstrating that farming is constantly evolving to reflect not only the climate and changing landscape, but also advances in technology in support of agriculture, such as controlled environment agriculture. Consequently, the definition captures a wide breadth of what might be considered traditional farming methods, as well as new farming activities. These activities allow the sector to be sustainable, agile, and innovative in its approach to contributing to achieving the SLM objectives.

3.341 The list below expands on the component parts of the definition:

- a) The management and cultivation of gardens, including ornamental horticulture and market gardens (as forms of horticulture)
- b) Farming arable crops for the production of food or agricultural goods, including the use of crops grown for bioenergy.

- c) The keeping and breeding of livestock for the production of food, drink, oils, fibres or leathers or to graze land.
- d) The practice of keeping dairy animals for the production of dairy products.
- e) Controlled environment agriculture which is the growing of plants in a closed ecosystem in which environmental variables are controlled. This ranges from the use of polytunnels to vertical farming methods.

3.342 A government amendment was tabled to include a reference to 'agricultural businesses' in section 51(3) of the Act. This amendment makes clear, that references within the Act to 'agricultural businesses' are to be construed in accordance with the definition of 'agriculture' at section 51(1). When considering whether a particular business is an agricultural business, consideration will need to be given to the nature of the specific business alongside the definition of agriculture.

### ***Meaning of “ancillary activity”:***

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3.343 The definition of “ancillary activity” is provided at section 52 of the Act. Ancillary activities are relevant in the context of the SLM duty, as the duty applies (amongst other things) to the exercise of certain of the Welsh Ministers’ functions in relation to ancillary activities. The definition of “ancillary activity” reflects the scope of the sector alongside its core activities of producing food and other goods on agricultural land. The Welsh Ministers’ power to provide support in connection with ancillary activities is detailed under the power to provide support section.

3.344 The definition of “ancillary activity” is split into environmental and business actions and means:

- a) taking action on land used for agriculture that maintains and enhances ecosystem resilience, mitigates and adapts to climate change and creates and manages habitats.
- b) selling, marketing, preparing, packaging, processing or distributing products deriving from agriculture.

- 3.345 The environmental actions that form part of the definition of “ancillary activity” capture steps which may be taken to assist in the achievement of the SLM objectives on land used for agriculture. These steps may not directly produce an agricultural product, but capture many of the wider actions that many farmers in Wales already undertake. Examples could include natural flood defence, energy management plans and ecosystem creation such as beetle banks.
- 3.346 The business actions forming part of the definition capture the wider agri-food supply chain and may include activities that do not take place on agricultural land for example food packaging, marketing of products or abattoirs. Including these actions within the definition of “ancillary activity” allows for support and actions which benefit the whole sector and allow for innovative and joined up approaches to agricultural supply chains.
- 3.347 This definition also allows support for the supply chain side of the sector recognising that in a drive for lower emissions, increased efficiency and a robust industry, joined up thinking which addresses what happens beyond the farm gate will be required.

### ***Power to amend***

- 3.348 Section 53 contains a power for the Welsh Ministers to amend the definitions of “agriculture” (Section 51) and “ancillary activity” (Section 52), by regulations. This power can be used to ensure that the Act is able to adapt so as to reflect any changes in agricultural practices as a result of land management or technological changes in the future.
- 3.349 Section 53 also contains an amendment to the Act which details a super-affirmative procedure, which provides for further requirements where regulations are made that amend the definition of “agriculture” or “ancillary activity”. The procedure requires the Welsh Ministers to consult any persons appearing to them to be likely to be affected by the regulations, on a draft of the proposed regulations. At least 12 weeks must be allowed for the submission of comments. The comments must be considered and a summary of the comments must be published.
- 3.350 When the draft regulations are laid before the Senedd, they must be accompanied by a statement that specifies whether there are any

differences between the draft consulted on and the draft being laid before the Senedd. Where there are differences, the statement must set out details of those differences. The amendment provides that the draft regulations may not be approved by a resolution of the Senedd until after the expiry of 40 days – this period is calculated from the day on which the regulations are laid. The period does not include any time when the Senedd is dissolved or in recess if this is for more than four days.

## Chapter 4 Consultation

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- 4.2 In ‘Securing Wales’ Future<sup>48</sup>, the Welsh Government set out the priorities to ensure Wales’ future prosperity after the UK’s exit from the European Union (EU). Exit from the EU has meant a departure from the EU’s Common Agricultural Policy (CAP), which launched in 1962.
- 4.3 The Welsh Government has consulted extensively since 2017 on a range of options for delivering SLM, farm support post EU exit, agricultural tenancy, forestry amendments to Forestry Act 1967, snares and agriculture reform.
- 4.4 The policy objectives and the review of the farming industry in BaOL<sup>49</sup> and Sustainable Farming and Our Land (SFaOL)<sup>50</sup> looked at the challenges faced and opportunities for reform in securing the future of Welsh farming.
- 4.5 The *Agriculture (Wales) White Paper*<sup>51</sup> built on these proposals and set out the direction of this Act for one of the most ambitious and significant reforms of the sector of our time, aiming to revolutionise our farming industry to achieve our vision of a sustainable, prosperous and greener Wales. Further engagement with stakeholders for the regulation of Glue Traps has also taken place.
- 4.6 The policy objectives and the provisions of this Act have been informed and shaped by these consultations and stakeholder engagement in relation to amendments to the Forestry Act 1967, Forestry Felling Licences and Banning Snares and Glue Traps.
- 4.7 Due to the extensive consultation already undertaken in relation to the proposals in the Act, and various stakeholder engagement sessions, no additional consultation on a draft Bill was undertaken in advance of introduction to the Senedd.

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<sup>48</sup> [Securing Wales’ future | GOV.WALES](#)

<sup>49</sup> [Support for Welsh farming after Brexit | GOV.WALES](#)

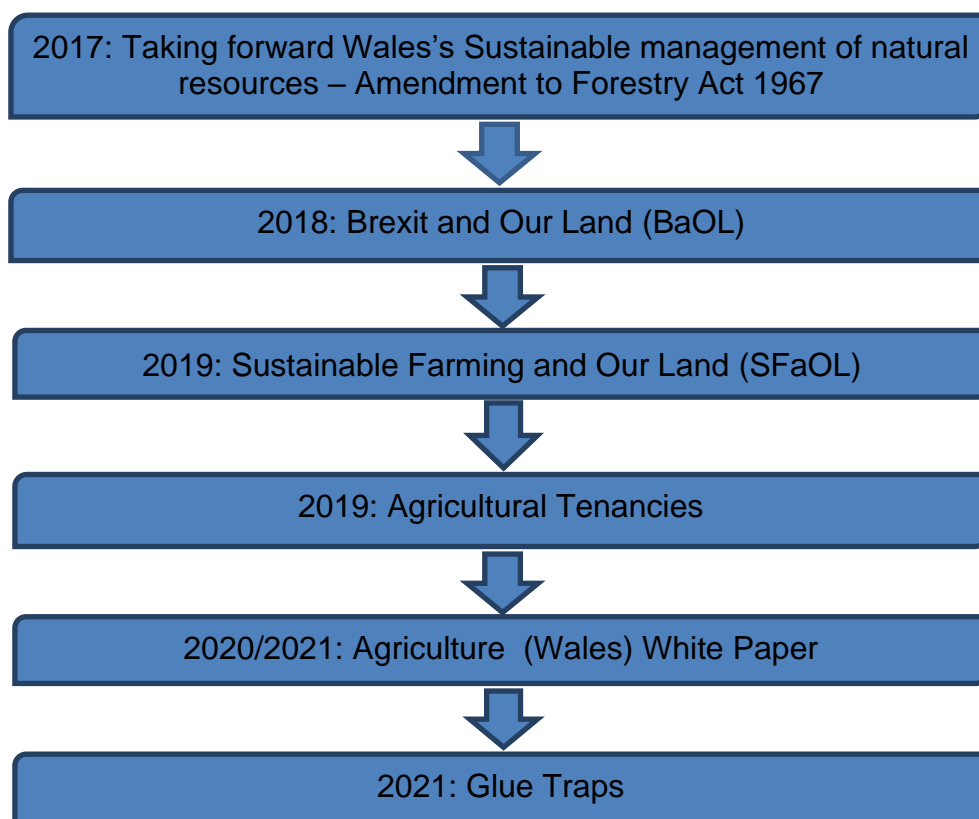
<sup>50</sup> [Revised proposals for supporting Welsh farmers after Brexit | GOV.WALES](#)

<sup>51</sup> [Agriculture \(Wales\) Act | GOV.WALES](#)

## Consultation timetable:

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**Figure 1:** Consultation timetable for future agriculture policy, Forestry, Snares and Glue Traps.



### ***2017: Taking forward Wales' Sustainable management of natural resources (SMNR) – Amendment to Forestry Act 1967***

4.8 The forestry provision to amend the Forestry Act 1967 was initially proposed in the consultation “Taking forward Wales’ Sustainable management of natural resources” between June and September 2017.<sup>52</sup> 128 responses were received on proposals to enable felling licence conditions to align with the SMNR and 130 responses received on the ability to amend or revoke felling licences.

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<sup>52</sup> [Taking forward Wales' sustainable management of natural resources | GOV.WALES](#)

- 4.9 Respondents were broadly supportive on both proposals. A summary of responses can be found on the Welsh Government website<sup>53</sup>
- 4.10 However, there were concerns that the scope of conditions might be too broad resulting in excessive requirements from National Resource Wales. Concerns were also raised in relation to NRW's ability to fulfil additional duties under their current resourcing.
- 4.11 The policy intent to amend the Forestry Act 1967 to add conditions to felling licenses, and to allow felling licenses to be amended, suspended or revoked after licenses have been granted was consulted on again as part of the Agriculture (Wales) White Paper which ran from 16 December 2020 to 25 March 2021. However, this time there were no clear trends surrounding the proposal on changes to the Forestry Act 1967, due in part to the low number of responses explicitly citing views on this.
- 4.12 Further stakeholder engagement was undertaken through the Agriculture (Wales) Act Forestry Provisions Stakeholder Group under the auspices of NRW's Wales Land Management Forum which has helped shape the policy intent and amendments to the Forestry Act 1967. RIA
- 4.13 This stakeholder group was chaired by Welsh Government with secretariat support from NRW and was set up to enable stakeholders and interested parties to provide comment and input into the development of the forestry provision.
- 4.14 Membership comprised of the following organisations: Institute of Chartered Foresters, Confor (Confederation of Forest Industries), Royal Society for Protection of Birds (RSPB), Red Squirrels Trust Wales, Wales Wildlife Trust, Bat Conservation Trust, Woodland Trust, FUW, Wales Local Government Association, CLA (Country Land and Business Association), NRW and Welsh Government. Other organisations were invited but were unable to engage.
- 4.15 Consultation and engagement with key stakeholders on the proposals will continue as NRW develop guidance for both internal staff and external stakeholders to be ready for when the powers are implemented. This guidance will be based on the Principles of Implementation and the

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<sup>53</sup> [sustainable-management-summary-of-responses.pdf \(GOV.WALES\)](#)



Approach paper which form part of the supporting documentation for this Act.

### **2018: *Brexit and our Land (BaOL)***

- 4.16 The Welsh Government's first consultation was held between July and October 2018. BaOL identified that funding provided to farmers through the EU CAP had not equipped the sector to be resilient nor address the environmental challenges confronting us.
- 4.17 12,203 responses were submitted to the consultation. Of these responses, 11,160 campaign responses were submitted from seven unique campaigns including Farming Unions, Worldwide Wildlife Fund for Nature (WWF), RSPB and Wildlife Trust Wales. There were 1,043 substantive responses submitted to the consultation.
- 4.18 The views expressed by respondents were both strong and wide-ranging. In general, farmers raised concerns about the proposals and environmental groups supported the proposals.
- 4.19 A summary of responses can be found on the Welsh Government website <sup>54</sup>

### **2019: *Sustainable Farming and our Land***

- 4.20 Running between July and October 2019, SFaOL built upon the responses and policy analysis on future support developed in our first consultation, BaOL, and also the context provided by the Well-being of Future Generations (Wales) Act 2015 (WFG) and the Environment (Wales) Act 2016.
- 4.21 Reflecting on the responses received the Welsh Government reviewed and changed the terminology to avoid similar misunderstandings that were evident in the BaOL consultation. The proposed policy framework, Sustainable Land Management (SLM), set out proposals on how Government and farmers should work together to deliver SLM, balancing

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<sup>54</sup> [summary-of-responses-brexit.pdf \(GOV.WALES\)](#)

the needs of the current generation with our obligations to the next, including Wales' future farmers.

4.22 SFaOL received over 3,322 responses during the course of the consultation. Of these, 508 were unique responses from individuals and organisations, and a further 2,816 responses were submitted across three distinct campaigns from National Farmers' Union Cymru (NFU), the Royal Society for the Protection of Birds (RSPB) and Ramblers Cymru.

4.23 The analysis of consultation responses from SFaOL highlighted a majority of responses endorsed the proposed policy framework as the way forward.

4.24 A summary of responses can be found on the Welsh Government website.<sup>55</sup>

### ***Further farmer stakeholder engagement***

4.25 After Sustainable Farming and our Land, we launched a co-design exercise over a period of six months, working directly with farmers and stakeholders to explore some of the practical aspects of the proposed Sustainable Farming Scheme (SFS) in a way that would not be possible through a formal written consultation format. An independent consultant was contracted to deliver co-design, and around 2000 farmers participated. The project explored farmer views on several high-level topics such as habitat management, farm development opportunities and animal health to inform the development of the SFS. For example, data from the survey and one-to-one discussions suggested that farmers were broadly receptive to the idea of delivering both food and other environmental goods on the land, as long as this was done in a complementary way. General points of feedback were also gathered during the project, including the importance of a payment support system which equally supports family farms and larger holdings and the importance of working with farmers in order to develop this scheme. We have since launched the second phase of co-design which seeks to gather

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<sup>55</sup> [Revised proposals for supporting Welsh farmers after Brexit | GOV.WALES](#)

views on more detail policy proposals and continue our commitment to develop the SFS with farmers.

4.26 A summary of responses can be found on the Welsh Government website.<sup>56</sup> The second round of co-design is nearing completion and will be published later this year.

### **2019: Agricultural Tenancies**

4.27 Between April and July 2019 Welsh Government also conducted consultation on the Agricultural Tenancies policy intent as part of a wider public consultation on Agricultural Tenancy Reform.<sup>57</sup> The consultation was drawn to the attention of a wide range of stakeholders with an interest in agriculture, rural communities and the natural environment. In total 33 responses were received from agricultural tenants, landlords and stakeholders.

4.28 The majority of respondents agreed with the proposal to amend the 1986 Act. Many who agreed noted that restrictive clauses were a particular issue for 1986 Act tenants, preventing them from meeting regulatory standards, diversifying and entering into land management schemes.

4.29 A summary of responses can be found on the Welsh Government website.<sup>58</sup>

### **2020/2021: The Agriculture (Wales) White Paper**

4.30 In response to feedback on previous consultations listed above, the Welsh Government refined proposals and consulted further. The Agriculture (Wales) White Paper was published on 16 December 2020. It built upon and set out the ambition to reform the way in which agriculture is supported by Welsh Government in the future and our intention to introduce an Agriculture (Wales) Bill in the Senedd, consulting on our proposals for:

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<sup>56</sup> [Co-design for a Sustainable Farming Scheme for Wales \(gov.wales\)](https://gov.wales)

<sup>57</sup> [Agricultural tenancy reform | GOV.WALES](#)

<sup>58</sup> [Agricultural tenancy reform | GOV.WALES](#)

- a) Sustainable Land Management: future policy and support;
- b) Future support for agriculture;
- c) Agricultural Tenancy;
- d) Regulatory reform;
- e) Future support for industry and the supply chain;
- f) Forestry and woodland management;
- g) Improving animal health and welfare;
- h) Regulating the use of Snares;
- i) Improving monitoring through the effective use of data and remote technology; and
- j) Replacing certain powers contained in the AA (UK) 2020.

4.31 The 12-week consultation ended on 26 March 2021.

4.32 An independent analysis of the responses to this consultation has been published. A summary of responses can be found on the Welsh Government website.<sup>59</sup>

4.33 It received 232 substantive responses (set out in Annex 3 of the Summary of responses) and 887 responses submitted through a campaign organised by the League Against Cruel Sports (LACS).

4.34 The independent analysis of the Agriculture (Wales) White Paper concluded that, overall, respondents were broadly positive towards the proposals for introducing SLM. This was caveated by the need for more detail, particularly around future support for agriculture.

4.35 No clear trends emerged from those who commented on the agricultural tenancy proposal which aimed to remove perceived barriers to improving productivity, enabling structural change and accessing future farm support schemes.

4.36 The majority of those commenting on the proposal were in favour of extending the provision to landlords, citing fairness as a key consideration. This was at odds with our previous tenancy reform consultation.

4.37 Insufficient evidence emerged in support of extending the provision to Farm Business Tenants and landlords. Therefore, no further amendments

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<sup>59</sup> [Agriculture \(Wales\) Act](#) | [GOV.WALES](#)

were considered necessary at the time to the draft provision originally consulted upon.

4.38 Proposals to amend legislation to give Ministers in Wales powers to regulate Snares were contained within the Agriculture (Wales) White Paper.

4.39 Overall, the majority of respondents to the public consultation felt that the use of snares should be banned outright. Strong opinions regarding animal welfare were expressed. Some respondents called for an increase in control or regulation but the largest number – many of which were organised through the LACS campaign – called for a complete ban.

4.40 As a result of the consultation and the work done on the Code of Best Practice<sup>60</sup> in preceding years, the Welsh Government position to implement a ban on the use of snares for capturing wildlife was included as a commitment within the Programme for Government published in June 2021.

4.41 A summary of responses can be found on the Welsh Government website<sup>61</sup>.

4.42 Since publication of the White Paper considerable work has been undertaken to define the scope and timescale for the Act. Ministers agreed the scope of the Act should be limited to making provision for bringing forward the new framework of Sustainable Land Management and the powers for Future Support, amendment to Forestry Act 1967, Forestry Felling Licences, Banning Snares and Glue Traps and to replace the time limited powers in Schedule 5 (and other relevant provisions) of the Agriculture Act 2020.

### **2021: Glue traps**

4.43 Following indications from Department for Environment, Food and Rural Affairs (Defra) that consideration was being given to legislate to regulate glue traps in England, and during a review of options in Wales, an opportunity to amend the Wildlife and Countryside Act 1981 was identified within the Agriculture (Wales) Act. Officials engaged with stakeholders

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<sup>60</sup> [Code of best practice on the use of snares in fox control \(GOV.WALES\)](#)

<sup>61</sup> [Agriculture \(Wales\) White Paper summary of responses \(GOV.WALES\)](#)

between November 2021 and January 2022. Responses were sought from the pest control industry; animal welfare organisations; and local authorities in order to understand the scale of use; the impact of, and for support for, a ban; and any other evidence for or against banning glue traps.

4.44 The two major pest control bodies in the UK, the British Pest Control Association (BPCA) and the National Pest Technicians Association (NPTA) provided responses<sup>62</sup>. Both organisations fully support a ban on the general public (including amateur pest controllers) being able to use glue traps, however they have called for an exemption for professional pest controllers.

4.45 This is based upon their view that glue traps can be a faster method in situations where the threat to public health is more acute and argue that rodents are not always easy to capture, and rodenticides can sometimes be ineffective. Both organisations, however, acknowledge the rarity of these circumstances and pest controllers will often prefer to use other methods where possible<sup>63</sup>.

4.46 Responses covering six of the 22 local authorities in Wales were received to the targeted stakeholder consultation. Of these, two responded to state they never use glue traps and only two in extremely limited circumstances. One local authority quantified this as being far less than 1 per cent of all pest control incidents and another had not used them in the preceding 12 months.

4.47 One response raised significant concerns if glue traps are to be banned, pointing to specific types of circumstances such the home of a vulnerable person with limited mobility, or a hospital, or the food preparation area of a restaurant - where a glue trap is deemed to be the fastest method of capturing the rodent.

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<sup>62</sup> Summary of responses to Welsh Government's targeted stakeholder consultation and call for evidence on glue traps

<sup>63</sup> The BPCA quantified this from a sample of 404 members who use glue boards at daily 6 per cent, monthly 30 per cent, quarterly 18 per cent, yearly 16 per cent, less than once a year 3 per cent and never 3 per cent. Information on how many of the respondents operate in Wales was not included - which is a material matter given that rodent problems are more likely in (human) densely populated areas.

- 4.48 However, two local authorities responded to state they never use glue traps for vertebrates because they are considered inhumane, and therefore alternative methods of pest control are always deployed, which suggests it is entirely possible to utilise alternative methods to capture the rodent. One city-based local authority which does occasionally use glue traps did not have any major impacts to report in the face of a ban and in fact supported the proposal.
- 4.49 It was reported within the consultation responses that Local Authority pest controllers usually do not leave the premises where they have laid a glue trap until the animal is caught and dispatched quickly to minimise suffering although this was not a practice the two pest control bodies reported (they cited a requirement to return to check a trap no more than 12 hours after it was laid<sup>64</sup>).
- 4.50 There were no problems reported by pest control services that have a self-imposed ban on the use of glue traps – they are able to capture the pest in all circumstances. It should be noted that the economic drivers (i.e. the speed of capture and the potential need to return repeatedly, sometimes to try different methods) in relation to this issue were not discussed in the responses, and no evidence of financial impacts were presented.

### ***Further Consultation on Future Support***

- 4.51 The Welsh Government accept and understand the call from the Agriculture White Paper consultation for more detail on the proposed Sustainable Farming Scheme (SFS) and plans for transition to allow the industry time to prepare for future changes.
- 4.52 In July 2022, in readiness for the Royal Welsh Agricultural Show, an outline of the SFS proposals<sup>65</sup> was published and a second phase of co-design was launched. This process is allowing meaningful engagement

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<sup>64</sup> The 12 hours cited is not a legal requirement but comes from an industry code of practice updated in 2017 by the Pest Management Alliance (consisting of BPCA, NPTA and the Chartered Institute of Environmental Health). The Code sets out a range of standards including that glue traps are checked 'within 12 hours of placing, or at least as soon as is reasonably practicable'.

<sup>65</sup> [Sustainable Farming Scheme | GOV.WALES](#)

with farmers on the proposals and will further demonstrate to the Senedd how the powers contained in the Act are intended to be used.

4.53 In 2023, we will consult on our final proposals to introduce the SFS. We will also consult on our detailed plans for the transition period including our approach to stability payments and how we intend to reduce these payments over the course of the transition period. We will also consult on our plans to incentivise farmers to join the Scheme. An initial cost benefit analysis has been completed and is considered as a part of the Regulatory Impact Assessment (RIA) which accompanies the Act.

### ***Sustainable Farming Scheme: Tenancy Working Group***

4.54 In November 2022 the Welsh Government convened a Tenancy Working Group made up of sector representatives to consider the outline SFS. The group reached a number of conclusions on scheme design and raised a number of concerns about certain aspects of agricultural tenancy legislation which could act as a barrier to scheme access for some tenant farmers. These included the definition of agriculture in both the 1986 and 1995 Acts, the rules of good husbandry and dispute provisions for FBTs.

4.55 Welsh Government carefully considered the working groups feedback when developing stage 3 amendments, and subsequently tabled a government amendment in respect of dispute resolution provisions for FBTs on the strength of the arguments presented by the group.



## ***Chapter 5 Power to make subordinate legislation***

5.1 The Act contains provisions to make subordinate legislation and issue determinations. Table 5.1 (subordinate legislation) sets out in relation to these:

- a) the person upon whom, or the body upon which, the power is conferred;
- b) the form in which the power is to be exercised;
- c) the appropriateness of the delegated power;
- d) the applied procedure; that is, whether it is “affirmative”, “negative”, or “no procedure”, together with reasons why it is considered appropriate.

5.2 The Welsh Government will consult on the content of the subordinate legislation where it is considered appropriate to do so. The precise nature of consultation will be decided when the proposals have been formalised.

**Table 5.1: Summary of powers to make subordinate legislation in the provisions of the Agriculture (Wales) Act**

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Sustainable Land Management reports – Section 6(10)	Welsh Ministers	Regulations	<p>Power for the Welsh Ministers to amend section 6(9), which defines the reporting period for SLM reports.</p> <p>The Welsh Ministers are required to prepare a report, in relation to each reporting period, setting out their assessment of the progress made towards achieving the SLM objectives (section 6(1)). This includes reporting on the progress made in relation to indicators and targets during the reporting period (section 6(2) to (6)). The report must be published and laid before the Senedd no later than 12 months after the end of each reporting period (section 6(8)). The reporting period is, (a) in the case of the first report, the period beginning with the day on which section 2 (Welsh Ministers’ duty in relation to the objectives) comes into force and ending with 31 December 2025; (b)</p>	Affirmative Resolution Procedure	<p>The SLM reporting provisions provide an important mechanism to assess SLM policy delivery and for accountability and scrutiny. The regulations could amend the Act (section 6(9)) and the affirmative procedure will provide appropriate opportunity for scrutiny and accountability should the Welsh Ministers decide to exercise the power to make regulations to amend the reporting period for the SLM reports.</p>

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			<p>in the case of subsequent reports, successive periods of five years.</p> <p>The power to amend the reporting period provides flexibility in case the reporting period needs to be amended to take account of changing priorities and/or changes in the power of support reporting period.</p> <p>Maintaining a synchronicity between the power of support reporting periods and the SLM reporting period enhances the effectiveness of both reports as information from the power to provide support report is likely to feature in the SLM report.</p>		
Welsh Ministers power to provide support - Section 8(4)(a)	Welsh Ministers	Regulations	Power for the Welsh Ministers to add further purposes to the list of power to provide support purposes. Provides the Welsh Ministers with the flexibility to add to the power to provide support purposes set out in section 8(2) by way of regulations.	Affirmative Resolution Procedure	These regulations could amend primary legislation in connection with the power to provide support purposes. Therefore, the affirmative procedure is considered appropriate. The purposes

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			That list is not exhaustive, but sets out purposes that support may, in particular, be provided for, or in connection with. This may need amending in the future as priorities change and in reaction to assessment of the purposes as currently written.		outline the priorities for payments under the power to provide support and any changes (adding, removing or modifying entries) will have an impact on the scheme design and the expectations on scheme members. As such it is necessary that any changes are given due consideration and opportunity for challenge.
Welsh Ministers power to provide support - Section 8(4)(b)	Welsh Ministers	Regulations	Power for the Welsh Ministers to remove a purpose from the list of power to provide support purposes. Provides the Welsh Ministers with the flexibility to remove a purpose set out in section 8(2) by way of regulations. This power may be considered appropriate should the purposes for providing future support change in the future. See above (Section 8 (4)(a) for more details).	Affirmative Resolution Procedure	These regulations could amend primary legislation in connection with the power to provide support purposes. Therefore, the affirmative procedure is considered appropriate. See above (Section 8 subsection (4)(a) for more details).

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
Welsh Ministers power to provide support - Section 8 (4)(c)	Welsh Ministers	Regulations	Power for the Welsh Ministers to alter the description of a purpose in the list of power to provide support purposes. Provides the Welsh Ministers with the flexibility to alter the description of a purposes by way of regulations. This power may be considered appropriate should the purposes for providing future support change in the future. See above (Section 8 (4)(a) for more details).	Affirmative Resolution Procedure	These regulations could amend primary legislation in connection with the power to provide support purposes. Therefore, the affirmative procedure is considered appropriate. See above (Section 8 subsection (4)(a) for more details).
Power to make provision about publication of information about support - Section 10(1)	Welsh Ministers	Regulations	The Welsh Ministers may make regulations that make provision relating to the publication of information about support that is or has been provided. Regulations may provide for the specification of information including about the recipient of any support provided, amount of any support provided, and the purposes of any support provided.  Regulations under this power may impose a requirement on any	Affirmative Resolution Procedure	The power may involve the publication of data relating to businesses and individuals that receive support under the power to provide support. The power is also far reaching in its applicability. Due to transparency in the application of public funds the affirmative procedure, and its high level of scrutiny, is felt to be appropriate. Information is also protected under GDPR.

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			person, including the Welsh Ministers.		
Power to make provision about checking eligibility for support, etc - Section 12(1)	Welsh Ministers	Regulations	<p>Regulations to make provision for ensuring that eligibility for support has been met and compliance and enforcement measures are in place. This power may confer powers of entry, the withholding of support and the recovery of support already paid.</p> <p>Regulations under this power may not authorise entry to a private dwelling without a warrant issued by a justice of the peace.</p>	Affirmative Resolution Procedure	Due to the reach of these powers and the need for them to be justified and appropriate in relation to what they are establishing (eligibility for payments and compliance to support conditions) the affirmative resolution procedure is felt to give sufficient checks to ensure that the power is used appropriately and fairly.
Impact Report – Section 14(7)	Welsh Ministers	Regulations	<p>The Welsh Ministers may by regulations amend the reporting period, subsection (6), for the Impact Report.</p> <p>In the case of the first Impact Report, the “reporting period” means the period beginning with the day section 8 comes into force and ends on 31 December 2029, and for subsequent Impact Report, reporting</p>	Affirmative Resolution Procedure	<p>The reporting period is currently set for every five years, should the specified reporting period no longer be suitable this can be amended, but should try to align with the SLM reporting period.</p> <p>The reporting period may if the need arises be amended to align with contract periods (SFS). The impact report also</p>

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
			<p>periods are thereafter every five years.</p> <p>The Impact Report reporting period aligns with the reporting period of the SLM report.</p>		provides financial transparency and accountability for the use of public funds. The affirmative procedure will provide sufficient avenues for appropriate scrutiny should this power be exercised.
Power to modify legislation governing the BPS – Section 16(1)	Welsh Ministers	Regulations	This is a power to make modifications to the legislation governing the basic payment scheme. It is a wide power not linked to a specific purpose.	Affirmative resolution procedure	These will largely be technical / procedural in nature and will only be used where necessary to make changes to current detailed scheme rules, contained in retained EU Law.
Power to modify legislation relating to the Common Agriculture Policy – Section 17(1)	Welsh Ministers	Regulations	This is a power to make amendment to CAP (financing, management and monitoring) to provide for any changes that may be required for support going forward.	Affirmative resolution procedure	These will largely be technical / procedural in nature and will only be used where necessary to make changes to current detailed scheme rules, contained in retained EU Law.
Power to modify legislation relating to support for apiculture – Section 18(1)	Welsh Ministers	Regulations	This is a power to modify legislation as it relates to support for apiculture.	Affirmative resolution procedure	This power is required to modify the apiculture scheme and adapt to changes in order to support beekeeping.

<b>Section</b>	<b>Power conferred on</b>	<b>Form</b>	<b>Appropriateness of delegated power</b>	<b>Procedure</b>	<b>Reason for procedure</b>
Power to modify legislation relating to support for Rural Development – Section 19(1)	Welsh Ministers	Regulations	This will allow for modification to rural development legislation. It is intended that rural development will continue at least in the short term and will be necessary during transition.	Affirmative resolution procedure	These will largely be technical / procedural in nature and will only be used where necessary to make changes to current detailed scheme rules, contained in retained EU Law.
Power to modify retained direct EU legislation relating to public market intervention and private storage aid – Section 23 subsection (1)	Welsh Ministers	Regulations	Power to make regulations to modify retained EU legislation relating to public intervention and private storage aid (PIPSA), including being able to make changes to the agricultural products that are eligible for public market intervention or aid for private storage.	Affirmative Resolution procedure	Any changes will largely be technical / procedural in nature and will only be used where changes to the detail contained in retained EU Law are necessary.
Agri-food supply chains: requirement to provide information – Section 25 subsection (2)	Welsh Ministers	Regulations	To require a person in, or closely connected with, an agri-food supply chain to provide information about matters connected with any of the person's activities connected with the supply chain so far as the activities take place in Wales.	Affirmative Resolution Procedure	Requiring a person to provide information has the potential to be onerous on that individual and due consideration of a range of factors is required including the necessity of collecting the information and its use. The affirmative procedure is seen as necessary.



<b>Section</b>	<b>Power conferred on</b>	<b>Form</b>	<b>Appropriateness of delegated power</b>	<b>Procedure</b>	<b>Reason for procedure</b>
Relevant activity: requirement to provide information - Section 27 subsection (2)	Welsh Ministers	Regulations	To require a person who carries on a relevant activity (and who is not a person in, or closely connected with, an agri-food supply chain) to provide information about matters connected with the activity so far as the activity takes place in Wales.	Affirmative Resolution Procedure	Requiring a person to provide information has the potential to be onerous on that individual and due consideration of a range of factors is required including the necessity of collecting the information and its use. The affirmative procedure is seen as necessary
Enforcement of information requirements - Section 32 subsection (1)	Welsh Ministers	Regulations	To make provision for enforcement of a requirement to provide information.	Affirmative Resolution Procedure	This power could result in a person being subject to a financial penalty for failing to comply. The affirmative procedure is seen as appropriate to ensure scrutiny in the use of this power.
Marketing Standards - Section 34 subsection (1)	Welsh Ministers	Regulations	The power for the Welsh Ministers to make provision concerning marketing standards, relating to agricultural products listed in Schedule 1, to which they must conform, and which can be enforced if there is non-compliance.	Affirmative Resolution Procedure	Marketing standards provisions will enable Welsh Ministers to make changes to standards for the listed produce marketed in Wales to keep in line with modernisation, to best suit the domestic sector and to align

Section	Power conferred on	Form	Appropriateness of delegated power	Procedure	Reason for procedure
					with changes elsewhere in the UK.  The affirmative procedure is required as the enforcement provisions allow for power of entry.
Marketing Standards - Section 34 subsection (6)	Welsh Ministers	Regulations	This power enables the Welsh Ministers to make changes to Schedule 1 that lists agricultural products and Section 32 to account for future changes/development in this area.	Affirmative Resolution Procedure	These regulations would amend primary legislation. Therefore, the affirmative procedure is appropriate.
Carcass Classification - Section 35 subsection (1)	Welsh Ministers	Regulations	This power enables the Welsh Ministers to make provisions about carcass classification, identification and presentation by slaughterhouse in Wales. It will enable their modification to best suit the sector. It also allows the Welsh Ministers to enforce these provisions.	Affirmative Resolution Procedure	The affirmative procedure is required as the enforcement provisions allow for power of entry.
Power to make consequential, transitional etc.	Welsh Ministers	Regulations	Regulations are appropriate to ensure, that where amendments to other legislation are found to be	Negative Resolution Procedure	Where regulations are not modifying primary legislation,

<b>Section</b>	<b>Power conferred on</b>	<b>Form</b>	<b>Appropriateness of delegated power</b>	<b>Procedure</b>	<b>Reason for procedure</b>
provision – Section 49(1)			necessary, to give full effect to this Act, further primary legislation is not required.		negative procedure is considered appropriate
Power to amend sections 51 and 52 - Section 53	Welsh Ministers	Regulations	Provides the Welsh Ministers the power to amend section 51 (meaning of “agriculture” and related references) and section 52 (meaning of “ancillary activity”) by regulations. This power ensures that the definitions can be amended to reflect any changes that may be required in the future and to ensure they remain fit for purpose.	Super-Affirmative Resolution Procedure	These regulations could amend primary legislation, and, specifically, two definitions that go to the heart of the Act. Therefore, the super-affirmative procedure is considered appropriate

## Part 2 – Regulatory Impact Assessment

### Chapter 6 - Regulatory Impact Assessment (RIA) summary

#### Introduction

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6.1 A Regulatory Impact Assessment has been completed for the Act and it follows below.

6.2 There are no specific provisions in the Act which charge expenditure on the Welsh Consolidated Fund.

6.3 The following table presents a summary of the costs and benefits for the Act as a whole. The table has been designed to present the information required under Standing Order 26.6 (viii) and (ix).

<b><i>The Agriculture Act</i></b>		
<b>Preferred option:</b> <i>Short description of the preferred option, include a 'signpost' to the relevant pages of the RIA.</i>		
<b>Future Support:</b> Option 3 – Legislate to introduce support consistent with Sustainable Land Management (SLM) (Preferred Option)		
<b>Intervention in Agricultural markets:</b> Option 2 – Taking forward powers over Intervention in Agricultural Markets in the Act		
<b>Agricultural Tenancies:</b> Option 3 – Amend the Agricultural Holdings Act 1986 and Agricultural Tenancies Act 1995		
<b>Marketing Standards:</b> Option 2 – Taking forward Marketing Standards powers in the Act		
<b>Carcass Classification:</b> Option 2 – Taking forward Carcass Classification powers in the Act		
<b>Forestry:</b> Option 2 – Adding Environmental Conditions to felling licences and enabling felling licences to be amended, suspended or revoked once granted.		
<b>Snares &amp; Glue Traps:</b> Option 3 – Ban the use of snares & glue traps in all circumstances.		
<b>Stage:</b> Introduction	<b>Appraisal period:</b> 2022 - 2050	<b>Price base year:</b> 2020
<b>Total Cost</b> Total: £ 9,101,644,256 Present value: £ 6,063,901,474	<b>Total Benefits</b> Total: £ Not Quantified Present value: £ Not Quantified	<b>Net Present Value (NPV):</b> £ -6,063,901,474

## Administrative costs

### Costs:

**Future Support:** The administrative costs in Option 3 (legislate to establish a future SLM Scheme) are estimated to be £31.2m higher than under Option 1 (support ceases by end 2024) and £5.8m higher than under Option 2 (maintain status quo). This is primarily due to there being no payments made to farmers under option 1, which leads to negligible administration costs. Option 3 also has a transitional cost of a new ICT system which can be split into £19.3m capital and £16.2m enabling. These costs used in analysis are assumed and actual cost will be dependent on final scheme design.

**Intervention in Agricultural Markets:** Calculating costs for this proposal is variable, because of the nature of these proposed powers being one of crisis response. We cannot know when a crisis will occur, and on what scale, so costs will vary depending on circumstances. In a scheme to support the dairy sector, which was launched in 2020 and used similar powers to these, an equivalent of £1,182,000 was paid out to farmers in 2022 prices. In these circumstances only a specific part of the dairy sector was affected, so other crises may require a higher budget for payments if they affect the entirety of a sector.

**Agricultural Tenancies:** The total cost to business are expected to be between £172k (Best Case) and £334k (Worst Case) per annum from commencement and implementation through secondary legislation. These costs are linked to arbitration, for more detail see table 57.

**Marketing Standards:** There are no foreseeable financial costs because Welsh Government does not currently have any plans to use the proposed powers over marketing standards in the time period specified.

**Carcass Classification:** Policy development for proposals governing sheep carcass classification remains ongoing and has not yet reached a stage where costs can be accurately calculated.

**Forestry:** Private Sector costs associated with adding the environmental conditions are

1. Providing supporting survey data and engaging professional ecological advice £97k-£107k annually, rising to £138k-£152k by 2050
2. Providing NRW with returns from its environmental conditions are estimated between £8k-£9k annually, rising to £15k-£16k by 2050.

Private Sector costs associated with voluntary amendment of felling licences are estimated to be £31k annually. Additional NRW administrative and capital costs are estimated to be £3k annually. There is also a one-off cost to develop and implement a conditions framework of £345k, incurred by NRW in 2022-23.

**Snares:** Costs to communicate the ban on the use of snares will fall to Welsh Government. Direct mail, issuing Press Notices and the use of Welsh Government social media accounts for the equivalent of approximately a week of an Executive Officer's time, would equate to £750. This cost is expected to be incurred in 2023-24.

**Glue Traps:** Costs to communicate the ban on the use of glue traps will fall to Welsh Government. Direct mail, issuing Press Notices and the use of Welsh Government social media accounts for the equivalent of approximately a week of an Executive Officer's time, would equate to £750. This cost is expected to be incurred in 2023-24.

<b>Transitional:</b> £36,763,500	<b>Recurrent:</b> £891,876,716	<b>Total:</b> £928,640,216	<b>PV:</b> £632,788,395
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**Cost-savings:**

Quantified administrative costs have been calculated compared to the baseline of Option 1. Therefore, any cost savings are already incorporated in the figures above.

<b>Transitional:</b> £ N/A	<b>Recurrent:</b> £ N/A	<b>Total:</b> £ N/A	<b>PV:</b> £ N/A
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**Net administrative cost: £ 632,788,395**

## Compliance costs

**Future Support:** We estimate there is likely to be an increase in public/stakeholder awareness of the scheme and its associated requirements in general terms of biodiversity/habitat management and the historic environment. This has the potential to increase the number of EIA (Agriculture) Regulations referrals received by the Welsh Government and increase the enforcement workload. We estimate that this will lead to an annual increased cost of £43k in Option 3 compared to Options 1 and 2. Future scheme compliance costs are yet to be quantified.

**Intervention in Agricultural Markets:** Calculating costs for this proposal is variable because of the nature of these proposed powers being one of crisis response. We cannot know when a crisis will occur, and on what scale, so costs will vary. The 2020 scheme to support the dairy sector was conducted in-house, and involved one-off payments, so there were no ongoing compliance costs.

**Agricultural Tenancies:** There will be time costs to each individual, however this will vary on a case-by-case basis. The undisclosed nature of agreements, negotiations and disputes that have arisen between agricultural tenants and landowners to date make it impossible to identify the true cost. It is also impossible to know the exact number of new disputes that will arise as a result of this provision and quantification risks excessive misjudgement.

**Marketing Standards:** There are no foreseeable financial costs because Welsh Government does not currently have any plans to use the proposed powers over marketing standards in the time period specified.

**Carcass Classification:** Policy development for proposals governing sheep carcass classification remains ongoing and has not yet reached a stage where costs can be accurately calculated.

**Forestry:** Annual monitoring and enforcement costs associated with adding the conditions are estimated to be £30k for NRW and between £3k-£6k for the private sector. There are also costs due to the expected increase in appeals, £2k for NRW and £10k for the Welsh Government. There are similar annual costs associated with amendment, suspension or revoking of felling licences. NRW costs are £3k (motoring and enforcement) and £8k (appeals). Welsh Government costs associated with increased appeals are estimated to be £20k.

**Snares:** It is anticipated that the vast majority of snare users will switch to alternative forms of pest control and the legislation will act as a deterrent resulting in no additional work for the police. Anticipated impacts on the criminal justice system have been considered by the Ministry of Justice and considered to be minimal or nil impact on the justice system. Compliance costs are therefore anticipated to be £zero

**Glue Traps:** Compliance with the new legislation will be predicated, as most legislation is, upon the majority of people adhering to the law. Anticipated impacts on the criminal justice system have been considered by the Ministry of Justice and considered to be minimal or nil impact on the justice system. Compliance costs are therefore anticipated to be £ zero.

<b>Transitional:</b> £ 0	<b>Recurrent:</b> £ 3,347,040	<b>Total:</b> £ 3,347,040	<b>PV:</b> £ 2,184,754
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## Other costs

**Future Support:** We are not yet in a position to set out the anticipated annual expenditure on payments to farmers under the future SLM scheme. For the purposes of this analysis, we have assumed an annual budget of £278m is maintained in real terms over the appraisal period. This is the same as in Option 2. Option 1 assumes the £278m could be available for spending on other Welsh Government priorities. It could be expected that this would accrue benefits, but this is out of scope of this analysis. Option 3 also assumes annual increased costs of £4.1k for Farming Connect and the Farm Liaison Service due to increased levels of provision and staff respectively.

**Intervention in Agricultural Markets:** Calculating costs for this proposal is unknown because of the nature of these proposed powers being one of crisis response. We cannot know when a crisis will occur, and on what scale, so we cannot plan expected costs.

**Agricultural Tenancies:** No other quantified costs have been identified.

**Marketing Standards:** There are no foreseeable financial costs because Welsh Government does not currently have any plans to use the proposed powers over marketing standards in the time period specified.

**Carcass Classification:** Policy development for proposals governing sheep carcass classification remains ongoing and has not yet reached a stage where costs can be accurately calculated.

**Forestry:** Adding environmental conditions to felling licences will result in more consultation and liaison with NRW Environment Teams (both from the forestry sector through pre-application advice and from NRW Forestry Permitting as part of NRW's internal consultation). There expected to be additional Habitat Regulations Assessments. The annual cost to NRW of this is £22k. An additional annual cost of £1k is expected for the same reasons on the amendment, suspension or revoking of felling licences.

**Snares:** No other quantified costs have been identified.

<b>Transitional: £ 0</b>	<b>Recurrent: £8,169,657,000</b>	<b>Total: £8,169,657,000</b>	<b>PV: £5,428,928,325</b>
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## Unquantified costs and disbenefits

**Future Support:** The cost of any future scheme has not been quantified; this is dependent on the design of the future scheme. This will have consequential upfront transitional, capital costs as well as ongoing revenue payments to farmers. The working assumption is that costs will be within current budget levels. The economic impact on the sector will also be assessed as part of the design of any future scheme.

**Intervention in Agricultural Markets:** Calculating costs for this proposal is variable because of the nature of these proposed powers being one of crisis response. We cannot know when a crisis will occur, and on what scale, so any predictions of unquantifiable costs at this stage would be too speculative to be robust.

**Agricultural Tenancies:** Making the amendment will increase the total number of disputes that arise. For each new case there will be a cost to business that may be borne either by the landlord, the tenant or both (depending on the nature of the case). This cost has not been quantified.

**Marketing Standards:** There are no foreseeable financial costs because Welsh Government does not currently have any plans to use the proposed powers over marketing standards in the time period specified.

**Carcass Classification:** Policy development for proposals governing sheep carcass classification is ongoing, and has not yet reached a stage where costs can be accurately calculated.

**Forestry:** It has not been possible to quantify some of the private sector costs that may arise as a result of the new powers. Costs are likely to arise in relation to site specific conditions for highly sensitive or complex sites. However, owing to the highly variable nature of felling licences, and the new conditions themselves, in terms of frequency, scale, tree species, timber quality and site sensitivities, a monetary value has not been possible to express as the cost is unknown. These factors also apply to the unquantifiable costs for amendment, suspension and revocation of licences already granted. A degree of unquantified costs are already part of the normal pattern of forest management planning, allowing flexibility around felling operations where necessity arises. Costs arising from compensation to the private sector cannot be quantified due to unknown and highly variable factors such as frequency of use of powers and likelihood of a successful appeal. Under the current Forestry Act 1967 there have been no recorded compensation payments. Data will be collected to inform the post-implementation review to better understand additional costs.

**Snares:** It has not been possible to quantify the impact of banning snares on businesses and individuals who use them. We expect a ban on snares will have minimal financial impact in the long term.

**Glue Traps:** It has not been possible to quantify the impact of banning glue traps on businesses and individuals who use them. We expect a glue trap ban will have minimal financial impact in the long term.

## Benefits

**Future Support:** By introducing this legislative framework, Welsh Ministers will need to consider economic, environmental and social factors when making decisions on future support. No quantification of the levels of funding or impact on the industry has yet been made. There are a number of clear, causal links between actions which deliver both economic benefits to farmers (e.g. animal health and targeting the application of nutrients) and the delivery of environmental and social outcomes. Supporting farmers to produce food in a sustainable manner alongside supporting farmers to take actions which respond to the climate and nature emergencies will support both the agricultural sector and help the Welsh Government meet its statutory commitments.

Direct economic, environmental and social benefits will be realised through actions which enable the production of food and other goods in a sustainable manner; the mitigation and adaptation to climate change; the maintenance and enhancement of the resilience of ecosystems; the conservation and enhancement of the countryside and cultural resources and promotion of public access to and engagement with them and sustaining the Welsh language and promoting and facilitating its use.

**Intervention in Agricultural Markets:** Calculating benefits for this proposal is variable because of the nature of these proposed powers being one of crisis response. We cannot know when a crisis will occur, and on what scale, so we cannot plan expected benefits. These are likely to be the financial support paid out to farmers, plus any long-term benefit to the business and supply chains accrued from those farms remaining solvent.

**Agricultural Tenancies:** This option is intended to facilitate access to financial assistance schemes for those tenant farmers who may otherwise have found themselves unfairly restricted. The benefits of participating in financial assistance scheme are set out in the other Agriculture (Wales) Act impact assessments.

**Marketing Standards:** There are no foreseeable financial benefits because Welsh Government does not currently have any plans to use the proposed powers over marketing standards in the time period specified.

**Carcass Classification:** Policy development for proposals governing sheep carcass classification remains ongoing and has not yet reached a stage where benefits can be accurately calculated. Implementing carcass classification regulation within the sheep sector will improve transparency and fairness within the supply chain, however the benefits are currently unquantifiable.

**Forestry:** Biodiversity and environmental benefits are expected to increase as a result of the provision to add environmental conditions, as the aim is to reduce environmental harm and provide better protection for wildlife. These benefits are challenging to quantify or express in monetary terms given the variable nature of felling licences in terms of frequency, scale and individual site conditions. It is proposed that relevant data will be collected to monitor the benefits as part of a post implementation review of the legislation.

**Snares:** A small number of non-target animals that may get caught in snares are pet animals, specifically cats and dogs. Owners of these animals often face substantial veterinary costs and a lengthy period of rehabilitation for their pet. These costs are

not collectable data and are therefore unknown at this stage, nevertheless the ban on snares would represent a saving for individuals whose animals would escape injuries in future. More generally, a ban on snares will lead to increased standards in animal welfare the value of which has not been quantified.

**Glue Traps:** A ban on glue traps will lead to increased standards in animal welfare the value of which has not been quantified.

**Total: £Unquantified**

**PV: £Unquantified**

## Key evidence, assumptions and uncertainties

**Future Support:** Costings have been drawn from NRW and WG operational teams. The SFS Evidence pack produced by ERAMMP laid a foundation of evidence which assessed actions against the outcomes the Welsh Government is seeking to deliver. This analysis drew upon the findings of over 800 peer-reviewed evidence papers. The reports on his work can be found here: [Resources | ERAMMP](#). This work helped to identify a robust evidence-based logic for actions which deliver SLM outcomes. The design of any future support is the key uncertainty, and the level of outcome delivery will be dependent on this.

**Intervention in Agricultural Markets:** The powers being proposed here are effectively the continuation of existing powers which have been developed first in EU legislation and then the Agriculture Act 2020. As such, the Welsh Government has not considered broader policy options at this stage, as there has been no indication of either stakeholders or policymakers wanting other options for legislative powers over exceptional market conditions to be considered.

**Agricultural Tenancies:** Administrative data relating to tenants of Agricultural Holdings Act leases and Farm Business Tenancies was provided by Rural Payments Wales (RPW). Estimates relating to the cost of arbitration were provided by industry experts.

**Marketing Standards:** The powers being proposed here are effectively the continuation of existing powers which have been developed first in EU legislation and then the Agriculture Act 2020. As such, the Welsh Government has not considered broader policy options at this stage, as there has been no indication of either stakeholders or policymakers wanting other options for legislative powers in respect of Marketing Standards for agricultural and food products to be considered.

**Carcass Classification:** The powers being proposed here are effectively the continuation of existing powers which have been developed first in EU legislation and then the Agriculture Act 2020. As such, the Welsh Government has not considered broader policy options at this stage, as there has been no indication of either stakeholders or policymakers wanting other options for legislative powers in respect of carcass classification to be considered.

**Forestry:** The analysis has been informed and scrutinised by the Stakeholder Group, which comprises the following organisations: Institute of Chartered Foresters, Confor, RSPB, Red Squirrels Trust Wales, Wales Wildlife Trust, Bat Conservation Trust, Woodland Trust, FUW, Wales Local Government Association, CLA (Country Land and Business Association), NRW and Welsh Government. Other organisations were invited but were unable to engage. The information needed to complete the CBA has been gathered from many sources, in particular from the Stakeholder Group but also from NRW staff. Information has also come from ERAMMP and from Forest Research. Information on NRW staff costs and average salaries has come from NRW Finance.

**Snares and Glue Traps:** Informed by consultation with the public, businesses, third sector and public sector. In addition, discussions with Natural Resources Wales specialists and others who carry out fox control.

## Policy Intent of the Agriculture Act

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6.4 The provisions of the Agriculture Act are set out below, for further detail please see part 1 of the explanatory memorandum.

### Part 1 – Sustainable Land Management

6.5 Establishes four SLM objectives. Those objectives are:

- a) to produce food and other goods in a sustainable manner;
- b) to mitigate and adapt to climate change;
- c) to maintain and enhance the resilience of ecosystems and the benefits they provide, and
- d) to conserve and enhance the countryside and cultural resources, and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.

6.6 In each case, contributing to achieving an objective is (a) to meet the needs of the present without compromising the ability of future generations to meet their own needs, and (b) to contribute to achieving the well-being goals in section 4 of the Well-being of Future Generations (Wales) Act 2015 (WFG).

6.7 Places a duty on the Welsh Ministers to exercise certain functions in the way they consider best contributes to achieving the SLM objectives, so far as consistent with the proper exercise of the function.

6.8 Provides for monitoring and reporting of progress towards achieving the objectives, including the setting of indicators and targets, to assess implementation, to provide an important evidence base, and to facilitate scrutiny and accountability.

### Part 2 – Support for Agriculture Etc

#### ***Chapter 1 – Welsh Ministers’ power to provide support***

6.9 Provides Welsh Ministers with the power to provide support, such as the creation of a scheme (or schemes) (or other forms of support) to contribute to the achievement of the SLM objectives. The principal proposed delivery mechanism is the Sustainable Farming Scheme.

6.10 Support may be provided for or in connection with agriculture and ancillary activities in Wales. Section 8 sets out a number of purposes (e.g. encouraging the production of food in an environmentally sustainable manner, reducing emissions of greenhouse gases (GHG)) that support may, in particular, be provided for or in connection with.

6.11 Provides Welsh Ministers with the power to make regulations in respect of the checking, enforcing and monitoring of any support provided under the power of support, ensuring that all agricultural support financed by the Welsh Ministers is administered correctly.

6.12 Sets out how all support schemes and any support provided under the conditions of the power to provide support will be reported against. There will be two levels of mandatory reporting requirements, an Annual Report and an Impact Report.

6.13 Each Impact Report must be prepared every five years<sup>66</sup> to assess the impact and effectiveness of all support (be that via a scheme or otherwise) provided during the reporting period under the powers of support. The assessment will be against the purposes for which support was provided, the SLM objectives and any other matters the Welsh Ministers consider relevant. Welsh Ministers will be able to amend the reporting period if required.

## ***Chapter 2 - Powers to modify legislation relating to financial and other support***

6.14 Provides the Welsh Ministers with the power to modify legislation governing the Basic Payments Scheme (BPS) in Wales. This includes, amongst other things, the ability to meet the policy intent to provide for a managed transition period as payments under the BPS end and the proposed Sustainable Farming Scheme (SFS) is introduced.

6.15 Replaces the time limited powers in the Agriculture Act 2020 for Welsh Ministers to modify legislation relating to the financing, management, and monitoring of the common agricultural policy (CAP).

6.16 Provides powers to modify legislation relating to support for rural development (RD). This should allow for existing RD payment schemes, entered into prior to European Union (EU) Exit which extend beyond Exit day, to be honoured.

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<sup>66</sup> Welsh Ministers have the power to amend this reporting period.

6.17 Replaces the time limited powers in the Agriculture Act 2020 for Welsh Ministers to modify retained legislation relating to support for apiculture.

### ***Chapter 3 - Intervention in agricultural markets***

6.18 Provides powers for Welsh Ministers to:

- a) Make a declaration of exceptional market conditions in agricultural markets.
- b) Provide financial assistance to producers following a declaration of exceptional market conditions.
- c) Modify retained EU legislation relating to Public Intervention and Private Storage Aid.

### ***Chapter 4 - Agricultural tenancies***

6.19 Amends the definition of “relevant financial assistance” in section 19A (7) of the Agricultural Holdings Act 1986. The reference to section 8 of the Act provides tenants with a route to dispute resolution in circumstances where their landlord may be unreasonably withholding to a matter which requires consent under the tenancy, or to a request to vary a restrictive clause in the tenancy agreement, where the request is made to enable the tenant to request or apply for that restrictive clause prevents them from applying for and accessing financial support assistance provided under the power to provide support power in the Act. The definition is also amended in respect of third-party schemes, the basic payment scheme, the common agricultural policy, support for apiculture and support for RD.

6.20 Inserts a new Section 8A into the Agricultural Tenancies Act 1995 to provide FBT tenants with similar access to arbitration as AHA tenants.

## **Part 3 - Matters relating to agriculture and agricultural products**

### ***Chapter 1 – Collection and sharing of data***

6.21 Provides powers to enable data to be collected from the agricultural sector across two distinct yet complementary categories, firstly from persons within or closely connected to an ‘agri-food supply chain’; and secondly from those persons who undertake ‘relevant activities’ which in this context means persons undertaking agricultural activities, or ancillary activities.

## **Chapter 2 – Marketing standards: Agricultural products**

6.22 Replaces the time limited powers in the Agriculture Act 2020 for Welsh Ministers to make provision about the standards with which a specified list of agricultural products, which may be amended by the Welsh Ministers, must conform when marketed in Wales. The list of products is set out in Schedule 1 to the Act.

## **Chapter 3 – Classification etc. of certain carcasses**

6.23 Replaces the time limited powers in the Agriculture Act 2020 for Welsh Ministers to make provision for bovine, pig and sheep carcass identification, classification and presentation in Welsh slaughterhouses.

## **Part 4 – Forestry**

6.24 To introduce amendments to the Forestry Act (1967 to add environmental conditions focussed on environmental protection and conservation to felling licences and introduce new powers for Natural Resources Wales to amend, suspend or revoke felling licences once granted.

## **Part 5 – Wildlife**

6.25 Prohibits two specific methods of pest control, namely the use of snares for capturing wild animals, and the use of glue traps for capturing (non-human) vertebrates.

## **Part 6: General**

6.26 Defines what is meant by ‘agriculture’ and ‘ancillary activities’ for the purposes of the Act, seeking to reflect the broad range of farming activities undertaken in Wales, capturing activities that are commonly considered to be traditional farming activities as well as more modern farming activities (e.g. controlled environment agriculture).

6.27 Provides detail on the various powers to make regulations and states when each provision under the Act will come into force.



SCCHEDULE 1 - AGRICULTURAL PRODUCTS RELEVANT TO  
MARKETING STANDARDS PROVISIONS

SCCHEDULE 2 - MINOR AND CONSEQUENTIAL AMENDMENTS  
ETC. RELATING TO PARTS 1 TO 3

SCCHEDULE 3 - CONSEQUENTIAL AMENDMENTS ETC. TO  
THE COMMON MARKET ORGANISATION (CMO) REGULATION

## Chapter 7 - Options and Costs and Benefits

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### *Future Support*

#### *Introduction*

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##### ***Policy Intent of the Powers of Support***

7.1 In Sustainable Farming and Our Land (2019) and the Agriculture (Wales) White Paper (2020), the Welsh Government set out how the principles of Sustainable Land Management (SLM) will provide the long-term framework for future agricultural policy and support. This holistic approach will ensure the economic, environmental, and social outcomes from land management practice can be delivered for the long-term benefit of the nation. The Agriculture Act will ensure Welsh Ministers have the powers necessary to continue supporting farmers in Wales for adopting practices that contribute to SLM.

7.2 The Act sets out four SLM objectives:

- a) to produce food and other goods in a sustainable manner;
- b) to mitigate and adapt to climate change;
- c) to maintain and enhance the resilience of ecosystems and the benefits they provide; and
- d) to conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.

7.3 The Act includes powers of support which enable Welsh Ministers to provide support (financial or otherwise) for or in connection with agriculture and ancillary activities in Wales in a way which will contribute to the delivery of these objectives. This supports the Welsh Government's ambition for Welsh farmers to be world leaders in sustainable farming, producing food in harmony with the environment.

7.4 The provisions provide the delivery mechanism for Welsh Ministers to provide support through a scheme or otherwise to achieve the SLM objectives. Welsh Ministers must exercise this function in the way they consider best contributes to achieving the SLM objectives. The purposes set out in the power of support

provide examples of how schemes can support and contribute towards achieving the SLM objectives.

7.5 The main delivery mechanism for SLM will be the proposed SFS which will support farmers to produce food sustainably whilst simultaneously helping them to take action to lower their carbon footprint and deliver for nature.

7.6 An outline of the Scheme proposals and next steps was published on 6 July 2022 and can be found here:

<https://gov.wales/sustainable-farming-scheme-outline-proposals-2025>

### ***Payment Rates***

7.7 Payments will incentivise and reward the farmer for the actions they undertake to deliver positive social, environmental, and economic outcomes. This will help reward those farmers who are actively farming the land in a sustainable way and highlight the positive contributions they have made.

7.8 The Welsh Government continues to develop the evidence base to enable a decision to be made on the level of payment for different actions within any future support scheme. Areas being considered include:

- a) Cost of the actions to farm businesses by land type, farm characteristic and location;
- b) Value for money;
- c) Consideration of revenue and capital costs to inform payment structure;
- d) Consideration of cultural and social influences for delivery of actions which influence uptake;
- e) Capping payments to ensure funding is distributed in a fair way;
- f) Social value of outcomes.

7.9 The Welsh Government is undertaking extensive modelling through its Environment and Rural Affairs Monitoring and Modelling Programme (ERAMMP) to understand the environmental and economic impacts at farm level and to help inform payment rates.

7.10 Further information can be found here:

[ERAMMP Integrated Modelling Platform \(IMP\) | ERAMMP](#)

## ***Economic and Environmental Analysis***

- 7.11 The Agriculture Act does not define delivery mechanism for future support. The proposed SFS is still being designed (currently in co-design with stakeholders) and therefore a quotative assessment of the costs and benefits is not possible at this stage. The Welsh Government has committed to undertaking an economic analysis of the proposed SFS. This analysis will consider different options for scheme delivery in terms of value for money and the upstream and downstream economic impacts of final proposals.
- 7.12 Through the IMP we will also be quantifying the expected environmental impact of the scheme and its contribution to a range of Welsh Government targets.

## ***Further Consultation***

- 7.13 In 2023, the Welsh Government will consult on the final proposals to introduce the SFS. The Consultation will also contain detailed plans for a transition period including the approach to stability payments and how they will be reduced over the course of a transition period.

## ***Final Scheme***

- 7.14 Following consultation in 2023, the scheme proposals will be reviewed and the Economic Analysis updated. This is the point where Welsh Ministers will be able to make a final decision on the structure, actions and payments rates within the proposed SFS.

## ***Options***

- 7.15 Three options have been presented as part of this Cost Benefit Analysis (CBA):
- a) **Option 1:** Do not introduce legislation to provide future support – withdrawal of support
  - b) **Option 2:** Legislate to maintain the status quo (Basic Payment Scheme and other land-based schemes)

c) **Option 3:** Legislate to introduce support consistent with Sustainable Land Management (Preferred Option)

7.16 The options have been assessed against their contribution to the SLM objectives.

7.17 The Act does not set budgets or parameters on how a scheme should be designed. Assumptions are included and explained under each option.

### **Summary and Conclusion**

7.18 A detailed assessment of the costs and benefits of each of the three options considered as part of this analysis follows. The analysis of evidence suggests:

a) **Option 1** (withdrawal of support) is likely to present a significant challenge to the economic viability of many farm businesses in Wales with consequential negative social impacts on farming and farming communities. Option 1 is also highly unlikely to realise environmental outcomes, including the targets and carbon budgets which form part of Wales' statutory framework and Senedd Cymru's Net Zero target for 2050. **This option is not recommended.**

b) **Option 2 (maintain status quo)** will not address the current vulnerability of many farms in Wales. Changes in markets conditions have the potential to exacerbate this further leading to farms leaving the industry or under pressure to intensify farming systems to maximise profits. To meet the targets and carbon budgets which form part of Wales' statutory framework, emissions in all sectors (including agriculture and land use) must fall at a faster rate than has occurred in the last 30 years. Maintaining the status quo is highly unlikely to realise these statutory targets. **This option is not recommended.**

c) **Option 3 (future SLM Scheme)** would require Welsh Ministers to consider the way future agricultural support schemes best contribute to achieving the Sustainable Land Management objectives. By introducing this legislative framework, Welsh Ministers will need to consider economic, environmental and social factors when making decisions on future support. Whilst no quantification of the levels of funding or impact on the industry has yet been made, for the purposes of this analysis, the assumption is that an annual budget of £278m is maintained in real terms over the appraisal period.

There are also a number of clear, causal links between actions which deliver both economic benefits to farmers (e.g. animal health and targeting the application of

nutrients) and the delivery of environmental outcomes. Supporting farmers to produce food in a sustainable manner alongside supporting farmers to take actions which respond to the climate and nature emergencies will support both the agricultural sector and help the Welsh Government meet its statutory commitments. **This is the preferred option.**

#### Estimated Annual Costs for each Option from 2024

Cost (£K)	Option 1	Option 2	Option 3
Welsh Government	11,229	311,508	321,082
<i>Administration</i>	-	22,278	27,700 <sup>67</sup>
<i>Cross Compliance &amp; EIA</i>	1,344	1,344	1,382
<i>Advice (FC &amp; FLS)</i>	8,385	8,385	12,500
<i>Payments to farmers</i>	-	278,000	278,000
<i>ERAMMP</i>	1,500	1,500	1,500
	-	-	-
Natural Resources Wales	171	2,716	2,775
<i>Administration</i>	27	2,572	2,627
<i>Cross Compliance &amp; EIA</i>	,43	143	148
	-	-	-
Agriculture Sector	-	588	882
	-	-	-
Total	11,400	314,811	324,739
Costs Additional to Baseline	-	303,411	313,339

7.19 The estimated costs in Options 2 and 3 are forecast to be substantially higher than under Option 1 (support ceases by end 2024). This is primarily due to there being no payments made to farmers under this option along with a consequential reduction in administration costs.

7.20 The estimated costs in Option 3 (legislate to establish a future SLM Scheme) are higher than under Option 2 (maintain status quo) largely due to an estimated increase in administration and advice costs. An increased cost to the agriculture sector is also estimated under Option 3. This is largely due to the need for additional information to be provided to deliver a future scheme which meets the

<sup>67</sup> In order to achieve this annual cost estimate, a one-off IT upgrade cost of £35.4m is also necessary. Without this upgrade the annual cost is estimated to rise to £35.2m. A breakdown of the IT costs and when they occur is shown in table 44.

strategic objectives of SLM. It should be noted that, while the costs presented here are the best estimates available at the current stage, they are likely to be highly variable as they will depend on the detailed design of any future scheme. As previously noted, the Welsh Government has committed to undertaking an economic analysis of the proposed SFS.

## **Benefits Assessment**

### **SLM Objective - to produce food and other goods in a sustainable manner**

*Option 1: Do not introduce legislation to provide future support – withdrawal of support*

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- 7.21 This option shows a substantial decrease of 30% of aggregate Farm Business Income (FBI) over the longer term. Specialist sheep farms are particularly affected with an 83% reduction in aggregate FBI.
- 7.22 There is large variation in performance, both in business revenue and management of business costs across farms of the same economic size. Under this option, it is likely this variability in performance would continue although farms making a loss, or marginal profit, could be expected to be particularly vulnerable to changes in market conditions which could increase the number of loss-making farms.
- 7.23 The withdrawal of support also reduces the ability of farm businesses to respond to changes in market conditions by moving to more profitable enterprises in the longer term. Farms are more likely to adapt their current systems rather than transition to new enterprises, in this case, sheep farms may transition to mixed grazing or specialist beef farms. This results in 12% of modelled farms being at risk of leaving full time agriculture and 32% of the population being under financial pressure.
- 7.24 Responses of individual farm types are difficult to estimate due to the range of factors affecting on farm decision making. However, there would be considerable pressure to adapt to the withdrawal of support which could result in intensification, extensification or land going out of agricultural use. There is a risk in many areas that food production would cease entirely whilst in others the intensification would impact the sustainability of food production over the longer term.



### *Option 2: Legislate to maintain status quo (BPS and land-based schemes)*

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- 7.25 This option shows an increase of 17% in aggregate FBI over the longer term despite a reduction of 7% in the number of full-time farms.
- 7.26 In this option, farms have a greater ability to respond to changes in farm-gate prices than in Option 1. This is reflected in a larger proportion of the modelled farm population transitioning to more profitable enterprises, in this case dairy.
- 7.27 Around 33% of the population of farms included in the Farm Business Survey (FBS) are already making a loss (so the farming families associated with these farm businesses may be reliant on other sources of income from other members of the household). The modelling demonstrates that farm businesses are vulnerable to small changes in farm-gate prices particularly those making already loss.
- 7.28 As with Option 1, this is likely to push farmers to maximise profit through intensification or extensification. This could impact on membership of agri-environmental schemes.
- 7.29 Farms are less vulnerable to small farm-gate prices changes than in Option 1 and have increased ability to respond to changes over the longer term. However, there could be large regional impacts where farms are not able to make the transition e.g. due topography, soil type or ability to finance a change.

### *Option 3: Legislate to enable support consistent with Sustainable Land Management*

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- 7.30 In this option, future support schemes would have to consider the SLM objective to produce food and other goods in a sustainable manner. There would be a legislative requirement to monitor and report progress against targets which would enable future support to be reviewed to ensure it is meeting the objective.
- 7.31 By introducing a legislative framework for future support, Welsh Ministers will need to consider economic, environmental and social factors when making decisions on future support. Whilst no quantification of the levels of funding or impact on the industry has yet been made, for the purposes of this analysis, the assumption is that an annual budget of £278m is maintained in real terms over the appraisal period. This is not a prediction or guarantee of future funding levels, it will depend on future funding settlements from His Majesty's (HM) Treasury and the Welsh Government budget process.

7.32 The evidence presented in the analysis shows a number of clear links between actions which deliver economic benefits to farmers (e.g. animal health and targeting the application of nutrients) and the delivery of environmental outcomes.

### ***SLM Objective - to mitigate and adapt to climate change***

#### *Option 1: Do not introduce legislation to provide future support – withdrawal of support*

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7.33 In this option, there would be no financial support for farm businesses to contribute to the delivery of the Net Zero target by 2050.

7.34 The withdrawal of support would impact on the farm financial situation which is likely to reduce the ability of farms to make capital investments or to introduce changes to farming practice which would increase carbon sinks and reduce emissions.

7.35 The withdrawal of support may push farm businesses to utilise as much of their agricultural area as possible to maximise income. This would reduce the likelihood of farmers sharing land for actions (such as tree planting) to mitigate the effects of climate change. Conversely where land leaves agriculture, this may be planted with trees. This is likely to impact on the ability of the Welsh Government to meet its commitment to plant 180,000 hectares (Ha) of new woodland by 2050.

7.36 Whilst the Welsh Government could provide advice and guidance to farm businesses via Farming Connect on climate change mitigation measures, this option is likely to reduce the ability of the industry to adapt to the effects of climate change over the longer term.

#### *Option 2: Legislate to maintain status quo (BPS and land-based schemes)*

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7.37 In this option, most of the financial support would not be directed at the delivery of environmental outcomes. According to the UK Committee on Climate Change (UKCCC), to meet Net Zero in Wales, emissions must fall in all sectors (including agriculture and land use) at a faster rate than has occurred in the last 30 years.

7.38 As highlighted previously, farm businesses are vulnerable to market changes but the continuation of support may allow some farmers to adapt to the effects of climate change.

7.39 Currently woodland creation rates are significantly lower than what is needed to meet the targets committed to by the Welsh Government. There is a potential for the private sector to intervene in this area but the extent to which this would meet Net Zero is unclear and may lead to detrimental impacts on rural communities without facilitation by Government.

7.40 Glastir currently provides support for a range of climate change and mitigation action, but it is unlikely that this level of support will meet the increasing challenges presented by climate change.

### *Option 3: Legislate to enable support consistent with Sustainable Land Management*

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7.41 In this option, future support schemes would have to consider the SLM objective to mitigate and adapt to climate change. There would be a legislative requirement to monitor and report progress against targets which would enable future support to be reviewed to ensure it is meeting the objective.

7.42 The Act includes purposes of support which are designed to deliver against the reduction in GHG emissions and increase carbon storage.

7.43 Direct support would be available for a range of actions including tree planting and resource efficiency.

7.44 The legislative framework set out by the SLM objectives, the SLM duty and purposes of support will ensure measures to adapt and mitigate climate change are considered in the design of future schemes. This will both support the agricultural sector and help the Welsh Government meet its commitment to Net Zero.

## ***SLM Objective - to maintain and enhance the resilience of ecosystems and the benefits they provide***

*Option 1: Do not introduce legislation to provide future support – withdrawal of support. In this option, there would be no financial support for farm businesses to contribute to the delivery of Welsh Government commitments to reverse the decline in biodiversity.*

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- 7.45 The withdrawal of support would impact on the farm financial situation which is likely to reduce the likelihood of farms introducing changes in farming practices to benefit nature.
- 7.46 If the Welsh Government ceases support for farm businesses, then action to reverse the decline in biodiversity would not be funded on most of the land in Wales.
- 7.47 The withdrawal of support may push farm businesses to utilise as much of their agricultural area as possible to maximise income. This would reduce the likelihood of farmers sharing land for the benefit of nature.
- 7.48 If land goes out of agricultural use then this could bring benefits to ecosystems but this would be dependent on future use.
- 7.49 Whilst the Welsh Government could provide advice and guidance to farm businesses via Farming Connect on actions to maintain and enhance the resilience of ecosystems, this option is likely to reduce the ability of the industry to take such action.

*Option 2: Legislate to maintain status quo (BPS and land-based schemes)*

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- 7.50 In this option, Glastir and SMS would continue to fund actions which contribute to the delivery of Welsh Government commitments to reverse the decline in biodiversity.
- 7.51 Many farm businesses are currently taking steps to address biodiversity decline but future trading conditions may threaten this progress should farm viability come under increased pressure.
- 7.52 The continuation of support (particularly BPS) may allow some farms to respond to changes in market conditions by increasing ability to finance a transition to a more profitable system. Where these changes involve

intensification of land use this could reduce the likelihood of addressing the decline in biodiversity.

*Option 3: Legislate to enable support consistent with Sustainable Land Management*

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7.53 In this option, future support schemes would have to consider the SLM objective to maintain and enhance the resilience of ecosystems. There would be a legislative requirement to monitor and report progress against targets which would enable future support to be reviewed to ensure it is meeting the objective.

7.54 The Act includes purposes of support which are designed to deliver against the maintenance and enhancement the resilience of ecosystems. Direct support would be available for a range of actions including habitat maintenance and creation.

7.55 The legislative framework set out by the SLM objectives, the SLM duty and purposes of support will ensure measures to maintain and enhance the resilience of ecosystems are considered in the design of future schemes. This will both support the agricultural sector and help the Welsh Government meet its commitment to nature recovery.

***SLM Objective - to conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.***

*Option 1: Do not introduce legislation to provide future support – withdrawal of support*

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7.56 The withdrawal of farm support would have substantial impact on Farm Business Income under this option. Removal of funding which forms a significant component of many farm business incomes in Wales is likely to have a marked impact on rural communities.

7.57 Over the longer term, as the industry moves to adapt to the change, there is potential for considerable alteration in the structure of the industry with varying regional impacts on cultural resources due to land use change.

7.58 Under this policy option, existing legal protections for historic features and public access would remain, but there would be no funding on agricultural land to enhance or promote engagement.

7.59 Changes to the structure of the agricultural sector have the potential to alter the contribution the sector makes to the resilience of the Welsh language. The withdrawal of support could lead to an increase in the number of farmers making a loss and at risk of leaving both the industry and their rural communities which would have a subsequent effect on the Welsh language.

*Option 2: Legislate to maintain status quo (BPS and land-based schemes)*

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7.60 Existing interventions to conserve and enhance the countryside and historic environment, and access to it, through Glastir would continue under this policy option.

7.61 Maintenance of status quo would offer the sector some resilience against future market changes over the longer term. However, due to variability to farm performance and the limited ability of some farms to transition to more profitable enterprises, there could be geographical variation in the impact on rural communities, and therefore the Welsh language.

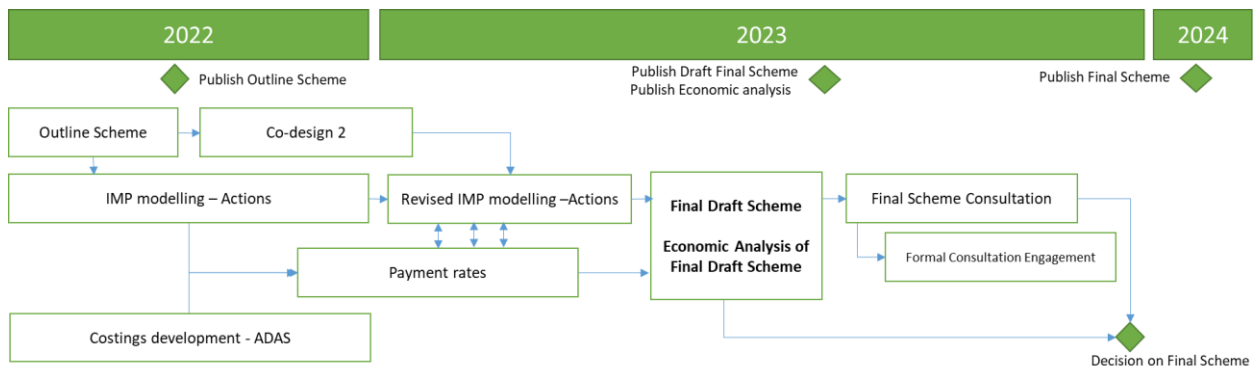
7.62 Under this policy option all future support for agriculture would have to consider this objective.

7.63 Future support for agriculture will need to demonstrate the ability to meet this objective alongside sustainable production of food and the delivery of environmental commitments such as Net Zero. This will help enable a just transition to a low carbon economy, ensuring impacts and opportunities are fairly distributed across Wales.

### Next Steps

7.64 Projects which will be delivered before the decision on a final scheme is made are listed below:

### Timeline for Scheme Development



## Options

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### ***Option 1: Do not introduce legislation to provide future support – withdrawal of support***

#### ***Introduction***

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7.65 In this policy option, we assume all payments to farm businesses (including those under the Basic Payment Scheme (BPS), and the land-based Rural Development Programme funded schemes, Glastir and the Sustainable Management Scheme) are withdrawn and not replaced. There is no transition period. The current schemes continue until the time limited powers, which Welsh Ministers took in the UK Agriculture Act (2020) to enable continuity of existing agricultural support, cease on 31 December 2024.

7.66 We assume advice in the form of Farming Connect and the Farm Liaison Service is maintained.

7.67 We assume the regulatory regime provided by Cross Compliance and by the Environmental Impact Assessment (Agriculture) (Wales) Regulations 2017 is maintained<sup>68</sup>. This ensures the focus of the assessment is on the estimated changes which might arise due to the change in agricultural support and not because of changes in the regulatory regime.

#### ***Impact on Costs***

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7.68 All costs presented below are annual figures and assumed to be maintained in real terms throughout the appraisal period, unless otherwise stated. Where existing costs have been used, further detail can be found in Option 2.

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<sup>68</sup> These regulations have now been updated - [The Environmental Impact Assessment \(Agriculture\) \(Wales\) \(Amendment\) Regulations 2020 \(legislation.gov.uk\)](#) but the costs in this assessment relate to the 2017 regulations.



## Welsh Government - Total Cost £11,229,104

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### **Administrative costs - £0**

7.69 Under this scenario, there are no administrative costs associated with the BPS; or with RDP land-based programmes; and accordingly no cost of delivering corporate functions<sup>69</sup> associated with these programmes.

### **Compliance costs - £1,344,104**

7.70 We forecast some compliance costs remain because the expiry of the time limited powers to enable continuity of existing agricultural support would not significantly alter the regulatory baseline associated with the EIA regulations and Cross Compliance.

7.71 As EIA (Agriculture) Regulations would continue to apply, we assume the same rate of inspection. This represents a cost of £188,461.

7.72 We assume Cross Compliance inspections would continue to apply, representing a cost of £1,155,643.

### **Other costs - £9,885,000**

7.73 We assume the ERAMMP programme would still proceed, as the programme would be needed to generate evidence of the environmental impacts of the policy option, to inform, for example, the statutory SoNaRR report from NRW, which provides an assessment on the extent to which Wales's natural resources are being sustainably managed. ERAMMP would incur a cost of £1.5m.

7.74 Although there is no direct agricultural support provided to farmers under this option, we assume Farming Connect is maintained at a cost of £8.0m.

7.75 We assume the Farm Liaison Service (FLS) continues at a cost of £385k.

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<sup>69</sup> For example, accountancy/corporate governance/appeals/compliance & accreditation

## Natural Resources Wales - Total Cost £170,882

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### Administrative & Advice costs - £27,443

7.76 As the Glastir and SMS programmes would cease, the cost of these programmes would be zero.

7.77 NRW issues flood risk activity permits (FRAPS)<sup>70</sup> to farmers who wish to work on or near a main river, flood or sea defence structure or flood plain. We assume this continues at a cost of £27,443.

### Compliance costs - £143,439

7.78 We forecast some compliance costs remain because the expiry of the time limited powers to enable continuity of existing agricultural support would not significantly alter the regulatory baseline associated with the EIA regulations and Cross Compliance.

7.79 As EIA (Agriculture) Regulations would continue to apply, and we assume the same rate of inspection. This represents a cost of £23,755<sup>71</sup>

7.80 We assume Cross Compliance inspections would continue to apply representing a cost of £119,684.

### Agriculture Sector – Total Cost £0

7.81 This option assumes all payments to farm businesses (including those under the Basic Payment Scheme (BPS), and the land-based Rural Development Programme funded schemes, Glastir and the Sustainable Management Scheme) are withdrawn and not replaced. The cost to the agricultural sector in Wales of applying for funding would be zero.

### Total Cost - £11,399,986

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<sup>70</sup> [Natural Resources Wales / Environmental permits for flood risk activities](#)

<sup>71</sup> These cost estimates do not include common land screening consultations, now included under the amendment EIA Regulations (2020). These are complex cases and will require input from across NRW. At present these costs are unknown.

## ***Impact on Benefits***

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### ***Integrated Modelling Platform***

- 7.82 Assessment of benefits in this section incorporates analysis using the Environment and Rural Affairs Monitoring & Modelling Programme (ERAMMP) Integrated Modelling Platform<sup>72</sup> (IMP).
- 7.83 Option 1 (support ceases end 2024) and Option 2 (maintain status quo) present the results of modelling using the IMP.
- 7.84 The IMP is a tool for rapid exploration of the effects of policy and management interventions on farm viability, land use and environmental outcomes in Wales. It takes an integrated approach, recognising that interventions have multiple impacts and policy effects in one sector have indirect effects in other sectors. It comprises a chain of specialised, state-of-the-art models covering agriculture, forestry, land use allocation decisions, water, air, soils, biodiversity, ecosystem services and valuation.
- 7.85 The IMP is applied to 'full-time farms' (> 1 Full Time Equivalent (FTE) labour). Changes in land use are driven by on-farm economics and land suitability. They do not take into account skills, or cultural and behaviour responses. Full assumptions that underpin the modelling are included in ERAMMP Report 60<sup>73</sup>.
- 7.86 The IMP has been used to explore changes in agricultural land use that might result from changes in market conditions arising from a trade deal with the EU (Scenario T2) and from the withdrawal of BPS.
- 7.87 The modelling estimates impacts for 7,726 full-time farms in Wales. This model population accounts for:**
- a) 31% of the c. 24,500 farms in the June agricultural survey, these farms generate 88% of the standard output and account for 83% of the labour requirement of Welsh agriculture;
  - b) 86% of all cattle (and 99% of all dairy cattle) in Wales;
  - c) 90% of all sheep in Wales;

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<sup>72</sup> <https://erammp.wales/en/42>

<sup>73</sup> [ERAMMP Report-60 IMP Land Use Scenarios Final Report\\_en.pdf](#)

d) 74% of all June agricultural survey land in Wales, and within that, 84% of rough grazing, 70% of permanent pasture, 84% of crop land, and 66% of woods on farms<sup>74</sup>.

**Table 1: Farm Business Income classes within IMP**

<b>As baseline farm type</b>	<b>Potential FBI as alternative farm types</b>	<b>Classification</b>	<b>Interpretation</b>
<£6000 p.a.	<£6000 p.a.	Farm under pressure	Likely to leave full-time agriculture
<£6000 p.a.	>£6000 p.a.	Farm under pressure	Likely to change farm type through sale to another enterprise
£6K-£13K	Any amount	Farms staying the same	Able to continue but unlikely to be able to change farm type
>£13000	<£13K +FBI uplift+finance	Farms staying the same	Insufficient economic incentive to change farm type
>£13000	>=£13K +FBI uplift+finance	Farms changes type	Likely to be sufficient economic incentive to change farm type

**7.88 IMP outputs used here are based on the results of removing BPS payments from each modelled full-time farm in two scenarios:**

a) the shorter-term effect of removal combined with introduction of estimated EU Trade Deal prices;

<sup>74</sup> This figure excludes most commercial forestry

b) the longer-term effect of removal combined with the introduction of estimated EU Trade Deal prices.

7.89 It is assumed the removal of support is an immediate change (i.e. there is no transition period) and so does not consider any potential phase-out of payments.

[Estimated EU Trade Deal prices are the same as used in CBA Policy Option 2 \(T2 model scenario\). Further details of T2 and underlying model assumptions are at ERAMMP Report-60 IMP Land Use Scenarios Final Report\\_en.pdf.](#)

### **The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021**

7.90 The introduction of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 has not been included in the assessment of the three options. The regulations will be considered as a part of the design of future farm support.

### **Alternative use of funding**

7.91 Under this option £278m could be available for spending on other Welsh Government priorities. It could be expected that this would accrue benefits but this is out of scope of this analysis.

## ***Impacts on Farm Business***

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### **Loss of Basic Payment Scheme**

7.92 The BPS contributes public expenditure of around £238m to Welsh agriculture on an annual basis. Data from the Farm Business Survey (FBS) suggests that it contributes to the financial position of farm businesses, with:

- a) around half of the farms making a profit of at least £10 per £100 costs, under the current system of support, with this falling to around 15% with no public support<sup>75</sup>;
- b) around a third making a loss, under the current system of support, with this increasing to around 75% with no public support.

7.93 Through this contribution to the financial position of farms, the BPS contributes to the financial resilience of a farm business. Under this policy option this contribution would no longer continue.

### **Loss of Glastir**

7.94 Glastir contributed public expenditure of £40m to Welsh agriculture in 2019-20. Payments are based on costs incurred and income foregone, so at the aggregate level it is unlikely to contribute to (or only make a small contribution), to aggregate Farm Business Income. However, at the individual farm level, it may well contribute to farm business profitability, depending on the efficiency and cost base of the farm when undertaking Glastir actions.

### **Loss of Sustainable Management Scheme (SMS)**

7.95 The SMS supports collaborative landscape-scale projects to improve natural resources, delivering benefits to the farm, rural businesses and rural communities. No direct payments are made to farmers under the SMS.

### **Relative Farm Profitability**

7.96 Annex A contains analysis using the Farm Business Survey (FBS) on the relative profitability of farms of different types and sizes and the impact of BPS and Glastir payments on this profitability.

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<sup>75</sup> BPS plus Glastir

7.97 Table 2 shows population estimates of relative profitability for the 9,700 farms<sup>76</sup> that have Standard Output of at least €25,000 - smaller farms<sup>77</sup> are excluded. Also excluded are farm types with small numbers of farms such as horticulture, poultry and pigs.

7.98 Relative profitability is expressed as £ profit per £100 costs – it is used to account for the different economic size of farms.

7.99 When payments from BPS and Glastir are included, around 33% of the population of farms included in this analysis are already making a loss (so the farming families associated with these farm businesses may be reliant on other sources of income from other members of the household).

**Table 2: Profit and loss per £100 costs, payments from BPS and Glastir included. Data shows number of farms in each category.**

	<b>Profit</b>	<b>Marginal profit</b>	<b>Any loss</b>	<b>Total</b>
<b>TOTAL</b>	<b>4,829</b>	<b>1,642</b>	<b>3,229</b>	<b>9,700</b>

Source: Welsh Government analysis of 2019-2020 FBS data

7.100 When BPS and Glastir payments are removed (Table 3), total farm output consists only of output from selling agricultural produce, and output from diversification. This shows 75% of farms in the FBS population are making a loss when BPS and Glastir payments are excluded. Around 15% of the population are still making a profit larger than a marginal profit.

7.101 These data represent a static picture. i.e. they do not allow for any response from the farmer to the loss of funding (such as a strategy to reduce the farm costs). The data is therefore best regarded as a baseline indicating the maximum likely scale of the effect.

<sup>76</sup> The total number of farms in Wales which receive the BPS is around 16,000. This analysis therefore excludes around 6,000 farms which have a Standard Output of less than €25,000

<sup>77</sup> These "micro" farms account for around 60% of farms in Wales, 5% of the Standard Output and 15% of the agricultural land.

**Table 3: Profit and loss per £100 costs, payments from BPS and Glastir excluded (Number of farms)**

<b>Output band</b>	<b>Profit (at least £10 per £100 costs)</b>	<b>Marginal profit (at least £0 and less than £10 per £100 costs)</b>	<b>Any loss (all negative values)</b>	<b>Total</b>
Under £125k	477	383	5,039	5,899
£125k to £250k	429	291	1,567	2,287
£250k to £500k	240	153	540	934
at least £500k	218	135	226	580
<b>TOTAL</b>	<b>1,365</b>	<b>963</b>	<b>7,373</b>	<b>9,700</b>

Source: Welsh Government analysis of 2019-2020 FBS data

7.102 The increase in the number of farms making a loss in the absence of BPS or Glastir payments is therefore just over 4,100<sup>78</sup>, representing around 42% of the population of farms in this analysis.

7.103 A comparison of Tables 2 and 3 shows that the number of farms making a profit larger than a marginal profit falls from 4,829 (50% of the population used in the analysis) when BPS and Glastir payments are included, to 1,365 (14%) when such payments are excluded. Annex A shows these profit-making farms are found across the spectrum of farm sizes and farm types.

7.104 These data give a sense of the likely magnitude of financial pressures and consequently farm business changes that might be necessary under such a policy scenario. The scale of this will also reflect prevailing market conditions (input and output prices).

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<sup>78</sup> 7,373 – 3,229



## Industry Structure

7.105 The simulated impact of the withdrawal of BPS is shown below for two scenarios modelled using the Integrated Modelling Platform (IMP):

a) The shorter-term impact of the removal of BPS and the implementation of the EU Trade Deal Scenario (T2) prices. In this scenario, farms are not able to change farm type, leave full-time agriculture or go through sale/purchase.

b) The longer-term impact of the removal of BPS and the implementation of the EU-UK Trade Deal Scenario prices. In this scenario, farms are able to respond through changing enterprise, leaving full-time agriculture or going through sale/purchase.

7.106 Details of these farm transition assumptions are in Annex B. Details of IMP population have been outlined at the beginning of this policy option<sup>79</sup>. Where necessary for comparative purposes, 2015 prices have been converted to 2020 prices using Office for National Statistics (ONS) GDP deflators.

7.107 The policy option of removing BPS would represent a major shift in policy and is likely to generate farm type transitions over the longer term. These transitions are likely to have significant additional impacts on the range of environmental outcomes<sup>80</sup>, as well as likely negative social effects on farming and farming communities, due to the impact on farming income.

7.108 Figure 1 shows the simulated structure of the 7,726 modelled full-time farms before (orange) and after (blue) the withdrawal of support and introduction of EU Trade scenario prices. These figures represent the modelled, long-term response to changes in profitability.

7.109 The scenario simulates a large reduction in specialist sheep (SDA) farms which either leave full-time agriculture or transition to mixed grazing

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<sup>79</sup> Further details here: [ERAMMP Report-60 IMP Land Use Scenarios Final Report\\_en.pdf](#)

<sup>80</sup> The uncertainty about the direction and range of possible environmental impacts under this scenario is illustrated in for example: M.S. Reed, K. Arblaster, C. Bullock, R.J.F. Burton, A.L. Davies, J. Holden, K. Hubacek, R. May, J. Mitchley, J. Morris, D. Nainggolan, C. Potter, C.H. Quinn, V. Swales, and S. Thorp (2009) Using scenarios to explore UK upland futures, *Futures* 41, 619–630

or specialist beef farms. In lowland cattle and sheep farms, there is a mix of farms leaving full-time agriculture or transitioning to dairy or different livestock systems.

7.110 In the longer term, 190 full-time farms (2.5%) change farm type. This small proportion of farms are able to deliberately change to more profitable systems<sup>81</sup>. Farms changing type are mainly lowland cattle, SDA mixed grazing and cereal farms. This is a smaller shift than under Option 2 (maintain status quo) where BPS remains and the EU Trade Prices are introduced, and 29% of farms change farm type, indicating increased ability to finance the transition.

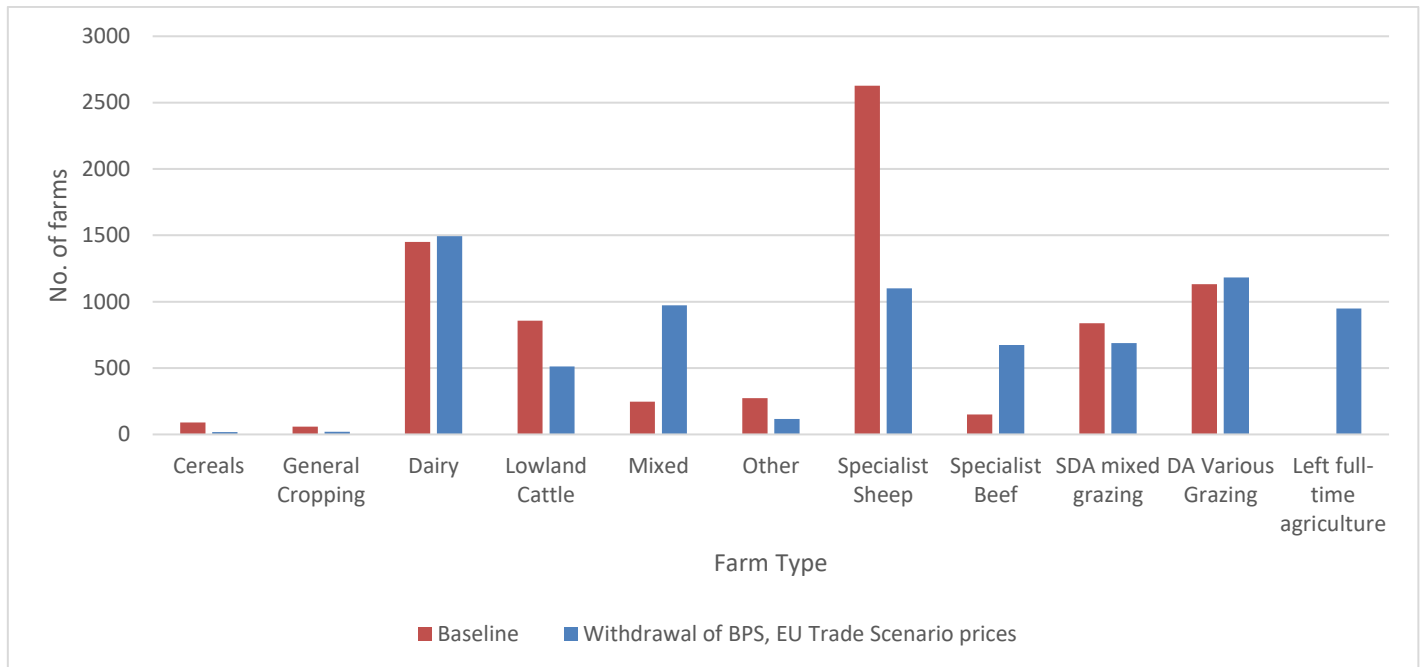
7.111 97.5% of modelled farms are simulated to remain in their current farm type. The remaining farms under pressure, but not able to change, either lack opportunity or do not have sufficient FBI to finance the transition to a more profitable system.

7.112 6.5% of simulated farms fail to reach the £6,000 p.a. threshold in the modelled baseline and are therefore vulnerable to leaving full-time agriculture. Under this scenario, once BPS is withdrawn and the EU Trade Scenario Prices are introduced, 12.3% of modelled farms are simulated to leave full-time agriculture. This is an increase compared to Option 2 (maintain status quo) which shows 7.1% leaving. It is possible these farms would continue in part-time agriculture or the land transferred to neighbouring farms.

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<sup>81</sup> Please note, subsequent to the completion of the Land Use Scenarios and prior to the running of the withdrawal of BPS scenario, it was agreed with the WG Expert Group to modify the rules determining transitions to alternative farm types. The changes included additional capital requirements for a change in farm type to dairying; and the transitions of unprofitable farms to the profitable farm type with the greatest FBI per unit of capital requirement. Both changes will have reduced the likelihood of transitioning to dairy under this withdrawal of BPS model scenario in comparison to the EU Trade Deal Scenario (T2). This should be borne in mind when considering the results.

**Figure 1. Simulated impact of scenario on industry structure  
(Withdrawal of BPS with EU Trade Scenario prices)**



7.113 Under this policy option, it is likely farms would have reduced ability to respond to changes in market conditions, due to a reduction in FBI. There would be an increase in the number of farms making a loss, with more farms at risk of leaving full-time agriculture.

### Aggregate Farm Business Income

7.114 The simulated change in aggregate FBI is a reflection of the withdrawal of agricultural support and also of an estimated long-term change in farm gate prices, as discussed under Option 2 (maintain status quo).

7.115 Once the EU Trade Scenario prices are introduced alongside the withdrawal of BPS, aggregate FBI reduces 41% in the shorter term compared to the BPS funded, pre-Trade Deal Scenario prices baseline (Table 4).

7.116 Over the longer term, farm businesses are able to respond to the changes by transitioning to more profitable farm types, where possible, although aggregate FBI is 30% lower than the original BPS funded, pre-

Trade Deal Scenario prices baseline. This is a slight recovery from the shorter-term impacts and reflects a transition away from sheep towards (relatively) higher margin beef systems (which benefit from the simulated 3% increase in finished beef and beef cull cow prices) and dairy.

7.117 The effect on FBI is most evident in sheep-based farm types (especially Specialist Sheep SDA) where the 1% reduction in finished lamb prices, in conjunction with the withdrawal of BPS, causes a significant reduction in the gross margin (and profit) within farming systems that are not inherently highly profitable and may not be able to transition to other farm types.

**Table 4: Simulated aggregate Farm Business Income (FBI) in the shorter and longer term (withdrawal of BPS Scenarios), full-time farms**

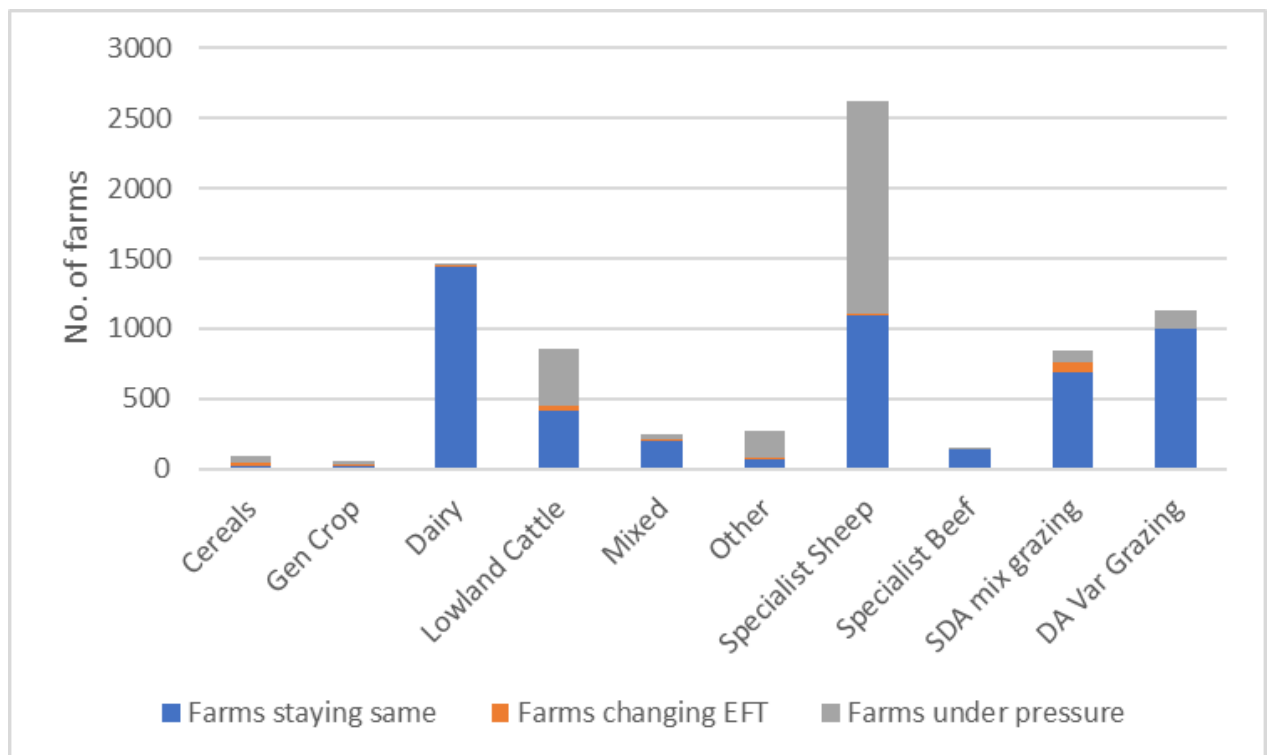
	Baseline (with BPS)	Shorter term (Withdrawal of BPS, EU Trade scenario prices)	Longer term (Withdrawal of BPS, EU Trade scenario prices)
<b>Farm Type</b>	<b>Aggregate FBI (£m)</b>	<b>Aggregate FBI (£m)</b>	<b>Aggregate FBI (£m)</b>
Cereals	2.6	1.0	0.25
General Crop	1.5	0.7	0.2
Dairy	122.7	107.6	111.5
Lowland Cattle	19.9	6.1	8.9
Mixed	7.9	4.3	16.5
Other	3.0	1.7	1.7
Specialist Sheep	66.6	13.4	11.3
Specialist Beef	6.2	3.5	17.9
SDA mixed grazing	29.3	15.7	13.4
DA Various Grazing	34.1	21.2	24.3
<b>TOTAL</b>	<b>293.2</b>	<b>175.2</b>	<b>205.8</b>

Note. 2015 values converted to 2020 prices using ONS GDP deflators

7.118 Figure 2 shows the simulated farm business status of the current full-time farm types if they persisted in their current farm type under the withdrawal of BPS and introduction of EU Trade Scenario prices. 32% of the modelled population are under financial pressure. This is in comparison to 10% of farms simulated to be under pressure under Option 2 (maintain status quo).

7.119 The combination of the small price changes and withdrawal of BPS lead to a large increase in the number of farms under pressure, but with a low opportunity to respond by transitioning to more profitable systems.

**Figure 2. Simulated status of full-time farms under the scenario (withdrawal of BPS with EU Trade scenario prices, n=7,177)**



7.120 This analysis is based on estimated market prices for agricultural inputs and outputs. Data from the UK Agricultural Prices<sup>82</sup> Index provides index of the price of agricultural outputs and inputs for the UK used to track change over time. This shows that annual inflation to March 2022

<sup>82</sup> [API – Index of the prices of agricultural outputs and inputs – statistics notice \(data to March 2022\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/api-index-of-the-prices-of-agricultural-outputs-and-inputs-statistics-notice-data-to-march-2022)

was 11.8% for agricultural outputs; and 25.4% for agricultural inputs. If higher input inflation than output inflation is sustained, then in terms of the ERAMMP model outputs it would suggest:

- a) **Farms changing type** – little change in the farms simulated to change type, due to few alternative farm type options and reduced ability to finance the transition to more profitable enterprises;
- b) **Farms under pressure** – a greater number of farms under pressure in the upland and hill areas (Disadvantaged and Severely Disadvantaged Areas);
- c) **Farms leaving full-time agriculture** - a greater number of farms leaving full-time agriculture, mainly in the upland and hill areas (Disadvantaged and Severely Disadvantaged Areas).

### **Changes in output**

7.121 Work led by the Agri-Food and Biosciences Institute (AFBI)<sup>83</sup> modelled the estimated impacts of reducing or eliminating direct payments, as currently delivered to farmers, on UK and Devolved Administration agriculture.

7.122 The main findings of this research are:

- a) Reducing or eliminating decoupled direct payments to farmers has uneven impacts on production and farm-gate prices for the main UK agricultural commodities;
- b) Agricultural commodities produced by farm sectors that are most dependent on subsidies for farm income, experience the biggest projected changes in farm-gate prices and production volumes, most notably beef and sheep meat;
- c) The UK-EU trading framework in place when decoupled direct payments are reduced or eliminated, has a significant effect on

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<sup>83</sup> Patton, Feng, Davis, Caskie, Sherry and Binfield (2020). Impact on UK Agriculture of Changes to Direct Payments Following Brexit, Agri-Food and Biosciences Institute <https://www.afbini.gov.uk/publications/impact-uk-agriculture-changes-direct-payments-following-brexit>

production and other market parameters for different agricultural commodities.

7.123 Table 5, taken from this report, shows estimated changes in the total value of agricultural output in Wales in constructed scenarios considering the withdrawal of BPS payments. A consideration however is the extent of decoupling. The report notes that

7.124 Although decoupled payments are not linked to production, they can influence farmers' behaviour, resulting in higher levels of output than would otherwise be the case. There is considerable uncertainty concerning the extent to which decoupled payments influence production, and therefore three alternative scenarios are considered for the purposes of policy analysis. In line with the decoupling assumption made within the rest of the FAPRI EU modelling system, it is first assumed that the production impact of the decoupled Pillar I payments is relatively 'weak', i.e. the physical production impact of a £1 increase in direct payment is 30% of that of a £1 increase in price. A 60% 'moderate' assumption and 100% 'strong' assumption are also included. The latter induces the same production response as fully coupled support.

7.125 Overall, the analysis shows that the beef and sheep sectors are the most likely sectors to experience declines in activity levels and production in response to reductions and removal of the Basic Payment Scheme. The projected impact depends on the assumptions regarding the extent to which the decoupled payments have a production stimulating impact. This is an area of considerable uncertainty.

7.126 The distributional impacts of such policy changes at the farm-level are potentially significant as large proportions of farms are dependent on direct payments to make a profit, particularly in the beef and sheep sectors.

7.127 The overall results suggest a small estimated reduction in the total value of agricultural output in Wales of between 1.3% and 4%. When the value of pillar 1 and pillar 2 payments is added to this, the combined value (agricultural output plus pillar 1 and 2 payments) is estimated to decline by 14-16%.

**Table 5: Estimated changes in value of outputs in Wales**

<b>Projected changes in value of output due to changes in Pillar I direct payments: 30% decoupling assumption<sup>84</sup></b>	
	100% reduction in Pillar 1
Total Agric. Value of Output	- 1.3%
Value of Output + Direct Payments (Pillar 1 + Pillar 2)	- 13.7%
<b>Projected changes in value of output due to changes in Pillar I direct payments: 60% decoupling assumption</b>	
	100% reduction in Pillar 1
Total Agric. Value of Output	- 2.6%
Value of Output + Direct Payments (Pillar 1 + Pillar 2)	- 14.8%
<b>Projected changes in value of output due to changes in Pillar I direct payments: 100% decoupling assumption</b>	
	100% reduction in Pillar 1
Total Agric. Value of Output	- 4.0%
Value of Output + Direct Payments (Pillar 1 + Pillar 2)	- 16.0%

7.128 There are important methodological differences between the ERAMMP IMP and the work cited above. The work led by the AFBI used the FAPRI-UK partial equilibrium model<sup>85</sup> which consists of a system of equations covering the dairy, beef, sheep, pigs, poultry, wheat, barley, oats, rape seed and biofuel sectors.

<sup>84</sup> [AGRI-FOOD & BIOSCIENCES INSTITUTE \(afbini.gov.uk\)](http://afbini.gov.uk)

<sup>85</sup> Ibid.



- 7.129 The UK model consists of sub models for England, Wales, Scotland and Northern Ireland reflecting the areas of responsibility for the devolved administrations.
- 7.130 In general, supply is modelled for each of the four constituent countries of the UK, while demand is modelled at the UK level. This yields projections of livestock numbers, slaughter, production, market prices, market receipts, direct payments and selected inputs for each of the UK countries.
- 7.131 In contrast, the ERAMMP IMP consists of an integrated system of 11 inter-connected models<sup>86</sup>, including:
- a) SFARMOD (Silsoe Whole Farm Model) - a mechanistic linear program of long-term farming which optimises land use and management based on constrained profit maximisation or weighted multiple objectives.
  - b) Land Allocation Module (LAM) - this projects changes to land uses and farming systems through a set of rules and thresholds; comparing a current farm type with the most profitable alternative farm type.
- 7.132 The ERAMMP IMP has been specifically tailored to support the development of new policies focused on natural resource management, land use and agriculture under a range of Welsh economic and regulatory futures.
- 7.133 The most obvious differences between the ERAMMP IMP and the FAPRI-UK model are that:
- a) FAPRI-UK estimates impacts on overall producer prices and the value of outputs, working at a sector/country (rather than farm) level.
  - b) The ERAMMP IMP takes price predictions from the FAPRI-UK modelling and estimates land-use and management change, under different possible policy scenarios, at the farm-level, based on the options a farm has in order to make the most profit. As we note above, the modelling here is confined to full-time farms.
  - c) ERAMMP IMP only simulates the effect of the scenario in Wales with an implicit assumption of no feedback to farm-gate prices

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<sup>86</sup> [IMP Models | ERAMMP](#)

d) Whilst these are different models with different specific purposes and set ups, they are complementary in trying to get a broad understanding of the potential effects of agricultural policy changes

7.134 The two models, in their construction, operation and scope, are therefore not directly comparable, but instead look at the estimated effects of this policy scenario through different lenses and focussing on different aspects.

7.135 Taken together however they do give a steer on the likely magnitude of the effects of this policy scenario, that do not seem inconsistent with each other - suggesting at the country level, more pronounced effects on measures relating to farm income and profits indicators, and an expected increase in the number of farms under economic pressure, at least in the short term. The data from the analysis of farms in the FBS population (above) also supports this, showing a large increase in the number of farms making a loss.

### **Short term viability of farm businesses in Wales**

7.136 Under the current system of support, Option 2 (maintain status quo) shows, in terms of current liabilities:

- a) 4% of farm have liabilities between £25-50k, and assets between £25-50k;
- b) A further 3% of farms have liabilities between £50-100k, and assets between £50-100k;
- c) A further 1% of farms have liabilities greater than £100k, and assets between £50-100k;

7.137 If current liabilities are similar to or greater than current assets, the farm may be experiencing short term financial difficulties. Where this occurs, these farms may be less financially resilient to change.

7.138 In the short term it is these farms, around 8%, which are likely to be most vulnerable to the loss of the BPS if this loss impacts on their farm business profitability.

## **Long term viability of farm businesses**

7.139 Farms with high levels of total liabilities will require consistent income flows (or sale of assets) to ensure that interest on borrowing can be repaid.

7.140 Under the current system of support, 19% of farms have liabilities over £200k.

7.141 It is likely that the withdrawal of agricultural support would negatively impact on farms' credit position. The removal of a source of income could influence the ability of farms to service liabilities and could lead to sale of assets to ensure the business can continue or transition to a more profitable farming system. For those farms with larger assets, there could be an increase in borrowing against those assets. Any increased market volatility could influence this further. The balance of assets to liabilities on each farm will be important in terms of informing their response to this policy option.

## **Farm Household Income and Business Expenditure**

7.142 It is likely under this scenario that:

- a) Farm household income would decline in line with the fall in farm business income, at least in the short term. There would likely be a response from the farmer or member of the farming household to this, for example, through bringing other income sources into the household. The exact nature of the farm household response would reflect individual circumstances;
- b) Any net reduction in farm business expenditure is likely to impact negatively on businesses supplying farms<sup>87</sup>, some of which may be local to the farm business, and some of which may be further afield, including in England.

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<sup>87</sup> It is possible that under this option the public expenditure savings from no longer supporting agriculture directly are instead spent on supporting rural economies adjust to this policy change.

c) It is also likely that a reduction in local on-farm employment, along with a reduction in farm business spend with local suppliers, will impact negatively on the social resilience (including on the Welsh language) of the rural communities affected, although the scale of such an impact is difficult to estimate and will vary according to local circumstances.

## Employment

7.143 Direct agricultural employment is estimated to be c.50,000 employees<sup>88</sup> (representing about 3.8% of total employment in Wales) made up of full time and part-time principal farmers, directors, business partners and their spouses, and regular and casual workers<sup>89</sup>. This is estimated to be a Standard Labour Requirement of around 34,000 full time equivalents.

7.144 A large increase in the number of farms making a loss is very likely to impact on this level of on-farm employment, as well as other on-farm effects such as changing production methods to reduce variable costs or switching enterprises. The exact change will reflect individual farm business circumstances, and so the overall effect is difficult to estimate at an aggregate level.

7.145 In terms of farm employment, any reduction is more likely to be reflected through a reduction in number of regular and casual workers (who make up 25% of the total) in the short term, and over a longer time period through a reduction in the number of full time and part-time principal farmers, and/or through a change from full-time to part-time on-farm employment. Conversely, there may also be effects where the still profitable farms expand and use more regular/casual/contract labour. The timescale over which any such changes might occur is difficult to estimate, but the net effect may be to accentuate the rate at which total farm

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<sup>88</sup> Welsh Agricultural Survey 2021

<sup>89</sup> Given the different categories of employee, it is not the case that this represents c.50,000 Full Time Equivalents

employment (regular and casual workers) on all farms in Wales has been falling<sup>90</sup>.

7.146 Given the impact of a withdrawal of agricultural support on the number of farms making a profit it is likely that the loss of BPS would increase the rate of loss of regular and casual on-farm employment, with knock-on impacts on the communities in which employers lived, if no other employment opportunities are available.

## ***Impacts on Land Management***

### **Stocking**

7.147 Over the longer term, there is a large simulated move to Beef GLUs at the expense of sheep GLUs (Table 6). This move reflects farms changing their relative balance of livestock, i.e., the introduction of beef into sheep systems, rather than shifts to completely new farm systems (which require larger capital investment).

**Table 6. Simulated change in livestock numbers under withdrawal of agricultural support and introduction of EU Trade Scenario Prices**

	<b>% Change in Grazing Livestock Units (GLUs)</b>
Beef	+65%
Dairy	+4%
Sheep	-47%
<b>TOTAL</b>	<b>+1.5%</b>

<sup>90</sup> Data from the Welsh Survey of Agriculture and Horticulture shows that the total employment (regular and casual workers) on all farms in Wales has fallen from 57,828 in 2010 to 50,401 in 2021, a fall of 13% over the period.

7.148 Dairy GLUs undergo a much smaller change. Table 7 shows the low contribution that BPS makes to the total output of dairy farms. In combination with the simulated low transition into dairy systems, this is likely to account for the relatively low impact on dairy GLUs.

Table 7. BPS as a percentage of total output, 2019/2020

	Number in FBS sample	BPS (£/farm)	Total output (£/farm)	BPS as % of total output
Hill cattle and sheep	130	26,866	127,467	21.0%
Hill sheep	86	33,915	125,678	26.9%
Upland cattle & sheep	76	17,009	97,426	17.4%
Lowland cattle & sheep	52	18,120	112,788	16.1%
Hill & upland dairy	52	19,396	440,578	4.4%
Lowland dairy	51	18,906	517,712	3.7%

Source: Farm Business Survey<sup>91</sup>

7.149 The Glastir Monitoring and Evaluation Programme (GMEP) found that where an increase in stock number occurred amongst Glastir agreement holders, the factors influencing this, other than scheme participation, most frequently included:

- a) change in market prices (28%)
- b) availability of land to rent (24%)
- c) change in the availability of staff (3%) and

<sup>91</sup> Aberystwyth University (2020) Wales Farm Income Booklet 2019/20 Results

d) seeking to improve income (7%).

7.150 Under this policy option, the above drivers of increased stocking are likely to continue. Shifts between the relative balance of different livestock systems will be influenced by market prices. However, the modelled scenario suggests that, in the absence of BPS, farm businesses have reduced ability to move into more profitable systems so continue in their current systems but under increased financial pressure or leave full-time agriculture.

## **Land Use**

7.151 Table 8 shows the longer-term consequence of the simulated changes in the status of full-time farms.

7.152 Over the longer term, with farms able to transition to different farming systems, there is a reduction in the total agricultural area on full-time farms. This reflects farms leaving full-time agriculture. There are large reductions in the area of crops and increased rotational (temporary) grassland. This reflects the reduced cereal output prices estimated under the EU Trade Scenario and an increase in beef and dairy cows leading to an intensification of grassland systems. The area of woodland on full-time farms also reduces, this is again reflective of farms leaving full-time agriculture as opposed to woodland being felled.

**Table 8. Simulated longer-term changes in land use under EU Trade Scenario Prices and withdrawal of BPS**

	<b>BPS funded, pre-EU Trade Deal Prices baseline (ha)</b>	<b>Zero BPS, EU Trade Deal prices, longer term (ha)</b>	<b>%Change</b>
Arable area	65,859	57,289	-13.0
Temporary grass	142,724	153,191	7.3
Permanent grass	467,703	450,615	-3.7
Rough Grazing	248,431	241,004	-3.0
Broadleaf Woodland	51,809	48,032	-7.3
Conifer Woodland	17,295	9,653	-44.2
<b>Total</b>	<b>993,821</b>	<b>959,783</b>	<b>-3.4</b>

#### **Nutrient Use**

7.153 Given the increase in beef GLUs at the expense of sheep, there is an increase in N loading from beef excreta over the longer term (Table 9). N loading from dairy excreta increases slightly, reflecting the smaller increase in the dairy herd. Overall, the total N loading increases, despite the reduction in the number of full-time farms, reflecting the intensification of grassland systems.

**Table 9. Percentage change in Nitrogen loading from fertiliser and livestock (sum of direct excreta, manure and slurry) under EU Trade Scenario Prices and withdrawal of BPS**

<b>Source</b>	<b>Change</b>
N Fertiliser (kT N)	-3.9%
Dairy excreta (kT N)	+4.1%
Beef excreta (kT N)	+55.8%



Sheep excreta (kT N)	-51.8%
<b>Total change</b>	<b>+4.8%</b>

## ***Impacts on Environmental Benefits***

### **Water Quality**

7.154 Under this policy option, it is likely water quality would be negatively impacted. This is due to the simulated:

- a) Contraction in rough grazing;
- b) Intensification of grassland systems (increased temporary grass, reduced permanent grass);
- c) Increase in beef and dairy numbers at the expense of sheep;
- d) Increased total N loading.

7.155 In addition, the loss of Glastir (not modelled in the IMP) is likely to further impact water quality. Glastir 2012-1692 was estimated to deliver the following decreases in national agricultural pollutant loads:

- a) 1% reduction in Nitrate;
- b) 0.94% reduction in phosphorous;
- c) 0.11% reduction in sediment.

7.156 These benefits would be unlikely to be maintained under this policy option.

7.157 There would likely be regional variation in impacts on water quality. Areas where more farms are simulated to leave full-time agriculture may see improvements, depending on what the land use transitions into. However, in areas where farms transition to more intensive systems there may be deterioration if the transition is not accompanied with adoption of activities to reduce losses to water. Given this policy option would remove

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<sup>92</sup> [Resources | Glastir Monitoring and Evaluation Programme \(gmep.wales\)](#)

all agricultural support, there would be no Welsh Government schemes available to support adoption of these activities.

## **Air Quality**

7.158 Air pollution exacerbates existing health conditions and is associated with serious cost to society. Many poor outcomes from air pollution are linked to PM2.5, of which ammonia can be a substantial component. Reductions in ammonia, or interception of PM2.5 particles, can therefore have positive impacts on air quality.

7.159 Under this policy option, there would likely be a variable impact on air quality due to the simulated changes from sheep to beef, the intensification of grassland, and reduction in the number of full-time farms.

7.160 Where farms leave agriculture completely, and the land does not remain in agriculture, there is the potential for conversion to woodland. In these areas, there may be an improvement in air quality due to reduced emissions from agriculture and an increased interception of PM2.5 by trees.

7.161 Where farms are simulated to transition from sheep to more intensive systems (e.g., dairy and beef), there is the potential for worsening air quality as nutrient inputs increase on more intensive grassland unless the changes are accompanied by changes in practice to reduce ammonia emissions.

## **Biodiversity**

7.162 The effects on biodiversity in this option are likely to be variable and location specific.

7.163 Intensification of land use, and increased inputs, would result in worsening biodiversity outcomes. Areas where woodland could be planted on land leaving full-time agriculture could see biodiversity benefits. Conversely, woodland on farms leaving full-time agriculture may fall out of management which could negatively impact biodiversity.

- 7.164 The simulated increases in N loadings are likely to have negative impacts on biodiversity, as will any decreases in water quality.
- 7.165 The GMEP evaluation found changes in habitat suitability as a result of scheme participation for 75% of the 21 plant species modelled, resulting from de-intensification of vegetation management and changes in soil properties. GMEP also reported that 13% more farms in Glastir are more likely to have taken action to combat biodiversity loss than farms not in Glastir. These benefits would be unlikely to be maintained under this policy option.
- 7.166 Overall, it is unlikely in this policy option there would be any increase in the area of agricultural land being managed for biodiversity benefits, and land currently being managed in such a way would be at risk of declining in condition. Intensification of farming systems is likely to bring disbenefits in areas this occurs. Land leaving agriculture has the potential to offer biodiversity benefits but this would depend on what that land is used for.

### **Carbon Stocks**

- 7.167 Carbon stocks are likely to reduce in this scenario due to:
- a) Simulated loss of permanent and rough grassland as this land transitions to grass rotation;
  - b) Increases in carbon stocks would occur if land simulated to leave full-time agriculture is planted as woodland.
- 7.168 Farms remaining in full-time agriculture may be unlikely to create woodland or hedgerows as would be needed to substantially increase carbon stocks in this policy option. The removal of BPS and the change in prices simulates a move towards intensification of more land, rather than sharing land for tree planting, as farms try to maintain profit in challenging circumstances.

## **GHG Emissions**

- 7.169 The simulated increase in beef and dairy cows at the expense of sheep, and an overall increase in total GLUs of 1.5%, is likely to lead to an increase in agricultural GHG emissions.
- 7.170 There is the potential for some reduced emissions where the reduction in arable occurs on peat. This could also apply on land which left agriculture, depending on the future use.
- 7.171 Evidence from the GMEP suggested that Glastir contributed to reductions in greenhouse gas emissions and enhanced sequestration of carbon, as well as reduction in other gases which contribute to climate change (further information in Option 2 – maintain status quo). It is likely under this policy scenario that these benefits would no longer be delivered.
- 7.172 Overall, the simulated contraction of the total agricultural area on full-time farms combined with an increase in total GLUs is likely to have negative effects on emissions in the round unless any intensification is accompanied with action to reduce emissions. Given this policy option would remove all agricultural support, there would be no Welsh Government schemes in place to support farms to invest in taking action to reduce emissions.

## ***Other impacts on benefits***

### **Loss of Sustainable Management Scheme (SMS)**

- 7.173 The SMS supports collaborative landscape-scale projects to improve natural resources and also supports and facilitate co-ordination with other schemes to improve the resilience of farm and rural businesses and rural communities to climate impacts<sup>93</sup>.
- 7.174 Evidence from an initial evaluation<sup>94</sup> notes the SMS is directly aimed at addressing the limitations of previous agri-environment schemes and

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<sup>93</sup> Case studies of SMS projects can be found here: [Sustainable Management Scheme \(gov.wales\)](https://www.gov.wales)

<sup>94</sup> Bebb and Bryer, OB3 Research with contributions from Rob Owen and Sue Rice, BRO Partnership (2021) Sustainable Management Scheme: Process evaluation and Theory of Change, report for Welsh Government. The reported noted that only direct and immediate

consider funding and action at a landscape or catchment scale. The evaluation of the SMS recorded the following collaborative actions:

- a) helping farmers understand the impacts of their activities and improving water quality, and reducing the impact of nitrates getting into water courses;
- b) undertaking riverbank restoration to address soil erosion;
- c) creating clear corridors in moorland for wildlife;
- d) improving heather moorland habitats for ground nesting birds;
- e) creating additional wetlands;
- f) cleaning out ditches to increase their capacity; and
- g) controlling invasive non-native species (INNS).

7.175 The recorded impacts on the economy of these collaborative projects included the following:

- a) the employment of women with chainsaw skills in a woodland project;
- b) the employment of apprentices and young people in several projects;
- c) employing local people and working with local contractors wherever possible;
- d) creating new economic opportunities for farmers who manage woodlands.

7.176 The evaluation records that Almost all the projects interviewed felt that without SMS funding it would have been unlikely that their activities would have taken place. Their outcomes would not have been achieved without the funding unless another source of funding would have been secured. This suggests a high degree of additionality.

7.177 In the absence of financial incentives, this degree of collaborative activity is unlikely to occur. The loss of the SMS in this policy option will therefore most likely mean that there is no longer any financial incentive or mechanism for collaborative work.

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outputs can be reported upon at this stage (e.g., number of trees planted, or hectares restored) rather than the wider, longer-term ecosystem benefits and socio-economic outcomes that can take several years to fully materialise

7.178 We do not yet have a full evaluation of SMS. However, it seems reasonable to assume that under this option there would be significant reduction in the collaboration and co-operation activity that has been funded under the SMS, and a negative impact on environmental outcomes.

## ***Option 2: Legislate to maintain status quo (Basic Payment Scheme and other land-based schemes)***

### ***Introduction***

7.179 In this policy option, we assume legislation is introduced to enable the continuation of historical EU support schemes to support the agriculture sector in Wales.

7.180 It is assumed there is a continuation of these support schemes (including the Basic Payment Scheme (BPS) and the land-based Rural Development Programme funded schemes, Glastir and the Sustainable Management Scheme), operating under the same budget and that this budget is maintained in real terms throughout the appraisal period. We assume no transition period as the schemes that have operated historically continue to run.

7.181 We assume advice in the form of Farming Connect and the Farm Liaison Service is maintained.

7.182 We assume the regulatory regime provided by Cross Compliance and by the Environmental Impact Assessment (Agriculture) (Wales) Regulations 2017 is maintained.

### ***Impact on Costs***

7.183 All costs presented below are annual figures and assumed to be maintained in real terms throughout the appraisal period, unless otherwise stated.

## Welsh Government - Total Cost £311,507,559

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### Administrative costs - £22,278,455

7.184 It is not possible to fully disaggregate the administrative costs of each individual scheme or for each of the Common Agricultural Policy (CAP) Pillars. Both pillars are based on an Integrated Administrative Control System (IACS) and use a multi-functional workforce. Figures are based on estimates providing indicative cost for different work areas and CAP Pillars.

7.185 Figures include the Welsh Government costs for processing CAP (BPS) and Rural Development Programme (RDP) schemes, the European Maritime and Fisheries Fund<sup>95</sup>, and all other Brexit/Covid schemes. Costs also include regulatory inspections by Rural Inspectorate Wales (RIW), ICT development and support, and the statutory function of managing County Parish Holding (CPH) records. The costs cover:

- a) Ongoing running costs (staff costs);
- b) EU funded Technical Assistance costs; and
- c) RPW Programme costs.

7.186 The total annual average costs<sup>96</sup> are £22,278,455, of which 38% is attributed to BPS administration and 62% administration of RDP land-based projects and programmes (principally Glastir). 28% of the costs of BPS administration are costs related to various corporate functions to operate an accredited paying agency.

### Compliance costs - £1,344,104

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<sup>95</sup> The EMFF is not part of agricultural support. We are unable to disentangle the costs of administering the EMFF from other internal costs.

<sup>96</sup> This is an average annual cost which has been calculated using the WG incurred costs between 2018 and 2020

7.187 Cross Compliance requires farmers to comply with standards for public, plant, and animal health and welfare. To receive support, farmers must comply with a set of basic rules. Compliance rules include:

- a) statutory management requirements, requirements in regulations that apply to all farmers whether or not they receive support;
- b) good agricultural and environmental conditions, these apply only to farmers receiving support.

7.188 On-farm inspections assess compliance, farmers not adhering to the required standards have their support reduced and may face other penalties.

**Table 10: The costs of on-farm inspections to Welsh Government**

Regulation	Annual Cost	Notes
Land based Cross Compliance	£192,761	Based on a control rate of 1% of scheme claimants
Livestock Identification Cross Compliance	£962,882	Based on a requirement of 3% of keepers of sheep and cattle to be inspected.
Environmental Impact Assessment	£188,461	If NRW alert WG of a suspected breach, an ecologist must investigate any potential damage to habitat land.

7.189 We are forecasting these compliance costs remain the same in this option.

**Payments to Farmers - £278,000,000**



7.190 The estimated cost of CAP payments, including BPS<sup>97</sup> and RDP land-based programmes, over the 2021/22 to 2023/24 period, is £278m per year.

7.191 We assume this level of budget is maintained in real terms across the appraisal period. This is not a prediction or guarantee of future funding levels, it will depend on future funding settlements from HM Treasury and the Welsh Government budget process. The cost is an indicative estimate for the purpose of undertaking this analysis.

### **Other costs - £9,885,000**

7.192 The estimated cost of CAP payments, including BPS<sup>98</sup> and RDP land-based programmes, over the 2021/22 to 2023/24 period, is £278m per year.

7.193 We assume this level of budget is maintained in real terms across the appraisal period. This is not a prediction or guarantee of future funding levels, it will depend on future funding settlements from HM Treasury and the Welsh Government budget process. The cost is an indicative estimate for the purpose of undertaking this analysis.

7.194 ERAMMP<sup>99</sup> delivers a programme of monitoring and modelling which collects data across the Welsh landscape, linking any change to economic and environmental impacts. Under this option, this programme would continue at an annual cost of £1.5m (the same as Option 1).

7.195 Farming Connect<sup>100</sup> supports the development of a more professional, profitable and resilient land-based sector. It comprises an integrated programme of knowledge transfer, innovation and advisory services designed to deliver greater sustainability, improved competitiveness and

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<sup>97</sup> Total costs for BPS reflect BPS payment to all claimants in Wales, totalling c.16 0000 farms.

<sup>98</sup> Total costs for BPS reflect BPS payment to all claimants in Wales, totalling c.16 0000 farms.

<sup>99</sup> <https://erammp.wales/en>

<sup>100</sup> [Farming Connect - helping you drive your business forward | Business Wales \(gov.wales\)](#)

improved environmental performance. The annual cost of Farming Connect is £8.0m (the same as Option 1).

7.196 The Farm Liaison Service (FLS) fulfils an important role in Welsh Government's drive to produce a sustainable and professionally managed industry across Wales.

7.197 The aim is to provide customers with consistent, accurate and professional guidance in respect of all farming and rural schemes and policy areas administered by Welsh Government. These include:

- a) Basic Payment scheme / Glastir;
- b) Rural Development Programme;
- c) Animal health & welfare;
- d) Record-keeping / Inspections;
- e) Livestock Registrations (CTS / EID);
- f) Changes to Land areas and registrations;
- g) CPH Programme;
- h) Access to RPW Online system;
- i) Development of future schemes.

7.198 We assume the Farm Liaison Service (FLS) continues at a cost of £385k (same as Option 1).

## **Natural Resources Wales - Total Cost £2,715,725**

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Administrative & Advice costs - £ 2,572,286

7.199 Glastir is administered by the Welsh Government, supported by NRW, who provide technical delivery and guidance advice on scheme applications, covering:

- a) Felling licence applications;
- b) Environmental Impact opinion;
- c) European Protected Species licenses; and
- d) Consents for proposals on designated sites.
- e) Floor Risk Activity Permits

7.200 The annual cost of advice on Glastir is estimated to be £2,419,716

7.201 NRW also provide advice and guidance on applications under the Sustainable Management Scheme at an annual cost of £125,127.

7.202 NRW issues flood risk activity permits<sup>101</sup> to farmers who wish to work on or near a main river, flood or sea defence structure or flood plain. We assume the cost is £27,443 (same as Option 1).

### **Compliance costs - £143,439**

7.203 The cost of NRW's role in providing delivery of Cross Compliance standards is estimated at £119,684 per year (same as Option 1).

7.204 Organisations involved in other regulatory inspection processes related to Cross Compliance or who are consulted for technical advice in addition to NRW include: Animal and Plant Health Agency, Local Authorities, Food Standards Agency, CADW, Local Archaeological Trusts and NRW. There will be an additional associated cost to their organisations as well, however as most are linked to other regulatory requirements many would still exist without Cross Compliance and as such, we do not quantify these costs.

7.205 NRW is also a consultation body under Environmental Impact Assessment (EIA) regulations. WG may consult NRW on applications made to it under these regulations. The cost to NRW of providing advice to WG is estimated at £23,755 annually (same as Option 1).

## **Agriculture Sector - Total Cost £588,000**

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### **Administrative costs - £588,000**

7.206 To claim BPS and certain other payments a farmer must carry out agricultural activities in the claim year. Evidence is submitted to Welsh Government by the farmer through the Single Application Form<sup>102</sup> (SAF).

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<sup>101</sup> [Natural Resources Wales / Environmental permits for flood risk activities](#)

<sup>102</sup> [Single Application Form | Sub-topic | GOV.WALES](#)

Table 11 shows the estimated number of SAFs submitted, and process used, in 2019.

**Table 11. Number of Single Application Forms submitted to WG in 2019.**

<b>Customer completion process</b>	<b>Applications submitted</b>	<b>Applications with no changes (estimate)</b>	<b>Applications with changes (estimate)</b>
Self Service	9,357	4,198	5,159
WG Digital Assistance	1,025	460	565
Support from Farming Unions and Agents (estimate)	5,942	2,666	3,276
<b>TOTAL</b>	<b>16,324</b>	<b>7,324</b>	<b>9,000</b>

7.207 The number of hours required with these different customer completion processes varies (from an estimated 1 to 3 hours per customer for applications with no changes; to an estimated 2-4 hours for applications with changes). The cost of this time for farmers and agents is estimated at £15/hour for farmers and £30/hour for agents<sup>103</sup>.

7.208 The total annual cost to farmers of submitting BPS applications is estimated as £588k.

## **Total Cost - £314,811,284**

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<sup>103</sup> The source of these estimates the Annual estimates of paid hours worked and earnings for UK employees by sex, and full-time and part-time, by Standard Occupational Classification, from the Office for National Statistics [Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/employment-and-labour-markets/earnings-and-hours/earnings-and-hours-worked-occupation-by-four-digit-soc)

## ***Impact on Benefits***

7.209 In this policy option, existing land-based schemes and programmes (BPS, SMS, Glastir) are assumed to continue delivering a range of benefits.

7.210 IMP outputs used here are based on the results of a modelled land-use scenario ('EU Trade Deal Scenario', T2) with estimated changes to farm-gate prices following a trade deal between the European Union and the United Kingdom.

7.211 Outputs reflect the estimated long-term land-use implications from the estimated change in farm-gate prices, with a continuation of the current system of support against a 2015 baseline.

7.212 The key components and assumptions of the scenario are outlined in ERAMMP Report 60<sup>104</sup>. An overview of the IMP is provided under Option 1 (support ceases end 2024).

7.213 Estimated change in farm-gate prices in the scenario compared to 2015 prices are:

- a) Milk +1.2%;
- b) Beef +3%; and
- c) Lamb -1%.

7.214 The estimated change in prices represents a long-term decrease in finished lamb prices and increases in milk, dairy (cull and calf) and beef (finished beef and beef cull cow) output prices.

**7.215** The simulated results reflect the impact of estimated changes in market prices as a result of the EU Trade Deal scenario. This scenario assumes a continuation of the current system of support (i.e. Basic Payment Scheme). The modelling work was undertaken in 2019, prior to Russia's invasion of Ukraine.

7.216 ERAMMP Report 60<sup>1</sup> modelled six scenarios, including T2, consisting of changes in farm-gate prices. These scenarios were based on broad assumptions around the detail of the trade agreement with the EU as well

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<sup>104</sup> [ERAMMP Report-60 IMP Land Use Scenarios Final Report\\_en.pdf](#)

as potential changes in prices resulting from agreements with the USA, Australia and New Zealand. These scenarios were designed to understand how a range of changes in farm-gate prices may affect agriculture, land use and environmental outcomes.

7.217 The modelled outputs should be interpreted in this light. They serve to demonstrate potential impacts over the longer-term of changes in market conditions, under the current system of support, rather than predicting a definite outcome. It is important to note the IMP did not take into account that simulated increases in dairy products may constrain milk price change as product supply and demand rebalance.

## ***IMPACTS ON FARM BUSINESS***

### **Basic Payment Scheme**

7.218 BPS provided £238m to Welsh farmers in 2019-20.

### **Rural Development Programme (RDP)**

7.219 The Welsh Government Rural Communities - Rural Development Programme<sup>105</sup> 2014-2020 was a seven-year investment programme which supported a wide range of activities. This option considers the SLM objectives focusing on the land-based elements of the RDP.

7.220 The Glastir budget was £40m in 2019-20. Scheme payments are based on income foregone and costs incurred.

7.221 The Sustainable Management Scheme (SMS) supports collaborative landscape-scale projects to improve natural resources, delivering benefits to the farm, rural businesses and rural communities. No direct payments are made to farmers under the SMS due to state aid rules.

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<sup>105</sup> [Rural Development Programme document 2014 to 2020 | GOV.WALES](#)

## Relative farm profitability

7.222 Table 12 shows relative farm profitability in 2019/20 by standard output. Standard output<sup>106</sup> provides a proxy measure for the value of total output from agricultural production, diversification, Pillar 1 (BPS) and Pillar 2 (Glastir).

7.223 Relative profitability is expressed as £ profit per £100 costs and is used to account for the different economic size of farms. The categories used are:

- a) Profit - at least £10 per £100 costs;
- b) Marginal profit - between £0 and £10 per £100 costs;
- c) Any loss - all negative values;

7.224 The analysis shows:

- a) 50% of the 9,700 farms made a profit larger than a marginal profit. Of these 4,849 farms, 57% are in the smallest output band (under £125k);
- b) 33% of the 9,700 farms made a loss. Of these 3,229 farms, just over two thirds (69%) are in the smallest output band (under £125k);
- c) There are farms making a loss in each size band: 38% (under £125K), 31% (at least £500k), 27% (£125k to £250k), and 22% (£250k to £500k).

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<sup>106</sup> The standard output of an agricultural product (crop or livestock) is the average monetary value of the agricultural output at farm-gate price, in euro per hectare or per head of livestock [Glossary: Standard output \(SO\) - Statistics Explained \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1).



**Table 12. Relative farm profitability by standard output, number of farms.**

<b>Standard output band</b>	<b>Profit</b>	<b>Marginal profit</b>	<b>Any loss</b>	<b>Total Number of farms</b>
Under £125k	2,752	929	2,219	5,899
£125k to £250k	1,275	389	623	2,287
£250k to £500k	494	235	204	934
at least £500k	308	89	183	580
<b>TOTAL</b>	<b>4,829</b>	<b>1,642</b>	<b>3,229</b>	<b>9,700</b>

Source: Welsh Government analysis of 2019-2020 Farm Business Survey<sup>107</sup>

7.225 There is large variation in performance, both in business revenue and management of business costs across farms of the same economic size. This pattern is also reflected when analysing by farm type. Table 13 shows:

- a) In each farm type there are businesses making a profit. The proportion is highest for SDA Grazing farms (62%) and lowest for DA grazing (33%).
- b) Of farms that made a loss, 33% are SDA grazing, 33% are DA grazing, and 14% are dairy;
- c) Of farms that made a profit, 57% are SDA grazing, 14% are DA grazing, and 13% dairy.
- d) There are farms in each farm type making a loss: 25% SDA grazing, 51% DA grazing, and 32% dairy;

<sup>107</sup> Figures are for the Farm Business Survey population (farms of at least €25,000 Standard Output). They exclude the poultry, pigs and horticulture specialists

**Table 13. Relative farm profitability by farm type, number of farms**

<b>Farm type</b>	<b>Profit</b>	<b>Marginal profit</b>	<b>Any loss</b>	<b>Total Number of farms</b>
Dairy	632	336	459	1,427
SDA grazing	2,751	618	1,075	4,444
DA grazing	674	332	1,059	2,065
Others	773	356	635	1,764
<b>TOTAL</b>	<b>4,829</b>	<b>1,642</b>	<b>3,229</b>	<b>9,700</b>

Source: Welsh Government analysis of 2019-2020 Farm Business Survey data

7.226 A 2018 report<sup>108</sup> noted for UK farms:

- a) The top 25% of farms, across all farm types, perform 1.8 times better than the bottom 25%;
- b) Less than 5% of variation in farm performance is related to geographic factors (such as soil and climate);
- c) More than 70% of the difference [in performance] between top- and bottom-quartile farms is because of different decisions made by the farmer.

7.227 Under this policy option, it is likely this variability in performance would continue. Farms making a loss, or marginal profit, could be expected to be particularly vulnerable to changes in market conditions which could increase the number of loss-making farms.

### **Industry structure**

7.228 Figure 3 shows the simulated structure of the 7,726 modelled full-time farms before (orange) and after (blue) the introduction of the EU Trade

<sup>108</sup> The Andersons Centre and Associates (2018) The characteristics of high performing farms in the UK, report published by AHDB

Deal Scenario prices. These figures (in blue) represent the modelled, long-term response to long-term changes in profitability.

7.229 Dairy, mixed and specialist beef (SDA) are simulated to increase in numbers with reductions in the number of sheep and mixed grazing farm types in the DA, SDA and non-DA/SDA.

7.230 Of the 7,726 farms, 19% are simulated to transition to a different farm type. These are mainly in lowland and DA areas and change to dairy or mixed farming, growing crops in support of livestock enterprises.

7.231 71% of modelled farms are simulated to remain in their current farm type. Of these farms, a third have no opportunity to change farm type e.g. SDA areas where there are few alternatives to sheep/beef farming. The other two thirds have insufficient incentive e.g. dairy farms which are already more profitable.

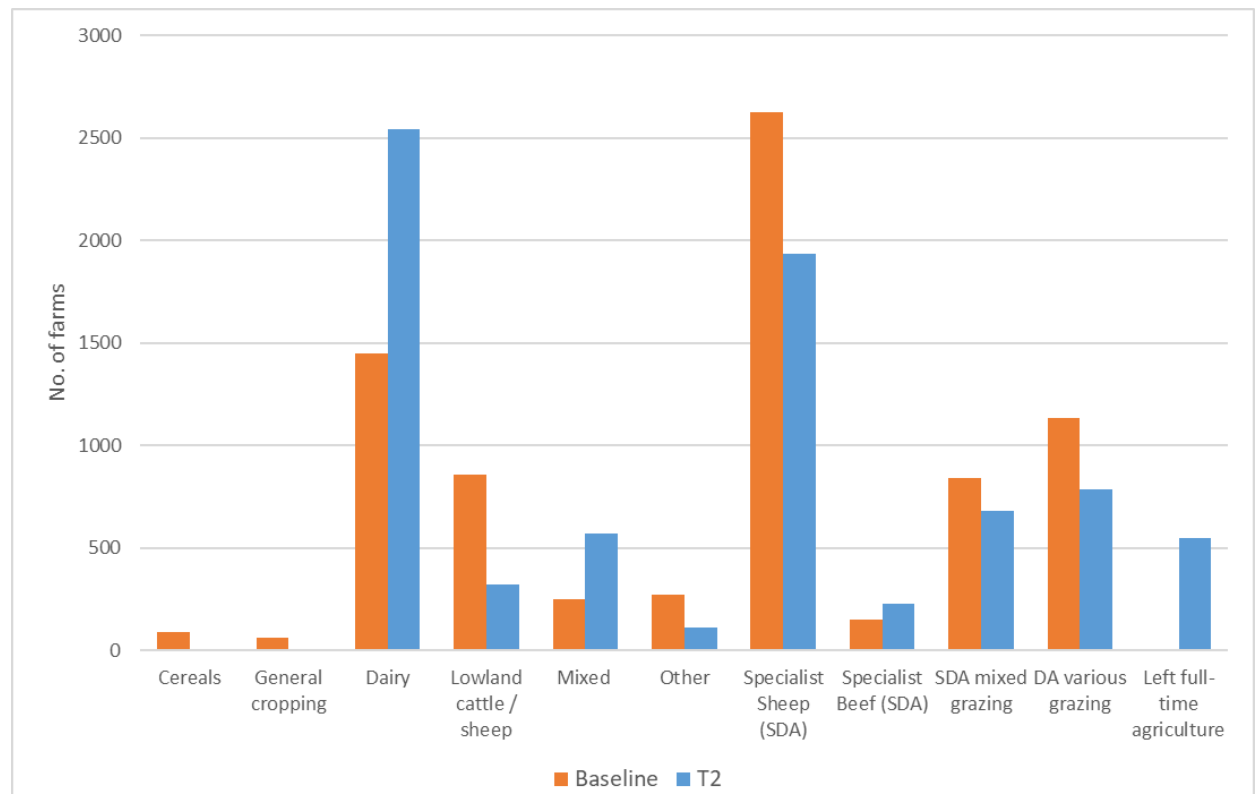
7.232 Farms under pressure are mostly in upland and hill areas (DA and SDA) although almost 20% are lowland cattle and sheep farms. Beef and sheep farms are adversely impacted compared to the dairy farms.

7.233 6.5% of simulated farms fail to reach the £6,000 p.a. threshold in the modelled baseline and are therefore vulnerable to leaving full-time agriculture. Once the EU Trade Scenario Prices are introduced, 7.1% of modelled farms are simulated to leave full-time agriculture. These farms are mostly in upland and hill areas (DA/SDA) and are predominately beef and sheep farms. Given the environmental conditions (e.g., soil, land cover, slope, climate), there are fewer alternative farm types that can achieve sufficient simulated FBI in these areas.

7.234 It is possible that these farms continue to farm part-time, or the land may transfer to neighbouring farms and continue to be farmed.

7.235 The modelled scenario demonstrates relatively small farm-gate price changes have impacts on the structure of the industry. Farms already making a loss are likely to be particularly affected by these changes and may not have the opportunity or resources to change enterprises to increase profit.

**Figure 3. Simulated impact of scenario (T2) on industry structure**



7.236 How farm businesses respond to changes in market conditions will be the outcome of a long and complex decision-making process that will vary between farm businesses. The complexity of such decisions is described in a literature review<sup>109</sup> commissioned by Welsh Government, although this work is related to Very Small and Small farms, outside the full-time farms modelled within ERAMMP.

7.237 This review noted, ‘the behavioural responses to past economic crises, which may hold the key to those that may flow from income pressures associated with Brexit and the withdrawal of direct payments under a national agricultural policy, show great diversity and need to include factors that go beyond the simple business model of the profit maximising firm. Farmers’ and farm households’ actions may be viewed as the

<sup>109</sup> Bradley, Hill, O’Prey, Griffiths, Williams (2021) Understanding farmer motivations: Very Small and Small farms Final report: Appendix: Literature Review, report to Welsh Government <https://gov.wales/understanding-farmer-motivations-very-small-and-small-farms>

outcome of interplay between the individual's own "disposition-to-act" (the product of socialisation and interaction), the farm household's material resources (size of farm, capital, labour skills, cultural capital, position in the life cycle, tenure) and external structures (relative prices, policy, labour market opportunities, social and cultural norms, etc.). As such, on the ground a wide variety of responses may be encountered, including some (such as expanding output) that may be counterintuitive. Non-response may be the behaviour of some, though this seems to be smaller once the changes in circumstance appear more permanent.'

7.238 The modelling cannot reflect this complex reality. However, alongside the variability in farm performance, it shows there are farm businesses which may not have resilience against future market changes. For farms which, in reality, may not change to a different enterprise, these changes could result in a worsening financial situation unless other steps are taken within the business to increase profit margins (e.g. by reducing inputs where possible or intensifying production).

### ***Aggregate Farm Business Income***

7.239 Over the shorter term (Table 14), if farms continue as currently, there is an 8% simulated reduction in aggregate FBI<sup>110</sup> in response to the change in farm-gate prices. Declines are mostly seen in lowland cattle and sheep farms and specialist sheep SDA.

7.240 Over the longer term, with farms able to transition to different enterprises or out of agriculture, there is a 17% simulated increase from £293m pa (2015 baseline, 2020 prices) to £344m pa (following the EU trade deal scenario, 2020 prices).<sup>111</sup>

7.241 This is despite a reduced number of full-time farms, as farms transition to a more profitable farm type, mainly to dairy farms. Reductions by sector reflect these farms transitioning to new enterprises (Figure 4).

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<sup>110</sup> Excludes Glastir payments. These are based on income foregone and costs incurred and considered cost neutral.

<sup>111</sup> Converted to 2020 prices using ONS deflators. ERAMMP Report 60 reports in 2015 prices.

**Table 14. Simulated aggregate Farm Business Income (FBI) in the shorter and longer term (EU Trade Deal Scenario), full-time farms**

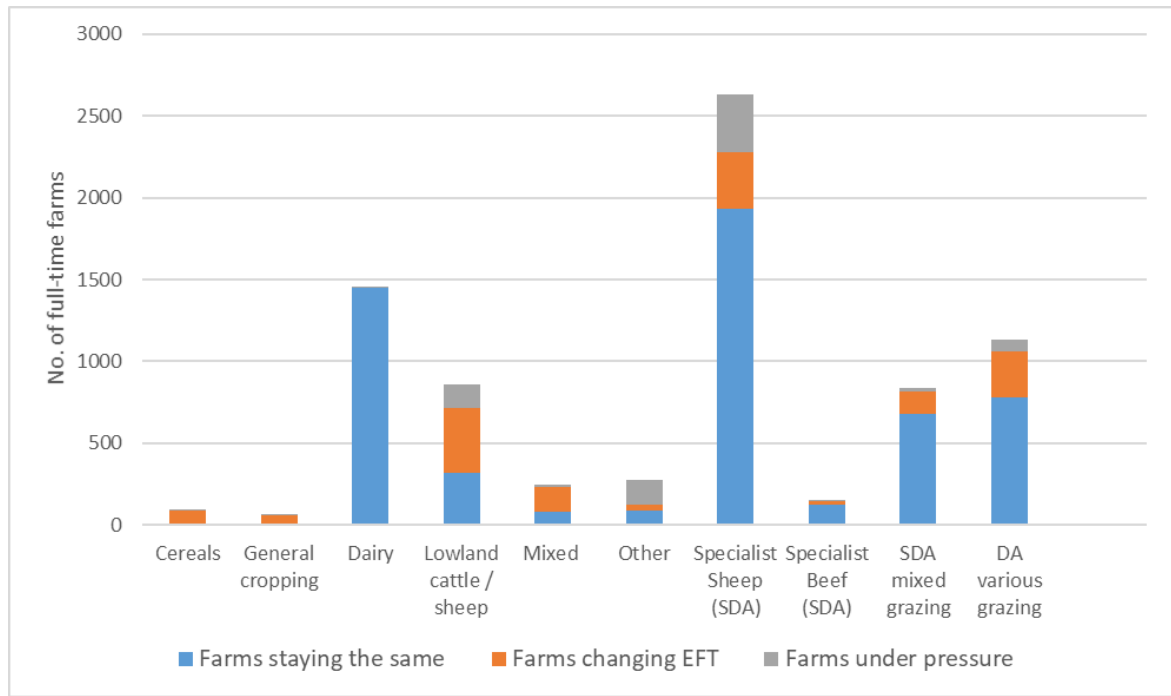
<b>Farm Type</b>	<b>Modelled baseline FBI (£M)</b>	<b>EU Trade Deal Scenario – shorter term FBI (£M)</b>	<b>EU Trade Deal Scenario – longer term FBI (£M)</b>
Cereals	2.6	4.1	0.1
General cropping	1.5	2.2	0.1
Dairy	122.7	130.4	222.0
Lowland cattle / sheep	19.9	13.2	3.6
Mixed	7.9	8.9	20.6
Other	3.0	2.7	2.4
Specialist Sheep (SDA)	66.6	47.7	38.0
Specialist Beef (SDA)	6.2	5.4	10.7
SDA mixed grazing	29.3	25.5	21.6
DA various grazing	34.1	30.9	24.4
<b>Total</b>	<b>293.2</b>	<b>271.5</b>	<b>343.6</b>

[Note. 2020 prices.](#)

7.242 Figure 4 shows the simulated farm business status of the current full-time farm types if they persisted in their current farm type in the EU Trade Deal scenario. 10% of the modelled population are under financial pressure. This is in comparison to 32% of farms simulated to be under pressure in Option 1 (support ceases end 2024).

7.243 The small changes in prices in this scenario lead to a small change in the number of farms under pressure but stimulates a substantial change in farm type (29% of farms transitioning), primarily through deliberate action on the part of farmers on viable farms, rather than through sale and purchase of unviable farms.

**Figure 4. Simulated status of full-time farms under the scenario (T2, n=7,177)**



### Farms less than 1 FTE

7.244 This analysis excludes farms with less than one FTE. Although small economically, part-time farms cover 29% of the agricultural land and will have an effect on the delivery of environmental outcomes, whether positive or negative.

7.245 A report on motivations of very small and small farms in Wales<sup>112</sup> reported two-thirds of small farms (66%) and half (48%) of very small farms have payments from environmental schemes (such as Glastir) and these environmental payments are seen as essential by a third (36%) of small farms and by less than a quarter (23%) of very small farms.

<sup>112</sup> Bradley, Hill, O'Prey, Griffiths, Williams (2021) Understanding farmer motivations: Very Small and Small farms Final report to Welsh Government

***Short term viability of farm businesses in Wales –  
Comparison of current assets and liabilities for farms in  
Wales, 2018-19***

7.246 A large proportion of the assets on a farm, such as land or property, will typically have a monetary value but this is difficult or costly to realise in the short term. Table 15 gives an indication of the ability of farms in Wales to finance their immediate financial demands from current assets, such as cash, savings or stock. If current liabilities are similar to or greater than current assets, the farm may be experiencing short term financial difficulties. Where this occurs, these farms may be less financially resilient to change.

7.247 Table 15 shows:

- a) 73% of farms have current assets less than £100k;
- b) 91% of farms have current liabilities less than £100k;
- c) Farms with lower assets tend to have lower liabilities, but there are farms in each bracket with larger liabilities. For example, approximately 10% of farms with assets under £100k have liabilities in a larger bracket.
- d) Overall, there is a wide variation in the short-term financial position of farms.



**Table 15. Percentage (%) of farms in each grouping for current assets and total liabilities**

Current liabilities	Current assets					
	<£25k	£25k - <£50k	£50k - <£100k	£100k - <£200k	£200k+	Total
£0 - <£5k	8%	10%	15%	5%	3%	<b>42%</b>
£5k - <£25k	6%	4%	9%	5%	1%	<b>26%</b>
£25k – <£50k	4%	4%	3%	2%	1%	<b>14%</b>
£50k - <£100k -	1%	2%	3%	2%	1%	<b>9%</b>
£100k+	X	X	1%	3%	3%	<b>9%</b>
<b>TOTAL</b>	<b>20%</b>	<b>21%</b>	<b>32%</b>	<b>17%</b>	<b>9%</b>	<b>100%</b>

Source: Figure E4 Farm incomes in Wales, 2018/2019<sup>113</sup> from Farm Business Survey. X = Value not shown as it is based on fewer than 5 farms from the sample.

***Long term viability of farm businesses: Comparison of total assets and liabilities for farms in Wales, 2018-19***

7.248 Total liabilities provide a measure of the indebtedness and reflect the total debt (short and long term) of the farm business. High levels of liabilities will require consistent income flows (or sale of assets) to ensure that interest on borrowing can be paid. If total liabilities of a farm are too high (in relation to total assets), the farm could have difficulty in meeting its investment needs from earnings. On the other hand, increasing the levels of borrowing in order to invest in the farm can help to improve farm performance.

7.249 Table 16 shows:

<sup>113</sup> [Farm incomes in Wales, 2018-19 \(gov.wales\)](http://gov.wales)

- a) 51% of farms have assets over £1m;
- b) 52% of farms have liabilities between £10k and £500k;

7.250 Almost all of the farms with the highest level of liabilities also had assets of at least £1m;

- a) The farms with high asset levels are spread all across the range of liability values.

7.251 This provides another indication of the proportion of farms which may lack longer term financial resilience. Farms with a high level of total liabilities may be less resilient in the face of change or may have to dispose of some assets to manage liabilities.

**Table 16. Percentage (%) of farms in each grouping for total assets and total liabilities**

Total liabilities	Total assets					
	<£200k	£200k - <£500k	£500k - <£1m	£1m - <£2m	£2m+	Total
£0 - <£10k	3%	4%	19%	12%	2%	<b>40%</b>
£10k - <£50k	3%	3%	7%	8%	2%	<b>22%</b>
£50k - <£200k	X	2%	6%	8%	2%	<b>18%</b>
£200k - <£500k -	X	X	2%	6%	3%	<b>12%</b>
£500k+	X	X	X	2%	5%	<b>7%</b>
<b>TOTAL</b>	<b>6%</b>	<b>9%</b>	<b>34%</b>	<b>37%</b>	<b>14%</b>	<b>100%</b>

Source: Figure E3 Farm incomes in Wales, 2018/2019<sup>114</sup>, Farm Business Survey. X = Value not shown as it is based on fewer than 5 farms

<sup>114</sup> [Farm incomes in Wales, 2018-19 \(gov.wales\)](http://gov.wales)

7.252 Overall, the position described here may remain unchanged under the policy option. However, increased market price volatility may mean farmers perceive their ability to service debt may be reduced. This may lead them to adopt strategies such as seeking to reduce overall liabilities through, for example, realising a portion of their total assets.

### **Farm household income**

7.253 Farm Business Income (FBI) is likely to cover only a portion of the income entering the broader farm household. Data from England shows in 2014/15<sup>115</sup>, FBI accounted for 68% of Farm household Income<sup>116</sup>. 91% of farm households had off-farm income from the principal farmer or their spouse or common law partner. Around half of principal farmer households obtained at least 50% of their non-farm income from unearned sources such as investments and pensions.

7.254 A survey of Welsh farm households in 2010<sup>117</sup> found that 41% had non-farming as well as farming incomes, with 39% of very small farms seeing off-farm income as the most important source of income.

7.255 A survey<sup>118</sup> of very small and small farms<sup>119</sup> in Wales concluded that, for these farms, economic size (as defined in terms of Standard Output) is not a reliable guide to household income levels. The most frequently cited source of income was trading surplus (sales minus production costs) from farming activity (91%), followed by BPS (76%), off-farm wages, salaries and self-employment earnings (64%), environmental payments (54%), pensions (46%), on-farm diversification (35%) and return on investments such as rental income (33%).

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<sup>115</sup> Defra (2016) Farm Household Income and Household Composition: Results from the Farm Business Survey, England 2014/15. This is the latest year that farm household income data has been published.

<sup>116</sup> Farm household income comprises Farm Business Income (including that from diversified enterprises), the off-farm income of the principal farmer and their spouse/common law partner and income from other household members.

<sup>117</sup> Wales Rural Observatory [SURVEY OF FARMING HOUSEHOLDS IN WALES.doc](http://walesruralobservatory.org.uk) ([walesruralobservatory.org.uk](http://walesruralobservatory.org.uk))

<sup>118</sup> Bradley, Hill, O'Prey, Griffiths, Williams (2021) Understanding farmer motivations: Very Small and Small farms Final report: Appendix.

<sup>119</sup> Very Small farms have a turnover (standard output) of under €25k; Small farms have an estimated turnover (standard output) of €25k - €125k.

7.256 This demonstrates a complex approach to on-farm decision making, with a range of contributing factors aside from FBI. Additional sources of income are likely to mean that many farms are more robust and resilient to market changes than suggested from analysis of FBI alone.

## **Farm Employment**

7.257 The farming sector involves a range of ways of using labour, including partners in the business, casual work, unpaid work and other informal arrangements.

7.258 Estimates for the farming workforce differ depending on which types are covered. There is also a difference between simple headcounts and estimates that calculate the amount of work done to arrive at a Full Time Equivalent figure.

7.259 In 2021, the Welsh Agricultural Survey estimated total farm employment<sup>120</sup> (regular and casual workers) on all farms in Wales as 50,401 people, of which:

- a) 35% were full time principal farmers, directors, business partners and their spouses;
- b) 40% were part-time principal farmers, directors, business partners and their spouses;
- c) 25% were total regular and casual workers.

7.260 The Survey shows that total employment (regular and casual workers) on all farms in Wales has fallen from 57,828 in 2010 to 50,401 in 2021, a fall of 13%.

7.261 The Survey also estimates full-time equivalent workers required based on a weighted sum of land areas and livestock numbers, rather than a direct observation. This gives a Standard Labour Requirement of around 34,000 full time equivalents. How comparable this is with estimates of full-time equivalents in other sectors is not clear.

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<sup>120</sup> [Survey of agriculture and horticulture: June 2021 | GOV.WALES](#)

7.262 Labour Market estimates<sup>121</sup> for January 2022 show the total number of paid employees in Wales is 1.29 million. Agricultural employment of c.50,000 therefore represents about 3.8% of total employment in Wales.

7.263 In this policy option, it seems likely that the slow decrease in total on-farm employment (noted for the period 2010-21) could continue. There is the potential for a larger decrease if market changes resulted in reduced FBl, industry re-structuring, or farms moving from full to part-time, as simulated in the EU Trade Scenario.

## Rural Economy

7.264 Wider impacts of agriculture on rural employment can be considered through economic multipliers that give an estimate of short-term economic changes. Multipliers are used in the short term as a longer-term change is likely to result in adjustments within the economy, which reduce the initial impacts.

7.265 Multipliers<sup>122</sup> can be either:

- a) Type I, which takes account of the direct effect (the change in output in the industry subject to the initial change in final demand) and the indirect effect (the effect on the output of industries supplying the industry originally subject to a change in final demand.)
- b) Type II, which attempts to incorporate an induced effect (the effect arising from changes to consumer expenditure due to effects on household income following changes in employment as a consequence of the direct and indirect effects).

7.266 One approach to the estimation of economic multipliers is through the use of input-output tables<sup>123</sup>.

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<sup>121</sup> Welsh Government Statistical Bulletin - Labour Market Overview, February 2022

<sup>122</sup> **We do not quantify these jobs as part of the CBA, as per [Green Book guidance](#). If quantified, following [adjustment for leakage, displacement and substitution](#) the multiplier would be expected to be lower**

<sup>123</sup> The input-output multiplier approach assumes constant returns to scale (fixed technical coefficients), so that a change in output leads to a fixed proportional change in inputs, and also assumes excess capacity available to readily accommodate increases in material and

***A 2021<sup>124</sup> study suggested multipliers for different sectors of Welsh agriculture are:***

**Table 17. Output and Employment multipliers by sector (Wales)**

<b>Sector</b>	<b>Output Type 1</b>	<b>Output Type 2</b>	<b>Employment</b>
<b>Cereals</b>	<b>1.14</b>	<b>1.40</b>	<b>1.20</b>
<b>Potatoes</b>	<b>1.17</b>	<b>1.48</b>	<b>1.15</b>
<b>Horticulture</b>	<b>1.14</b>	<b>1.43</b>	<b>1.16</b>
<b>Cattle</b>	<b>1.70</b>	<b>2.22</b>	<b>1.21</b>
<b>Sheep</b>	<b>1.69</b>	<b>2.20</b>	<b>1.21</b>
<b>Pigs</b>	<b>1.05</b>	<b>1.35</b>	<b>1.17</b>
<b>Poultry</b>	<b>1.46</b>	<b>1.92</b>	<b>1.17</b>
<b>Dairy</b>	<b>1.72</b>	<b>2.22</b>	<b>1.22</b>
<b>Mean</b>	<b>1.38</b>	<b>1.78</b>	<b>1.18</b>

7.267 Other modelling<sup>125</sup>, looking at the impact of Pillar 1 and Pillar 2 payments on off-farm employment in the UK, has suggested, ‘the contribution to employment in the agricultural supply chain of Pillar 1 is about 17 per cent and of Pillar 2 about 14 per cent (estimated elasticities in the static model are 0.17 and 0.14, respectively). Clearly, per Euro spent, the contribution of Pillar 2 again is higher than Pillar 1. The fact that CAP payments show higher overall employment creation in the agricultural supply chain compared to the rest of the economy suggests farmers’ spending on production and consumption activities, along the supply chain, generates spillovers and is important for non-farm employment in

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labour input requirements at existing prices and wages. As a single input-output table for Wales, inter-regional effects with the rest of the UK are not fully reflected.

<sup>124</sup> Thomson, S., Revoredo-Giha, C., Atterton, J., Meador, E. and McMillan, J. (2021) Evaluating the significance of agri-supply chains in rural economies: Inter-industry dependency insights from disaggregating UK Input-Output tables. Project report to Defra. SRUC. The authors note a lack of inter-regional trade data between UK regions is likely to have exaggerated the multiplier estimates for Wales.

<sup>125</sup> Rizov, Davidova & Bailey (2018). Employment effects of CAP payments in the UK non-farm economy, *European Review of Agricultural Economics* Vol 45 (5) (2018) pp. 723–748

spite of subsidy decoupling. The study notes that, in terms of overall employment, the magnitude of the overall estimated effect is 1.4% which is relatively small but of economic significance.'

7.268 The economic importance of farms within the local economy can be considered using the 2019-2020 Farm Business Survey, which shows estimated levels of business expenditure for certain business expense categories. This expenditure is likely to impact positively in the rural economy (Table 18). Note the range around the average is wide, masking the variability between farms.

**Table 18. Estimates of off-farm expenditure by farm type, £ per farm**

	Hill and upland dairy farms	Lowland dairy farms	Hill Sheep Farms	Hill Cattle and Sheep	Upland Cattle and Sheep Farms	Lowland Cattle and Sheep Farms
Number of farms in sample	55	47	80	118	75	46
Feeds – purchased concentrates	110,358	134,747	14,286	18,408	10,982	8,661
Veterinary & medicine	13,772	16,217	5,476	5,278	3,799	3,195
Fertilisers	20,653	22,261	5,439	7,223	6,996	6,940
Machinery – contract	3,261	4,108	716	970	903	1,155
Machinery – fuels	12,205	14,153	5,731	6,160	5,308	5,458
<b>TOTAL</b>	<b>160,249</b>	<b>191,486</b>	<b>31,648</b>	<b>38,039</b>	<b>27,988</b>	<b>25,409</b>

Source. Farm Business Survey for Wales 2019-20

7.269 The demand for agricultural inputs and services occurs within the “local” agricultural economy (“local” in this context is highly variable between different areas) with some large elements of the expenditure going outside of Wales, to England (especially for farms near the border) and beyond<sup>126</sup>.

7.270 The study cited above<sup>127</sup> suggests that, ‘although in theory decoupled from farm output, Pillar 1 payments do in fact affect the supply and demand linkages between farms and firms.’ Further, ‘CAP payments play a very important role for job creation in the industries up- and downstream of agriculture. It is interesting that the effect of Pillar 1 remains larger than Pillar 2.’ However, when looking only at the impact on employment in rural areas (again at a UK level), it is suggested that, ‘the contribution of Pillar 2 to rural employment is higher (1.2 per cent) compared to the contribution of Pillar 1 (1.0 per cent).’

7.271 A 2021 review<sup>128</sup> of the Sustainable Management Scheme (SMS) reported, ‘Several projects highlighted how they were contributing to increased spending in the local community by using local contractors such as mechanics, builders’ merchants, and web designers for all possible activity under the auspices of SMS. This additional spending was claimed by projects as adding a much-needed boost to the local economy...Other projects felt that the improvements made to the landscape would attract more visitors and thereby increase local spend.’

***A 2014 study<sup>129</sup> from Scotland notes that:***

- a) economic and social resilience are not separate components of resilience but are complementary. Strengthening economic resilience enables increase in social resilience. Progress in one of the areas brings

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<sup>126</sup> For example, in 2019, the value of fertilizers imported to the UK reached nearly 1.1 billion U.S. dollars. Source; [• UK imports of fertilizers 2012-2019 | Statista](#)

<sup>127</sup> Rizov, Davidova, & Bailey (2018) Employment effects of CAP payments in the UK non-farm economy, *European Review of Agricultural Economics* Vol 45 (5) (2018) pp. 723–748

<sup>128</sup> Bebb & Bryer, OB3 Research with contributions from Rob Owen and Sue Rice, BRO Partnership (2021) Sustainable Management Scheme: Process evaluation and Theory of Change, report for Welsh Government

<sup>129</sup> Steiner & Atterton, 2014, 'The contribution of rural businesses to community resilience', *Local Economy*, vol. 29, no. 3, pp. 228-244



progress in the other; consequently, if economic resilience declines, social resilience is also likely to decline;

b) one of the roles of the private sector enterprises is to enhance rural community resilience. They do that through their adaptive capacity and the ability to adapt to stresses and changes. Rural private sector enterprises help to transform rural communities into more sustainable and vibrant places. This ‘adaptive capacity’ means that they are important in shaping and re-shaping the lives of rural citizens.

7.272 The positive impact on on-farm and off-farm employment of BPS, Glastir and other RDP-funded projects and programmes, under this policy option, would continue to contribute to the social resilience of rural communities. However, as noted above, reduction in economic resilience would negatively impact social resilience. Changes in market prices, as demonstrated in the ERAMMP Land Use Scenarios, resulting in reduced farm viability could therefore have a negative effect on rural communities.

### **Changes in market conditions since the IMP modelling was undertaken**

7.273 The UK Agricultural Prices<sup>130</sup> Index provides annual data for prices of agricultural outputs and inputs for the UK.

**Table 19: Key UK Agricultural Prices Index points for the year to March 2022**

<b>Output prices</b>	<b>Input prices</b>
<ul style="list-style-type: none"> <li>• The price index for agricultural outputs increased by 11.8%</li> <li>• The largest upward contribution to the inflation rate for agricultural outputs was: milk (4.9%), wheat (2.2%), and oilseed rape (1.6%).</li> </ul>	<ul style="list-style-type: none"> <li>• The price index for agricultural inputs increased by 25.4%.</li> <li>• The largest upward contribution to the inflation rate for agricultural inputs was: fertilisers and soil improvers (10.4%), energy and lubricants</li> </ul>

<sup>130</sup> [API – Index of the prices of agricultural outputs and inputs – statistics notice \(data to March 2022\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/api-index-of-the-prices-of-agricultural-outputs-and-inputs)

<ul style="list-style-type: none"> <li>The largest downward contribution was: sheep and lambs (-0.5%), forage plants (-0.4%), and fresh vegetables (-0.3%).</li> </ul>	(3.4%), and compound feeding stuffs (3.2%).
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7.274 Price indices for agricultural outputs and inputs to March 2022 (2015 = 100), and the year-over-year inflation rate are shown in Table 20.

**Table 20. Price indices for agricultural outputs and inputs and the year-over-year inflation rate**

<b>Outputs</b>	<b>March 2022 index (2015 = 100)</b>	<b>12-month inflation rate (%) to March 2022</b>
All agricultural outputs	144.1	11.8%
Crop products	165.5	14.4%
Cereals	201.3	20.9%
Wheat	198.6	14.8%
Barley	216.7	51.6%
Animals and animal products	132.3	10.1%
Cattle and calves	130.1	11.2%
Sheep and lambs	151.3	-7.5%
Milk	150.2	23.9%
<b>Inputs</b>		

All agricultural inputs	149.9	25.4%
Goods and services currently consumed in agriculture	154,5	27.2%
Seeds	122.0	3.7%
Energy and lubricants	168.5	42.9%
Fertilisers and soil improvers	250.7	127.6%
Plant protection products	159.5	10.8%
Animal feeding stuffs	154.2	19.3%

7.275 The IMP assumptions are for long term changes to output prices after the UK has left the EU: Milk +1.2%, Beef +3% and Lamb -1%, compared to a 2015 baseline. See Annex C for full list of prices used in the IMP.

7.276 The ERAMMP prices for outputs and inputs assume zero or low change compared to the 2015 baseline. The actual rate of inflation (year to March 2022) for all inputs and outputs is much higher than the changes assumed by ERAMMP, which were produced in 2019 and used the changes to farm-gate prices modelled by FAPRI<sup>131</sup>. This was before the UK left the EU and before the increasing rate of inflation in 2021 and the Russian invasion of Ukraine in 2022.

7.277 However, the ERAMMP model applies a long-term change to output and input prices, rather than short term shocks. It is unclear how long the current high rate of inflation for agricultural inputs and outputs, recorded by the API, will last.

<sup>131</sup> [FAPRI-UK Brexit Report - FINAL Clean.pdf \(afbini.gov.uk\)](#)

7.278 In terms of the ERAMMP modelling results, it is difficult to estimate with confidence the timescale and therefore the net impact of price changes. Sustained higher output prices would result in fewer full-time farms being under pressure and fewer farms simulated to transition. Sustained higher input prices would put more full-time farms under pressure and simulated to transition out of full-time farming.

7.279 Table 20 shows annual inflation at 11.8% to March 2022 for agricultural outputs and 25.4% for agricultural inputs. If this balance (higher input inflation than output inflation) is sustained, then in terms of the ERAMMP model outputs it could suggest:

- a) **Farms staying the same** – fewer stay the same, with a greater number leaving full-time agriculture;
- b) **Farms changing type** – little change in farms simulated to change type as there are few alternative farm type options;
- c) **Farms under pressure** – more farms under pressure in upland and hill areas (DA/SDA)
- d) **Farms leaving full-time agriculture** – more farms leaving full-time agriculture, mainly in the upland and hill areas (DA/SDA).

## ***IMPACTS ON LAND MANAGEMENT***

### **Stocking**

7.280 The [2021 Wales Survey of Agriculture and Horticulture](#) shows:

- a) Between 2010-21 sheep and lamb numbers increased by 15% (from 8.24m to 9.46m), the number of breeding ewes increased from 3.88m to 4.37m;
- b) In the same period, there was an overall decrease of just under 1% in the number of cattle and calves, reflecting a decrease in the beef herd. Dairy numbers increased by 13%.

7.281 The longer term simulated changes in livestock numbers under the EU Trade Deal scenario are shown in Table 21. The simulated decrease in sheep numbers is the result of farms leaving full-time agriculture and farms transitioning to alternative farm types. The dairy increase is a consequence of viable farms transitioning to dairy.

**Table 21. Simulated changes in Grazing Livestock Units (GLUs) in the EU Trade Deal scenario (T2)**

	<b>% change in Grazing Livestock Units (GLUs)</b>
Beef GLU	+ 0.7%
Dairy GLU	+ 73%
Sheep GLU	- 34%

7.282 Table 22, from the Glastir Monitoring and Evaluation Programme<sup>132</sup> shows the percentage of survey respondents reporting change in the number of grazing livestock, attributed to a Glastir Scheme agreement.

7.283 The report noted that where an increase in stock numbers occurred, the factors influencing this, other than scheme participation, most frequently included:

- a) change in market prices (28%)
- b) availability of land to rent (24%)
- c) change in the availability of staff (3%) and
- d) seeking to improve income (7%).

7.284 The report concluded there is evidence of a net decrease in total breeding ewe numbers on farms participating in the Advanced level of the Glastir scheme. Change occurs on only a proportion of farms in scheme

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<sup>132</sup> Anthony, S; Stopps, J & Whitworth, E (2017) Wales Farm Practices Survey. Statistical Analysis and Main Results. Annex 3. In: Emmett B.E. and the GMEP team (2017) Glastir Monitoring & Evaluation Programme. Final Report to Welsh Government (Contract reference: C147/2010/11). NERC/Centre for Ecology & Hydrology (CEH Projects: NEC04780/NEC05371/NEC05782)

and is less than background rate of change occurring on non-scheme farms due to other market factors.

**Table 22. Reported stock change in Glastir scheme participants**

	<b>Sheep (n = 184)</b>	<b>Beef Suckler (n= 113)</b>	<b>Beef Finisher (n=24)</b>	<b>Dairy (n=42)</b>
Percent of survey respondents reporting Stock Decrease	20%	10%	0%	5%
Percent of survey respondents reporting Stock Increase	5%	8%	4%	10%
Net % Change in the number of livestock across all farms	- 4%	- 2%	2%	1%

7.285 Changes in stocking over the longer term under this policy option are difficult to estimate. As noted in the previous section, there are many ways in which a business may respond to market changes, not all of which involve stock changes. However, the EU Trade Scenario suggests longer term responses to changes in market conditions could involve changes in stocking with a move towards sectors with higher profit margins and a decline in sectors vulnerable to the changes in prices. Responses to the above Glastir survey also suggest stock numbers might increase amongst participants in response to market conditions in the future. This could influence the benefits being delivered by Glastir in this policy option.

## Land Use

7.286 Table 23 shows the longer-term consequence of the simulated changes<sup>133</sup> in the status of full-time farms.

7.287 An intensification of managed grassland systems is simulated, with a 66% increase in the area of temporary grass. This is associated with the increase in dairy numbers and decrease in sheep. The area of woodland on full-time farms also reduces, this is again reflective of farms leaving full-time agriculture as opposed to woodland being felled.

7.288 A total of 6,060ha new woodland is simulated to be planted on farms leaving full-time agriculture. Most of the new woodland comes from tree planting (4,679 ha) rather than from natural regeneration (1,381 ha). The model indicates tree planting may occur if the land generates a positive Net Present Value (NPV) and is suitable for tree growth (i.e. not too steep, not peat soil or protected designated area). If the NPV is not sufficient to cover the investment costs of tree planting, natural regeneration to unmanaged woodland is simulated.

7.289 It is possible some or all of this land simulated to full-time agriculture may transfer to neighbouring farms and continue to be farmed, but model rules do not allow for this possibility. If the land continued in agriculture, the resulting environmental outcomes would vary.

**Table 23. Simulated longer-term changes in land use under EU Trade Scenario<sup>134</sup> (T2)**

	<b>2015 baseline</b>	<b>EU Trade scenario (T2)</b>	<b>% change</b>
Arable land (ha)	65,859	65,554	-0.5%
Temporary grass (ha)	14,2724	237,099	+66%

<sup>133</sup> Changes in land use are driven by on-farm economics and land suitability. They do not take into account skills or cultural and behaviour responses

<sup>134</sup> This does not include any change in climate, or other future changes in prices/costs driven by factors outside the modelled scenario (T2)

Permanent grass (ha)	46,7703	368,419	-21%
Rough grazing (ha)	24,8431	246,361	-0.8%
Broadleaf Woodland (ha)	51,809	49,615*	-4.2%
Conifer Woodland (ha)	17,295	10,915*	-36.9%

\* Woodland areas are those on remaining full-time farms, this does not include the estimated 6,060ha of new woodland on farms simulated to leave full-time agriculture.

## ***Land Management practices***

### **Glastir**

7.290 Estimated changes in farm practice from Glastir<sup>135</sup> are in Table 24.

**Table 24. Farmer actions under Glastir (2012-2016)**

<b>Issue</b>	<b>% of Glastir participants taking actions</b>	
Farms taking action for business improvement	<b>Dairy</b> <ul style="list-style-type: none"> <li>• 59% Fuel &amp; Energy Efficiency</li> <li>• 62% Nutrient Efficiency</li> <li>• 79% Animal Health</li> <li>• 23% Diversification</li> <li>• 51% Water Use Efficiency</li> </ul>	<b>Beef &amp; sheep</b> <ul style="list-style-type: none"> <li>• 28% Fuel &amp; Energy Efficiency</li> <li>• 32% Nutrient Efficiency</li> <li>• 62% Animal Health</li> <li>• 23% Diversification</li> <li>• 26% Water Use Efficiency</li> </ul>
Farms taking action for adaptation to	<b>Dairy</b>	<b>Beef &amp; sheep</b>

<sup>135</sup> [GMEP-Final-Report-Exec-Summ-2017.pdf](#)



climate change threats	<ul style="list-style-type: none"> <li>• 9% Flooding</li> <li>• 9% Drought</li> <li>• 22% Soil erosion</li> <li>• 13% Biodiversity</li> <li>• 27% Pest &amp; disease</li> <li>• 36% Heat stress</li> </ul>	<ul style="list-style-type: none"> <li>• 9% Flooding</li> <li>• 7% Drought</li> <li>• 13% Soil erosion</li> <li>• 11% Biodiversity</li> <li>• 20% Pest &amp; disease</li> <li>• 18% Heat stress</li> </ul>
	<b>% increase in farms taking action compared to non participants</b>	
Increase in number of farms restoring or creating woodland	<ul style="list-style-type: none"> <li>• 11% increase for Glastir Entry participants</li> <li>• 20% increase for Glastir Advanced participants</li> </ul>	
Farmers taking action to combat biodiversity loss	<ul style="list-style-type: none"> <li>• 13% increase in farms taking action</li> <li>• 26% more likely to have established vegetation and uncultivated buffer strips</li> <li>• 15% more likely to have left stubble in fields to provide over-winter cover</li> </ul>	
Farms taking action on freshwater quality	<ul style="list-style-type: none"> <li>• 29% more likely to have fenced off streams</li> <li>• 6.8% more farms covering manure heaps</li> <li>• 8% increase in calibration of manure spreaders</li> </ul>	
Farms taking action on soil quality	<ul style="list-style-type: none"> <li>• 10% increase in the likelihood of carrying out soil nutrient testing</li> <li>• 10% increase in the likelihood of calibrating fertiliser spreaders</li> </ul>	

7.291 GMEP<sup>136</sup> also recorded changes in farm management practices on Non-Scheme Farms (i.e. farms not in an agri-environment scheme) between 2009 and 2016<sup>137</sup>. This reported:

- a) Evidence for a background level of improvement in Welsh farm practices between 2009 and 2016. This was particularly the case for manure management on cattle and sheep farms. A significantly higher number of non-scheme farms completed Manure Management Plans and acted upon these by implementing a greater number of specific actions.
- b) A significant positive change in non-scheme farms claiming to have carried out individual nutrient management actions between 2009-2016. These actions related to more efficient use of resources and control of diffuse water pollution, such as soil nutrient testing and calibration of fertiliser spreaders.
- c) The completion of soil assessment or protection plans significantly decreased between 2009-2016 which can be attributed to the change in GAEC requirements under Cross Compliance. However, there was an increase in uptake of specific soil management actions, particularly by dairy farms on grassland fields.

7.292 Changes in practice both as a result of Glastir and the background level of improvement could be expected to continue under this policy option. This would depend on continued membership of current schemes (or continuation of the above actions outside of scheme membership) and responses to any changes in market conditions.

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<sup>136</sup> Anthony, S; Stopps, J & Whitworth, E (2017) Wales Farm Practices Survey. Legacy and Synthesis. Annex 4. In: Emmett B.E. and the GMEP team (2017) Glastir Monitoring & Evaluation Programme. Final Report to Welsh Government (Contract reference: C147/2010/11). NERC/Centre for Ecology & Hydrology (CEH Projects: NEC04780/NEC05371/NEC05782)

<sup>137</sup> In order to establish whether there had been an improvement in Welsh farm practices without the effects of scheme, 2009 and 2016 Welsh Farm Practice Survey respondents that had no history of participation in any of the Welsh agri-environment schemes were compared.

## Nutrient Use

7.293 Given the increase in dairy GLUs at the expense of sheep, there is a large simulated increase in Nitrogen loading from dairy excreta. The transition to dairy systems, and rotational grass systems, increases N fertiliser loading. Overall, the total N loading increases substantially (Table 25).

**Table 25. Percentage change in Nitrogen loading from fertiliser and livestock (sum of direct excreta, manure and slurry) under EU Trade Scenario**

<b>Source</b>	<b>Change</b>
N Fertiliser (kT N)	+24.9%
Dairy excreta (kT N)	+72.9%
Beef excreta (kT N)	+0.2%
Sheep excreta (kT N)	-42.0%
<b>TOTAL Change</b>	<b>+21.2%</b>

## ***IMPACTS ON ENVIRONMENTAL BENEFITS***

### **Water Quality - Change in N, P and sediment load**

7.294 Table 26 shows a summary of estimated change in water quality from 2015 baseline values for Wales for N, P and sediment load under the EU Trade Deal scenario. This accounts for industry responses to change in the trading environment. There is an estimated increase in some modelled pollutants, with the greatest proportional increase in N (+26%), then P (+11%).

**Table 26. Simulated change in water quality in EU Trade Scenario (T2)**

	<b>Baseline</b>	<b>EU Trade Scenario</b>	<b>Change</b>	<b>% change</b>
Nitrate kt NO <sub>3</sub> N	30.11	38.00	7.89	26%
Phosphorus kt P	0.72	0.80	0.08	11%
Sediment kt	194	194	-0.37	0%

7.295 These changes reflect the relative contributions of different agricultural land uses to these different pollutant types, and the pattern of agricultural change. An increase in dairy with increased nutrient inputs, set against a contraction of rough grass, sheep and beef cattle. Dairy farming causes more N and P pollution per hectare, when compared to other land uses, these findings are therefore to be expected.

7.296 When changes in N, P and sediment are mapped at the Water Framework Directive catchment level:

- a) There is a simulated increase over much of Wales for N, P and sediment load.
- b) Decreases in N and P can be seen in some catchments, with many catchments predicted to have decreased sediments (increase in sediment loading where dairy expands, a reduction for catchments with a reduction in sheep).
- c) Drinking water N status<sup>138</sup> is simulated to deteriorate in areas with expansion of dairy.

7.297 Under this policy option, reductions in agricultural pollution loads delivered by Glastir contracts (not modelled in IMP) could be expected to continue:

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<sup>138</sup> This status relates to the drinking water directives and not the WFD.

- a) - 1.0% Nitrogen
- b) - 0.94% Phosphorous
- c) - 0.11% Sediments

7.298 This indicates that current benefits delivered by Glastir under this policy option may not be sufficient to offset potential decreases in water quality arising from industry changes which may occur in response to future market conditions. The simulated scenario shows pressure to move towards more intensive systems which, unless accompanied with measures to reduce losses of nutrients to air and water, have the potential to have detrimental effects on water quality.

7.299 There are likely to be regional differences over the longer term under this option, with areas where farms move to more intensive systems seeing the potential for worsening water quality in comparison to other areas where farms may leave agriculture or move into more extensive systems.

**Air quality**

7.300 Table 27 shows PM<sub>2.5</sub> concentration for the baseline and average changes in ammonia, and PM<sub>2.5</sub> concentration in the EU trade deal scenario. This estimates an increase in ammonia, reflecting the shift to dairy, and an increase in average PM<sub>2.5</sub> concentration.

**Table 27. Simulated changes in Ammonia and PM<sub>2.5</sub> under the EU Trade Deal Scenario (T2)**

Average change in NH <sub>3</sub> (kg)	+11,938
Average change in PM <sub>2.5</sub> concentration (µg/m <sup>3</sup> )	+0.03

**Life Years Lost due to air quality**

7.301 Impacts on human health depend on the number of people exposed and the level of pollution. The impact of PM<sub>2.5</sub> levels is measured in Life

Years Lost. This metric is the loss of life years across the population in the area of study. A decrease in the number of Life Years Lost is a positive outcome.

7.302 PM2.5 concentrations are simulated to slightly increase (+0.04 µg/m<sup>3</sup>) on average for Wales under the modelled scenario (T2) because of increased NH<sub>3</sub> emissions. Deterioration of air quality reflects the negative impact of agricultural intensification which outweighs the positive impact of new woodland creation.

7.303 This leads to a net health dis-benefit of annual increases in 59.5 Life Years Lost.

7.304 At a national scale the scenario simulates an incidence of increased PM2.5 concentration, particularly in the more populated areas. This is particularly in South Wales Central (Cardiff) and North East Wales.

7.305 Glastir<sup>139</sup> is estimated to have delivered the following impacts on air quality:

- a) - 0.79% reduction in Nitrous Oxide of which:
- b) 0.40% reduction from changes in fertiliser usage;
- c) 0.31% reduction from changes in stock numbers;
- d) 0.08% reduction from other Glastir actions.

7.306 These Glastir benefits are primarily driven by fertiliser and stocking. Under this policy option, should intensification of grassland systems and increases in stock arise from changes in market conditions (as simulated in the EU Trade Scenario), these benefits may not be sufficient to offset wider increases in emissions and air quality could worsen. There would be regional differences in these impacts.

## **Biodiversity**

7.307 Biodiversity is valued in ERAMMP in its contribution to the state and function of ecosystems and associated services and stocks. This approach

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<sup>139</sup> Annex 5: Glastir Final Report (2017) [Resources | Glastir Monitoring and Evaluation Programme \(gmep.wales\)](#)

is in line with ONS Natural Capital Accounts<sup>140</sup> and The Dasgupta Review of Economics of Biodiversity<sup>141</sup>.

7.308 The ERAMMP model does not provide an intrinsic valuation of biodiversity in relation to individual species. Aside from the economic challenges associated with valuation of species and biodiversity, the data or the individual species-specific vortex type models to enable national scale modelling is too sparse.

### **Biodiversity - Overall bird population change**

7.309 Increases and decreases in bird population sizes are an inevitable consequence of changes in land use. Under the EU Trade Deal scenario, there was a simulated increase in the cover of maize and rotational grass because of an increase in dairy. There was also movement of some farmland out of agriculture and an increased area of woodland, particularly coniferous woodland in upland systems.

7.310 The vast majority of bird species are simulated to slightly decrease in population size under this scenario. Most changes are non-significant.

**Table 28. Simulated % of bird species changing under the EU Trade Deal scenario**

	% bird species changing
Significant Increase	3%
Possible Increase	0
No change	71%
Possible Decrease	9%
Significant Decrease	18%

7.311 The majority of species predicted to significantly increase were those specialising in woodland habitats. Potential reasons for this include the low utilisation of maize fields and coniferous forests by bird species, compared to the habitats that are predicted to replace the latter.

<sup>140</sup> [Natural Capital - Office for National Statistics](#)

<sup>141</sup> [Final Report - The Economics of Biodiversity: The Dasgupta Review](#)

## Biodiversity - Habitat suitability for plants

7.312 Table 29 shows the predicted changes in habitat suitability for plant species over a 25-year period for the EU Trade Deal scenario.

7.313 The proportion of farms simulated to remain as the same farm type under this scenario results in few significant changes in habitat suitability for plants in the three specialist groups.

7.314 Increases in woodland are associated with farms leaving full-time agriculture, a movement that results in an estimated increase in favourable niche space for many woodland specialists.

**Table 29. Simulated change in habitat suitability for plant species over 25 years (EU Trade Scenario)**

	<b>All species</b>	<b>Arable species</b>	<b>Woodland species</b>	<b>Common Standards Monitoring (CSM) species (specialist plants of other semi-natural habitats)</b>
No change	182	11	50	127
Significant decrease	113	0	24	91
Significant increase	61	2	21	45
<b>Total</b>	<b>356</b>	<b>13</b>	<b>95</b>	<b>263</b>



7.315 The GMEP evaluation found changes in habitat suitability as a result of Glastir participation for 75% of the 21 plant species modelled, resulting from de-intensification of vegetation management and changes in soil properties. It could be assumed these benefits are maintained in this policy option, depending on the continuation of appropriate habitat management.

7.316 Overall, this policy option does not suggest any increase in agricultural land being managed for biodiversity. As outlined previously, individual farm responses to future changes in market conditions are likely to be varied and driven by a range of factors.

**Land Use, Land-Use Change and Forestry (LULUCF) Greenhouse Gas Emission Inventory; and non-LULUCF categories**

7.317 This section outlines simulated changes in stocks and emissions from the EU Trade Deal Scenario (T2).

**Table 30: Simulated changes in stocks and emissions under T2**

<b>Agricultural and wetland GHG emissions change</b>	<b>LULUCF carbon, hedge carbon, woodland management carbon</b>
<p>For agricultural and wetland GHG emissions change, the following are modelled:</p> <ol style="list-style-type: none"> <li>1. annual emissions for baseline;</li> <li>2. annual emissions for scenario;</li> <li>3. change in the annual emissions from baseline to scenario (difference between values 1 and 2);</li> <li>4. cumulative change in emissions to year 2025 and 2050 (value 3 multiplied by 5 and 30 respectively).</li> </ol>	<p>For LULUCF carbon, hedge carbon, woodland management carbon, the following are modelled:</p> <ol style="list-style-type: none"> <li>1. total stocks in the soil and biomass pool for baseline (where possible);</li> <li>2. total stocks in the soil and biomass and harvested wood pool for the scenario in the year 2025 and 2050, calculated accounting for nonlinear rates of change from the baseline;</li> </ol>

	<ol style="list-style-type: none"> <li>3. change in the total stocks in the soil and biomass and harvested wood pool for from baseline to scenario by year 2025 and 2050 (difference between values 1 and 2);</li> <li>4. change in the total stocks as CO<sub>2</sub> equivalent, representing the change in atmospheric GHG due to net carbon transfer between the soil/ biomass/wood and the atmosphere (value 3 converted to CO<sub>2</sub> equivalents).</li> </ol>
<p>Annual emissions for agricultural GHG and wetland GHG are modelled, and then cumulative change over time is calculated by multiplying by the number of years.</p> <p>That is because these systems, broadly speaking, create GHG emissions each year and have a direct relationship between management and average annual emissions.</p>	<p>For carbon stocks (LULUCF carbon, hedge carbon, and woodland management carbon), change is nonlinear over time in response to a change in the system.</p> <p>Change occurs in response to land use or management change, creation of woodland or hedge, but we assume no net emissions if no change.</p> <p>The change represents a transfer of carbon from being stored in the soil and biomass to atmospheric carbon or vice versa. Because of this, total change is reported for a specific year, rather than as an annual average.</p>

	<p>LULUCF provides a baseline stock for the soil and biomass pool.</p> <p>Calculating baseline is more difficult for hedges and existing woodland as data on species, condition, and management is poor, this has not been attempted.</p>
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**Table 31. Annual agricultural GHG emissions (ktCO<sub>2</sub>e/yr)**

	2020	2050	Change
Agricultural GHG flux total	4,816	6,243	1,427
Of which:			
Agricultural GHG flux as N <sub>2</sub> O	1,464	1,809	345
Of which			
Agricultural GHG flux as methane	3,352	4,435	1,083

**Table 32. Cumulative total of annual agricultural GHG emissions (ktCO<sub>2</sub>e/yr)**

Baseline value (ktCO <sub>2</sub> e/yr)	End value 2050 (ktCO <sub>2</sub> e/yr)	Cumulative total additional emissions by 2050 (ktCO <sub>2</sub> e)
4,816	6,243	42,823 Additional agricultural GHG flux

7.318 The agricultural GHG emission increase reflects the large simulated increases in dairy and arable/grass rotations, which are not offset by

smaller decreases in beef cattle and sheep. This, combined with an increase in area under arable grass rotations, increases N<sub>2</sub>O emissions. By 2050, estimated increased agricultural GHG emissions, largely attributable to the expansion of dairy, amount to 42,823 ktCO<sub>2e</sub>.

### Land Use – change in carbon stocks

**Table 33. Cumulative change in carbon stocks**

LULUCF category	Change to 2050
Cropland (4B) and Grassland (4C) (ktCO <sub>2e</sub> )	Cropland, loss of: 2,797 Grassland, gain of: -15
Forest Land (4A) (ktCO <sub>2e</sub> )	Gain of: -365
Harvested Wood products (4G) (ktCO <sub>2e</sub> )	Gain of: -162

7.319 Carbon in cropland and grassland systems is simulated to be lost as permanent and rough grassland transitions to arable grass rotation. Smaller gains were modelled reflecting small areas of creation of new woodland and shrub grassland. There was a net loss of carbon over LULUCF categories 4 B, C, A and G of 2,255 kt CO<sub>2e</sub> to 2050.

**Table 34.**

Baseline value	End value 2050	Physical change to 2050
Stocks of 173,399 kt C In Cropland (4B) and Grassland (4C) (baseline forestry & harvested wood products not estimated)	171,144 Stocks of kt C In Cropland and Grassland and new forestry + harvested wood products (4 A,B,C & G)	8,269 ktCO <sub>2e</sub> Losses from carbon stocks in LULUCF (4 A,B,C & G)

7.320 The total change in carbon stocks for all LULUCF categories in the table above (i.e. cropland & grassland, forest land and harvested wood

products) are equivalent to an estimated increase in atmospheric GHG of 8,269 ktCO<sub>2e</sub> by 2050.

### Wetlands – change in GHG emissions

**Table 35.**

<b>Baseline value</b> (ktCO <sub>2e</sub> /yr)	<b>End value 2050</b> (ktCO <sub>2e</sub> /yr)	<b>Physical change to 2050</b> (ktCO <sub>2e</sub> )
873	872	-34 Additional emissions from wetlands (4D)

7.321 GHG emissions from wetlands decrease slightly, reflecting the small area of peatland simulated to come out of agriculture. By 2050, the estimated reduction in wetland GHG emissions amount to 34 ktCO<sub>2e</sub>.

*As shown in Table 36, the modelled scenario shows a net increase in GHG emissions to 2050.*

**Table 36. Summary of estimated change in carbon stocks and GHG emissions**

<b>Category</b>	<b>Inventory category:</b> <b>(Note: Negative numbers indicate sequestration or avoided emissions)</b>	<b>Cumulative total change in atmospheric GHG 2020-2025</b> <b>(ktCO<sub>2e</sub>)</b>	<b>Cumulative total change in atmospheric GHG 2020-2050</b> <b>(ktCO<sub>2e</sub>)</b>
Agriculture	Additional agricultural GHG flux (KtCO <sub>2eq</sub> )	7,137	42,823

Land Use	Losses from carbon stocks in Land use change and forestry + harvested wood products (4A, 4B, 4C & 4G) <sup>142</sup> (KtCO <sub>2</sub> eq)	2,960	8,269
Wetlands	Additional emissions from wetlands (4D) flux (KtCO <sub>2</sub> eq)	-6	-34
Hedgerows	Not estimated		
Woodland management	Not estimated		
	<b>TOTAL</b>	10,091	51,058

**Table 37. Summary of simulated changes in ecosystem services/disservices and biodiversity for 2050**

<b>Issue</b>	<b>Cumulative change 2020- 2050</b>
<b>Greenhouse gas emissions and carbon stock</b>	
<b>Additional agricultural GHG flux (increases in emissions of carbon) (1)</b>	+42,823 ktCO <sub>2</sub> e
<b>Losses from carbon stocks in land use change and forestry + harvested wood products (increases in emissions of carbon) (2)</b>	+8,269 ktCO <sub>2</sub> e

<sup>142</sup> Forest Land (4A), Cropland (4B), Grassland (4C), Wetlands (4D), Settlements (4E) Other Land (4F) harvested wood products (4G)

<b>Additional wetland GHG flux (reduction in carbon emissions from wetland) (3)</b>	-34 ktCO <sub>2e</sub>
<b>Hedgerows</b>	Not estimated
<b>Woodlands</b>	Not estimated
<b>GHG (increases in net GHG emissions from agriculture, land use change and wetlands) (4)</b>	+51,058 ktCO <sub>2e</sub>
<b>Air quality</b>	
<b>Air quality - Average change in population weighted PM<sub>2.5</sub> concentration across unitary authorities</b>	+ 0.04 µg/m <sup>3</sup>
<b>Public health – impact on life years lost</b>	
<b>Air quality – Health impacts (5)</b>	+60 life years lost each year across the population
<b>Pollution – increase in agricultural pollution load</b>	
<b>Change in annual agricultural loading, nitrate (6)</b>	+7.89kt NO <sub>3</sub> N
<b>Change in annual agricultural loading, phosphorus (6)</b>	+0.08kt P
<b>Change in annual agricultural loading, sediment (6)</b>	-0.37kt Z
<b>Change in water quality</b>	
<b>Water quality – WFD status due to N and P (7)</b>	65 water bodies deteriorating 3 water bodies improving
<b>Biodiversity</b>	
<b>Biodiversity – bird species (8)</b>	19% of species predicted to decline 3% of species predicted to increase
<b>Biodiversity – plant species (8)</b>	32% of species predicted to decline *NB by 2040 17% of species predicted to increase *NB by 2040

- a) The increase in emissions reflects the varying land use changes predicted and the relative areas undergoing agricultural intensification or coming out of agricultural use. The net increase in agricultural GHG emissions is largely attributable to the expansion of dairy farming.
- b) Land use changes create increases and decreases in carbon stocks due to transitions between agricultural land use types (net loss) and creation of new woodland (gains do not offset loss from transitions between agricultural land use types). There is a net decrease in C stocks by 2050.
- c) The reduction reflects wetland coming out of agricultural use to either short vegetation or natural woodland regeneration.
- d) There are increases and decreases in different locations due to the net impacts of changes in GHG from agricultural activity, land use change on peat soils, and agricultural land use change and new woodland cover. The size of negative value depends on the degree of agricultural intensification and extent of agricultural land use change, and how much this is counterbalanced by sequestration in new woodland and reduced emissions from wetlands. There is a net increase in atmospheric GHGs by 2050.
- e) Impacts on human health depend on the number of people exposed to lower (or higher) pollution levels. There are increases and decreases in air quality in different locations due to changes in agricultural emissions (+ and -) and where new woodland removes air pollutants.
- f) The changes reflect the relative contributions of different agricultural land uses to these different pollutants, and the pattern of agricultural change. Dairy farming causes more N and P pollution, when compared to other land uses
- g) There are increases and decreases in water quality in different locations due to changes in agricultural activity. Hence, the net number of water bodies deteriorating and improving is shown. Deterioration of water quality is mainly driven by agricultural intensification due to the expansion of dairy farming. The figures show the expected changes in WFD status due to changes in P and N.



h) Improvements in biodiversity are significantly driven by the assumption that land leaving agriculture goes through natural regeneration. Increases and decreases in bird/plant population sizes are an inevitable consequence of changes in land use. Under the EU deal trade scenario, an increase in the cover of maize and rotational grass was simulated. In addition, there was movement of some farmland out of agriculture and an increased area of woodland, particularly coniferous woodland in upland systems. More species are predicted to decline than increase in overall population size. The majority of species that were predicted to significantly increase were those that specialise in woodland habitats.

### ***Other impacts on benefits***

**Table 38. Glastir Outcomes (2012-2016)**

<b>Issue</b>	<b>Effect of participation in Glastir</b>
Livestock numbers	<ul style="list-style-type: none"> <li>• - 3.9% reduction in breeding ewes</li> <li>• - 1.7% reduction in suckler cows</li> <li>• + 1.5% increase in beef finishers</li> <li>• + 0.8% increase in dairy cows</li> </ul>
Reduction in fertiliser: Manufactured Nitrogen on grassland	<ul style="list-style-type: none"> <li>• - 8.8% dairy farms</li> <li>• - 12.2% cattle &amp; sheep (DA and lowland)</li> <li>• - 4.5% cattle &amp; sheep (SDA)</li> </ul>
Reduction in fertiliser: Manufactured Phosphorous on grassland	<ul style="list-style-type: none"> <li>• - 13.7% dairy farms</li> <li>• - 9.4% cattle &amp; sheep (DA and lowland)</li> <li>• - 6.5% cattle &amp; sheep (SDA)</li> </ul>

Decrease in national agricultural pollutant loads	<ul style="list-style-type: none"> <li>• - 1.0% Nitrogen</li> <li>• - 0.94% Phosphorous</li> <li>• - 0.11% Sediments</li> <li>• - 0.64% Methane</li> <li>• - 0.79% Nitrous Oxide</li> </ul>
Carbon footprint	<ul style="list-style-type: none"> <li>• 9.5% decrease in the average carbon footprint of lamb live weight</li> <li>• 18% decrease in the average carbon footprint of milk</li> </ul>
Biodiversity	<ul style="list-style-type: none"> <li>• Changes in habitat suitability for 75% of the 21 plant species modelled, resulting from de-intensification of vegetation management and changes in soil properties</li> </ul>

7.322 It is reasonable to assume under this policy option at least the maintenance of existing environmental outcomes, already achieved under Glastir will continue, dependent on the continued application of the management interventions under the scheme. However, as noted above, these benefits may not be large enough to offset wider land use and stocking changes which could occur in response to changing market conditions.

**Sustainable Management Scheme (SMS)**

7.323 The SMS supports collaborative landscape-scale projects to improve natural resources in a way that delivers benefits to farm and rural businesses, and to rural communities. It also supports and facilitates co-ordination with other schemes to improve resilience to impacts from climate change.

7.324 A 2021 evaluation<sup>143</sup> of the Sustainable Management Scheme (SMS) records the environmental, social and economic activities undertaken by participating projects.

7.325 The evaluation noted Almost all the projects interviewed felt that without SMS funding it would have been unlikely that their activities would have taken place. Their outcomes would not have been achieved without the funding unless another source of funding had been secured. This suggests a high level of additionality.

7.326 It is therefore reasonable to assume this collaboration would continue although it is too early to have a final evaluation of the programme. We are therefore unable to estimate the long-term impact of SMS on the delivery of outcomes.

### **Cross compliance**

7.327 Impacts of Cross Compliance have not been explicitly modelled or quantified.

7.328 However, GMEP<sup>144</sup> notes that Cross Compliance has generally raised awareness of diffuse pollution issues. The European Environment Agency<sup>145</sup> however concluded (from an EU level) that cross-compliance has led to some reduction in pressures on the environment, for example nutrient emissions. Yet, there is still non-compliance by farmers, cases of infringement and potential for improving implementation at all levels.

7.329 It is therefore reasonable to assume this raised awareness, and any associated changes in practice, would continue under this option.

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<sup>143</sup> Bebb & Bryer, OB3 Research with contributions from Rob Owen and Sue Rice, BRO Partnership (2021) Sustainable Management Scheme: Process evaluation and Theory of Change, report for Welsh Government.

<sup>144</sup> Anthony, S; Stopps, J and Whitworth, E (2017) Wales Farm Practices Survey. Legacy and Synthesis. Annex 4. In: Emmett B.E. and the GMEP team (2017) Glastir Monitoring & Evaluation Programme. Final Report to Welsh Government (Contract reference: C147/2010/11). NERC/Centre for Ecology & Hydrology (CEH Projects: NEC04780/NEC05371/NEC05782)

<sup>145</sup> European Environment Agency (2019) The European environment — state and outlook 2020. Knowledge for transition to a sustainable Europe

## ***Summary of quantified benefits***

**Table 39. Summary table of main quantified benefits valued in the Status Quo policy option**

<b>Benefits</b>	<b>Present value to 2025</b>	<b>Present value to 2050</b>	<b>Type of value</b>
Air Quality	-£4m	-£33m	Reduction in costs of health impacts from air pollution
Water Quality	-£5m	-£22m	Benefit to people from knowing of/ enjoying higher quality freshwater environments
<b>GHGs</b>			Benefit of reducing GHG sources:
Agriculture	-£1,681m	-£8,028m	Agricultural sources (livestock and inputs)
Land use	-£698m	-£1,707m	Land use changes
Wetlands	£1.34m	£6.41m	Wetland sources (peatlands)
<b>Total GHGs</b>	<b>-£2,377m</b>	<b>-£9,728m</b>	Benefit of reducing atmospheric GHG concentrations

			from non-traded sources
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7.330 Methods and assumptions for these values are in the sources listed below<sup>146,147</sup>.

### Changes to farm economy

**Table 40. Simulated impacts on the farm economy, estimated from the EU Trade Deal Scenario, (T2)**

	2050
<b>Change in annual farm business income (With farm transitions)</b>	+17%
<b>Farms at risk of leaving full time agriculture</b>	+7%

### Valuation results: Background information.

- a) Price year: 2020
- b) Present values: 25- and 50-year time horizon
- c) Appraisal approaches and assumptions are HMT Green Book compliant (e.g., 3.5% declining discount rate/ health discount rate for air quality)
- d) GHG emissions are based on the LULUCF<sup>148</sup> approach which does not include embedded emissions (these could be an additional 20-30%).
- e) Updated carbon values:
- f) Department for Business, Energy & Industrial Strategy (BEIS) conducted a review and update of the carbon values for appraisal in September 2021.
- g) Values have increased due to: new international targets (Paris Agreement 2016); new domestic targets (net zero GHG by 2050); Brexit (UK has left EU ETS and introduced UK ETS); and technology (costs of

<sup>146</sup> Full details are contained in Dickie, I., Tinch, R., Dutton, A. & Jassi, J. (2020). Environment and Rural Affairs Monitoring & Modelling Programme (ERAMMP). ERAMMP Report-27: Valuation Methodologies. Report to Welsh Government (Contract C210/2016/2017)(UK Centre for Ecology & Hydrology Project 06297) This is available on the ERAMMP website [ERAMMP Year-2 Reports \(2020\) | ERAMMP](#)

<sup>147</sup> [ERAMMP Report-60 IMP Land Use Scenarios Final Report\\_en.pdf](#)

<sup>148</sup> Land Use, Land-Use Change and Forestry Greenhouse Gas Emissions Inventory

renewable/ batteries falling faster than predicted). Note, the benefits of the fall in technology costs are outweighed by the previous three factors.

h) The updated carbon values for 2021 are over three times higher than the old values.

### ***Option 3: Legislate to introduce support consistent with Sustainable Land Management (Preferred Option)***

#### ***Introduction***

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7.331 The Agriculture Act introduces Sustainable Land Management (SLM) objectives and places a duty on Welsh Ministers to exercise functions, including the provision of agricultural support, in the way they consider best contributes to achieving these objectives.

7.332 The SLM objectives are linked to 14 purposes of support:

- (a) encouraging the production of food in an environmentally sustainable manner;
- (b) helping rural communities to thrive and strengthening links between agricultural businesses and their communities;
- (c) improving the resilience of agricultural businesses;
- (d) sustaining the Welsh language and promoting and facilitating its use;
- (e) reducing emissions of greenhouse gases;
- (f) maximising carbon sequestration and storage;
- (g) maintaining and enhancing the resilience of ecosystems;
- (h) conserving and enhancing landscapes and the historic environment;
- (i) improving air quality;
- (j) improving water quality;
- (k) maintaining and enhancing public access to and engagement with the countryside and the historic environment;
- (l) mitigating flood and drought risks;
- (m) achieving and promoting high standards of animal health and welfare;

(n) maximising resource efficiency.

7.333 The Agriculture Act does not set parameters on how future SLM schemes should be designed, delivered or the level of funding provided.

7.334 This option sets out indicative costs of a future scheme which meets the requirements of SLM and targets committed to by the Welsh Government. It also includes evidence which assesses the benefit of taking action in relation to each of the purposes of support. There is no quantification of environmental outcomes or cost of farmers in delivering the actions.

7.335 The SFS Evidence pack produced by ERAMMP laid a foundation of evidence which assessed actions against the outcomes the Welsh government is seeking t. This analysis drew upon the findings of over 800 peer-reviewed evidence papers

7.336 The reports on his work can be found here: [Resources | ERAMMP](#)

7.337 This work helped to identify a robust evidence-based logic for any future scheme, identifying actions which will deliver the outcomes the Welsh Government is seeking.

### **Wales Rural Development Programme (RDP) 2014-20**

7.338 The focus of the future support within this Regulatory Impact Assessment (RIA) is on the costs and benefits of providing revenue support directly to farmers. Under the current system, the two largest contributors to this are the Basic Payment Scheme (BPS) and Glastir, amounting to an estimated £278m per year. The costs and benefits of other elements of support (such as Farming Connect and the Farm Liaison Service) are also included.

7.339 However, the revenue support is provided as part of the broader Wales Rural Development Plan (RDP) 2014-20. The Finance Committee, in its report on the Agriculture (Wales) Act recommended that the Welsh Government provided a breakdown of the costs included in Rural Development Plan, and that this information be included in an updated Regulatory Impact Assessment (recommendation 2). Below, we therefore

present detail concerning the scope and financial assistance of the RDP 2014-20 to provide this broader context.

7.340 The Wales RDP<sup>149</sup> was designed to promote competitiveness and create sustainable growth and jobs for the people who live and work in rural Wales. Interventions focussed on activities that drive economic growth, support the sustainability of rural communities and help tackle poverty.

7.341 The overarching principle of the RDP was to ensure sustainable development at the heart of the investment. Funding was targeted at activities to result in long-term benefit, supporting increased diversity and resilience in the farming, forestry and food industries and investing in green growth. This helps support farming businesses, places less emphasis on subsidies and give a greater focus on commercial opportunities. The RDP works alongside Pillar 1 to help effect the change that the industry requires in order to meet the difficult challenges ahead. There are clear synergies between the European Agricultural Fund for Rural Development (EAFRD) and the European Agricultural Guarantee Fund (EAGF).

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<sup>149</sup> [United Kingdom - Rural Development Programme \(Regional\) - Wales \(gov.wales\)](#)



The RDP consisted of six priorities (plus a technical assistance measure):

- Priority 1: Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas
- Priority 2: Enhancing competitiveness and farm viability of all types of agriculture,
- Priority 3: Promoting food chain organisation and risk management in agriculture promoting innovative farm technologies and the sustainable management of forests
- Priority 4: Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry
- Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors
- Priority 6: Promoting social inclusion poverty reduction and economic development in rural areas

7.342 The Wales Rural Development Programme 2014-2020 is fully committed; as part of the contingency planning, an element of over-programming has been factored into the overall financial budgeting to achieve a successful programme delivery.

As of the end of December 2022<sup>150</sup>, figures for the cumulative allocation, commitment and spend over the entire programming period are as follows:

Allocation (£m)		Commitment (£m)		Spend (£m)	
Total	EAFRD	Total	EAFRD	Total	EAFRD
842	562	847	567	680	470

Table 1

Annual spend figures for the RDP for the years 2019-22 are shown in the table below:

	2020		2021		2022	
	EAFRD (£m)	Total Public (£m)	EAFRD (£m)	Total Public (£m)	EAFRD (£m)	Total Public (£m)
Priority 1 <sup>151</sup>						
Priority 2	4.299	7.427	4.231	7.279	4.824	8.531

<sup>150</sup> [Rural Development Plan: money allocated, committed and spent | GOV.WALES](#)

<sup>151</sup> Priority 1 is not reported against as it is an aggregation of priorities 2-6

Priority 3	6.287	10.188	8.187	15.432	8.905	16.802
Priority 4	37.462	46.795	34.687	43.940	32.905	42.358
Priority 5	2.991	4.841	4.324	6.569	6.036	9.890
Priority 6	16.259	26.961	13.411	21.779	17.147	29.446
<b>Total</b>	<b>67.297</b>	<b>96.211</b>	<b>64.840</b>	<b>95.000</b>	<b>69.818</b>	<b>107.026</b>

Technical Assistance	2.314	4.366	1.428	2.694	4.261	8.039
<b>Total RDP spend</b>	<b>69.612</b>	<b>100,578</b>	<b>66.268</b>	<b>97.694</b>	<b>74.079</b>	<b>115.066</b>

Table 2

In terms of the socio-economic schemes funded under the RDP, figures to the end of December 2022 are shown below:

Scheme	Number of Scheme Rounds	Scheme Allocation (£m)	Applications Received	Appraisals Complete	Applications Approved	Total committed to projects (£m)	Total Spend (£m)
Cooperation & Supply Chain Development Scheme*	15	54.712	120	120	101	75.131	51.399
Co-operative Forest Planning Scheme	2	0.109	0	0	0	0.064	63.932
Enabling Wales's Natural Resources Scheme	2	31.000	0	0	0	29.573	7.890
European Innovation Partnership	N/A	2.475	7	7	1	2.475	1.884
Farm & Forestry Infrastructure	N/A	0.050	0	0	0	-	-
Farm Business Grant Scheme	9	23.608	2,919	2,919	2,359	21.184	20.376
Food Business Investment Scheme*	9	50.062	152	151	136	58.361	40.091
Knowledge Transfer & Innovation*	N/A	91.290	15	15	15	94.373	78.476
LEADER	N/A	46.481	75	75	75	47.424	38.043

Rural Business Advisory Service*	N/A	14.322	5	5	5	14.211	12.654
Rural Business Investment Scheme*	N/A	7.742	2	2	2	6.288	5,062
Rural Community Development Fund*	7	18.331	225	225	188	20.479	18.729
Sustainable Management Scheme	5	20.162	52	52	50	23.657	13.485
Sustainable Production Grant	7	27.710	73	73	72	27.743	20.084
Technical Assistance	N/A	37.000	8	8	8	37.258	29.897
Timber Business Investment Scheme	5	7.015	90	90	80	6.893	6.393
<b>Socio-Economic Total</b>	<b>61</b>	<b>432.071</b>	<b>3,743</b>	<b>3,742</b>	<b>3,092</b>	<b>465.117</b>	<b>344.540</b>

Table 3

In terms of agri-environment schemes funded under the RDP, figures to the end of December 2022 are shown below:

<b>Scheme</b>	<b>Number of Scheme Rounds</b>	<b>Scheme Allocation (£m)</b>	<b>Total committed to projects (£m)</b>	<b>Total Spend (£m)</b>
Forest Monitoring and Risk Management Scheme	N/A	0.164	0.299	0.164
Glastir Advanced	4	192.133	178.166	147.392
Glastir Commons	N/A	37.490	33.724	28.592
Glastir Entry	N/A	99.823	100.148	100.148
Glastir Organics	3	33.192	29.260	25.995
Glastir Small Grants	9	10.608	10.339	10.327

Glastir Woodland Creation	11	22.481	15.924	11,804
Glastir Woodland Management	N/A	0.960	0.620	0.621
Glastir Woodland Restoration	9	5.004	5.013	3.730
Legacy Schemes	N/A	8.102	8.217	6.992
<b>Agri-Environment Total</b>	<b>36</b>	<b>409.956</b>	<b>381.711</b>	<b>335.76</b>

Table 4

### ***Impact on Costs***

7.343 All costs presented below are annual figures and assumed to be maintained in real terms throughout the appraisal period, unless otherwise stated.

## **Welsh Government - Total Cost £321,081,643 + £35,500,000 one off cost**

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**Administrative costs** - £27,700,000 + £35,500,000 one off cost

7.344 The costs provided are estimated indicative costs. The basis for estimating the administrative costs of a future SLM scheme (including the transitional costs) are the administrative costs associated with the CAP i.e. BPS and RDP 2014 – 2020.

7.345 RPW current operational delivery model requires teams to be multi-functional, working across different schemes across the CAP Pillars 1 and 2. This means it is not possible to fully disaggregate the administrative costs of each activity, individual scheme or the individual CAP Pillars.

- 7.346 In addition, future SLM scheme(s) are still in development therefore specific requirements / processes are not fully known.
- 7.347 The final costs for delivering a future SLM scheme and transition can only be derived once a future Target Operating Model including Organisational Design and Structures have been agreed.
- 7.348 The administrative costs for a future SLM scheme are primarily based on the estimated costs of running existing Rural Development (RD) schemes as well as some preliminary additional mapping work which will be needed for a baseline to be established.
- 7.349 The annual administrative cost for a future SLM scheme excluding inspections and in-situ visits is estimated at £24.59m
- 7.350 Future SLM scheme inspection costs have been estimated using existing current RD land-based inspection costs and data. Inspections have been divided into two categories:

**Table 41. Estimated scheme inspection costs**

<b>Land Based Inspections</b>	<b>Capital Works Inspections</b>	<b>Total Annual Inspection Cost</b>
Based on an inspection rate of 5% of farms, the annual average cost is estimated to be <b>£1.3 m.</b>	There is insufficient information to provide costs on capital works inspections. For this exercise existing costs will be used. Capital works inspection annual average costs are currently estimated to be <b>£134,000.</b>	The total annual average inspection cost for scheme is therefore estimated to be <b>£1.43m.</b>

## **In-situ Visits**

7.351 It is not currently known whether in-situ visits will be required and if required, the level at which they will need to be undertaken (i.e. number of visits).

7.352 It is envisaged that some form of monitoring / control visits is likely to be needed some of which may be achievable through Earth Observation, however work is ongoing to better understand what can be achieved.

7.353 The role of an in-situ visit may be wider than the current scope of a Glastir in-situ visit e.g. it could be assessing the wider success and delivery of the contract in achieving its objectives.

7.354 It is assumed this work would be carried out by a professional and that 4,000 farms a year would be visited, the additional cost is estimated to be £1.68m per year.

**Table 42. Estimated future SLM Scheme administrative costs**

	<b>Cost (£m)</b>
Annual admin cost	24.59
Scheme inspections	1.43
In-situ visits	1.68
<b>TOTAL</b>	<b>27.7</b>

7.355 Under this option, it is reasonable to assume that a new system for online application and contract management would need to be developed, in line with current RPW operations and industry expectations.

7.356 It is envisaged that a £19.3m million RPW ICT system development package would be required to deliver the online application functionality, and offline capability, that would allow automated contract generation to reduce the administrative burden.

7.357 In addition to this, one-off RPW ICT enabling costs associated with the ICT development package have been estimated at £16.2m.

7.358 The ICT development cost should provide efficiencies in the delivery of any future scheme from 2025 onwards. Without undertaking detailed analysis, it is estimated this could result in a saving of around 20% of ongoing annual average costs from commencement of a future scheme.

7.359 Under this scenario, the annual administrative costs (including annual IT costs) are estimated at £27.7m by 2029. If no ICT enhancement took place it is estimated that ongoing costs would be higher going forward.

7.360 The Finance Committee recommended that the Minister for Rural Affairs and North Wales and Trefnydd provided further details of the costs of the IT system, and that this information be included in an updated Regulatory Impact Assessment (recommendation 8). The further details are included in Table 44 below.

**Table 43. Annual administrative costs with IT enhancement**

	<b>With no IT enhancement</b>	<b>With IT enhancement</b>
One off capital cost - IT		£19.3 m
One off enabling cost - IT		£16.2m
Annual administrative cost	£35.2 m	£27.7m

**Table 44. Annual breakdown of IT enhancement**

	2022/23	2023/24	2024/25	2025/26
<b>ICT System Development</b>	<b>£2.5m</b>	<b>£6.4m</b>	<b>£8.1m</b>	<b>£2.3m</b>
<i>Geospatial Functionality</i>	£0.25m	£1.15m	£1.0m	£0.3m
<i>Grant Systems</i>	£1.75m	£3.0m	£1.0m	£0m
<i>Sustainable Farm Review</i>	£0m	£1.5m	£1.0m	£0m
<i>SFS Processes &amp; Contract</i>	£0.5m	£0.5m	£2.6m	£1.4m
<i>SFS Inspections</i>	£0m	£0m	£1.0m	£0.4m
<i>National Minimum Standards</i>	£0m	£0.25m	£1.5m	£0.2m
<b>ICT Enabling cost</b>	<b>£4.4m</b>	<b>£4.4m</b>	<b>£4m</b>	<b>£3.4m</b>

<i>Technical Delivery - Support, Control, Compliance &amp; Security Standards to cover future state infrastructure</i>	<i>£2.9m</i>	<i>£2.9m</i>	<i>£2.5m</i>	<i>£2.0m</i>
<i>Provision and maintenance of development and test environments</i>	<i>£0.75m</i>	<i>£0.75m</i>	<i>£0.75m</i>	<i>£0.65m</i>
<i>Supporting Requirements</i>	<i>£0.25m</i>	<i>£0.25m</i>	<i>£0.25m</i>	<i>£0.25m</i>
<i>Contingencies</i>	<i>£0.5m</i>	<i>£0.5m</i>	<i>£0.5m</i>	<i>£0.5m</i>

**Compliance costs - £ 1,381,643**

7.361 Cross Compliance is a system which encourages farmers to comply with standards for public, plant, and animal health and welfare. In order to receive support, farmers must adhere to a set of basic rules. The details of Cross Compliance are set out in Option 2 (maintain status quo).

7.362 Under this policy option, we assume that the regulatory regime is maintained, and the costs as set out in Option 2 apply.

**Table 45: Costs of regulation**

<b>Regulation</b>	<b>Annual Cost</b>	<b>Notes</b>
Land based Cross Compliance	£192,761	Based on a control rate of 1% of scheme claimants
Livestock Identification Cross Compliance	£962,882	Based on a requirement of 3% of keepers of sheep and cattle to be inspected.

7.363 However, costs diverge from Option 2 for the Environmental Impact Assessment (EIA) regulations. We forecast there is likely to be an increase in public/stakeholder awareness of the scheme and its associated requirements in general terms of biodiversity/habitat management and the historic environment. This has the potential to increase the number of EIA (Agriculture) Regulations referrals received by WG and increase the enforcement workload. We assume under this option the costs of this increased workload add an additional 20% to the BAU costs for EIA



(Agriculture) Regulations Enforcement work. Annual costs therefore increase from £188k to £226k.

7.364 **Payments to Farmers** - £278,000,000 We are not yet in a position to set out the anticipated annual expenditure on payments to farmers under the future SLM scheme. For the purposes of this analysis, we have assumed an annual budget of £278m is maintained in real terms over the appraisal period. This is not a prediction or guarantee of future funding levels, it will depend on future funding settlements from HM Treasury and the Welsh Government budget process. The cost is an indicative estimate for the purpose of undertaking this analysis.

**Other costs** - £14,000,000

7.365 ERAMMP<sup>152</sup> delivers a programme of monitoring and modelling which collects data across the Welsh landscape, linking any change to economic and environmental impacts. Under this option this programme would continue at annual cost to WG of ERAMMP is £1.5m (same as Options 1 and 2).

7.366 We assume Farming Connect continues to support the development of a more professional, profitable and resilient land-based sector to meet the Sustainable Land Management objectives. The programme comprises an integrated programme of knowledge transfer, innovation and advisory services designed to deliver greater sustainability, improved competitiveness, and improved environmental performance. We assume an enhanced level of provision, and FC costs are estimated to be 50% higher than in Option 1 and 2. This equates to an annual cost of £12m.

7.367 The Farm Liaison Service (FLS) will continue to fulfil an important role in Welsh Government's drive to produce a sustainable and professionally managed industry across Wales. Under this policy scenario, the FLS provides customers with consistent, accurate and professional guidance in respect of enabling farmers to farm in way that meets the Sustainable Land Management objectives.

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<sup>152</sup> <https://erammp.wales/en>

7.368 We assume an increase in the level of staffing, and the annual costs of the FLS are estimated to be 30% higher than in Options 1 and 2. This equates to an annual cost of £500k.

7.369 The estimated costs of the Farm Liaison Service and Farming Connect are provided as high-level indicative estimates of future costs for the purpose of this Cost Benefit Analysis. The estimates below do not represent WG commitments for future funding.

## **Natural Resources Wales - Total Cost £ 2,775,453**

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### ***Administrative & Advice costs - £2,627,263<sup>153</sup>***

7.370 It is too early to estimate NRW costs for the provision of advice, consent (where required) and licences (where required) associated with NRW statutory functions for a future SLM scheme. Likewise, it is too early to be able to estimate the impact on the number of Flood Risk Activity Permits (FRAPs) that might be requested from farmers. The cost to NRW of issuing FRAPs under this option is unknown and has therefore not been included.

7.371 Cost estimates below relate to the costs of NRW staff associated with the provision of NRW advice, consent (where required) and licences (where required) concerning three SLM interventions:

**a) Woodland Creation to meet scheme requirement - NRW**

**verification service.** Costs relate to NRW staff time concerning the technical advice, provision of Habitat Regulations Assessment (HRA) advice; undertaking Priority Habitat assessments; undertaking European Protected Species assessments; the oversight of designated site assessments and landscape assessments, Environmental Impact Assessment (if required) and woodland creation scheme design.

**b) Woodland Management - Felling Licences.** Costs relate to NRW staff time assessing and issue felling and thinning licenses, incorporating

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<sup>153</sup> This is an average cost covering the period 2025-2050. In reality it is expected costs will average £9m per year in the first five years of the scheme (table 46) before declining to approx. £1.1m thereafter (table 47)

monitoring and enforcement, and, if needed, Habitat Regulations Assessment (HRA).

**c) Habitat Management - Site of Special Scientific Interest (SSSI)**

**Consenting & Advice.** Costs relate to NRW staff time concerning assessing, then issuing, refusing or modifying consents for operations on SSSI.

7.372 NRW costs are based on using Business as Usual costings and delivery model - it is too early in scheme process development to estimate and include any potential efficiencies that may be embedded in the delivery of NRW advice and services for a future scheme. The potential cost-savings are therefore unknown.

7.373 The costs reflect the assumptions above about the number of farms entering a future SLM scheme in the period 2025-29, and the assumed withdrawal rate and non-selection rate noted above.

a) Costs concerning SSSI consenting and advice are based on NRW estimates concerning the number of farms claiming BPS with SSSI (excluding SSSI that are on commons).

b) Costs concerning woodland management and associated felling licences are based on the whole BPS farm population. The need for a felling licence will depend on objectives and outcomes being sought by the activity, therefore the information provided did not allow for a different approach.

c) Costs concerning woodland creation are based on Welsh Government's estimates on the number of BPS farms planting trees.

**Table 46: NRW costs relating to a future SLM scheme**

£	2025	2026	2027	2028	2029
Woodland Creation	5,111,757	5,419,307	5,726,857	6,034,407	6,280,447
Woodland Management -	1,815,258	1,920,750	2,167,444	2,280,780	2,371,449

Felling Licences					
Habitat Management - SSSI Consenting & Advice	1,014,639	1,071,282	1,129,028	1,186,222	1,231,978
<b>Total</b>	<b>7,941,654</b>	<b>8,411,339</b>	<b>9,023,329</b>	<b>9,501,409</b>	<b>9,883,874</b>

7.374 In terms of costs for the period beyond 2029 we assume the following:

**Table 47: NRW costs relating to a future SLM scheme after 2029**

<b>NRW role</b>	<b>Frequency</b>
<b>Woodland Creation 10% threshold - verification service.</b>	Once only when a farmer enters the scheme but not repeated thereafter, even if farmer re-joins the scheme after first 5 year contract has expired.
<b>Woodland Management - Felling Licences</b>	Current assumptions do not allow calculation beyond 2029 but it is likely there will be reoccurring costs. These are currently unknown.
<b>Habitat Management - SSSI Consenting &amp; Advice.</b>	Repeated at 5 yearly intervals when a farmer re-joins the SFS after first 5 year contract has expired to cover reviewing, assessing, modifying, issuing, or refusing consents.

**Compliance costs - £148,190**

7.375 The cost of NRW's role in providing delivery of Cross Compliance standards is estimated at £119,684 per year, the same as in Option 1 and 2.

7.376 However, costs diverge from Option 2 for the Environmental Impact Assessment (EIA) regulations. We forecast there is likely to be an increase in public/stakeholder awareness of the scheme and its associated requirements in general terms of biodiversity/habitat management and the historic environment. This has the potential to increase the number of EIA (Agriculture) Regulations referrals received and increase the enforcement workload. The cost to NRW of providing advice to WG is estimated to increase by 20% to £28,506

## **Agriculture Sector - Total Cost £882,000**

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*Administrative costs - £882,000*

### ***Costs to farmers of entering a SLM scheme***

7.377 There will be costs to farmers in complying with the requirements of the new scheme but these costs are dependent on the design of the final scheme and will be considered as a part of future economic analysis and have not been included here.

7.378 In addition we assume the process for entering a future SLM scheme will include an application which will be assessed. The costs of this are estimated as follows:

### ***Farm Information***

7.379 In Option 2, the annual cost of filling in the SAF for 16,000 farmers is estimated (for the whole sector) at £588k pa. We assume the cost of providing an expanded version of information in the current SAF is 50% higher than this mean giving a total cost to the sector of £882k pa. The increase in cost is related to providing data related to the SLM outcomes

e.g. habitat condition or carbon usage. Only farms who choose to enter the scheme would incur application and compliance costs.

## **Total Cost - £324,739,096 + £35,500,000 one off cost**

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### ***Benefits***

*Reducing emissions of greenhouse gases*

### ***Scale of issue***

7.380 Agriculture accounted for 14% of Welsh emissions in 2019 (5.3 MtCO<sub>2</sub>e). Agriculture emissions are dominated by methane (66%) and nitrous oxide (22%), with only 12% of sector emissions as carbon dioxide. Livestock enteric fermentation emissions (largely from cattle and sheep), accounts for 58% of the sector's emissions in 2019, and manure management (16%). The application of inorganic fertilisers and lime on agricultural soils, as well as fuel for agriculture mobile machinery, are other significant sources of emissions, comprising 11% and 10% of emissions respectively<sup>154</sup>.

### ***Targets***

7.381 Welsh targets and budgets are set in law and follow the Climate Change Committee's (CCC) recommendations<sup>155</sup>:

- a) Carbon Budget 2 (2021-25): 37% average reduction (with 0% offset limit);
- b) Carbon Budget 3 (2026-30): 58% average reduction;
- c) 2030: 63% reduction;
- d) 2040: 89% reduction;
- e) 2050: at least 100% reduction (net zero).

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<sup>154</sup> [Net Zero Wales Carbon Budget 2 \(2021-2025\): Summary document \(gov.wales\)](#)

<sup>155</sup> Ibid.

7.382 For agricultural systems, the two main greenhouse gases are methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O). Approximately half of all anthropogenic emissions of nitrogen compounds are due to losses from farms either as N<sub>2</sub>O, nitrate runoff, or ammonia, and result from fertiliser practices or animal wastes. Methane is produced by bacteria as cattle and sheep break down the cellulose in their diet, producing milk and meat for human consumption from large areas of grassland that would be unsuitable for arable farming<sup>156</sup>.

7.383 Total emissions from the agriculture sector in Wales have declined by 10% between 1990 and 2019, driven largely by a general decline in livestock numbers and nitrogen fertiliser use. In 2019, Welsh Agriculture sector emissions increased by 2% compared to 2018. The enteric fermentation of non-dairy cattle, sheep, and dairy cows remain the top contributors of Welsh emissions within the agricultural sector.

7.384 ERAMMP report 7<sup>157</sup> notes that it is important to understand the whole farm GHG balance to fully appreciate the impact of 'agricultural production the interactions between carbon sequestration, emissions and carbon stock changes are all linked to farm scale activities.'

### ***Actions to deliver outcome***

7.385 Actions which can deliver the outcome are:

- a) Increased livestock performance (animal management; diet change; anaerobic digestion);
- b) Land management (use of legumes; systems not reliant on artificial inputs);
- c) Increased energy efficiency and reducing reliance on fossil fuels.

### ***Benefits of actions***

#### *Increased livestock performance*

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<sup>156</sup> Ibid.

<sup>157</sup> [ERAMMP SFS Evidence Review 7 GHG v1.1.pdf](#)

7.386 Evidence taken from ERAMMP report 68<sup>158</sup>

### **Animal management and diet change**

7.387 Protein not used by the animal is excreted in urine and faeces, becoming the source of nitrous oxide in the soil. In terms of diet change, the ERAMMP evidence notes the difficulty in predicting 'marginal urinary N output in response to changes in diet composition.' However, it is also noted that:

- a) it is important to obtain and use accurate feed formulations to deliver the most appropriate balance between energy and protein nutrition.
- b) There is evidence that grazing high sugar grasses are effective in reducing nitrogen compounds in excreted urine and faeces.

### **Land Management**

7.388 In terms of land management in respect of reducing GHG emissions, the ERAMMP evidence concludes:

### **Biological fixation with legumes**

7.389 Currently biological fixation with legumes provides 5.9% of total N inputs in the UK (DEFRA- UK Soil Nutrient Balances for 2019). The evidence from ERAMMP suggests the establishment of clover on temporary grassland and on permanent grassland amenable to no-till seeding 'would deliver a significant reduction of nitrous oxide emissions, and reduce the need for fertiliser/manure applications with their associated emissions. However the management of grass-legume leys requires careful management in establishment and maintenance.' Legumes also provide N inputs to arable crops in a crop rotation system.

### **Adopting systems less reliant on inputs**

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<sup>158</sup> [ERAMMP Rpt-68 Decarb Evidence Review\\_en\\_0.pdf](#)



7.390 At a national level, the direct emissions associated with organic crop and livestock production are smaller for organic farming compared with conventional: by 20% for crops, 4% for livestock and 6% overall. Organic farming systems for livestock would lead to a small reduction in overall GHG emissions (4 to 6%) mainly through the use of legume crops to fix nitrogen – reducing emissions from fertiliser manufacture and reducing the attendant nitrous oxide emissions from fertiliser spreading on land. Enhanced carbon sequestration rates would be expected for organic farming because of longer crop rotations with leys using forage legumes, as arable land is converted to grassland. However, carbon sequestration would reach a limit after about 20 years.

7.391 ERAMMP evidence notes that studies show there could be a decrease of milk production, with beef and sheep production remaining broadly similar to current levels. The reduction in production would need to be compensated either by production in other countries – with the associated GHG emissions, or a reduction in food waste.

### ***Livestock – dairy, beef and sheep***

7.392 Improving productive efficiency, spreads GHG emissions over more units of production, allowing the product to be produced at a lower ratio of emissions per unit production. Within dairy systems, each animal's maintenance nutrient requirement acts as a fixed emission before production (growth, pregnancy or lactation) can occur. These requirements are associated with both economic and environmental costs in terms of resource inputs (feed, water, cropland, fertilizer, fossil fuels) and greenhouse gases (GHG).<sup>159</sup>

### **Diet composition**

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<sup>159</sup> P.68 ERAMMP Report 68, 'Decarb evidence review V.0.6'

7.393 Evidence<sup>160</sup> cited in ERAMMP report 68 notes that for dairy cows feed efficiency is best achieved by:

- a) feeding starchy carbohydrates to supplement forages
- b) feeding high quality forages with high digestibility achieved by early harvesting and good conservation methods, coupled with improved grazing by reseeded and controlled grazing regimes
- c) optimally processing the forages by chopping to increase dry matter digestion

7.394 Feeding and nutrition have the potential to mitigate enteric CH<sub>4</sub>/unit milk production in intensive dairy operations by 2.5-15%.

7.395 For beef cattle and sheep, high quality forages are the most important factor since alternative feed supplements are mainly restricted to housed animals.

7.396 ERAMMP report 68 concludes:

- a) In summary for beef cattle system, the livestock management, genetics and diet interventions may reduce emissions by about 30%
- b) In the sheep sector, significant emission reductions could be obtained by reducing the variability of farm performance within farm type (lowland, upland, mountain). This can be achieved by improving the number of lambs reared per ewe and lamb growth rate by 30%<sup>161</sup> to the performance levels of higher performing farms.

### ***Increased energy efficiency***

7.397 The Carbon Trust estimate that a 20% reduction in farm energy costs can represent the same bottom-line benefit as a 5% increase in sales<sup>162</sup>.

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<sup>160</sup> Knapp, J. R., G. L. Laur, P. A. Vadas, W. P. Weiss, and J. M. Tricarico. (2014). Invited review: enteric methane in dairy cattle production: quantifying the opportunities and impact of reducing emissions. *J. Dairy Sci.* 97:3231– 3261.

<sup>161</sup> Jones A. K., Jones D.L. and Cross P. (2014). The carbon footprint of lamb: sources of variation and opportunities for mitigation. *Agricultural Systems* 123: 97-107 cited in ERAMMP report 68

<sup>162</sup> [GBF Guide Energy Efficiency in Agriculture Final.pdf \(storage.googleapis.com\)](#)

There are numerous ways in which farmers can implement energy-efficiency interventions, some of which require very little to no cost.

7.398 On average, ventilation accounts for 14% of energy bills<sup>163</sup> across the agricultural sector, so ensuring any new farm buildings use natural ventilation, or adapt existing buildings to increase natural ventilation, can lead to substantial savings. Solutions in relation to lighting include use of energy-saving lightbulbs and use of sensors to ensure lights are not on when not needed. Keeping equipment of all kinds in good working order helps to ensure they are running as efficiently as possible, reducing electricity or fuel use.

**Table 48: Case studies from the Carbon Trust**

Farm type	Intervention	Average annual saving
Chicken farm	LED lighting	£12,500
Farm and grain store	Grain store fans and sensors	£2,750
Vegetable farm	Compressors	£2,600

7.399 Reduced demand for energy on farm also helps to relieve pressure on the National Grid, contributing to a more reliable supply for domestic users and other businesses.

### **Other benefits**

7.400 ERAMMP report 68 notes measures to reduce emissions of nitrous oxide have multiple benefits in improving air and water quality and reducing eutrophication of habitats. Reduction of methane emissions also has a secondary benefit in reducing ozone formation in the lower atmosphere (up to 15km). Ozone itself is a greenhouse gas and causes human health problems as well as damage to vegetation.

**Table 49: Summary of impact of selected actions**

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<sup>163</sup> Ibid.

Option	Comments	Effectiveness at decreasing emissions	
		CH4	N2O
Diet – protein reduction	Restricted to cattle fed rations – not grazing, difficult to model	None	
Slurry store covers	Particularly effective if CH4 can be captured and burnt	- 10 to -60%	None
Solid manure heaps compacted/covered	Mainly reduces nitrous oxide from aerobic conditions	Small	
Solid-liquid separation	Additional procedure for farmers	-50% to -100%	Increase emissions
Anaerobic digestion	Expensive option, requires good process management.		None
Acidification of slurries	Effective for reducing NH3 emissions. Acid handling difficult	-96%	Increase emissions
Manure spreading – injection and incorporation	Variable improvements – depending on soil conditions. Reduces NH3 emissions and indirect N2O	None	Variable
Nitrification inhibitors	DCD <sup>164</sup> and NBPT <sup>165</sup> effective for manure and fertiliser application. Mixed results for grazing animals, with rapid	None	-42% to -20%

<sup>164</sup> Dicyandiamide

<sup>165</sup> N-(n-butyl) thiophosphoric triamide (NBPT).

	degradation of DCD in warm conditions		
N Fertiliser and manure efficiency	Substantial reductions possible	None	-50%
Biological fixation with legumes	Substantial displacement of fertiliser application. Low emissions. Expensive for arable where legumes displace other crops	None	-11% to -23%
Adopting systems less reliant on inputs	Emissions saving linked to biological fixation. Lower outputs.	None	4-6%

Source: Table 5.1 Summary Analysis of Mitigation Options, ERAMMP report 68

## ***Maximising carbon sequestration and storage***

### **Scale of Issue**

7.401 The Climate Change Committee (CCC) stated in its 2020 report<sup>166</sup> that the UK's net-zero target will not be met without changes in how we use our land. Those changes must start now. Current policy measures will not deliver the required ambition.

7.402 Between the base year (1990) and 2019, the LULUCF<sup>167</sup> net sink has changed from being a source of emissions at 78 MtCO<sub>2</sub>e to a sink of emissions at -246 MtCO<sub>2</sub>e. Since 2001, the LULUCF sector in Wales has

<sup>166</sup> Committee on Climate Change (2020) Land use: Policies for a Net Zero UK [Land-use-Policies-for-a-Net-Zero-UK \(2\).pdf](#)

<sup>167</sup> Land Use, Land-Use Change and Forestry The six land classes in LULUCF are A: Forest Land, B: Cropland, C: Grassland, D: Wetlands, E: Settlements and F: Other land. There is a seventh category for the pool of harvested wood products, category G. [Land Use, Land-Use Change and Forestry \(LULUCF\) | UNFCCC](#).

been almost always a net sink of greenhouse gases, only being a net source in 1990, and then briefly between 1999 and 2000<sup>168</sup>.

7.403 For Wales, the GHG Inventory 2018 reports a net sink of 444 kt CO<sub>2</sub>e, dominated by the carbon sequestration provided by existing forestry – a sink of 1210 kt CO<sub>2</sub>e<sup>169</sup>. The amount of carbon sequestered needs to increase.

## Targets

7.404 Welsh targets and budgets are set in law and followed the CCC recommendations<sup>170</sup>:

7.405 LULUCF is the only sector with the capability to remove emissions from the atmosphere. Wales must protect ancient woodlands, manage our soils better and affect a step change increase in woodland creation. The Welsh Government have committed to plant 43,000 hectares of new woodland by 2030 and 180,000 hectares by 2050.

7.406 Over the next five years Welsh Government aims to restore 600-800 hectares of degraded peatland each year through our National Peatland Action Programme

## Actions to deliver outcome

7.407 In its 2020 report, the CCC identified 5 key actions such that around one-fifth of [UK] agricultural land is released by 2050 for actions that reduce emissions and sequester carbon

a) Low-carbon farming practices (below we cover the management of agricultural soils)

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<sup>168</sup> Welsh Government Net Zero Wales Carbon Budget 2 (2021 – 2025)

<sup>169</sup> Prosser, H. (2022). Environment and Rural Affairs Monitoring & Modelling Programme (ERAMMP) ERAMMP Report-68: Review of GHG Emission Reduction and Carbon Sequestration in Agriculture to Inform Agricultural and Land Use Policy. Report to Welsh Government (Contract C210/2016/2017)(UK Centre for Ecology & Hydrology Projects 06297 & 06810)

<sup>170</sup> Welsh Government Net Zero Wales Carbon Budget 2 (2021 – 2025)

- b) Afforestation and agro-forestry (below we cover the expansion of forestry and woodlands)
- c) Peatlands (below we cover peatland restoration)
- d) Bioenergy crops (covered below)
- e) Reducing consumption of the most carbon-intensive foods (not covered).

## ***Benefits of action***

7.408 Evidence is taken from ERAMMP report 68<sup>171</sup>

### **Expansion of Forestry and Woodland**

7.409 In terms of the sequestration potential from forestry, the evidence from ERAMMP concludes that the expansion of woodlands is the most effective way to increase carbon sequestration. However, there are concerns about the potential impact of production of agricultural output.

7.410 To meet the targets, the CCC report recommends tree planting rates must increase from just 80 hectares in 2019 to at least 4,500 hectares per year by 2025 in Wales and continue to rise to 7,500 hectares per year by 2035.

7.411 After initial emissions due to soil disturbance and loss of existing vegetation, there is a time lag between planting and maximum sequestration. In the short term to 2050, conifers would provide the largest carbon sink, whereas broadleaf trees sequester carbon in the period 2050-2100 and beyond.

7.412 The evidence suggests woodland management can make only minor contributions to sequestration<sup>172</sup>.

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<sup>171</sup> Prosser, H. (2022). Environment and Rural Affairs Monitoring & Modelling Programme (ERAMMP) ERAMMP Report-68: Review of GHG Emission Reduction and Carbon Sequestration in Agriculture to Inform Agricultural and Land Use Policy. Report to Welsh Government (Contract C210/2016/2017)(UK Centre for Ecology & Hydrology Projects 06297 & 06810) [ERAMMP Rpt-68 Decarb Evidence Review\\_en\\_0.pdf](#)

<sup>172</sup> The CCC 2020 report however notes that bringing neglected broadleaf woodland back into sustainable management that is compliant with the UK Forestry Standard delivers a wide range of benefits including increased carbon sequestration, and improved resilience to potential threats that may increase with a warmer climate (e.g. pests and diseases, wind and fire).

7.413 Harvested wood products retain (i.e. effectively sequester) carbon in the woody biomass from which they are made. Wood products have relatively low inputs of energy and other non-renewable resources in their manufacture. Hence, the GHG emissions involved in manufacturing wood products can be relatively low, compared with equivalent products made from concrete and steel.

7.414 Harvested wood biomass can also be used as a fuel to replace fossil fuels. However, there is a large variation of results from Life Cycle Analyses on the overall benefits for GHG emissions

## ***Agricultural soils***

### *Grassland grazing*

7.415 The ERAMMP evidence concludes there is conflicting evidence about the effect of grazing on carbon sequestration, although light-moderate grazing may be advantageous. It is noted that various studies conclude that 'sequestration rates are in the range minus 0.25 to plus 0.35 t C/ha/yr (mean 0.05 t C/ha/yr) with large errors. Much depends on the previous management of the grassland.' Studies of rotational grazing practices have shown no consistent trends in soil carbon levels or sequestration.

### *Effects of fertilisers on sequestration of carbon by soil*

7.416 The ERAMMP evidence concludes applying fertilisers can increase carbon incorporation, but also has the potential to increase decomposition of soil carbon. Fertiliser application also has the disbenefit of increasing N<sub>2</sub>O emissions, so that overall emissions can be increased.

### *Grasslands Summary*

7.417 Other research<sup>173</sup> has concluded it is untenable that grasslands act as a perpetual carbon sink, and the most likely explanation for observed grassland carbon sinks over short periods is legacy effects of land use and

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<sup>173</sup> Smith P. (2014) Do grasslands act as a perpetual sink for carbon? *Global Change Biology* 20, 2708– 2711



land management prior to the beginning of flux measurement periods. Simply having grassland does not result in a carbon sink, but judicious management of previously poorly managed grasslands can increase the sink capacity.

7.418 It is therefore important to maintain these stocks. Management of previously poorly managed grasslands can increase the sink capacity (though this will decrease over time).

### *Arable*

7.419 In terms of the effect of arable land on sequestration of carbon by soil, ERAMMP concludes that sequestering gains are limited apart from when arable is converted to grassland or woodland. Cover crops appear to be the main way to increase soil organic carbon.

## *Agro-forestry*

7.420 ERAMMP concludes the evidence for carbon sequestration benefits from agroforestry appear significant for silvo-arable systems, but less so for silvopastoral systems which already have large carbon stocks in the soil. It is also important to take account of soil loss during the establishment of trees.

## *Hedgerows*

7.421 ERAMMP concludes there are opportunities to sequester carbon by up to 75,000t CO<sub>2</sub>e/yr by increasing the length of hedges in Wales – possibly up to levels in 1984 and before.

7.422 Increasing the width and height of hedges would increase the carbon in biomass but could have disadvantages in achieving effective trimming unless hedges are allowed to grow and are then laid – an expensive and labour intensive task. Soil carbon is also increased around the perimeters of arable fields.

## *Peatlands*

7.423 The ERAMMP evidence emphasises that although the emissions per unit area of modified peatland are relatively low, their great extent makes them significant contributors to overall peatland GHG emissions. As a result, peatlands in the UK have transitioned from modest historical net GHG sinks into large emission sources.

7.424 Focusing on the restoration of the peat categories with the highest emissions factors would be most beneficial in reducing emissions. Taking account of area, restoration of extensive and intensive grassland and forestry on peatlands would provide the most benefit.

7.425 The main mitigation method is to re-wet existing peats by raising the water table, for example by blocking drainage ditches (often referred to as 'grips'), to restore the function of the peat as a net sink of CO<sub>2</sub> and a semi-permanent carbon store.

7.426 The ERAMMP evidence notes that widespread and ongoing peat restoration has contributed to a reduction in total emissions, but to date the majority of restoration has taken place within modified upland bogs, which produce modest emissions sources per unit area, rather than categories with higher emission factors per unit area such as grassland and plantation forestry in lowland areas.

7.427 Addressing continued emissions from these areas could provide a high degree of emission abatement but would face significant logistical and socioeconomic barriers particularly for lowland peat restoration. In the meantime, the continued restoration of modified upland bogs, notably higher-emitting categories such as actively eroding areas may represent more tractable options for emissions reduction

### *Bioenergy crops*

7.428 The ERAMMP evidence concludes bioenergy crops have overall benefits but must take account of soil C loss during the establishment of plants. Overall, bioenergy crops are important for sequestering carbon. The burning of bioenergy crops is also recorded as a zero emission compared with combustion of fossil fuels for energy.

### *Scenarios*

7.429 Mitigation projection for land use in Wales have been estimated<sup>174</sup> using two key scenarios. (1) Central – essentially business as usual taking account of current policies and (2) Stretch.

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<sup>174</sup> Thomson, A., Buys, G., Cliverd, H. Malcolm, H., Henshall, H. and Matthews R. (2020) Projections of Emissions and Removals from the LULUCF Sector to 2050/2100 : National Atmospheric Emissions Inventory Report ERG 1103 reported in ERAMMP report 68

**Table 50: Annual emissions – Kt CO<sub>2</sub> e – Annual Emissions Projections – Stretch scenario compared with Central scenario**

	2020	2030		2040		2050	
		Central	Stretch	Central	Stretch	Central	Stretch
Forestry	-1146	-1328	-1236	-1609	-1618	-1628	-2008
Cropland	946	1461	1462	1763	1759	1940	1935
Grassland	-643	-834	-908	-1083	-1157	-1236	-1312
Wetland (*)	0	0	0	0	0	0	0
Settlement	653	497	437	377	304	289	218
Harvested wood product	-318	-147	-178	-33	-55	-30	-51
<b>Total</b>	<b>-483</b>	<b>-322</b>	<b>-391</b>	<b>-552</b>	<b>-731</b>	<b>-634</b>	<b>-1187</b>

(\*) Wetland emissions are estimated for peat extraction only. This is zero in Wales.

Source: Table 4.5 ERAMMP report 68 – Wales

7.430 Initially, the GHG balance is dominated by net CO<sub>2</sub> emissions from loss of soil carbon stocks (2.0 tCO<sub>2</sub> e/ha/yr), which occur as a result of site preparation and the transition between the loss of vegetation and the full establishment of the trees. Consequently, the carbon sequestration is less in the early stages for the higher planting rates, and the main benefits occur from 2040 onwards, as new trees grow rapidly.

7.431 Combined with reduction of emissions from the peat management scenarios (685 kt CO<sub>2</sub>e), the stretch scenario could reduce emissions by 1872 kt CO<sub>2</sub>e/yr by 2050 compared with the Central scenario.

7.432 Expansion of woodland by 180,000 ha by 2050 would reduce emissions by a further 304 kt CO<sub>2</sub>e/yr in 2050 - a reduction of 2176 kt CO<sub>2</sub>e/yr. In the period up to 2050 carbon sequestration would be maximised from conifer woodlands, whereas broadleaf woodland increases its carbon sequestration in the period 2050-2100 and beyond.

## ***Maintaining and enhancing the resilience of ecosystems***

### *Scale of issue*

7.433 The 2016 SoNARR report<sup>175</sup> by Natural Resources Wales concluded that all ecosystems have problems with one or more attributes of resilience. This means that their capacity to provide ecosystem services and benefits may be at risk. No ecosystem, on the basis of the assessment, can be said to have all the features needed for resilience.

7.434 The 2019 State of Nature Wales report (SoNaRR)<sup>176</sup> noted:

- a) Of the 6,500 species found in Wales that have been assessed using the IUCN<sup>177</sup> Regional Red List criteria, and for which sufficient data were available, 523 (8%) are currently threatened with extinction from Great Britain.
- b) In addition, assessments of extinction risk within Wales have been made for 3,902 species for which sufficient data were available. Of these, 666 (17%) are threatened with extinction from Wales, and another 73 (2%) have gone extinct already.
- c) In terms of the distribution<sup>178</sup> of species in Wales:
  - i) 30% of species have decreased in their distribution since 1970, compared with 23% of species which have increased in their distribution in the same period;
  - ii) and 39% have decreased in their distribution in the last 10 years; compared with 30% of species which have increased in distribution in the last 10 years.

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<sup>175</sup> Natural Resources Wales (2016) State of Natural Resources Report (SoNaRR): Assessment of the Sustainable Management of Natural Resources. Technical Report. [Natural Resources Wales / The State of Natural Resources report 2016](#)

<sup>176</sup> [State-of-Nature-2019-Wales-summary.pdf \(nbn.org.uk\)](#)

<sup>177</sup> International Union for the Conservation of Nature

<sup>178</sup> The geographical range covered by that species

7.435 The Welsh Government's Nature Recovery Action Plan for Wales 2020-21<sup>179</sup> set out the ambition 'to reverse the decline in biodiversity, for its intrinsic value, and to ensure lasting benefits to society'. The Welsh Government's target is for 30% of land to be protected for nature by 2030.

## **Actions to deliver outcome**

### *Uplands*

7.436 Livestock are a key factor in determining condition for these suites of semi-natural habitats. Semi-natural habitats are dependent upon an on-going regime of appropriate annual grazing (or/and mowing in the case of hay meadows) supplemented by appropriate control of shrubby vegetation.

7.437 Evidence<sup>180</sup> cited by ERAMMP suggests that, in the uplands,

- a) "moderate" and "variable" (both spatially and temporally) levels of grazing are the most appropriate for delivery of many ecosystem services (including those related to soil carbon and biodiversity);
- b) the habitat condition of low productivity blanket bog and montane habitats has improved where stocking rates have been reduced to annual averages of around 0.05 LU ha<sup>-1</sup> yr<sup>-1</sup> or less, often with off-wintering;
- c) On blanket bog, there is a need for correct burning practices and to reinstate natural hydrology by blocking grips (lines cut through moorland for drainage purposes).

### *Lowlands*

7.438 In general, key lowland interventions noted are:

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<sup>179</sup> [The Nature Recovery Action Plan for Wales 2020 to 2021 \(gov.wales\)](https://gov.wales/nature-recovery-action-plan)

<sup>180</sup> Martin, D., Fraser, M.D., Pakeman, R.J. and Moffat, A.M. (2013) Natural England Review of Upland Evidence 2012 - Impact of moorland grazing and stocking rates. Natural England Evidence Review, Number 006. This review states "*It is likely that prolonged grazing exclusion could be detrimental in all but the very lowest productivity or most climatically suppressed habitats, as competitive species increase and gaps for colonisation by less competitive species are lost.*"

- a) Grazing within broad annual stocking density thresholds (lower and upper thresholds encompassing the range of situations appropriate for semi-natural habitats)
- b) More detailed grazing interventions applicable to specific semi-natural habitats or mosaics of habitats, including variations in: seasonal stocking thresholds; temporal and spatial grazing patterns grazing livestock species and breeds.
- c) Other management interventions such as clearance of scrub, bracken, rushes and improvement of fencing, gates, water points to facilitate appropriate grazing management;
- d) Management interventions specific to certain habitat types: mowing and harvesting (hay meadows) and fertilisation/liming (hay meadows).

7.439 The ERAMMP report cites evidence<sup>181</sup> that annual payments for grazing management need to be complemented by capital payments for interventions such as scrub removal, fencing and walling.

7.440 In terms of lowland semi-natural grassland habitats, the ERAMMP report cites evidence<sup>182</sup> from the Elan Valley Meadow Project:

- a) progressive soil acidification at all meadow sites is unlikely to sustain the present vegetation communities, and there is a need to reinstate the traditional practice of periodic liming;
- b) light intermittent applications of farmyard manure are important to sustain the desired plant communities together with providing a more acceptable hay crop;
- c) a programme of bracken and scrub was shown to have a significant benefit on the extent and quality of species-rich grassland

7.441 The results demonstrate that some sites are already showing levels of species richness starting to approach that of adjacent SSSI meadows

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<sup>181</sup> Beaufoy G. and Jones G. (2011) HNV farming in England and Wales – findings from three local projects. EFNCP

<sup>182</sup> Hayes M.J., Lowther R.A. (2014) Conservation management of species-rich grasslands in the Elan Valley, Radnorshire. Natural Resources Wales Evidence Report No: 8, 75 pp, Natural Resources Wales, Bangor.

(albeit without the presence of some rarer meadow species) within just 10 years of appropriate management.

## Woodlands

7.442 The ERAMMP report cites evidence<sup>183</sup> of four habitat management alternatives, which might be applicable to the remaining areas of ancient woodland in Wales:

- a) minimal intervention;
- b) traditional management to biodiversity;
- c) non-traditional management to favour one or a few tree species which may or may not have been abundant in the past;
- d) species management, for threatened species.

7.443 The report also notes that there is a strong body of scientific evidence showing the importance of deadwood for many species.

7.444 Factors contributing to the decline of other woodland birds included fragmentation and reduced connectivity of woodlands, predation, habitat changes induced by increased deer populations and continuing drying out of wet woodlands.

## *Improved land*

7.445 ERAMMP report 25 Annex 4B<sup>184</sup> considers improved farmland.

## Improved grassland management

7.446 The ERAMMP *report* notes:

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<sup>183</sup> Gotmark, F. (2013) Habitat management alternatives for conservation forests in the temperate zone: Review, synthesis, and implications. *Forest Ecology and Management* 306, 292-307.

<sup>184</sup> Keenleyside, C.B., Maskell, L.C., Smart, S.M., Siriwardena, G.M. & Alison, J. (2020). Environment and Rural Affairs Monitoring & Modelling Programme (ERAMMP): Report-25: SFS Evidence Review Annex-4B - Building Ecosystem Resilience in Improved Farmland. Report to Welsh Government (Contract C210/2016/2017)(UK Centre for Ecology & Hydrology Project 06297) [Environment and Rural Affairs Monitoring & Modelling Programme \(ERAMMP\) Sustainable Farming Scheme Evidence Review](#)



- a) There is good evidence that adapting mowing or first grazing dates on improved or semi-improved grasslands can benefit wild plants and invertebrates, and also mammals when mowing is very infrequent. Certain bird species benefit from specific mowing patterns but studies have not shown clear effects for birds generally.
- b) There is good evidence that converting improved/semi-improved grassland to species-rich grassland benefits wild plants and invertebrates;
- c) There is good evidence that the creation of permanent grass buffer strips or field margins in arable land, and their subsequent management for biodiversity, leads to increased diversity of plants, pollinators and other invertebrates. These strips can provide valuable habitats for small mammals, brown hares, hedgehogs, common toads, grass snakes, common lizards and birds.

### ***Arable management (infield and field margins)***

7.447 The ERAMMP report notes:

- a) There is good evidence of benefits to invertebrates, including earthworms and other soil biota (as well as visiting pollinators in some cases) from the following interventions in arable crop management: reduced herbicide and pesticide use; reduced tillage techniques; crop rotations (especially those with legumes); and cover crops.
- b) There is good evidence of biodiversity benefits of two interventions in cereal stubble management. Leaving overwinter stubbles (not sprayed) until late winter has clear positive effects on birds and on brown hare populations. Combining unsprayed winter stubble with a spring fallow (so that the land is effectively in fallow for a year) provides additional benefits for plant diversity and vegetation structure and invertebrate diversity, while continuing to provide habitat for birds and brown hares.
- c) There is good evidence that fallow or unsown plots within an arable crop have positive effects on skylark and lapwing, and also on plants.

d) There is evidence of positive benefits for invertebrates of: conservation headlands (cropped but not sprayed); unharvested cereal crop headlands; and planting nectar/wildflower strips.

7.448 In-field wildlife corridors, pollinator strips and beetle banks have the potential to provide habitat for a range of wildlife. Over-wintering sites for invertebrates, refuges for small mammals, nectar and pollen resources for pollinators, and nesting and feeding sites for birds can all be encouraged by establishing field margins. As well as being habitats in their own right, they protect other features, such as hedgerows or watercourses, from farm operations. They can also act as corridors, helping wildlife move through the landscape.

7.449 In-field wildlife corridors will benefit a range of farm wildlife species. Different in-field wildlife corridors options are possible, such as sowing with a tussocky grass mixture, including wildflowers to benefit nectar feeders, or cultivating margins for rare arable plants.

### ***Management of non-agricultural land and features***

7.450 The ERAMMP report notes:

a) Farmland ponds are important habitat for wetland wildlife in the agricultural landscape. Healthy networks of these ponds, at different stages of their 'lives', help wetland species to move around farmland habitats. The creation, restoration and management of farm ponds will benefit most amphibians and birds, and there is some evidence to indicate consequential benefits for terrestrial species richness locally.

b) Hedgerows and other wooded linear habitats on improved land provide habitats and positively affect the richness and abundance of flora, invertebrates and birds, and increase landscape connectivity.

## **Benefits of actions**

a) The Defra 2011 report Economic Valuation of the Benefit of SSSIs<sup>185</sup> estimated the economic value of SSSI in England and Wales in respect of the following range of ecosystem goods and services:

	Regulating services	Cultural services
Provisioning services		
Commercial food	Climate regulation	Sense of place
Wild food	Water regulation	Charismatic species
Non food	Water purification	Non-charismatic species
	Pollination	

7.451 The report concluded that:

a) Based on the areas of different habitats in Wales, it is estimated that the public is willing to pay £128m each year for the benefits currently provided by SSSIs in Wales. The additional benefits from increasing funding to enable all sites to reach favourable condition are estimated at an additional £103 million per year in Wales.

b) Achieving favourable condition for all SSSIs would enhance the conservation benefits of SSSIs and the ecosystem services they deliver. The delivery of regulating services would be expected to increase as sites achieve favourable condition, though this would be a long-term process. Cultural services would increase, both as a result of the benefits people derive from the existence of biodiversity and the enhanced experience that sites offer to people. The total value of the benefits is estimated at £231 million annually.

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<sup>185</sup> GHK Consulting Ltd, in conjunction with Dr Mike Christie of Aberystwyth University, ADAS, IEEP, Rick Minter and the Research Box (2011) Benefits of Sites of Special Scientific Interest, report to Defra. The report contains a full description of the methodology used to estimate economic values.

<http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=1&ProjectID=17005>

## ***Conserving and enhancing landscapes and the historic environment***

### *Scale of issue*

7.452 Around a quarter of Wales is designated as an Area of Outstanding Natural Beauty (AONB)<sup>186</sup> or a National Park<sup>187</sup>. AONBs and National Parks contain some of the most beautiful, spectacular and dramatic areas of countryside in Wales. These are landscapes of national importance with designation conferring the highest status for the conservation of landscape.

7.453 The 2017 review<sup>188</sup> of designated landscapes noted that though designated in the first instance for landscape quality, and for recreation opportunity in the case of National Parks, [the areas] were also important for a wide range of other characteristics, such as nature, water supply, food and carbon. The review commented that further action in designated landscapes to address biodiversity decline was necessary to maintain and enhance ecosystem resilience.

7.454 The historic environment<sup>189</sup> is also an integral part of our landscape and part of what makes Wales the country it is. Cultural heritage, and its place in rural Wales, gives us a historical perspective expressed through the landscape.

7.455 Undesignated historic features are widespread throughout all of our landscapes. The vast majority of these features are found on private land so the long-term care of these cultural assets is entrusted to individual landowners. Cross compliance requirement GAEC 7 goes beyond legislation by setting out additional rules on protecting scheduled monuments and also some landscape features such as hedges, stone

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<sup>186</sup> There are 5 AONBs in Wales: Anglesey; Clwydian Range & Dee Valley; Gower; Llŷn; and Wye Valley

<sup>187</sup> There are three National Parks in Wales: Brecon Beacons; Pembrokeshire Coast; and Snowdonia.

<sup>188</sup> Future Landscapes: Delivering for Wales. The Review of Areas of Outstanding Natural Beauty and National Parks in Wales [Future Landscapes: Delivering for Wales \(gov.wales\)](https://gov.wales/future-landscapes-delivering-for-wales)

<sup>189</sup> Wales has four UNESCO World Heritage Sites, 4,300 Scheduled Monuments (Monuments of national importance may be 'scheduled' and these sites are protected by law from damaging works), and 58 registered historic landscapes.

walls, slate fences and ditches. Despite this, most undesignated archaeological sites remain unprotected and at risk of harm from some farming practices or degradation through a lack of maintenance.

7.456 The Glastir Monitoring and Evaluation Programme<sup>190</sup> reported in 2017 on the condition of Historic Environment Features on farmland as follows:

- a) 8% were damaged;
- b) 24% showed major signs of deterioration;
- c) 11% showed signs of potential deterioration;
- d) 13% were sound with longstanding defects;
- e) 35% were sound with minor defects; and
- f) 9% were in excellent condition.

7.457 The greatest threats identified on site were:

- a) vegetation encroachment (50%);
- b) stock damage (25%) such as poaching, burrowing, path wear; and
- c) agricultural operations (13%), such as rutting, ploughing, drainage, stone clearance, and pasture improvement.

## ***Actions to deliver outcome***

### ***Landscapes***

7.458 The 2015 review<sup>191</sup> of designated landscapes in Wales recommended that, their ‘*special qualities are maintained, enhanced and widely appreciated.*’ It should be noted that actions undertaken under other SLM “purposes of support” listed in the Agriculture Act will also collectively contribute to the special qualities of landscapes in Wales.

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<sup>190</sup> [GMEP-Final-Report-2017.pdf \(erammp.wales\)](#)

<sup>191</sup> Professor Terry Marsden John Lloyd-Jones Dr Ruth Williams (2015) National Landscapes: Realising their Potential The Review of Designated Landscapes in Wales [The Review of Designated Landscapes in Wales - Final Report \(gov.wales\)](#)

## Historic environment

7.459 CADW<sup>192</sup> recommend the following options to consider, against specific issues:

**Table 51: Historic landscape issues and options to address them**

Issue	Effect	Options to consider
Livestock poaching or erosion	All livestock can damage archaeological sites through poaching or by creating erosion scars. This can disfigure a monument and damage the information it contains. Sometimes this happens just through over-stocking, but more commonly it is associated with livestock movement or gathering points, such as gateways and feeders	<ul style="list-style-type: none"> <li>• Locate water troughs and feeders in less sensitive areas</li> <li>• Regularly move feeders to minimize impact</li> <li>• Exclude livestock during wet conditions when the monument is more vulnerable</li> <li>• Adjust stocking levels, particularly for larger livestock, such as cattle and horses, which can cause greater disturbance to earthworks, or change to a lighter stock type to minimize the potential for damage</li> <li>• Maintain stock-proof boundaries in good condition</li> <li>• Install new fencing and/or relocate gateways to assist stock management</li> <li>• Repair erosion scars with appropriate guidance</li> </ul>
Use of farm vehicles	Vehicles can cause disturbance when	<ul style="list-style-type: none"> <li>• Use an alternative route away from the archaeological site</li> </ul>

<sup>192</sup> CADW (2006) Caring for Historic Monuments on the Farm [CF Mons on Farm COVER 07.06.06 \(gov.wales\)](https://gov.wales/gov/wales/07.06.06)

	<p>wheel ruts cut into the ground, especially on a slope. Vehicles may also accidentally strike upstanding features, displacing or destabilizing stones and upstanding masonry.</p>	<ul style="list-style-type: none"> <li>• At critical times of the year, use lighter vehicles or vehicles fitted with low ground pressure tyres</li> <li>• Create a single permanent route. This may require major ground disturbance, so seek archaeological advice before carrying out work</li> <li>• Keep vehicles away from upstanding remains</li> </ul>
Grassland improvement	<p>The application of lime, fertilizers and herbicides is unlikely to damage ancient remains. If reseeding is necessary then methods such as direct drilling and seed slotting, which cause minimal disturbance, should be used if possible.</p>	<ul style="list-style-type: none"> <li>• Control weeds by topping or targeted use of selective herbicides</li> <li>• If reseeding is required, use minimal cultivation techniques</li> <li>• Seek advice (through an Environmental Impact Assessment screening application) before cultivation or removal of field stones and boulders from any permanent pasture</li> </ul>
Pasture renewal	<p>Many historic features in Wales lie in pasture that has been periodically cultivated to improve its composition in advance of reseeding. Although this may take place</p>	<ul style="list-style-type: none"> <li>• Ensure cultivation is no deeper than in past years</li> <li>• Use surface treatment to improve soil fertility</li> <li>• Consider shallow rotavation rather than ploughing</li> </ul>

	quite infrequently, each ploughing potentially removes a fraction more of any underlying archaeology	
Scrub or bracken encroachment	Insufficient grazing may allow scrub, bracken and weeds to colonize a monument. Roots, particularly the rhizomes of bracken, can penetrate archaeological deposits causing disturbance.	<ul style="list-style-type: none"> <li>• Control scrub by cutting at ground level and treating with a herbicide to prevent re-growth</li> <li>• Avoid grubbing out vegetation and uprooting scrub as this can disturb any underlying archaeology</li> <li>• Increase grazing where practical to help control scrub or bracken recovery</li> </ul>
New fencing, ponds, and tree-planting	Putting up fencing, digging ponds, and planting trees are all likely to disturb any underlying archaeology	<ul style="list-style-type: none"> <li>• Place fences away from archaeological sites wherever possible</li> <li>• Site ponds away from archaeological sites</li> <li>• Do not plant trees on archaeological sites without expert advice</li> </ul>
Caring for monuments on arable land	Arable cultivation damages archaeological remains by levelling earthworks, by churning up below-ground remains, and	<ul style="list-style-type: none"> <li>• Take archaeological sites out of cultivation</li> <li>• Direct drill instead of ploughing</li> <li>• Use minimum cultivation techniques — rotavation instead of ploughing</li> </ul>



	by eroding protective layers of soil	<ul style="list-style-type: none"> <li>• On level land, reduce the current plough depth to avoid new damage (this is unlikely to work on slopes)</li> <li>• Avoid introducing larger equipment that increases the plough depth</li> <li>• Avoid sub-soiling, pan-busting, stone-clearing or new drainage operations</li> <li>• Ensure cultivation and harvesting operations do not encourage compaction or soil erosion</li> </ul>
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### **Benefits of actions**

7.460 Our protected landscapes are important for our visitor economy and form part of our core offer: Accessible, protected natural landscapes – offering meaningful, high quality and contemporary wellbeing experiences. The landscape character, formed partly by agricultural practices, is one of the special qualities for which many of our protected landscapes have been designated. Millions of visitors enjoy these special qualities every year. The 2015 review<sup>193</sup> described designated landscapes as ‘*the new, dynamic and productive “factories of well-being”.*’

7.461 The 2017 review<sup>194</sup> noted that the special qualities of the designated landscapes go wider than their visual and amenity value and embrace their vital role as a provider of wider public and private benefit both within

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<sup>193</sup> Professor Terry Marsden John Lloyd-Jones Dr Ruth Williams (2015) National Landscapes: Realising their Potential The Review of Designated Landscapes in Wales [The Review of Designated Landscapes in Wales - Final Report \(gov.wales\)](#)

<sup>194</sup> Future Landscapes: Delivering for Wales. The Review of Areas of Outstanding Natural Beauty and National Parks in Wales [Future Landscapes: Delivering for Wales \(gov.wales\)](#)

and beyond their areas and that the intrinsic link between people and place forms an important cornerstone of well-being in Wales.

7.462 CADW state<sup>195</sup> that Historic features do not belong to archaeologists and historians alone. They represent a resource for everyone and make a huge contribution to our economy today. They are a critical part of a landscape that attracts millions of visitors and underpins a thriving tourist industry. They add interest to a range of countryside leisure activities and indirectly support a wide range of diversified farm businesses, from bed-and-breakfast accommodation to farmers' markets

## ***Improving air quality***

### *Scale of issue*

7.463 Exposure to air pollutants increases poor health and early mortality. PHW estimate the equivalent of around 1,604 deaths are annually attributed to PM<sub>2.5</sub> exposure and 1,108 deaths to NO<sub>2</sub> exposure. Air pollution can disproportionately affect vulnerable population groups e.g. children, older people, those with underlying disease. The societal cost in Wales of air pollution from health service costs and lost work-days is estimated to be £1 billion each year<sup>196</sup>.

7.464 Ammonia (NH<sub>3</sub>) in low concentrations does not impact human health, but it combines with other gases to make Particulate Matter (including PM<sub>2.5</sub>). Agriculture contributes approximately 85% of Welsh ammonia emissions<sup>197</sup>.

7.465 Poor air quality also has negative impacts on biodiversity. Ammonia, and the resulting nitrogen depositions, can acidify soils and water, poison lichens and lead to some plants outcompeting others<sup>198</sup>.

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<sup>195</sup> CADW (2006) Caring for Historic Monuments on the Farm [CF Mons on Farm COVER 07.06.06 \(gov.wales\)](#)

<sup>196</sup> [https://phw.nhs.wales/services-and-teams/knowledge-directorate/research-and-evaluation/publications/making-a-difference-reducing-health-risks-associated-with-road-traffic-pollution-in-wales/#:~:text=In Wales%2C the societal cost,£1 billion each year.&text=from engine emissions%2C tyres and,chemical reactions in the air.](https://phw.nhs.wales/services-and-teams/knowledge-directorate/research-and-evaluation/publications/making-a-difference-reducing-health-risks-associated-with-road-traffic-pollution-in-wales/#:~:text=In%20Wales%2C%20the%20societal%20cost,%20£1%20billion%20each%20year.&text=from%20engine%20emissions%20tyres%20and%20chemical%20reactions%20in%20the%20air.)

<sup>197</sup> [40794 The Clean Air Plan for Wales \(gov.wales\)](#)

<sup>198</sup> [Ammonia-report.pdf \(royalsociety.org\)](#)

7.466 The below evidence quantified the cost of ammonia to biodiversity in the UK. Whilst there is not a clear consensus on the best approach to estimating the costs of biodiversity lost, the studies cited suggested costs in the range of £0.2-£4.0 per kg of ammonia<sup>199</sup>.

**Table 52. Estimated values of biodiversity loss due to ammonia emissions**

Method Used	Estimate (£ per kg of NH <sub>3</sub> , 2018 prices <sup>200</sup> )	Caveats	Sources
Willingness to pay	£0.42 <sup>201</sup>	Includes breakdown by habitat type and notes differential dose response depending on existing nitrogen deposition. UK-specific.	Jones et al. (2018)
Ecosystem restoration	£0.24 for UK <sup>202</sup>	Assumes society willing to bear the costs of restoration and provide a lower bound estimate of those costs.	Ott et al.(2006)
Ecosystem damage through terrestrial deposition – review and analysis of prior estimates <sup>203</sup>	£3.40–£16.80 <sup>204</sup>	For all of Europe, not UK-specific. Based on estimates for nitrogen rather than ammonia specifically.	Brink et al. (2011)
Environmental costs of freshwater eutrophication, mixed approach	£0.60 <sup>205</sup>	No distinction made between effect of nitrogen and phosphorous, and costs are quite heterogeneous. Values extrapolated by Brink et al. (2011) for N only. Freshwater costs only.	Pretty et al., (2003), analysed by Brink et al. (2011)

<sup>199</sup> [Ammonia-report.pdf \(royalsociety.org\)](#)

<sup>200</sup> Converted to 2018 prices using Consumer Price Index (CPI), Office of National Statistics (2018).

<sup>201</sup> £414 per tonne (2017 prices).

<sup>202</sup> €0.12 per kg in the UK (2004 prices).

<sup>203</sup> Lower bound based on Ott et al. (2006) representing the cost for restoring biodiversity loss; upper bound arbitrarily set at five times lower bound as a possible value when using an ecosystem service approach

<sup>204</sup> €2–10 per kg N, in 2004 prices.

<sup>205</sup> €0.30 per kg N, 2002 prices

Stated regulatory preference	£3.70 for UK <sup>206</sup>	Based on comparing current legislation to the costs associated with alternative legislative approaches and the reductions in emissions they would produce.	Eclairé (2015)
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Source: RAND Europe Analysis in Royal Society Evidence Synthesis report on Ammonia<sup>207</sup>

7.467 Actions funded under this purpose have the potential to offer cost savings through reduction in poor health and early mortality and deliver biodiversity benefits. These biodiversity benefits can in turn contribute to positive health outcomes by ensuring ecosystems can continue to intercept harmful particulates.

## **Targets**

7.468 For the UK to meet the National Emissions Ceilings Directive (NECD) target for 2030, ammonia emissions need to be 16% lower compared to 2005 levels. Compared with the other NECD pollutants, ammonia emissions have fluctuated, falling between 1990 and 2007 but rising since then. Since 2005, ammonia emissions from agriculture have not seen significant reductions at a UK level; indeed, ammonia emissions from fertiliser and digestate were higher in 2019 than in 2005<sup>208</sup>.

## **Actions to deliver outcome**

### *Low spreading techniques*

7.469 Farmers are already required to use spreading equipment with a low trajectory under the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021, however, precision methods can lead to even fewer emissions and greater benefits. Incorporation of manure below the surface of the soil can reduce ammonia emissions by up to 98%<sup>209</sup>.

<sup>206</sup> Assumed 2014 prices (not stated).

<sup>207</sup> [Ammonia-report.pdf \(royalsociety.org\)](#)

<sup>208</sup> National Atmospheric Emissions Inventory, 'Ammonia emissions from agriculture'.

<sup>209</sup> [ERAMMP Rpt-68 Decarb Evidence Review\\_en\\_0.pdf](#)

However, timing of application is important, undertaken when the crop is best able to take up nutrients. Slurry applications in autumn and winter result in excess soil nitrogen, when there is more moisture in the soil, whereas emissions are far lower if slurry is applied in spring<sup>210</sup>. Deep injection, which can lead to a 90% reduction in ammonia emissions, should only be performed when the soil is dry to prevent water pollution<sup>211</sup>.

### *Slurry store covers*

7.470 Placing a cover over a slurry store, which can take the form of a fixed cover, a floating sheet, or slurry bags, prevents rainwater dilution, resulting in a saving in store size. Each cover type has associated advantages and disadvantages. For new steel and concrete tanks, evidence from ERAMMP modelling<sup>212</sup> showed that both lightweight rigid covers and flexible, tent-type covers reduce ammonia emissions at storage by about 80%. Floating sheets are a good option for earth-banked lagoons, emitting 50% less ammonia than an uncovered store. Slurry bags can lower ammonia emissions from storage by around 95% but have a limited capacity and may not be suitable for all locations.

### *Livestock housing*

7.471 Ammonia emissions can be minimised by transferring slurry to store as quickly as possible and reducing exposure to air. Solutions to reduce emissions include frequent scraping, keeping poultry muck dry, air treatment, and low emission flooring. ERAMMP<sup>213</sup> model outputs showed the following:

- a) **Frequent scraping (dairy cows)** – Resulted in 15% less ammonia lost at housing.

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<sup>210</sup> [CLIMATE CHANGE AND AGRICULTURE – MITIGATION AND ADAPTATION OPTIONS \(gov.wales\)](#)

<sup>211</sup> [Low emission slurry spreading systems help to reduce ammonia emissions \(qub.ac.uk\)](#)

<sup>212</sup> [ERAMMP SFS Evidence Review 8 Air Quality v1.1.pdf](#)

<sup>213</sup> Ibid.

- b) **Low-emission flooring (dairy cows)** - Grooved floor systems with tooth scraper can lower ammonia emissions in housing by 35%.
- c) **Poultry muck drying** – Increasing dry matter from 30% to 60% lowers ammonia by 30%.
- d) **Air treatment** – Systems which are fitted to the outlets of mechanically ventilated housing and are effective where the animals are kept indoors for the majority of the time, with some reducing ammonia emissions in the exhaust air by up to 90%

## ***Additional Benefits to Farmers***

### *Targeted slurry application*

7.472 Lower levels of fertiliser need to be applied to meet crop needs as losses to air and water are reduced. The value of nitrogen gained by applying slurry with a low emission spreader than compared to a splash plate, depending on time of year, can be as high as<sup>214</sup>:

- a) £12/ha more with trailing shoe;
- b) £19/ha more with shallow injection.

7.473 This targeted application can also lead to increased yields. Trailing shoe use is estimated to increase yields of second cuts of silage by 21% in comparison to splash plate use<sup>215</sup>.

### *Slurry store cover*

7.474 Savings arise from a reduction in the volume of slurry needing to be stored and the slurry having higher fertiliser value through being less diluted by rainfall. In a Catchment Sensitive Farming case study, the farm

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<sup>214</sup> [2020 - Spreading the benefits – Low Emission Slurry Spreading \(LESS\) - Teagasc | Agriculture and Food Development Authority](#)

<sup>215</sup> AFBI [Low emission slurry spreading systems help to reduce ammonia emissions \(qub.ac.uk\)](#)

saved £1,658 a year by diverting water away from the slurry store<sup>216</sup> in addition to reducing ammonia emissions and improving compliance with regulatory requirements.

### *Low-emission livestock housing*

7.475 Frequent scraping and low-emission flooring both contribute to potential savings through improved living conditions and animal foot health, as they provide a cleaner, drier environment for livestock.

### ***Improving water quality***

#### *Scale of issue*

7.476 It is estimated that nutrient losses to water from agriculture in Wales total around 37,000 tonnes of nitrate-N and 700 tonnes of phosphorus to water each year<sup>217</sup>. As well as being detrimental to water quality, nutrient loss also impacts on farm business performance.

7.477 National Resources Wales (NRW) have identified phosphorus pollution as a “significant problem” in rivers in Special Areas of Conservation (SACs) in Wales and have introduced substantially tighter revised targets for the reduction of phosphorus pollution<sup>218</sup>. NRW note the risks of algal blooms, loss of nutrient-sensitive species and deoxygenation of river substrates. NRW also state that water draining from farms and farmland is one of the top five causes of bathing water pollution, with manure and slurry washing into rivers and resulting in faecal material entering the sea.

7.478 The loss of soil resource through erosion also impacts on water quality, and can contribute to the eutrophication of waters, poor water quality leading to poor ecosystem function, and sedimentation of water

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<sup>216</sup> [Reducing ammonia emissions from slurry storage on a dairy farm - CSF171 \(naturalengland.org.uk\)](http://naturalengland.org.uk)

<sup>217</sup> [Environment and Rural Affairs Monitoring & Modelling Programme \(ERAMMP\) Sustainable Farming Scheme Evidence Review Technical Annex](#)

<sup>218</sup> [compliance-assessment-of-welsh-sacs-against-phosphorus-targets-final-v10.pdf \(cyfoethnaturiol.cymru\)](#)

courses<sup>219</sup>. In addition, the Food and Agriculture Organization of the United Nations (FAO) report 'Status of the World's Soil Resources'<sup>220</sup> notes that soil degradation and erosion could lead to problems producing enough food to satisfy demand. Therefore, actions to reduce soil erosion are necessary for food security as well as water quality.

7.479 Costs arise from poor water quality in a number of ways, the most notable of these is the cost to clean and treat polluted water. The National Audit Office has estimated the cost of water pollution to be between £700 million and £1.3 billion per year in England and Wales<sup>221</sup>. The Environment Agency estimates that around two thirds of the diffuse pollution in the watercourses of England and Wales comes from agriculture, including 60% of nitrates, 25% of phosphates and 75% of sediments<sup>222</sup>. In addition, the poorer the water quality, the more it costs to treat prior to human consumption, and consumers will bear these costs through their water bills.

7.480 In Wales, coastal and inland water bodies provide an environment for sport and recreation, both for residents and tourists. Partaking in sport or outdoor activities (including those relating to water) was mentioned as a reason for visiting Wales by 44% of staying visitors, 30% of day visitors and 45% of overseas visitors in 2019<sup>223</sup>, with "Sport, amusement and recreation activities" generating £467m Gross Value Added in Wales in the same year<sup>224</sup>. Data from the 2014/15 Welsh Outdoor Recreation Survey showed that £5.6bn was spent during visits to the outdoors for recreation by people living in Wales, with 63% spending money while visiting the beach, 74% while visiting the sea, and 64% while visiting other coastline.

7.481 Research on water quality in Wales found that "...improving water quality of a beach from good to excellent has an estimated value of £2.58 per existing visit and leads to an average 52% increase in the number of visits, resulting in an overall value of £199,164/month per person" and that

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<sup>219</sup> [Environment and Rural Affairs Monitoring & Modelling Programme \(erammp.wales\)](http://erammp.wales)

<sup>220</sup> [Status of the World's Soil Resources: Main Report \(fao.org\)](http://fao.org)

<sup>221</sup> [National Audit Office Report \(HC 188 2010-2011\): Environment Agency: Tackling diffuse water pollution in England \(nao.org.uk\)](http://nao.org.uk)

<sup>222</sup> [Layout 1 \(ofwat.gov.uk\)](http://ofwat.gov.uk)

<sup>223</sup> [Wales Visitor Survey: 2019 | GOV.WALES](http://gov.wales)

<sup>224</sup> [Wales Visitor Economy Profile: 2021 | GOV.WALES](http://gov.wales)



“Improving water quality of a river stretch to above bad/poor has a value of £0.99 per existing visit and leads to a 64% increase in the number of visits, resulting in an overall value of £15,671/month per person”<sup>225</sup>. This demonstrates the scale of the potential cost of missed economic gain due to poor water quality, as well as the potential loss that could be incurred if water quality were to deteriorate.

## ***Targets***

7.482 Following the UK’s exit from the European Union, the Water Framework Directive has been retained in UK law and NRW have plans in place to meet the Directive. NRW also have Habitats Directive targets, for example in relation to phosphorus as noted above.

7.483 The Bathing Water Regulations 2013 requires the Welsh Government to annually identify all popular bathing areas in Wales and monitor the quality of these bathing areas. In 2021, there were 105 bathing water areas in Wales, with 85 classed as “excellent”, 14 as “good”, and six as “sufficient”.

## ***Actions to deliver outcome***

7.484 Actions that can be undertaken within agriculture to improve water quality include those which intercept pollutants before they enter watercourses, and those which reduce the emissions of pollutants in the first place.

7.485 **Riparian areas** - natural or re-established grassland areas or streamside corridors made up of tree, shrub, and grass plantings, which act as a buffer against nutrient loss to water. They also provide shade which can suppress algal growth and lower water temperatures. Riparian zones must, however, be properly managed due to the risk of woody material blocking or damaging downstream culverts and bridges which would increase rather than reduce flood risk.

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<sup>225</sup> [Revealed preference valuation of beach and river water quality in Wales: Journal of Environmental Economics and Policy: Vol 11, No 1 \(tandfonline.com\)](https://doi.org/10.1007/s11142-012-9252-2)

a) **Nutrient Management Planning (NMP)** – both the amount of any nutrient applied to soil and the timing of the application are important to meet nutrient demand and prevent unnecessary pollution through losses. Understanding soil composition, through testing, and nutrient demands of crops help to determine crop selection and allow for nutrient application which meets of the crop, resulting in application only go that which is necessary. The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 require farmers to undertake NMP in relation to nitrogen, but farmers can further reduce their emissions by undertaking testing as part of their plan, and undertaking planning in relation to other nutrients such as phosphorus.

b) **Multispecies cover crops** – Planted when the land would otherwise be bare, to prevent excess water in the soil and to reduce run-off, especially as a result of heavy rain fall. Using multiple species helps to balance nutrients, improving fertility. Research suggests that the cost of implementation can be offset by increased future yields.

## ***Benefits of actions***

### *Riparian areas*

7.486 ERAMMP<sup>226</sup> evidence suggests that natural flood management techniques such as riparian zones are unlikely to provide much relief in large and extreme flooding events, however, their value as an interceptor for pollutants can be realised relatively quickly. The resulting improvements to water quality will lead to reduced water treatment costs and economic benefit through sport, recreation, and tourism both inland and downstream at the coast.

7.487 The Woodland Trust also note that increased water temperatures can upset river ecosystems, impacting on water quality. The shade provided by

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<sup>226</sup> [ERAMMP SFS Evidence Review 9 Flood v1.1.pdf](#)

trees, shrubs, and other vegetation makes a substantial difference to water temperature, delivering ecological benefits<sup>227</sup>.

## **Nutrient Management Planning (NMP)**

7.488 NMP can have benefits to the public and to farm businesses. Reducing the likelihood of nutrients entering water courses will have benefits in relation to water treatment costs (ultimately borne by consumers through their water bills). An understanding of nutrient requirements, and appropriate application of nutrients will improve farm profitability by reduced fertiliser use<sup>228</sup>. Newell Price et al., (2011) found that the use of fertiliser recommendation systems could potentially reduce phosphorus losses by around 5%, depending on current nutrient use<sup>229</sup>.

### *Multispecies cover crops*

7.489 Evidence has shown that, while there is an apparent financial incentive for farmers to grow the most profitable crop at all times, there are long-term yield increases which offset the short-term costs of introducing crop rotations. This stems from replenishing nutrients and breaking disease and pest cycles<sup>230</sup>. A 2016 study by AHDB over five years found a mean yield response of 0.36 t/ha from autumn cover crop use ahead of spring barley, leading to a benefit of £43/ha in spring barley with typical nitrogen-N application<sup>231</sup>. Increases were greater where no N was applied, although yield and price benefit were lower overall. Other studies have also found increased yield with different crops<sup>232</sup>. Further savings arise from decreased fertiliser use<sup>233</sup>.

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<sup>227</sup> [keeping-rivers-cool.pdf \(woodlandtrust.org.uk\)](#)

<sup>228</sup> [Environment and Rural Affairs Monitoring & Modelling Programme \(ERAMMP\) Sustainable Farming Scheme Evidence Review Technical Annex](#)

<sup>229</sup> [Method No \(alterra.nl\)](#)

<sup>230</sup> [Microsoft Word - 120712 Crop rotation briefing\\_final \(foeeurope.org\)](#)

<sup>231</sup> [rr90.pdf \(windows.net\)](#)

<sup>232</sup> [NFS-313-AAB-NFS-2014.pdf \(tmaf.co.uk\)](#),

[SustainablesoilmanagementandcovercroppracticesESA2016.pdf](#),

<sup>233</sup> [Microsoft Word - 120712 Crop rotation briefing\\_final \(foeeurope.org\)](#)

**Table 53: Mean responses (five years) for yield and margin over N for autumn cover crop use ahead of spring barley**

	No cover crop	Following cover crop	Difference
Yield (t/ha)			
No N application	3.64	4.6	0.96 (+26%)
N applied at 150kg/ha	5.56	5.92	0.36 (+8%)
Price margin (£/ha) over N			
No N application	437	552	115
N applied at 150kg/ha	567	610	43

Assumes N at £0.67/kg and barley at £1.20/t

*Source: White, Holmes, Morris, and Stobart: Research Review No. 90 “A review of the benefits, optimal crop management practices and knowledge gaps associated with different cover crop species”*

7.490 In addition, better soil structure leads to improved drainage, drought risk reduction, reduced dependency on imported soy protein feed (where leguminous production is included) and weed control. These benefits are felt by farmers and society, with reduced imports contributing to tackling climate change, and reduced need for weed control interventions saving farmers’ time and money.

## ***Maintaining and enhancing public access to and engagement with the countryside and the historic environment***

### ***Scale of issue***

7.491 Wales has over 20,000 miles (33,000 km) of public rights of way<sup>234</sup>.

Public rights of way include footpaths, bridleways, restricted byways and byways open to all traffic. The Glastir Monitoring and Evaluation

<sup>234</sup> [Get access to the countryside | GOV.WALES](#)

Programme<sup>235</sup> reported that 66% of public rights of ways are easy to use<sup>236</sup>, and noted that *this appears to have increased steadily over the last 10 years from a baseline of around 40%*<sup>237</sup>.

7.492 The Countryside Code<sup>238</sup> has been produced and publicised, in one form or another, since 1951 to meet NRW and Natural England's duty to inform about and publicise responsible behaviours. Although there is a requirement to inform the public about their responsibilities in relation to public access, the Countryside Code itself is purely an advisory document.

7.493 There are also 60,000 hectares of open access land<sup>239</sup>. Under the Countryside and Rights of Way Act 2000, a fifth of the country is now mapped as accessible to walkers. In general, the Act requires anyone accessing this land to behave responsibly and not interfere with land management<sup>240</sup>.

7.494 Where there is no right of access that enables the public to reach an area of CRoW access land, they have no right to cross other land. For them to have access, provision would need to be made via a path creation order or along a permissive route<sup>241</sup>.

7.495 The WG Access Reform Advisory Group recommended in its 2021 report<sup>242</sup> "agri-environment funding be made available for access enhancements and supporting infrastructure, noting that *a post-Brexit reformed agricultural funding scheme could support enhancement of practical access to, and within, access land.*

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<sup>235</sup> [GMEP-Final-Report-2017.pdf \(erammp.wales\)](#)

<sup>236</sup> Figure refers to the period 2013-16

<sup>237</sup> 41% in 2005-06

<sup>238</sup> [Natural Resources Wales / The Countryside Code: advice for countryside visitors](#)

<sup>239</sup> Open access land, under the CRoW Act, consists of open country (mountain, moor, heath and downland) and 'registered common land', which consists of land that is recorded on the official registers held by the commons registration authorities. It also includes areas of 'dedicated land' where owners, such as Natural Resources Wales, allow free access. It does not include agriculturally-improved or semi-improved grassland; [Natural Resources Wales / Open Access Land](#)

<sup>240</sup> [Managing Public Access to Areas of Land \(cyfoethnaturiol.cymru\)](#)

<sup>241</sup> [Managing Public Access to Areas of Land \(cyfoethnaturiol.cymru\)](#)

<sup>242</sup> [Access Reform Programme Access Reform Advisory Group Final Advice Report \(gov.wales\)](#)

## ***Costs to industry/society of the issue***

7.496 Evidence from 2014 indicates that only 28% of all Welsh adults meet the recommended level of physical activity by participating in outdoor recreational activities.<sup>243</sup>

7.497 Public Health Wales<sup>244</sup> estimate that:

- a) Being physically active benefits individual and population health and reduces the risks of obesity and chronic conditions; inactivity cost the NHS in Wales £35 million in 2015<sup>245</sup>.
- b) Supporting walking and cycling has been identified as a 'best buy' to increase physical activity levels<sup>246</sup>.

7.498 More recent work by Public Health Wales<sup>247</sup> has noted that one study<sup>248</sup> estimated the annual cost of obesity alone to the NHS in Wales was over £73 million in 2008-09, which increased to nearly £86 million if both obesity and overweight were included. These were highlighted by the authors as conservative estimates which will have increased over the following decade. A more recent study<sup>249</sup> looking at projected costs to the NHS in Wales states that if levels of overweight and obesity continue to rise, it will cost an estimated £465 million per year by 2050, with a cost to society and the economy as a whole of £2.4 billion.

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<sup>243</sup> NRW. 2015. Wales Outdoor Recreation Survey 2014: Final Report. Published July 2015. Report number: 260-119555. Natural Resources Wales cited in SONARR.

<sup>244</sup> Public Health Wales 2018 Creating healthier places and spaces for our present and future generations

<sup>245</sup> Public Health Wales NHS Trust. Physical inactivity costs NHS Wales £35m a year – new research. [Press release] (10 Oct 2017) [Cited 2018 Mar 2018]. ]Available at: <http://www.screeningforlife.wales.nhs.uk/news/46348>

<sup>246</sup> Public Health Wales. Making a difference: Investing in sustainable health and well-being for the people of Wales. Supporting evidence 2016. Public Health Wales. [Online] 2016. Available at: <http://www.wales.nhs.uk/sitesplus/888/page/87106>

<sup>247</sup> Public Health Wales (2021) Planning and Enabling Healthy Environments Incorporating a template for planning policy

<sup>248</sup> C. J. Phillips, C. Harper, J. Rance and A. Farr, "Assessing the costs to the NHS associated with alcohol and obesity in Wales," Welsh Assembly Government, 2010 cited in Public Health Wales (2021).

<sup>249</sup> Public Health Wales, "Making a Difference: Investing in Sustainable Health and Well-being for the People of Wales (Executive Summary)," 2016.

## ***Actions to deliver outcome***

7.499 Actions which could be taken in this are to help people engage with and access the natural environment include:

- a) upgrading footpaths to multi-use paths
- b) enhancing existing paths to make them more accessible
- c) establishing joined-up and new access routes and trails
- d) establishing new access

7.500 There is comprehensive advice from Natural Resources Wales<sup>250</sup> for land managers on the actions they should consider to help visitors to their land follow the Countryside Code.

## **Benefits of delivery actions**

7.501 In terms of the direct contribution of the accessibility of the Welsh countryside, Agriculture in Wales<sup>251</sup> noted:

- a) The quality of the Welsh countryside and landscape of Wales has been identified as a key motivation for visitors – over half of UK day visitors (54%) and around two thirds (67%) of staying visitors to Wales listed the landscape as a reason for visiting in 2016.
- b) The Wales Visitor Survey 2016<sup>252</sup> reveals that UK day visitors, UK staying visitors, and overseas visitors were highly satisfied with their trip to Wales. The quality of the natural environment receives the highest average score of all specific dimensions evaluated (9.0/10) for all three groups.
- c) Of staying visitors to Wales that came to take part in outdoor activities, 75% listed walking as their key activity
- d) Walking and hill walking generated an estimated £562million of additional demand in the Welsh economy and £275million of Gross Value

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<sup>250</sup> [Natural Resources Wales / The Countryside Code: advice for land managers](#)

<sup>251</sup> Welsh Government (2019) Agriculture in Wales [Agriculture in Wales | GOV.WALES](#)

<sup>252</sup> [Wales Visitor Survey 2016: UK Staying Visitors \(gov.wales\)](#)

Added (GVA) in 2009. This was estimated to be approximately 16% of the total tourism GVA for that year.

7.502 NRW's SONARR report<sup>253</sup> states that natural resources make a significant contribution to the physical health and mental well-being of people in Wales, both through health improvement and health protection. A growing body of evidence<sup>254</sup> demonstrates a positive link between spending time in a natural environment and mental health. Impacts appear to differ according to socioeconomic status, age and gender, but 'where natural environments are used as settings for mental health promotion or therapy, the outcomes, albeit weak, tend to be positive and cost effective.'

7.503 Access to the environment to support children's learning and play has been shown to improve their cognitive development. Experiences gained through childhood can continue into later life; a child's attitude towards exercise lays the foundation for their habits as an adult<sup>255</sup>

7.504 More broadly, the ONS<sup>256</sup> estimate the annual value of health benefits from natural capital in Wales as £269m in 2020, and from farmland as £18m pa.

**Table 54: Value of health benefits from natural capital, 2020 (ONS)**

	£ million (2020 prices)	%
Built up areas and gardens	109	40.5%
Coastal	54	20.0%
Woodland	45	16.7%
Farmland	18	6.7%
Mountain	10	3.7%

<sup>253</sup> Natural Resources Wales The State of Natural Resources Report (SoNaRR): Assessment of the Sustainable Management of Natural Resources. Technical Report. Chapter 5. Well-being in Wales

<sup>254</sup> Natural England. 2015. Connection to Nature: Evidence Briefing. Access to Evidence Information Note EIN015 cited in NRW SONARR report.

<sup>255</sup> Bird W. 2004. Natural Fit: Can Green Space and Biodiversity Increase Levels of Physical Activity? RSPB. In Natural Childhood Report (National Trust) cited in SONARR.

<sup>256</sup> ONS (2022) Health benefits from recreation, natural capital, UK: 2022 [Health benefits from recreation, natural capital, UK: 2022 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/health-and-social-care/health-and-social-care-in-the-uk/health-benefits-from-recreation-natural-capital-uk-2022)



Freshwater	24	8.9%
Other	8	2.9%
TOTAL	269	100%

## ***Mitigate Flood and Drought risks***

### *Scale of issue*

7.505 Climate change is projected to increase the frequency and severity of flood events and droughts in the UK. The UK Food Security Report 2021<sup>257</sup> states that the biggest medium- to long-term risk to the UK's domestic food production comes from '*...climate change and other environmental pressures like soil degradation, water quality and biodiversity.*' Unreliable weather patterns create a range of long- and short-term risks for of future food production and could lead to decreased yields<sup>258</sup> or failed crops.

7.506 Natural Resources Wales estimate that around one in eight properties in Wales are at risk of flooding<sup>259</sup>. Floods can have devastating consequences, ranging from damage to/loss of homes and businesses, disruption of vital services, damage to infrastructure, environmental harm, livestock losses, crop failure, and loss of human life. NRW<sup>260</sup> estimate the cost of property damage to households alone from the floods of February 2020 to be more than £81m. NRW's funding package for flood risk management in 2020/21 totalled £34.5m.

7.507 A report commissioned by Water UK<sup>261</sup> found that, while the cost of becoming resilient to extreme drought events was reasonably 'modest', at £4 per annum per household<sup>262</sup>, inaction could result in future daily costs

<sup>257</sup> [United Kingdom Food Security Report 2021 19may2022.pdf \(publishing.service.gov.uk\)](#)

<sup>258</sup> Untimely drought and heavy rainfall events saw UK wheat yields drop by 40% in 2020.

<sup>259</sup> [Natural Resources Wales / Flood risk management annual report 2020-2021](#)

<sup>260</sup> [February 2020 Floods in Wales: Flood Event Data Summary \(cyfoethnaturiol.cymru\)](#)

<sup>261</sup> [Research shows more action needed to protect against growing drought risk | Water UK](#)

<sup>262</sup> A total of £111.4m per year, based on Office for National Statistics estimates of 27.8 million households in the UK in 2020

of up to an estimated £1.3bn during the most widespread situations of severe drought.

## ***Targets***

7.508 In March 2022, Welsh Government announced the 'largest ever' investment in flood protection, amounting to £214m over three years. NRW undertake Flood Risk Management Plans and maintain Community Flood Plans and a Shoreline Management Plan, however there are no specific targets in relation to flood resilience, which some see as a critical part of flood management planning.

7.509 The situation is similar with regard to drought. NRW produce a drought plan, and water companies also have a statutory duty to prepare, consult, publish and maintain a drought plan.

## ***Actions to deliver outcome***

7.510 Farms can undertake actions in order to help them become more resilient against floods and droughts, and they can also help to lower the likelihood of these types of events occurring. Any actions that farmers take to lower their emissions, increase carbon storage on their land, and promote ecosystem resilience will make a general contribution to tackling the climate emergency and the resulting risks of flooding and drought. The following actions contribute to resilience against flood and drought on the farm.

### **Water harvesting**

7.511 Methods include capturing rainwater over the winter period, for example from rooftops, or creating ponds/reservoirs as a water store.

7.512 Rainwater captured over winter can be stored for use in over the warmer months, especially in periods of drought, to lower the pressure on freshwater resources.

7.513 Storing water using ponds, ditches, embanked reservoirs, channels or using floodplains – Similarly to water harvesting equipment, features such as ponds can be used to collect and store surplus water for use in dry

periods, and also offer benefits for wildlife. Channels and floodplains can provide designated space for floodwater to collect so as to protect property and other farm assets.

### **Riparian zones**

7.514 Natural or re-established grassland areas or streamside corridors made up of tree, shrub, and grass plantings and is a form of Natural Flood Mitigation. They act as a drag on flood waters, slowing down flood flows, and water also penetrates more deeply into woodland soils due to higher infiltration rates, leading to less surface water run-off. Riparian zones must, however, be properly managed due to the risk of woody material blocking or damaging downstream culverts and bridges which would increase rather than reduce flood risk.

### **Multi-species leys**

7.515 Leys which have a wide range of plant types, including grasses, herbs, and legumes. In addition to benefits for soil health, including species with long roots such as chicory, lucerne, or ribgrass improves water retention on farmland to mitigate flooding and increases resilience to dry periods and drought conditions.

## ***Benefits of actions***

### *Water harvesting*

7.516 While installing equipment or creating a pond to store water clearly has upfront installation costs, it will also lead to future savings. Stored water can be used in place of purchased mains water, helping to provide a reliable source of water all year round, which would prove particularly valuable in the event of drought conditions. Reduced demand for mains water from farm businesses will also relieve pressure on supply to domestic properties and other businesses, benefiting water consumers more generally. Case studies in a 2009 Environment Agency report<sup>263</sup> saw

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<sup>263</sup> [Rainwater Harvesting on Farms\(2\).pdf \(ecosystemsdirect.co.uk\)](#)

farms save substantial sums following the introduction of water harvesting, including a farm in Wrexham where a rainwater storage system paid for itself within the first year of operation. In addition, storage systems can prevent rainwater entering slurry stores, or running across fouled yards before entering and polluting watercourses.

### *Riparian zones*

7.517 As part of the ERAMMP evidence pack<sup>264</sup> riparian zones were considered as part of the Flood Mitigation review. A summary of the available evidence suggests that riparian zones can have a positive impact in smaller-scale flooding events by reducing channel discharge, resulting in lower peak flows, although riparian zones on single farms are unlikely to have much impact in the event of extreme flooding. Nonetheless, riparian zones could have substantial benefits to farm businesses during smaller and more frequent floods through reducing the risk of loss of or damage to buildings, machinery, livestock, and crops. At the catchment scale, modelling of riparian forest restoration in the New Forest suggests that a reduction in peak flows of approximately 100km<sup>2</sup> could be achieved, demonstrating the potential of collaborative action among farmers. Case studies used by the Environment Agency also show the potential benefits of Natural Flood Management at catchment scale<sup>265</sup>.

7.518 Maintenance of riparian zones is just as important as their creation, to prevent woody material entering the watercourse and blocking or damaging infrastructure, as this can increase rather than reduce flood risk.

### *Multi-species leys*

7.519 As with riparian zones, there are potential benefits to farms through reduction in flood risk<sup>266</sup> and subsequent losses or damage in smaller-scale flooding events. The ability of deep-rooted swards to better

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<sup>264</sup> [ERAMMP SFS Evidence Review 9 Flood v1.1.pdf](#)

<sup>265</sup> [PowerPoint Presentation \(publishing.service.gov.uk\)](#)

<sup>266</sup> [ERAMMP SFS Evidence Review 2 Sward v1.1.pdf](#)

withstand dry conditions<sup>267</sup> can generate savings through reducing the need for supplementary feeding when other swards fail. Multi-species leys can also yield economic benefits to farm businesses.<sup>268</sup> Evidence found that grass-legume mixes yield well and can be used to reduce costs and improve profitability, especially when fertiliser prices are high and/or milk commodity prices low.

## ***Achieving and promoting high standards of animal health and welfare***

### *Scale of issue*

7.520 Human health and animal health are interdependent and reliant on the health of the environment within which they exist. The way farm animals are cared for and the way their health is managed has a big impact on the animals themselves but also the farm business, the environment and society. The Welsh Government is responsible for the control and, where possible, the eradication of animal diseases to improve the health and welfare of animals and protect public health. Some infectious animal diseases are notifiable, which means they must be reported if there is a suspected case. Notifiable diseases can be:

- a) endemic – already present in the UK, such as bovine TB
- b) exotic – not normally present in the UK, such as foot and mouth disease.

7.521 The main purpose of the notification system is to detect possible outbreaks and/or to initiate contact tracing. Some diseases, such as rabies, can pass between animals and humans. According to the Health and Safety Executive, there are approximately 40 potential zoonoses in the UK and approximately 300,000 people in a variety of occupations are potentially exposed. Although most infections are mild

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<sup>267</sup> [untitled \(agricology.co.uk\)](#)

<sup>268</sup> [An economic comparison of systems of dairy production based on N-fertilized grass and grass-white clover grassland in a moist maritime environment - Humphreys - 2012 - Grass and Forage Science - Wiley Online Library](#)

and self-limiting, there is increasing evidence some acute infections may cause long term health effects.

7.522 Although some diseases are notifiable, most are not (this includes some significant economic, welfare and public health threats). Endemic, production-limiting diseases are a major constraint on efficient livestock production and have an impact on the carbon footprint of livestock farming. Welsh farming systems are particularly vulnerable to endemic disease impacts because they are largely pasture-based. The rise and spread of antimicrobial resistance (AMR) is a threat to the ability to control infections in animals as well as people. Because antibiotic use is a driver for the development of AMR, we must reduce the need to use antibiotics by preventing infectious disease in animals. We can do this by raising the health status of herds and flocks, applying the principle of “prevention is better than cure”.

7.523 Legislation on animal welfare aims to make sure animals do not experience avoidable pain or suffering. The Animal Welfare Act places a legal duty on animal owners and keepers to care for the animals for which they are responsible. Improving animal welfare standards and the resultant quality of their products makes a significant contribution in meeting expectations from the public for safer and better food.

7.524 Infectious diseases can have serious and long-term financial effects on a farm's profitability. For example:

a) The estimated costs of Bovine Viral Diarrhoea (BVD) in a 100-cow beef farm is £4,500 a year. The estimated cost of BVD for a 130-cow dairy farm is £15,000 a year.

b) The cost associated with Johne's disease to a 100-cow beef herd is estimated to be at least £1,700 per year, with some estimates at £4,500 per year.

c) Sheep scab causes serious economic and welfare losses and costs the Welsh sheep industry an estimated £5.86m a year.

7.525 The Cost Benefit Analysis of HerdAdvance year 1 report covers the analysis of baseline data collected by AHDB on the initial visits to the first

tranche of farms recruited to the project. The baseline losses to the farms, based on reported disease levels and published costs of disease, indicate:

- a) mastitis is currently costing the HerdAdvance farms, on average, £10,761 per farm per year
- b) at the median prevalence, assuming a cost of £323 per case, lameness is currently costing £10,480 per farm
- c) calculated from a median cost to the industry, Johne's disease might be assumed to be costing £4,680 for a 180-cow farm in the HerdAdvance group.

7.526 Other costs to the industry/society include:

- a) The impacts of leaving AMR unchecked are wide-ranging and extremely costly, not only in financial terms but also in terms of global health, food security, environmental well-being and socioeconomic development.
- b) The emissions intensity of ruminant meat and milk production is sensitive to changes in key production aspects, such as maternal fertility rates, mortality rates, milk yield, growth rates and feed conversion ratios. All of these parameters are influenced by health status, so improving health status is expected to lead to reductions in emission intensity<sup>269</sup>.
- c) Some diseases can be passed from animals to humans and so improved health also helps protect those who live and work on the farm.

## *Targets*

7.527 The Welsh Government established the TB eradication programme to carry out the long-term goal of eradicating bovine TB in Wales. The target is for Wales to be Officially TB Free between 2036 and 2041. The latest published bovine TB statistics for Wales to March 2022 show the progress made:

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<sup>269</sup> [Skuce, P. et al \(2016\). Livestock health and greenhouse gas emissions. ClimateXchange, Scotland's Centre of Expertise on Climate | SEFARI](#)

- a) New TB incidents have decreased from 1,185 in 2009 to 634 in the 12 months to March 2022, a 46.5% reduction.
- b) Animals slaughtered for TB control has decreased from 11,655 in 2009 to 10,117 in the 12 months to March 2022, a 13.2% reduction.
- c) On 31 March 2022, there were 988 herds under restrictions, compared to the peak of 2,268 herds under restriction on 31 March 2009, representing a 56.4% decrease.
- d) Herd prevalence has decreased from the peak in April 2009 at 7.8% to 5.4% in March 2022, a 30.9% decrease.

7.528 Improving the health and welfare of farmed livestock to support the development of a vibrant farming industry is also a long-standing priority for the Wales Animal Health and Welfare Framework Group. The Framework Group's priorities include:

- a) eradicating BVD
- b) eradicating Sheep Scab
- c) the sustainable use of medicines (AMR and anthelmintics)
- d) reducing lameness in livestock by a quarter.

7.529 In terms of progress against these priorities:

- a) There are approximately 11,000 cattle herds in Wales. To date, around 9,163 of these have been screened for BVD (approximately 83.3%) through the Gwaredu BVD programme and 2,539 (28%) have tested positive for the virus.
- b) A survey of Welsh farmers found Scab outbreaks were reported on 15.8% of farms in 2015.
- c) For the beef, sheep and dairy sectors, measuring progress towards the sustainable use of medicines is challenging because usage remains largely unknown or unproven due to unavailability of data (measuring antimicrobial use on farms is now becoming part of the Farm Assured Welsh Livestock Scheme).



d) The most recent study investigating incidence of lameness in UK dairy farms reported a figure of 70 cases per 100 cows per year<sup>270</sup>. While it should be noted that this figure is historic, lameness prevalence has not dropped significantly in the past 20 years<sup>271</sup>. It is therefore fair to assume there has been limited change in incidence and Wales has similar prevalence to the UK as a whole.

7.530 The Responsible Use of Medicines in Animals Alliance has identifying sector-specific targets for the reduction, refinement or replacement of antibiotics in animal agriculture which span 2021-2024. The latest RUMA Targets Task Force report reveals UK livestock sectors are making good progress on antibiotic use targets. Collation of robust data remains a priority especially in the ruminant sectors.

### ***Actions to deliver outcome***

7.531 High standards of animal health and welfare can be achieved through:

- a) taking a proactive approach to disease prevention and control through implementing an animal health improvement cycle and maintaining good standards of biosecurity
- b) going beyond the legal minimum by adopting higher welfare standards to make sure animals have a good quality of life.

### ***Benefits of taking action***

7.532 The Cost Benefit Analysis of HerdAdvance year 1 report estimated the following plausible improvements and the financial benefits they would bring per herd:

- a) 20% reduction in mastitis (£2,152)

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<sup>270</sup> [The Impact of Clinical Lameness on the Milk Yield of Dairy Cows | Elsevier Enhanced Reader](#)

<sup>271</sup> [\(PDF\) A Cross-Sectional Study Into the Prevalence of Dairy Cattle Lameness and Associated Herd-Level Risk Factors in England and Wales \(researchgate.net\)](#)

- b) 10% reduction in lameness (£1,048)
- c) 5% increase in milk production from effective Johne's action (£1,620)
- d) 10% reduction in prevalence of BVD (£837).

7.533 In total this would amount to £8,664 per 180 cow farm or £1.8m across all 195 farms. This figure should be interpreted with care as there is likely to be overlap between disease areas, for example Johne's disease is known to influence milk production, mastitis and lameness.

7.534 Logic chains have been developed for us to better understand different social benefits from Sustainable Land Management. Although the logic chains are only designed to capture key issues, and are not intended to be comprehensive, they provide useful evidence for the likely benefits from achieving high standards of animal health and welfare. Although the level of confidence in the logic chain evidence was medium, it identified that healthier and more productive livestock would deliver:

- a) improved productivity, resulting in fewer livestock needed for the same output
- b) maintaining and enhancing biosecurity is a benefit in itself
- c) reduced effects from veterinary medicines on other species (e.g. dung beetles) and associated ecosystem processes (e.g. nutrient cycling) and services (e.g. water quality)
- d) reduced antibiotic leakage to the environment
- e) improved air quality and reduced carbon emissions per unit outputs, which are indirect benefits from more productive animals.

7.535 As stated in the logic chain, the rationale behind biosecurity measures is precautionary, recognising that good biosecurity is a benefit. This is also reflected in several scientific evidence reviews of bovine TB, which encourage the implementation of practical and precautionary biosecurity measures. The following research reports the positive role of improved biosecurity had on animal health, animal performance and less antibiotic use:

- a) Ohlson et al (2010)<sup>272</sup> found in dairy herds an association between lower prevalence of infections with better biosecurity at herd level.
- b) In their review, Stokstad et al (2020)<sup>273</sup> largely discussed the importance of implementing biosecurity measures to prevent and reduce respiratory diseases in cattle i.e. biosecurity leads to both better performing animals and lower antibiotic use.
- c) Several studies and assessments relate that high farm biosecurity status and/or improvements in biosecurity lead to reduced antimicrobial use (Laanen, et al 2013<sup>274</sup>, Gelaude, et al 2014<sup>275</sup> and Postma, et al 2016<sup>276</sup>).

7.536 Endemic, production-limiting diseases are a major constraint on efficient livestock production and have an impact on the carbon footprint of livestock farming. Work commissioned by the CCC has identified better animal health as an effective mitigation measure. It helps contribute to more profitable farms, less pollution and greenhouse gas emissions as well as less risk to human health<sup>277</sup>. The report estimated the mitigation effects and costs of both improving cattle and sheep health. The mitigation effect was modelled with an increase in productivity. Better health planning for cattle health is estimated to provide savings to the farmers and contribute to abatement. Better health planning for sheep can also provide important contribution to the mitigation effort with costs below the carbon price.

7.537 The benefits of this purpose of support are therefore:

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<sup>272</sup> [Risk factors for seropositivity to bovine coronavirus and bovine respiratory syncytial virus in dairy herds - Ohlson - 2010 - Veterinary Record - Wiley Online Library](#)

<sup>273</sup> [Frontiers | Using Biosecurity Measures to Combat Respiratory Disease in Cattle: The Norwegian Control Program for Bovine Respiratory Syncytial Virus and Bovine Coronavirus \(frontiersin.org\)](#)

<sup>274</sup> [Relationship between biosecurity and production/antimicrobial treatment characteristics in pig herds - PubMed \(nih.gov\)](#)

<sup>275</sup> [Biocheck.UGent: a quantitative tool to measure biosecurity at broiler farms and the relationship with technical performances and antimicrobial use - PubMed \(nih.gov\)](#)

<sup>276</sup> [Evaluation of the relationship between the biosecurity status, production parameters, herd characteristics and antimicrobial usage in farrow-to-finish pig production in four EU countries | Porcine Health Management | Full Text \(biomedcentral.com\)](#)

<sup>277</sup> [Non-CO2-abatement-in-the-UK-agricultural-sector-by-2050-Scottish-Rural-College.pdf \(theccc.org.uk\)](#)

- a) healthier animals which have a good quality of life
- b) more productive animals resulting in farms performing better financially
- c) better use of medicines, with a shift away from those used to treat problems (antibiotics) to those mainly used to prevent them (e.g. vaccines)
- d) fewer negative impacts on the environment, including carbon footprint
- e) safer food and less risk to public health.

### ***Maximising resource efficiency***

7.538 The Welsh Government's Beyond Recycling strategy<sup>278</sup> states that a circular economy keeps resources and materials in use for as long as possible and avoids all waste. Moving to a circular economy is key to the delivery of environmental outcomes because it can significantly reduce our carbon emissions, our over-exploitation of natural resources and help to reverse the decline in biodiversity. Crucially it can also improve economic and social outcomes.

### ***Scale of issue***

#### ***Waste***

7.539 Data<sup>279</sup> from 2010 show there were just over 54,700 tonnes of non-natural agricultural waste arisings. In 2010, the largest quantity of agricultural waste produced in Wales (around 39%) was chemical deposits and residues consisting mainly of spent sheep dip (the bulk of which will be composed of water). The majority of these can be disposed of on agricultural land through an Environmental Permit or Exemption.

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<sup>278</sup> Welsh Government (2021) Beyond Recycling [beyond-recycling-strategy-document.pdf \(gov.wales\)](https://gov.wales/beyond-recycling-strategy-document.pdf)

<sup>279</sup> Welsh Government (2014) Towards Zero Waste One Wales: One Planet Welsh Government Draft Position Statement on Agricultural Waste [140612-agricultural-waste-draft-position-statement-en.pdf \(gov.wales\)](https://gov.wales/140612-agricultural-waste-draft-position-statement-en.pdf) Table 1. The position statement notes that *the accuracy of some of the estimates in Table 1 is low due to limited reliable data and variations in farming practice; for example the model includes data for Cypermethrin sheep dips. These types of products were suspended in 2006, due to pollution potential, and permanently withdrawn from the market in 2012*

7.540 Agricultural plastic represents a large proportion (around 30%) of the waste produced on farms. This is mainly silage wrap and sheeting. Data from 2014 suggests there is an estimated gross annual average of 8,500 tonnes of waste farm plastic produced in Wales (mainly silage wrap and sheeting). It is estimated<sup>280</sup> that a gross annual total of 4,400 tonnes of waste farm plastic is collected in Wales for recycling. This leaves a balance of 4,100 tonnes unaccounted for annually (data for 2014).

### **Water use and efficiency**

7.541 Data from the Natural Resources Wales SONARR report<sup>281</sup> shows that in 2018, the agricultural sector in Wales accounted for the abstraction of 63,494 megalitres (0.5%) of the total volume of water abstracted. This total includes both consumptive uses (where water is not returned to the local environment) and non-consumptive uses (such as hydropower and flow-through for fish farms). When non-consumptive uses are removed, the volume abstracted by agriculture falls to 2,997 megalitres (around 0.1%) of the total volume of consumptive water abstracted<sup>282</sup>. Just over 61% of abstraction licences for agriculture are for water storage for seasonal use for spray irrigation. The SONARR report notes that virtually all of these licences are in Pembrokeshire.

### **Energy use and efficiency**

7.542 As a sector, agriculture has consistently accounted for around 2% of annual energy use in Wales from 2005 to date<sup>283</sup>.

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<sup>280</sup> British Polythene Industries (BPI) reported in Welsh Government (2014) Towards Zero Waste One Wales: One Planet Welsh Government Draft Position Statement on Agricultural Waste

<sup>281</sup> Natural Resources Wales (2020) The Second State of Natural Resources Report (SoNaRR2020) Assessment of the achievement of sustainable management of natural resources: Resource Efficiency Water [SoNaRR2020 Theme Water Efficiency \(cyfoethnaturiol.cymru\)](#)

<sup>282</sup> Refers to quantities of licenced water abstractions which are classed as consumptive, where water is not returned to the local environment. Non-consumptive uses such as hydropower and flow-through for fish farms are not included.

<sup>283</sup> Welsh Government (2020) Energy use in Wales 2018 [energy-use-in-wales-2018.pdf \(gov.wales\)](#)

7.543 NRW's SONARR report<sup>284</sup> notes that Welsh agriculture energy consumption in 2005 was 1.9 TWh per year (1.7% of total Welsh energy consumption) and in 2017 was 2.1 TWh per year (2.4% % of total Welsh energy consumption). The Carbon Trust<sup>285</sup> note that pig, poultry, beef, dairy, arable and horticulture all have different energy use profiles.

**Table 55: Key waste targets for Wales**

By 2025	By 2030	By 2050
<ul style="list-style-type: none"> <li>• 26% reduction in waste</li> <li>• Zero waste to landfill</li> <li>• 50% reduction in avoidable food waste</li> <li>• 70% recycling</li> </ul>	<ul style="list-style-type: none"> <li>• 33% reduction in waste</li> <li>• 60% reduction in avoidable food waste</li> </ul>	<ul style="list-style-type: none"> <li>• One planet resource use</li> <li>• 62% reduction in the waste</li> <li>• Zero waste</li> <li>• Net zero carbon</li> </ul>

### Water use and efficiency

7.544 The Welsh Government Water Strategy for Wales, 2015<sup>286</sup>, presents Wales's priorities and principles for water resources and how these principles will be delivered through a range of key objectives and supporting actions for the short, medium and long term.

<sup>284</sup> Natural Resources Wales (2020) The Second State of Natural Resources Report (SoNaRR2020) Assessment of the achievement of sustainable management of natural resources: Resource Efficiency Energy [SoNaRR Resource Efficiency Energy \(cyfoethnaturiol.cymru\)](http://cyfoethnaturiol.cymru) Table 2

<sup>285</sup> Carbon Trust (2019) Energy efficiency in agriculture [Agriculture-Energy-Efficiency.pdf \(storage.googleapis.com\)](https://storage.googleapis.com)

<sup>286</sup> Welsh Government (2015) Water Strategy for Wales Supporting the sustainable management of our natural resources [Health standards framework english \(gov.wales\)](https://gov.wales)

## Energy use and efficiency

7.545 The Welsh Government's vision<sup>287</sup> for a more energy efficient Wales by 2025 is a Wales is in the best possible position to realise its full energy efficiency potential and become a major exporter of energy efficiency technology and know-how.

### ***Actions to deliver outcome***

7.546 A number of actions noted under other "purposes of support" will contribute to overall farm resource use efficiency.

7.547 Advice from the Environment Agency<sup>288</sup> to promote resource efficiency, and the benefits to the farmer, include the following:

- a) Effective use of farm organic wastes reduces manufactured fertiliser costs
- b) Enhance infiltration and water retention by reducing compaction of your soils.
- c) Well managed soils decrease fuel, labour and machinery costs for cultivations, and reduce watercourse maintenance costs.

## Water use and efficiency

7.548 NRW's SONARR report<sup>289</sup> notes that water plays a vital part in ecosystem resilience, and that future predicted scenarios of climate change include more prolonged dry periods and more intense rainfall events, and notes, '*that it is increasingly important that measures are in place to maintain ecosystem resilience, not least by managing water resources.*'

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<sup>287</sup> Welsh Government (2016) Energy Efficiency in Wales A strategy for the next 10 years 2016–2026 [Energy Efficiency in Wales \(gov.wales\)](https://gov.wales)

<sup>288</sup> Environment Agency (2021) Key actions for farmers Resource efficiency and waste [Key actions for farmers - Resource efficiency and waste \(windows.net\)](https://www.environmental.gov.uk/key-actions-for-farmers)

<sup>289</sup> Natural Resources Wales (2020) The Second State of Natural Resources Report (SoNaRR2020) Assessment of the achievement of sustainable management of natural resources: Resource Efficiency Water [SoNaRR2020 Theme Water Efficiency \(cyfoethnaturiol.cymru\)](https://www.naturalresources.wales/so-narr-2020-theme-water-efficiency)

7.549 Climate change projections of more frequent periods of prolonged dry weather will require implementation of some mitigation measures such as on farm water storage for irrigation to reduce pressure on water courses during dry periods.

7.550 AHDB<sup>290</sup> note extreme weather and temperature changes can make a farm vulnerable to water availability, in particular for livestock farms. They recommend, '*rainwater harvesting such as on-farm winter storage ponds, reduces the pressure of abstraction on watercourses and mains water use at times when source supplies are low.*'

### *Energy use and efficiency*

7.551 Energy use and efficiency cuts across the whole farm business.

Actions in this area can be wide ranging but a guide on energy efficiency produced by the Carbon Trust<sup>291</sup> cites case studies where the installation of LED lighting in a chicken farm in England saved £12.5k p.a.

## **Benefits of taking action**

### *Water*

7.552 NRW's SONARR report<sup>292</sup> notes that using less water helps to maintain resilience under pressure from abstraction and climate change impacts such as more frequent prolonged periods of low flow.

### *Energy*

7.553 The Carbon Trust note that the benefits of implementing energy savings opportunities are multi-faceted and can lead to a number of positive results for an agricultural business. This included cost reduction

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<sup>290</sup> [water supply problems on farm | AHDB](#) They note that lactating cows need between 60 to 100 litres of water per day, while lactating sows and gilts may require 15 to 30 litres per day.

<sup>291</sup> Carbon Trust (2019) Energy efficiency in agriculture [Agriculture-Energy-Efficiency.pdf \(storage.googleapis.com\)](#)

<sup>292</sup> Natural Resources Wales (2020) The Second State of Natural Resources Report (SoNaRR2020) Assessment of the achievement of sustainable management of natural resources: Resource Efficiency Water [SoNaRR2020 Theme Water Efficiency \(cyfoethnaturiol.cymru\)](#)



and increased profitability - a 20% cut in energy costs can represent the same bottom line benefit as a 5% increase in sales.

## ***Encouraging the production of food in an environmentally sustainable manner***

### **Costs to industry/society of the issue**

7.554 The sustainable production of food seeks to balance the economic, environmental and social elements of producing food. Since the Second World War, successive governments have provided support for policies that have increased agricultural production and provided affordable food. These policies have resulted in increased levels of production per hectare but this increase in input-intensive farming has come at a wider cost to the environment and society, and arguably farm resilience too.

7.555 The food system, in meeting society's needs for a supply of cheap food, is responsible for many impacts on the environment. With over 80% of land in Wales used for agricultural purposes, farming and land management are inextricably linked to and reliant on the state of the natural environment. Examples of the negative impacts from farming on the environment include emissions of pollutants, depletion of natural resources, loss of biodiversity and degradation of ecosystems in Wales and beyond. The impact of some agricultural practices on biodiversity is widely recognised. In particular, many intensive agricultural practices greatly reduce farmland biodiversity through their actions, including the application of biocides and the conversion of habitat to arable use or monocultural grassland.

7.556 The [European Environment – State and Outlook 2020](#) points to agricultural intensification in Europe (including the UK) as one of the main causes of ecosystem degradation and biodiversity loss. Several [State of Natural Resources reports](#) have highlighted continued decline in biodiversity in Wales, including species and habitats associated with enclosed farmland. Wales is one of the most nature-depleted countries in the world and 17% of species in Wales are at risk of extinction. The report

highlights that the major pressures that have caused the loss of wildlife include farm management. For example, changes to land management in Wales have caused the loss of more than 90% of semi-natural grassland habitats since the 1930s, negatively affecting species that rely on this habitat.

7.557 Not only has the emphasis on production had a negative impact on the environment but it has not necessarily resulted in more profitable farms. Farming supports tourism and food, both of which are foundation sectors of the economy. Despite policies and the marketplace emphasising the production of food at the lowest possible cost, farmers in Wales continue to rely on subsidies to make a profit.

7.558 One of the reasons for this is because the challenging conditions and terrain in Wales can constrain productivity and make farming more difficult. Cattle and sheep farming is well suited to the Welsh climate and topography, with agricultural output dominated by livestock and livestock products. Most farms in Wales are also comparatively small. According to [Agriculture in the UK 2020](#), over 50% of farms in Wales are under 20 hectares with relatively few large farms compared to Scotland and England. The [average farm income in Wales 2020-2021](#) was £34,300, the lowest of the four UK nations. On average, 67% of Welsh farm income comes from subsidies.

7.559 Although agriculture makes a relatively small contribution to GDP, Welsh farmers hold a unique position in society. The agri-food sector makes a significant contribution to the rural economy with many jobs dependent on primary production and the wider supply chain. Along with this, farmers play an important role as stewards of the natural and cultural heritage which exists as part of all working landscapes. Wales contains outstanding rural landscapes that have evolved largely as a result of human interaction with them over the last 10,000 years.

7.560 They are places of natural beauty and a precious part of our heritage, showing how people and places have interacted over time. As a result, our historic assets on rural land are fundamental to our national character, cultural identity and economy. The marketplace does not reward farmers which contribute positively to managing and enhancing the landscape and

the important role it has for people's sense of place the rural economy and communities.

7.561 Some aspects of sustainable food production are already rewarded by the market e.g. price premiums associated with organic food production. However, there are many things the market does not reward. In particular, the true value of sustainable food production is rarely reflected in the price a farmer receives for their produce. Farming can be a force for positive change and re-directing farm subsidies towards the sustainable production of food is the primary mechanism at the Welsh Government's disposal for correcting market failures. Doing so recognising the competitiveness of farming, food production and improved environmental resilience are complementary agendas which create a sustainable and resilient agriculture sector for future generations.

### **Self-sufficiency and food security**

7.562 Food security is the ability of the people of Wales to access enough nutritious food to meet their dietary needs for a healthy life (as set out in the [Eatwell Guide](#)). Food security is not just affected by the availability of food but also its affordability, quality and safety. Importantly, food security is also affected by the impacts of our changing climate and the nature emergency. By contributing to food security, the scheme will deliver the SLM strategic directives, including the sustainable production of food.

7.563 The [UK Food Security report](#) found that we have a high degree of food security in the UK. Domestically we produce 60% by value of all the food we need, rising to 74% of food which we can grow or rear in the UK. We produce more lamb and liquid milk than we consume and, in recent years, our production in sectors like poultry and soft fruit has increased. This strong domestic production, balanced with international trade, contributes to a diverse and resilient UK food supply. The impacts of the Agriculture (Wales) Act on agricultural land use will be monitored in future UK Food Security reports.

7.564 Whilst the supply chains established by food retailers meant they were largely able to maintain the supply of food, the Covid-19 pandemic has led to an increased focus upon food security and the international nature of

some supply chains. Self-sufficiency contributes to food security but they are not the same thing. Whilst it is not possible for Wales (or the UK) to be self-sufficient in terms of food supply, there is an opportunity to consider how we might shorten the supply chain, contribute to improved food security and retain the value of food produced within Wales based on its local and sustainable credentials. Through working with farmers to shorten and strengthen supply chains we can reduce our susceptibility to global shocks.

### **Existing targets**

7.565 The most relevant objectives set out in [Vision for the food and drink industry from 2021](#) are:

- a) Every year the turnover value of Wales' food and drink sector will proportionately grow more than the rest of the UK and to at least £8.5bn by 2025.
- b) The three-year average of Gross Value Added (GVA) per hour worked in the industry will increase proportionately more than the rest of the UK.
- c) Every year, the proportion of food and drink sector employees receiving at least the Welsh Living Wage (currently £9.30) will increase, to achieve 80% by 2025.
- d) Every year, there will be an increase in the proportion of businesses in the food and drink manufacturing sector achieving awards appropriate to their business. By 2025 at least six more Welsh products will join the UK GI Scheme.

7.566 Export value for the year and historic figures is an important indicator which will also be monitored.

7.567 The Programme for Government and the Co-operation Agreement commit to developing a Community Food Strategy (CSA) to encourage the production and supply of locally sourced food. The CSA may include relevant to targets/objectives to the production of food in an environmentally sustainable manner.

7.568 The Food (Wales) Bill, a Members' Legislative Proposal, is set to be introduced to the Senedd by the end of 2022. The purpose of the Bill is to

establish a more sustainable food system in to strengthen food security, improve Wales' socioeconomic well-being and enhance consumer choice. The draft Bill places a duty on the Welsh Ministers to set targets for secondary food goals, which cover specific areas including economic well-being and the environment.

7.569 The production of food in an environmentally sustainable manner should also contribute to helping people have a balance of healthier and more sustainable food, as set out in Eatwell Guide.

7.570 Whilst food production is vital for Wales, the nature of the climate emergency and the rate of biodiversity decline mean that we must act more swiftly and with greater effort than has been the case previously. This needs to be achieved without pursuing the agricultural intensification practices which have had such adverse impacts upon society through reductions in air and water quality, carbon emissions, reductions in farmland biodiversity etc. Food production therefore needs to contribute to these broader obligations/targets:

- a) the need to reduce GHG emissions while increasing carbon sequestration, achieving net zero by 2050
- b) the need to restore biodiversity within agricultural landscapes, contributing to the target for 30% of land to be protected for nature by 2030
- c) the need to foster resilient farming systems which will contributing to the [Economic Action Plan](#) through a stronger rural economy and communities
- d) being globally responsible by lowering the offshore impacts of Welsh food production, including not offshoring food production to regions and countries with lower environmental and animal health and welfare standards.

### **Actions to deliver outcome**

7.571 Food security cannot be delivered by any one policy in isolation. However, this purpose of support can help contribute to food security by:

- a) supporting farmers take action to mitigate climate change and adapting to the more extreme weather it brings.
- b) offering farmers stability and helping them become economically sustainable and resilient, enabling them to continue to produce food in a competitive and changing world.
- c) supporting farmers deliver for nature by maintaining and enhancing the resilience of ecosystems and the benefits they provide.
- d) diversifying where there are market opportunities to produce more of the food consumed in Wales and the UK
- e) complementing the CSF by encouraging the production and supply of locally sourced food.

7.572 The situation in Ukraine has escalated the global food security crisis by pushing up wheat, maize and fertiliser prices. Through supporting diversification opportunities towards producing more of the food we eat in Wales, and shortening supply chains, we will hope to build greater food security in the long term through increasing the sustainability and resilience of agriculture and other areas of the food system.

7.573 Russia's invasion of Ukraine also highlighted our reliance on external inputs and, going forward, we want to support farmers reduce their use of these costly external inputs to help make them more profitable and resilient as well as to benefit the environment. For instance:

- a) by carrying out targeted nutrient use
- b) replacing artificial fertiliser with organic fertiliser
- c) introducing the use of cover crops and nitrogen fixing legumes.

## ***Benefits***

7.574 There is growing evidence that nature-friendly farming benefits the environment and results in more profitable farm businesses:

- a) [The Red Meat Benchmarking Project](#) and the report on Welsh dairy farm performance both found that focusing on how efficiently a product

can be produced is far more important to farm profitability than concentrating on the price it might achieve. In this context, becoming more efficient means the farm works well within its environment by making the best use of the natural resources available to it.

b) The [Less is More](#) report recommend farmers in upland and marginal areas across the UK shift away from a business model which focuses on productivity to one that concentrates on profit margin. The report found reducing flock and herd numbers to a level where stock is grazed only on naturally available grass (i.e. without use of artificial fertilisers, pesticides and supplementary feed) improves the farm business income.

Furthermore, reducing stocking levels and introducing Sustainable Land Management practices should also increase upland farms' resilience against future change.

c) Higher output accounts for only 10-30% of higher profits in the top-quartile performing farms whereas lower costs contribute to 65-90% (Redman, 2015). Higher-performing farms are also more resilient to change (Baker, 2017) and, by making best use of natural resources, are more likely to be able to deliver SLM outcomes

7.575 The [ERAMMP reports](#) and [evidence commissions by the independent Climate Change Committee](#) has shown that many actions taken to improve greenhouse gas emissions intensity will also have a positive impact on financial performance. For example, having healthier animals, making the best use of grass, being less reliant on inputs and making better use of on-farm nutrients will save farms money and lower their carbon footprint.

## Helping rural communities to thrive and strengthening links between agricultural businesses and their communities.

### Scale of issue.

7.576 NFU Cymru<sup>293</sup> state that *Welsh farmers make a key contribution towards the provision of attractive, viable, safe communities in rural areas. By their very nature, rural communities in Wales are small or in isolated locations. In these communities, it is often farmers and members of their family that support and facilitate many aspects of community life.*

7.577 Research<sup>294</sup> commissioned by WG reports a number of perceptions about the role of agriculture within rural communities in Wales (although the review indicates that it may lack rigorous evidence to back them up.<sup>295</sup>)

7.578 Agriculture, through its farming households, does make direct contributions to various aspects of social capital and thus to the functioning of society in rural areas and the well-being of residents there. The main forms these contributions take are to: social networking, community cohesion, social capacity and resilience, and culture (including the Welsh language). In addition, the creation of jobs and incomes by agriculture will have a social dimension; the part played by farming households greatly exceeds their current numerical importance. Factors contributing to this include their ownership of land and machinery capable of use for the community (in addition to within farming), their relative permanence as residents, and the position within local organisations and governance that this often leads to. This points to the overall importance of farming and the farming household to key facets of community cohesiveness and strength in Wales.

7.579 There is also an economic contribution: NFU Cymru state *Financial prosperity is also an important aspect of cohesive communities; it enables communities to continue to thrive. Supply businesses directly linked with*

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<sup>293</sup> NFU Cymru – Farming – bringing Wales together. An illustration of how farming delivers the Wellbeing of Future Generations Act

<sup>294</sup> Agra CEAS consulting (2018) The social contribution of agriculture – an evidence review, report to WG

<sup>295</sup> The report notes that *Almost all the evidence available on these issues for Wales is anecdotal or very 'soft', comprising informal observations and opinions, though these are widely shared by both those in and outside agriculture.*



*agriculture prosper and thrive within rural Wales. With farmers as their primary clientele, these businesses are reliant on a well-connected agricultural community, providing employment for local people.* Estimates for 2021<sup>296</sup> show the total number of people working on agricultural holdings in Wales is 50,401<sup>297</sup>. Of this total, there are 37,953 principal farmers, directors, business partners and their spouses. The total also includes 12,448 regular full time, regular part time and seasonal/casual farm workers. Data from the Welsh Survey of Agriculture and Horticulture shows that the total employment (regular and casual workers) on all farms in Wales has fallen from 57,828 in 2010 to 50,401 in 2021, a fall of 13% over the period.

7.580 In terms of the broader economic impact of farms, an NFU Cymru 2020 survey<sup>298</sup> of farmers found that one third of respondents indicated they support or buy from between 21 and 50 other businesses; with one in ten respondents indicating they support or buy from 51 or more businesses.

### **Actions to deliver outcome**

7.581 Actions consistent with the SLM objectives can strengthen links between agricultural businesses and their communities and helping rural communities to thrive, in terms of the potential impact on on-farm and off-farm employment, and in terms of the potential impact on a community's social capital and on community wellbeing.

7.582 For example, in terms of on-farm employment, evidence from a survey of 579 farms participating in Glastir under the Glastir Monitoring and Evaluation Programme<sup>299</sup> found that only a few survey respondents

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<sup>296</sup> June Survey of Agriculture and Horticulture (2021).

<sup>297</sup> To put these data in context, early estimates (Welsh Government Statistical Bulletin - Labour Market Overview, February 2022) for January 2022 indicate that the total number of paid employees in Wales is 1.29 million. Agricultural employment of c.50,000 therefore represents about 3.8% of total employment in Wales.

<sup>298</sup> NFU Cymru (2020) A Vision for Welsh Upland Farming.

<sup>299</sup> Anthony, S; Stopps, J and Whitworth, E (2017) Wales Farm Practices Survey. Statistical Analysis and Main Results. Annex 3. In: Emmett B.E. and the GMEP team (2017) Glastir Monitoring & Evaluation Programme. Final Report to Welsh Government (Contract reference: C147/2010/11). NERC/Centre for Ecology & Hydrology (CEH Projects: NEC04780/NEC05371/NEC05782). The sample size for these results is 579 farms participating in Glastir.

reported an increase (*n* 20) or a decrease (*n* 19) in the number of persons employed, regardless of scheme participation history. The overall net change in the total number of persons employed, across all surveyed farm types and sizes, was a statistically significant increase of 1.9% for farms entering into any Glastir scheme agreement, compared to an insignificant decrease of 0.1% for non-scheme farms and an insignificant decrease of 1.5% for farms exiting a previous Tir Cynnal or Tir Gofal scheme agreement. The report concluded that *there is evidence of a small net increase in farm employment as a result of participation in the Glastir scheme, but the very low number of farms reporting any change means that this result should be treated with considerable caution.*

7.583 A 2005 evaluation<sup>300</sup> of the economic impact of Tir Gofal reported that 92% of respondents indicated that their Tir Gofal agreement had resulted in greater labour requirements. Capital projects accounted for the majority of the increased demand employment demand. Most of the extra work generated by Tir Gofal was carried out by contractors (49%), with the farmer accounting for 33% and other immediate family members for 9%. In England<sup>301</sup> the economic benefits of Entry Level Stewardship (ELS), Higher Level Stewardship (HLS), Organic Entry Level Stewardship (OELS) were estimated. The evaluation reported that 80% of all ES expenditure by agreement holders was spent locally<sup>302</sup>. The same was true for the purchases made by the contractors, suppliers and advisors sampled.

7.584 A 2021 review<sup>303</sup> of the Sustainable Management Scheme (SMS) reported that *Several projects highlighted how they were contributing to increased spending in the local community by using local contractors such as mechanics, builders' merchants, and web designers for all possible*

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<sup>300</sup> Agra CEAS (2005) Socio-economic evaluation of Tir Gofal, report for CCW and Welsh Government. A sample of 251 participants in Tir Gofal (just over 20% of the 1,166 participants who had received payments at project inception) were surveyed

<sup>301</sup> Jane Mills, Paul Courtney, Pete Gaskell, Matt Reed and Julie Ingram (2010), Estimating the Incidental Socio-economic Benefits of Environmental Stewardship Schemes, Countryside and Community Research Institute, University of Gloucester

<sup>302</sup> It is assumed this refers to first round expenditure

<sup>303</sup> Heledd Bebb and Nia Bryer, OB3 Research with contributions from Rob Owen and Sue Rice, BRO Partnership (2021) Sustainable Management Scheme: Process evaluation and Theory of Change, report for Welsh Government

*activity under the auspices of SMS. This additional spending was claimed by projects as adding a much-needed boost to the local economy.....Other projects felt that the improvements made to the landscape would attract more visitors and thereby increase local spend.*

## **Benefits of action**

7.585 Other community benefits associated with actions consistent with the SLM objectives include the likely positive impact on a community's social capital and on community wellbeing. For the former, a review<sup>304</sup> of agri-environment schemes in the Peak District National Park noted that *upland farming communities are also seen as being important to maintaining social capital (community inter-linkages and institutions), and for many years governments have offered additional supports to upland farmers in an attempt to sustain incomes, rural services and populations in these areas.* For the latter, a 2007 review<sup>305</sup> of the links between wellbeing and the natural environment refers to "*the positive impact of engagement with the natural environment (particularly green spaces) on psychological wellbeing individually and at the community level*".

## **Improving the resilience of agricultural businesses**

7.586 Actions in support of keeping farmers on the land through improving the resilience and future prosperity of agricultural businesses including new entrants and succession planning, which contributes towards achieving the sustainability of the Welsh agricultural sector and the production of food and other goods. The concept of resilience applies to the economic, environmental and social resilience of a farm.

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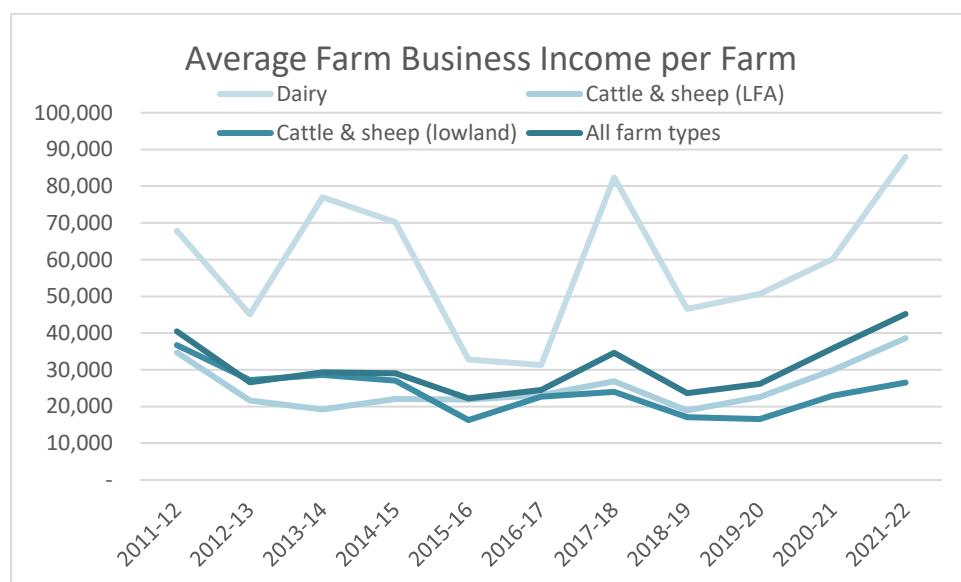
<sup>304</sup> Szvetlana Acs, Nick Hanley, Martin Dallimer, Kevin J. Gaston, Philip Robertson, Paul Wilson, Paul R. Armsworth (2010) The effect of decoupling on marginal agricultural systems: Implications for farm incomes, land use and upland ecology, *Land Use Policy* 27 (2010) 550–563

<sup>305</sup> Julie Newton (2007) Wellbeing and the Natural Environment: A brief overview of the Evidence, University of Bath

7.587 The concept of economic resilience should not be conflated with the preservation of existing structures. The Wales Centre for Public Policy<sup>306</sup> states that *Economic resilience is not only the ability of an economy to withstand or recover from an economic shock. It is also the ability to adapt to new circumstances. Over the longer-term it implies a capacity for transformation. A resilience goal challenges traditional ways of thinking about the economy and demands new approaches*

### Scale of issue

7.588 In terms of economic resilience, farm incomes show some volatility from year to year, influenced by prevailing agricultural (including weather related) and market conditions, most notably in the dairy sector.



Source: [Wales Farm Business Survey](#)

7.589 However, even under the current system of agricultural support, through the BPS and Glastir, around a third of farms in Wales are making a relative loss<sup>307</sup>, although around half of all farms are making a profit larger than a marginal profit<sup>308</sup>.

<sup>306</sup> [Strengthening economic resilience | WCPP](#)

<sup>307</sup> Measured per £100 costs

<sup>308</sup> between £0 and £10 per £100 costs

7.590 However, a farm's economic resilience is also affected by the balance of liabilities and assets. Under the current system of support, data<sup>309</sup> shows that, in terms of current liabilities,

- 4% of farm have liabilities and assets between £25-50k
- A further 3% of farms have liabilities and assets between £50-100k;
- A further 1% of farms have liabilities greater than £100k, and assets between £50-100k;

7.591 In the short term it is these farms, around 8%, which are likely to be most vulnerable to changes in farm business profitability.

7.592 The Economic Action Plan (Welsh Government, 2017- updated 2019)<sup>310</sup> highlights the importance of promoting the resilience of workers, firms and the economy as a whole. Current debates on the economic impact of Brexit, the economic consequences of climate change and the volatility in agricultural input and output prices are reminders of the importance of resilience in the agricultural economy.

### **Actions to deliver outcome**

7.593 Greater farm economic resilience can be brought about by diversification of income streams. A 2014 review<sup>311</sup> into the resilience of Welsh farming noted, amongst other things, that *If farms wish to increase the resilience, effort will also be needed to create wider income streams.*

7.594 The review then noted *Another area for consideration to add additional income to the upland farm income is payment for eco-system services (PES). Society benefits from a multitude of resources and processes that are supplied by natural ecosystems, collectively known as ecosystem services.....In a Welsh context PES encompasses a vast range of activities and outcomes associated with the land, these include, energy generation, water quality .....carbon sequestration and management, public access opportunities, flood alleviation or flood defence.*

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<sup>309</sup> Farm incomes in Wales, April 2018 to March 2019

<sup>310</sup> [Regional Investment in Wales After Brexit \(gov.wales\)](https://gov.wales)

<sup>311</sup> Kevin Roberts (2014) Review into the resilience of Welsh farming, report for Welsh Government

**7.595 Nature-based solutions:** SLM and the powers of support aim to contribute towards healthy soil, clean air, and a resilient environment with increased biodiversity. These aims will be achieved through nature-based solutions, as the outcomes we are seeking can be delivered from changes in farm management practice. For example, incorporating trees into the farming system should help to reduce flood risk, and restoration of peat bogs and increasing organic matter in improved agricultural land will contribute towards decarbonisation. The Act will provide the powers for Ministers to support these activities under the purposes for support, and such activities will contribute, in particular, to the environmental resilience of farm businesses.

**7.596 Increasing resource efficiency:** The Act sets increasing resource efficiency as one of the purposes for which Ministers can provide support. Increased resource efficiency on farm can be achieved through measuring and improving performance, which in turn helps minimise use of inputs and reduces overhead costs. This efficiency positively influences a farm's economic and environmental resilience. Becoming more efficient means the farm works well within its environment and makes the best use of the natural resources available to it. For example, many actions taken to reduce greenhouse gas (GHG) emissions will also have a positive impact on financial performance. Higher-performing farms are also more resilient to change and, by making best use of natural resources, are more likely to be able to deliver the SLM purposes. The Act will mean that future schemes, will be able to support farms to understand their costs and identify where improvements can be made, including the use of renewable energy, to increase efficiency and sustainability.

### **Benefits of actions**

**7.597 Payments to farmers to deliver Sustainable Land Management** objectives have the potential to contribute to a stable income stream to the farmer. This is an important contribution to managing farm income volatility – unlike the BPS when the UK was in the European Union, payments to deliver Sustainable Land Management objectives would be unaffected by

the EU:UK exchange rate, and unlike market prices received for agricultural output, not at risk of volatility due to (for example) import substitution. Income stability will make an important contribution to a farm's economic resilience.

7.598 On-farm actions to improve soil quality will often also deliver wider benefits such as reduced GHGs, improved water quality, improved air quality and increased ecosystem resilience therefore maintaining the productive capacity of the land and contributing to a farm's environmental resilience.

7.599 We expect the Act to contribute positively towards employment.

Evidence from Tir Gofal in Wales<sup>312</sup> and Entry Level Stewardship in England<sup>313</sup> has found these agri-environment schemes were associated with an increased labour demand. Additionally, at UK level, it is suggested "*the contribution of Pillar 2 to rural employment is higher (1.2%) compared to the contribution of Pillar 1 (1.0%)*"<sup>314</sup>. This suggests an overall positive contribution to a farm's social resilience.

## **Sustaining the Welsh language and promoting and facilitating its use.**

### **Scale of issue**

7.600 The most recently available Census data from 2021 shows 17.8% of people in Wales aged 3 and over are able to speak Welsh, compared with 19.0% in 2011.

7.601 The local authorities with the highest proportion of Welsh speakers are Gwynedd (64.4%), Isle of Anglesey (55.8%), Ceredigion (45.3%) and Carmarthenshire (39.9%). These local authorities are classified as Rural Local Authorities. The local authority with the highest number of Welsh speakers is Gwynedd (73,600), followed by Carmarthenshire (72,800). All

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<sup>312</sup> Agra CEAS (2005). Socio-economic evaluation of Tir Gofal, report for CCW and Welsh Government. A sample of 251 participants in Tir Gofal (just over 20% of the 1,166 participants who had received payments at project inception) were surveyed.

<sup>313</sup> Mills, J., Courtney, P., & Gaskell, P. (2010). Assessing the Incidental socio-economic impacts of Environmental Stewardship.

<sup>314</sup> Rizov, M., Davidova, S., & Bailey, A. (2018). Employment effects of CAP payments in the UK non-farm economy. *European Review of Agricultural Economics*, 45(5), 723-748.

rural LAs in Wales saw a decrease in the proportion and number of Welsh speakers between 2011 and 2021.

<b>Local Authority (Rural LAs only)</b>	<b>Welsh speakers: change between 2011 and 2021</b>		
	<b>Number</b>	<b>Percentage point change in proportion</b>	<b>Percentage change</b>
Isle of Anglesey	-1,200	-1.4	-3.1%
Ceredigion	-3,300	-2.0	-9.4%
Carmarthenshire	-5,200	-4.0	-6.7%
Conwy	-1,600	-1.5	-5.2%
Denbighshire	-1,300	-2.1	-5.9%
Gwynedd	-3400	-1.0	-4.4%
Monmouthshire	-900	-1.2	-10.2%
Pembrokeshire	-2,200	-2.0	-9.6%
Powys	-2,600	-2.2	-10.8%

*Source: Census 2011 and Census 2021*

7.602 The Census does not ask respondents about their level of ability in Welsh or the frequency with which they use Welsh. The National Survey for Wales estimates that while 11% of those aged 16 and over in Wales could speak Welsh fluently in 2021-22<sup>315</sup>, an additional 24% had some Welsh speaking ability (5% speaking “a fair amount”, 11% speaking “a little”, and 8% able to speak “just a few words”).

#### *Agriculture and the Welsh Language*

7.603 Census 2021 data<sup>316</sup> shows that despite the small size of the agricultural sector, 2% of all workers in Wales, agriculture accounts for a relatively larger share of all Welsh speakers (5% of all speakers).

<sup>315</sup> Survey estimates from April to June 2021

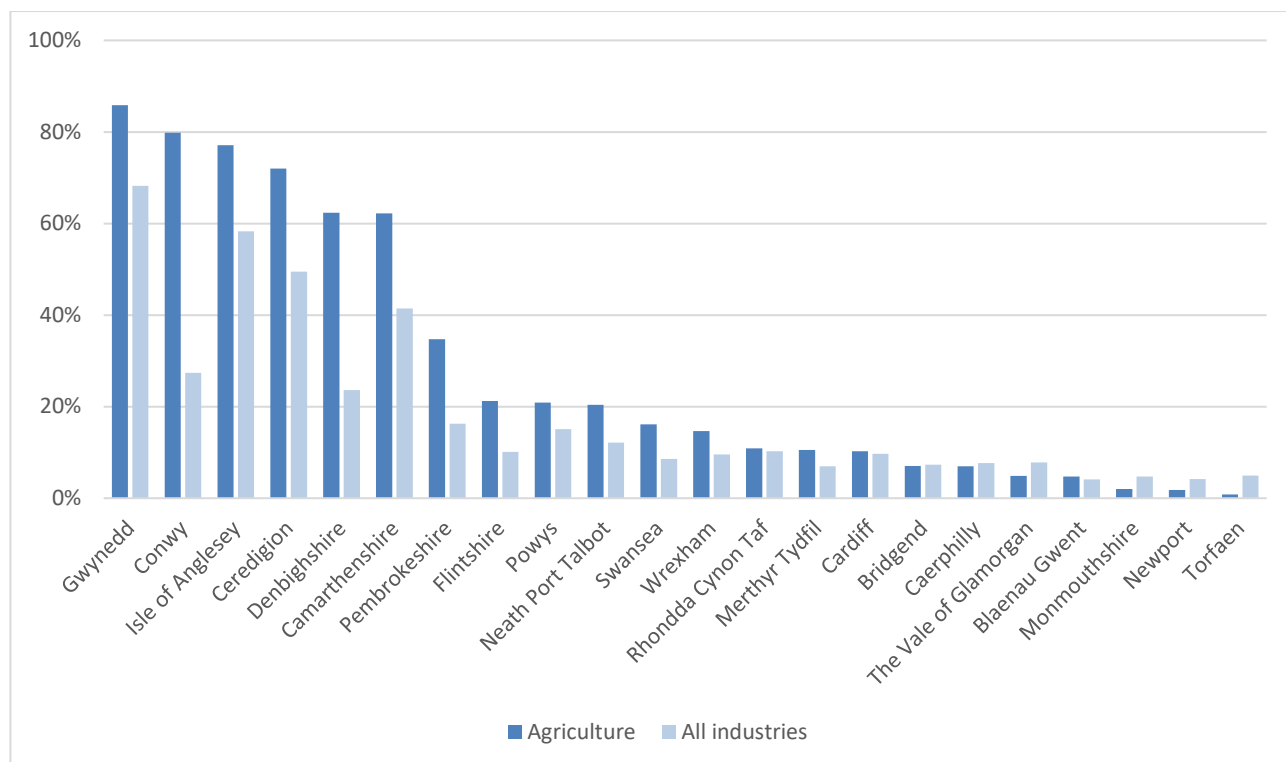
<sup>316</sup> Welsh Government analysis of data obtained from the “Create a custom data set” service provided by the Office for National Statistics ([Create a custom dataset - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk))



7.604 The agriculture sector (including fishing and forestry) has the highest share of Welsh speaking workers in Wales at 43%. This is in comparison with the average for workers across all sectors at 17%.

7.605 Higher shares of Welsh speakers within the agriculture, forestry and fishing industry are often found in rural local authorities that also have higher shares of Welsh speakers across the whole work force (Figure 1). However, there is a trend for the share of Welsh speakers within agriculture, forestry and fishing to be higher than the share for all workers in these local authorities. For example, Anglesey has a high share of the total workforce speaking Welsh (59%) but the share of agriculture, forestry and fishing industry workers speaking Welsh in the local authority is higher (80%). The difference is most pronounced in Conwy and Denbighshire, suggesting a higher relative importance of the industry for the Welsh language in these Local Authorities.

**Figure 1. Percentage of workers in Agriculture who can speak Welsh compared with All Industries, by Local Authority**



Source: Census 2011

7.606 The three themes of *Cymraeg 2050* are linked, and agriculture already has a high proportion of Welsh speakers relative to other industries. There is the potential, therefore, for greater use of Welsh in agriculture, compared with other industries.

#### *Favourable conditions for the use of Welsh*

7.607 Having Welsh language ability does not necessarily translate to using the language in the workplace, for a variety of reasons. The Welsh Government Report ‘Welsh Language Needs on Eight Sectors’<sup>317</sup> provided evidence that agri-food businesses, including agriculture, in Wales are providing more favourable conditions for use of the Welsh language compared with other industries, and that this extends beyond interactions occurring within the business. For farms, interactions occurring outside of the business will include trade of animals, fodder, machinery etc. and a variety of other activities. For the 43% of farms<sup>318</sup> in Wales that have

<sup>317</sup> Welsh Government (2014). Welsh language needs skills in eight sectors. Project Number: 47/2014.

<sup>318</sup> Welsh Government (2019). Farm incomes in Wales, April 2018 to March 2019.

diversified into other areas (e.g. tourism), these business interactions may also be occurring in a wider range of businesses.

### *Agriculture and Communities*

7.608 Research<sup>319</sup> on 'Small'<sup>320</sup> and 'Very Small'<sup>321</sup> farms in Wales provides some understanding of the role of Welsh farms in their communities.

Between them, these Small and Very Small farms account for 87% of all farms in Wales.

7.609 The research found that farmers on Small farms were more likely than those on Very Small farms to:

- Be able to speak Welsh fluently\*
- Speak Welsh daily
- Speak Welsh in the home\*

7.610 In addition, they were more likely to:

- Have previous experience of farming\*
- Have inherited or taken over the family farm,
- Be generating income from the farm to make a living\*
- Be reliant on trade surplus and BPS payments for their living,
- Be participating in an agri-environment or conservation scheme\*
- Be involved in 'many' social or farming organisations,
- Engage, collaborate and socialise with other farmers\*
- Report feeling part of the farming and rural communities.

\*Indicates that the finding is statistically significant<sup>322</sup>.

7.611 Farmers on Very Small farms were more likely to have purchased their farm (a statistically significant finding), be involved in a 'few' social or

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<sup>319</sup> <https://gov.wales/sites/default/files/publications/2021-08/understanding-farmer-motivations-very-small-small-farms-full-report.pdf>

<sup>320</sup> Defined as farms with a standard output between €25,000 to €125,000

<sup>321</sup> Defined as farms with a standard output below €25,000

<sup>322</sup> The survey received 419 usable completed responses following initial contact with 1,916 individuals yielding a response rate of 21.9%.

farming organisations, and were twice as likely to be educated to degree level.

7.612 The report also looks specifically at the difference between Welsh-speaking and non-Welsh-speaking farmers and found that Welsh speakers were more likely to feel part of the rural community and reported higher levels of involvement in social and farming organisations than those who did not speak Welsh. Welsh speakers were also more likely to have inherited their farm, with non-Welsh speakers more likely to have purchased it.

7.613 These findings make a valuable contribution to the evidence base on the position of Welsh farmers in their communities. They suggest that the farmers who are farming to make a living, and are more likely to be engaging with government support schemes, are also those who are more likely to be Welsh speakers, part of well-established farming families, and have higher levels of participation in their local communities. It is important to note that the study does not consider the characteristics of Medium, Large, or Very Large farms<sup>323</sup>.

## **Existing targets**

7.614 Cymraeg 2050 is the Welsh Government's national strategy for increasing the number of Welsh speakers to a million by 2050, increasing the use of Welsh, and creating favourable conditions for the Welsh language. Cymraeg 2050 identifies areas with a high density of Welsh speakers as central to the Welsh Government vision for increasing the number of Welsh speakers because they are likely to create favourable conditions for the use of Welsh. The higher the number and proportion of Welsh speakers in an area, the higher the chances of being able to use Welsh in daily life. Its targets are:

1. The number of Welsh speakers to reach 1 million by 2050.

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<sup>323</sup> Defined as farms with a standard output between €125,000 to €250,000, €250,000 to €500,000 and more than €500,000 respectively.

2. The percentage of the population that speak Welsh daily and can speak more than just a few words of Welsh, to increase from 10 per cent (in 2013–15) to 20 per cent by 2050.

**Actions to deliver outcome.**

7.615 **Farming Practice** Given the high proportion of Welsh speakers within agriculture, and the increased propensity of those speakers to be engaged with their local communities, any actions that contribute towards the economic stability of farms have the potential to deliver positive outcomes with respect to the Welsh language by keeping Welsh-speaking farmers on their land and in their communities. Actions consistent with Sustainable Land Management, such as soil testing, enhanced biosecurity measures, the use of Key Performance Indicators (KPIs), installation of water harvesting infrastructure, and the reduction of energy consumption have the potential to inform and deliver efficiencies and/or increased revenue.

7.616 **Public Engagement** Farmers in Wales are in a unique position to enable and support members of the public to engage with and access the natural environment. Initiatives like Open Farm Sunday<sup>324</sup> already help farmers in Wales to share their work with a wide audience, and support to host educational visits would allow more farmers raise awareness of farming and the natural environment. Outreach work and educational visits provide an ideal platform to promote the Welsh language; Welsh place and landscape feature names are extremely descriptive, providing insight not only into the physical features of the land, but also the social, political, economic and environmental history.

7.617 **Heritage Features** Many of Wales' heritage sites are found on agricultural land, and the landscape itself is of cultural and heritage importance. An estimated 90% percent of Welsh land is devoted to agriculture through farmland or commons<sup>325</sup>. Heritage can also include intangible aspects such as language, customs and culture. Research for Historic England describes the phenomenon of “non-use” value<sup>326</sup> with

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<sup>324</sup> <https://farmsunday.org/open-my-farm/wales>

<sup>325</sup> [June 2020 Survey of Agriculture and Horticulture: Results for Wales \(gov.wales\)](#)

<sup>326</sup> [Microsoft Word - Final Report\\_270705.doc \(historicengland.org.uk\)](#)

regard to heritage; the fact that heritage assets bring value to people even if they do not visit or use them. As such, actions to preserve, maintain, and restore heritage assets in Wales can add cultural value to society in line with the SLM objective to “conserve and enhance cultural resources”. In addition to the preservation and restoration of physical heritage assets, farms could be supported to preserve and promote intangible heritage, such as place names, or even restore landscape words and names which may have fallen out of use.

### **Benefits of actions**

7.618 **Farming Practice** Studies referenced elsewhere in this document have demonstrated that practical on-farm actions have the potential to positively impact on a farm’s financial performance (please refer to sections on *Mitigating Flood and Drought risks*, *Improving water quality*, *Achieving and promoting high standards of animal health and welfare*, and *Increased livestock performance*).

7.619 Not only do actions to increase farm profitability in the short- to medium-term help to keep farmers on their land, but they also ensure the sustainability of farming for future generations in the medium-to long-term. This has the potential to be important to the Welsh language by keeping Welsh-speaking farmers within their communities now and providing viable economic opportunities for the Welsh-speaking farmers of future generations.

7.620 **Public Engagement** and **Heritage Features** The benefits of conserving and enhancing intangible cultural resources such as language are much more difficult to quantify in monetary terms. Nonetheless it has been demonstrated that people derive value from heritage assets regardless of whether or not they use them. This is though knowing that the asset is available for others, knowing that it is available for future generations, and simply knowing it exists at all. Respondents to the National Survey for Wales in 2017-18 were asked about they attitudes

towards the Welsh language<sup>327</sup>. The survey reported that 84% of the non-Welsh speaking respondents agreed or strongly agreed with the statement “The Welsh language is something to be proud of” (the equivalent figure for Welsh speakers was 97%).

7.621 In addition:

- 68% of all respondents agreed or strongly agreed that more effort needs to be put into supporting the language.
- 62% of non-Welsh speakers agreed or strongly agreed that they would like to be able to speak Welsh.
- 85% of non-fluent Welsh speakers agreed or strongly agreed that they would like to be able to speak Welsh better.

7.622 Actions undertaken by farmers to conserve and enhance the Welsh language, or to share it with others through public engagement, will contribute to the health of a cultural asset which is highly valued by the public in Wales.

### **Next Steps**

7.623 The Senedd Finance Committee, in its report on the Agriculture (Wales) Act, recommended that the Minister for Rural Affairs and North Wales and Trefnydd (the Minister) undertakes modelling work to estimate the annual cost of the Sustainable Land Management scheme dependent on the different levels of take-up in different farming types (recommendation 3). The Committee also recommended that as part of the post-implementation review, the Minister quantifies the benefits arising from the Act (recommendation 7).

7.624 We will undertake detailed modelling of the final proposed Sustainable Land Management scheme to simulate levels of uptake by farms in Wales. The modelling will also simulate the impact on a range of environmental outcomes, including water quality, air quality, greenhouse gas emissions, and biodiversity. Where possible we will quantify these benefits.

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<sup>327</sup> [National Survey for Wales, 2017-18: Welsh Language: Confidence and attitudes \(gov.wales\)](https://gov.wales)

7.625 We have also commissioned independent consultants to model the impact of the final proposed Sustainable Land Management scheme on a range of farm-level and regional level economic indicators, including (for different farm types) the estimated impact on farm business income.

**Encouraging agricultural businesses to manage energy effectively (including by adopting energy efficiency and energy saving practices, and generating renewable energy on their land).**

Scale of Issue

7.626 There are significant revenues and cost savings that can arise from low carbon farming practices and technology<sup>328</sup>. Several options, such as improving livestock health, precision farming and manure management, generate significant cost savings to farmers in terms of reduced veterinary bills, higher crop yields and lower fertiliser costs. These farming practices can have multiple other social benefits including improved air, water and soil quality, reduced pests and diseases and improved soil structure.

7.627 Analysis of the CCC's net zero pathway<sup>329</sup> estimates that the net private costs of land use change and the adoption of low carbon farming practices to achieve net zero emissions in the Wales by 2050 outweigh the private benefits. However, when considering just the social benefits the benefit cost ratio (BCR) increases to 3.3.

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<sup>328</sup> For example, see the 2019 Carbon Trust report, Energy Efficiency in Agriculture [Agriculture-Energy-Efficiency.pdf \(windows.net\)](#)

<sup>329</sup> Vivid Economics (2020) ["Economic impacts of Net Zero land use scenarios"](#)



**Table: Present and annualised value of economic impacts for the Net Zero scenario, 2019 to 2050**

	Net Zero Scenario	
	Present value to 2050	Annualised value to 2050
Total Private Costs	39	1.8
Total Private Benefits	23	1.1
Private NPV	-17	-0.7
Private BCR	0.6	
Total Social Benefits	105	4.3
Total Benefits	127	5.0
Social NPV	89	3.6
Social BCR	3.3	

Note: Estimates in present value terms are discounted at the UK social discount rate.  
Source: Vivid Economics

7.628 The CCC’s net zero path for Wales forecasts that 56,000 hectares of agricultural land can shift to bioenergy production (including short rotation forestry) by 2050<sup>330</sup>. However most bioenergy crops are not financially viable for the private sector, highlighting the need for specific policies that address the economic barriers to grow energy crops.

### Actions to deliver outcomes

7.629 Greenhouse gas emissions are released from farms when using energy and fuel (for example, using diesel in machines and natural gas to heat buildings). SLM and the powers of support will help farms to lower

<sup>330</sup> The CCC (2020:70) [“Advice Report: The Path to a Net Zero Wales”](#)

these emissions to become net zero. Helping farms understand where improvements can be made to become less reliant on fossil fuels. There are many different things farmers can do and they will be supported to take an approach which works best for them. For example, through using low energy technologies, changes in management practices (for example, using minimum tillage) and generating renewable energy. These also help the farm become more efficient, using less resources and saving money.

### **Benefits of action**

7.630 Benefits to farms will arise through incentivising land owners to adopt practices to manage energy effectively (including by adopting energy efficiency and energy saving practices), and to generate renewable energy on their land.

7.631 Complimenting this purpose is the reducing emissions of greenhouse gases purpose of support which describes many of the benefits that managing energy effectively will generate for farm businesses.

## Intervention in Agricultural markets

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7.632 This CBA will be structured in the following way

- a) Options
- b) Costs and Benefits
- c) Impact Assessment

### Options

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7.633 For this proposal only two options are being considered – business as usual and taking forward the powers in the Act. This is because the powers being proposed here are effectively the continuation of existing powers which have been developed first in EU legislation and then the Agriculture Act 2020. As such, the Welsh Government have not considered broader policy options at this stage, as there has been no indication of either stakeholders or policymakers wanting other options for legislative powers over exceptional market conditions to be considered.

#### ***Option 1 – Business as Usual***

7.634 Business as usual in this case would mean Welsh Ministers losing the powers they currently have to make a declaration of exceptional market conditions in agriculture and to provide financial assistance in such instances. They would also lose the power to modify retained EU legislation governing Public Intervention and Private Storage Aid (PIPSA) schemes. These powers are contained in Schedule 5 of the Agriculture Act 2020.<sup>331</sup> The powers are subject to a “sunset” provision, meaning that they will expire at the end of 2024. This would leave Welsh Ministers without the power to make provision about crisis measures.

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<sup>331</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/part/2/enacted>

7.635 There would not be any advantage to the Welsh Ministers not having powers over crisis measures or the modification of PIPSA legislation. It would mean that they could not intervene to support agricultural businesses affected by a market-wide crisis. It would also mean that whenever financial assistance in a crisis is provided to agricultural businesses in other parts of the UK, Welsh farmers would not be protected in the same way. They would also not be able to update legislation governing Public Intervention and Private Storage Aid schemes when desirable.

### ***Option 2 – Taking forward powers over Intervention in Agricultural Markets in the Act***

7.636 Taking forward powers for exceptional market conditions for Welsh Ministers in the Agriculture (Wales) Act would mean that Ministers would continue to have the powers they currently have. This would solve the problems described under the business as usual option, in that Ministers would be able to react to crises in the sector and update PIPSA legislation when required.

7.637 The main advantage from this approach would be the flexibility it gives Welsh Ministers to react to market needs. Crisis measures have been developed to allow Ministers to react quickly in the event of market-wide crises to maintain food security and prevent the widespread failure of businesses in the agri-food supply chain. Without such powers, this sector would be more vulnerable to extreme conditions such as severe weather events, pandemics and sanctions.

**This is the preferred option.**

## **Costs and benefits**

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### ***Option 1 – Business as Usual***

7.638 There would be no additional costs or benefits associated with this option. However, Welsh Ministers would lose the power to intervene and

support businesses in the event of extreme market conditions. In such a scenario, Welsh businesses could be placed at a disadvantage compared to their counterparts elsewhere in the UK.

## ***Option 2 – Taking forward powers over Intervention in Agricultural Markets in the Act***

7.639 Calculating costs for this proposal is very difficult because of the nature of these proposed powers being one of crisis response. We cannot know when a crisis will occur, and on what scale, so we cannot plan expected costs. What is possible is to analyse costs incurred in the past when similar powers were used to make crisis intervention schemes.

7.640 In the period 2011-2021, two crisis intervention schemes were launched to support the dairy sector. One came in the form of support to the dairy sector across the EU in 2016<sup>332</sup>, which was in response to hardship caused by the end of milk quotas, a Russian ban on EU food imports and low oil prices. It should be noted that this scheme may not directly reflect the sort of scheme possible under the powers proposed here, as it was proposed as a wider set of EU support to the dairy sector. Under the 2016 scheme, €30,195,996 was allocated to the UK under this crisis intervention measure. At the time, officials estimated the support to Wales would be approximately £3.2 million. Adjusted for inflation, in 2022 this would be worth £3,656,000.

7.641 In 2020 a scheme was launched to support the dairy sector when the Covid-19 pandemic forced the closure of hospitality establishments, such as coffee shops and restaurants, which used a large quantity of milk. While this scheme used powers under the Government of Wales Act 2006,<sup>333</sup> they were used in a way similar to how the proposed powers here could be used. Under this scheme, £1,018,500 was paid out to Welsh dairy farmers, which is equivalent to £1,079,000 in 2022 prices.

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<sup>332</sup> [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_16\\_2563](https://ec.europa.eu/commission/presscorner/detail/en/IP_16_2563)

<sup>333</sup> <https://www.legislation.gov.uk/ukpga/2006/32/contents> Schedule 7, Paragraph 30

7.642 It is likely that such measures prevented the failure of Welsh dairy businesses who were affected by events outside of their control and maintained the supply of milk to consumers and retailers in the long term.

7.643 Under the proposed powers for exceptional market conditions, secondary legislation would not be required for a declaration of exceptional market conditions. As any such intervention would be made in emergency conditions, a fully detailed cost-benefit analysis would not likely be carried out to assess the costs of such an intervention. It is normal practice for the Welsh Government to evaluate a scheme once it has finished to assess its value for money and efficacy.

7.644 Costs to modify retained EU legislation governing Public Intervention and Private Storage Aid are likely to be minimal.

7.645 Neither Public Intervention nor Private Storage Aid schemes have been used by Welsh customers since at least 2000. The Welsh Government is currently developing legislation to remove the option of Public Intervention schemes except in exceptional market conditions and to reform the operation of Private Storage Aid schemes, using powers available to the Welsh Ministers in the Agriculture Act 2020.

7.646 The cost-benefit analysis of this work has shown there to be no cost from doing this work because of the schemes being disused in Wales and reform of the legislation being part of business-as-usual work for the Welsh Government. This would likely be the case for any future reforms to this legislation.

## **Impact Assessments**

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7.647 An integrated impact assessment has been completed for this proposal, which includes the following impact assessments:

- a) Equality
- b) Rural proofing
- c) Welsh language
- d) Biodiversity

7.648 Few impacts from the proposal for powers over intervention in agricultural markets in the Agriculture (Wales) Act have been identified through the integrated impact assessment. This, as described above, is due to the proposals not causing changes to the current regulatory framework for interventions in exceptional market conditions, and there being no plans at present to use the proposed powers to change this framework.

7.649 This proposal is especially of interest to those living in rural areas, due to intervention in agricultural markets affecting farm businesses in particular. It likewise has a tangential impact to the use of the Welsh language, as agriculture is the profession with the highest proportion of Welsh speakers. Any proposal which affects the agricultural economy will therefore have an impact on the Welsh language.

7.650 As new primary legislation is being created in this proposal, a Justice System Impact Identification form has been completed, but as the changes are maintaining continuity, a full Justice System Impact Identification is not being carried out for this proposal.

## **Agricultural Tenancies**

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7.651 This CBA will be structured in the following way

- a) Options
- b) Costs and benefits
- c) Competition Assessment

## **Options**

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### ***Option 1 – Do Nothing***

7.652 Leaving the regulations unchanged was considered. Without recourse to this dispute resolution mechanism some tenants may be unfairly restricted from entering the Sustainable Farming Scheme (SFS),

accessing financial support under other agricultural legislation or complying with a statutory duty, risking financial loss for the tenant and impacting on our ability to deliver against our key strategic objectives in relation to the climate emergency and 'net zero' ambition, public health issues associated with agricultural emissions and reversing the decline in biodiversity.

7.653 In addition, tenants of AHA agreements in Wales would be at a disadvantage to tenants in England where The Agricultural Holdings (Requests for Landlord's Consent or Variation of Terms and the Suitability Test) (England) Regulations 2021 have already been implemented.

### ***Option 2 – Amend the Agricultural Holdings Act 1986 (1986 Act)***

7.654 The amendment would provide Welsh Ministers with regulation making powers to enable AHA tenants to refer to dispute resolution any clause in their lease which restricts their ability to access future financial assistance schemes governed by the Agriculture (Wales) Act. Details of the dispute mechanism will be laid down in secondary legislation.

7.655 This implements recommendations of the Tenancy Reform Industry Group (TRIG) and outcomes of our 2019 tenancy reform consultation and Agriculture (Wales) White Paper.

7.656 The Agricultural Tenancies Act 1995 would remain unchanged meaning some FBT tenants could find their ability to enter future financial support schemes or comply with a statutory duty restricted, depending on the terms of their tenancy agreement.

### ***Option 3 – Amend the 1986 Act and The Agricultural Tenancies Act 1995 (1995 Act)***

7.657 This would enable tenants with 1995 Act tenancies (ATAs), as well as AHA tenants, to refer to dispute resolution any clause in their lease which restricts their ability to access future financial support, with the Agriculture



(Wales) Act detailing the legislation under which financial support may be provided assistance schemes governed by the Agriculture (Wales) Act.

7.658 A specific question about this option was included in the Agriculture (Wales) White Paper. Whilst there were fewer respondents to the section than other sections, the general sentiment was that the amendment did not need to be made to the 1995 Act. Respondents felt that the typical short-term structure of Farm Business Tenancies (FBTs) meant that they are negotiated more frequently making the amendment less relevant. Others felt that there are already sufficient mechanisms in place for FBTs, so additional procedures would be unnecessary.

7.659 Subsequent discussions with stakeholders suggest the flexibility afforded by the 1995 Act is not widely used in practice and we are told that tenants have very limited power or influence over the terms of FBTs. We are told this is partially due to the demand for rented land far outstripping supply.

7.660 Whilst the current gap in provisions are likely to be minimal, such an amendment would remove ambiguity in the application of the current rules and be of benefit in a small number of cases without readily identifiable detrimental impacts elsewhere.

7.661 **This is the preferred option**

## Costs and benefits

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7.662 The 1986 Act applies to agricultural tenancy agreements entered into before 1 September 1995 and to certain tenancies (principally succession tenancies) granted after that date specifically excluded from the application of the 1995 Act. According to Rural Payments Wales (RPW) Administrative Data there were approximately 1,700 BPS claimants with AHA leases covering approximately 98,500 hectares of land in 2021. This is equivalent to approximately 11% of BPS claimants and 8 % of total BPS claimed area.

7.663 The AHA:

- a) provides security of tenure for the tenant by imposing restrictions upon any notice given by the landlord,
- b) provides some with opportunities for up to two successions,
- c) regulates the terms of the tenancy,
- d) provides compensation for the tenant and landlord in various circumstances,
- e) provides for a variety of other miscellaneous matters.

7.664 The Act provides three methods of resolving disputes between landlords and tenants, namely:

- a) the Agricultural Land Tribunal;
- b) arbitration or third party determination; and
- c) the courts.

7.665 Arbitration or third party determination is the primary method of dispute resolution under the Act. Most disputes, particularly those governed by practical agricultural considerations, are compulsorily referable to arbitration under the Act.

7.666 The 1995 Act applies to most tenancy agreements entered into on or after 1 September 1995. These are known as 'Farm Business Tenancies'.

7.667 According to RPW administrative data there were 3,300 BPS claimants with FBT leases covering approximately 148,300 hectares of land in 2021. This is equivalent to approximately 20% of BPS claimants and 12% of total BPS claimed area.

7.668 FBTs were introduced at a time when the let sector was contracting and alternatives to agricultural tenancies were being used instead. This was felt, in part, to be a result of previous agricultural tenancy reforms doing little to inspire landlord confidence in the let sector.

7.669 The ATA 1995 was introduced with much greater freedom of contract to encourage more agricultural letting. Unlike the 1986 Act, the legislation does not provide security of tenure or succession rights. Instead parties are free to negotiate bespoke agreements, reflecting both their particular interests and ambitions and the individual nature of the holding. This includes length of term, rent levels and frequency of rent reviews.

### ***Option 1: Do Nothing***

7.670 This option would maintain the status quo or business as usual. This is the baseline against which the relative costs and benefits of the alternative option is assessed.

7.671 There are no additional costs or benefits associated with this 'do nothing' option.

### ***Option 2: Amend the 1986 Act***

7.672 There are currently no general provisions in the 1986 Act which enable a tenant to challenge through dispute resolution a restrictive clause in their lease. As a result some AHA tenants may be unfairly restricted from entering the SFS, risking financial loss for the tenant and impacting on our ability to deliver against our key strategic objectives

7.673 Making the amendment will increase the total number of disputes that arise. For each new case there will be a cost to business that may be borne either by the landlord, the tenant or both (depending on the nature of the case).

7.674 There will be time costs to each individual, however this will vary on a case by case basis. The undisclosed nature of agreements, negotiations and disputes that have arisen between agricultural tenants and landowners to date make it impossible to identify the true impact. It is also impossible to know the exact number of new disputes that will arise as a result of this provision and quantification risks excessive misjudgement.

7.675 However, we anticipate the proposal will only impact a small subset of the AHA sector. We expect in most instances the new process will provide an incentive for tenants and landlords to come to a negotiated agreement in order to avoid the costs of dispute resolution. The provisions will only be relied upon as a last resort by a very small minority who cannot reach negotiated agreements.

7.676 This assessment relies on advice from industry experts who estimate the provisions may give rise to five to ten new disputes per annum (1% of AHA agreements) necessitating the appointment of arbitrators. The vast

majority of disputes (99%) are settled without the need for full arbitration, with only 1% going through the entire process. This would equate to at most one dispute going to full arbitration per annum.

7.677 Arbitrators may be appointed directly by the parties concerned where they can reach agreement on who that should be, or failing agreement, a person appointed by the Agricultural Law Association (ALA), Central Association of Agricultural Valuers (CAAV) or the Royal Institution of Chartered Surveyors (RICS). The Agricultural Holdings (Fee) Regulations 2022 currently sets the appointment fee at £195.

7.678 Industry experts estimate the average cost of full arbitration is approximately £25,000. This includes the cost of an arbitrator's time and associated fees for legal representation.

7.679 Costs are reduced where arbitrators are appointed but agreement reached between parties without the need for full arbitration. Industry experts estimate this to be in the region of £15,000 per case, mainly through avoided legal fees.

7.680 Expert determination is a cheaper and quicker alternative to arbitration. Rather than parties presenting their case to an arbitrator, they agree to appoint a third party who should have expertise in the issue over which there is disagreement. This person reviews the evidence and makes a decision to settle the dispute. The decision is binding and can only be appealed or challenged in exceptional circumstances. The process usually takes three to six months and is estimated to cost £5,000 on average according to TRIG's assessment in 2014 to inform the Deregulation Act 2015. This will have risen to approximately £6,000 taking into account inflation.

7.681 Industry experts advise compulsory purchase assessments often now see farmer time at £35/hour. Identifiable time in disputes could reasonably be estimated at 15 hours of tenant time and 5 hours of landlord, equating to £700 per dispute.

7.682 As such, we estimate the total cost to business to be between £86k and £167k per annum from implementation through secondary legislation as set out below:

**Table 56: Costs of arbitration and number of cases**

Type	Cost per case	Number of cases	
		Worst Case Scenario	Best Case Scenario
Full arbitration	£25,000	1	1
Negotiated	£15,000	9	0
Expert determination	£6,000	0	9
Tenant time	£525	10	10
Landlord time	£175	10	10
TOTAL		£167,000	£86,000

7.683 For some, the costs and time required to go through the process could deter individuals and businesses from utilising the provisions. Only those who perceive the likely benefits to be greater than the costs will consider arbitration as a viable option. However, we anticipate the provisions will act as an incentive for tenants and landlords to come to a negotiated agreement in order to avoid the costs of dispute resolution, whilst providing a legislative backstop to those who cannot reach a reasonable agreement.

7.684 This option is intended to facilitate access to financial assistance schemes for those tenant farmers who may otherwise have found themselves unfairly restricted. The benefits of participating in financial assistance scheme are set out in the Agriculture (Wales) Act impact assessments.

***Option 3: Amend the 1986 and 1995 Act.***

7.685 Whilst the general sentiment from respondents to the Agriculture (Wales) White felt the provision was less relevant to FBTs as they were negotiated more frequently, subsequent discussion with stakeholders

suggests tenants have very limited power or influence over the terms of their tenancy.

7.686 Whilst the current gap in provisions is considered to be minimal, such an amendment would remove ambiguity in the application of the current rules and be of benefit in a small number of cases without readily identifiable detrimental impacts elsewhere.

7.687 Taking the same assumptions applied in Option 2 above we estimate the total cost to business to be between £172k and £334k per annum from commencement and implementation as set out below:

**Table 57: Costs of arbitration and number of cases**

Type	Cost per case	Number of cases	
		Worst Case Scenario	Best Case Scenario
Full arbitration	£25,000	2	2
Negotiated	£15,000	18	0
Expert determination	£6,000	0	18
Tenant time	£525	20	20
Landlord time	£175	20	20
<b>TOTAL</b>		<b>£334,000</b>	<b>£172,000</b>

### ***Competition Assessment***

7.688 The provisions are unlikely to have a significant detrimental effect on competition.

## Marketing Standards: Agricultural Products

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7.689 This CBA will be structured in the following way

- a) Options
- b) Costs and Benefits
- c) Impact Assessment

### Options

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7.690 For this proposal only two options are being considered – business as usual and taking forward the powers in the Act. This is because the powers being proposed here are effectively the continuation of existing powers which have been developed first in EU legislation and then the Agriculture Act 2020. As such, the Welsh Government have not considered broader policy options at this stage, as there has been no indication of either stakeholders or policymakers wanting other options for legislative powers in respect of Marketing Standards for agricultural and food products to be considered.

#### ***Option 1: Business as Usual***

7.691 Business as usual in this case would mean Welsh Ministers losing the powers they currently have to make provision about marketing standards for agricultural and food products. These powers are contained in Schedule 5 of the Agriculture Act 2020.<sup>334</sup> The powers are subject to a “sunset” provision, meaning that they will expire at the end of 2024. This would leave Welsh Ministers without the power to make provision about such marketing standards.

7.692 There would not be any advantage to the Welsh Ministers not having powers over marketing standards for agricultural and food products. It would mean that they could not adapt regulations in response to developments in the supply chain, such as new technologies or the

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<sup>334</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/part/4/enacted> Paragraphs 16 & 17

vicissitudes of consumer confidence. It would also mean that whenever marketing standards regulations were changed in other parts of the UK, there would be divergence in standards. This would increase the administrative burden for companies operating across borders, and many processors and retailers in Wales have cross-border supply chains.

### ***Option 2: Taking forward powers over Intervention in Agricultural Markets in the Act***

7.693 Taking forward marketing standards powers over agricultural and food products for Welsh Ministers in the Agriculture (Wales) Act would mean that Ministers would continue to have the powers they currently have. This would solve the problems described under the business as usual option, in that Ministers would be able to react to technological and organisational innovation in the sector, and reduce the risk of cross-border supply problems.

7.694 The main advantage from this approach would be the flexibility it gives Welsh Ministers to react to market needs. Marketing standards regulations exist both to improve market efficiency and to maintain consumer confidence in agricultural and food products. Regulations in this area have been updated over time to react to changes in market organisation and consumer tastes over the years. By continuing to be able to make provision for marketing standards, Welsh Ministers will be able to continue reacting to the market in this way.

**This is the preferred option.**



## Costs and benefits

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### ***Option 1 Business as Usual***

7.695 This is the baseline option and as such there are no additional costs or benefits associated with this option. Welsh Ministers would lose their current powers to make provision about marketing standards for agricultural and food products.

### ***Option 2 Taking forward Marketing Standards powers in the Act***

7.696 Welsh Government do not currently have any plans to use the proposed powers relating to marketing standards in the time period specified, but it is possible that at some point in this time period the powers will be used. This is because legislation was made on a regular basis using similar powers in the past. Using a reference period of 2011-2021, marketing standards regulations or amendments to such regulations were made nine times using powers similar to the ones proposed here.<sup>335</sup> These pieces of legislation primarily served to enforce EU law.

7.697 Although based on past experiences it seems likely that these powers will be used in the period 2025-35, without knowing what will be proposed, it is impossible to calculate the likely cost of such legislation. As such, no calculation of costs or benefits are included as part of this assessment. The cost of this part of the Act is therefore unknown at this stage.

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<sup>335</sup> These were for the Beef and Veal Labelling (Wales) Regulations 2011, the Rural Affairs (Miscellaneous Amendments) (Wales) Regulations 2019, the Poultrymeat (Wales) Regulations 2011, the Food Information (Wales) Regulations 2014, the Olive Oil (Marketing Standards) Regulations 2014, the Food Information (Wales) Regulations 2014 (SI 2014/2303), the Single Common Market Organisation (Consequential Amendments) (Wales) Regulations 2013 (SI 2013/3270), the Quality Standards for Green Bananas (England and Wales) Regulations 2012 (SI 2012/947), the Marketing of Fresh Horticultural Produce (Amendment) Regulations 2011 (SI 2011/2587) and the Common Agricultural Policy (Control and Enforcement, Cross-Compliance, Scrutiny of Transactions and Appeals) Regulations 2014 (SI 2014/3263)

7.698 Should secondary legislation be made using the powers proposed here, a regulatory impact assessment will be completed for that legislation to establish its likely costs and benefits.

### ***Impact Assessments***

7.699 An integrated impact assessment has been completed for this proposal, which includes the following impact assessments:

- a) Equality
- b) Rural proofing
- c) Welsh language
- d) Biodiversity

7.700 Few impacts from the proposal for marketing standards powers for agricultural and food products in the Agriculture (Wales) Act have been identified through the integrated impact assessment. This, as described above, is due to the proposals not causing changes to the current regulatory framework for marketing standards, and there being no plans at present to use the proposed powers to change this framework.

7.701 This proposal is especially of interest to those living in rural areas, due to marketing standards of agricultural and food products affecting farm businesses in particular. It likewise has a tangential impact to the use of the Welsh language, as agriculture is the profession with the highest proportion of Welsh speakers. Any proposal which affects the agricultural economy will therefore have an impact on the Welsh language.

7.702 As new primary legislation is being created in this proposal, a Justice System Impact Identification form has been completed, but as the changes are maintaining continuity, a full Justice System Impact Identification is not being carried out for this proposal.

## Carcass Classification

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7.703 This CBA will be structured in the following way

- a) Options
- b) Costs and Benefits
- c) Impact Assessment

## Options

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7.704 For this proposal only two options are being considered – business as usual and taking forward the powers in the Act. The powers being proposed here are effectively the continuation of existing powers which have been developed first in EU legislation and then the Agriculture Act 2020. As such, the Welsh Government have not considered broader policy options at this stage, as there has been no indication of either stakeholders or policymakers wanting other options for legislative powers over carcass classification to be considered.

### ***Option 1 – Business as Usual***

7.705 Business as usual in this case would mean Welsh Ministers losing the powers they currently have to make provision about the classification, identification and presentation of bovine, pig and sheep carcasses by slaughterhouses in Wales. These powers are contained in Schedule 5 to the Agriculture Act 2020.<sup>336</sup> The powers are subject to a “sunset” provision, meaning that they will expire at the end of 2024. This would leave Welsh Ministers without the power to make provision about carcass classification.

7.706 There would not be any advantage to the Welsh Ministers not having powers regarding carcass classification. It would mean that they could not adapt regulations in response to developments in the supply chain, such

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<sup>336</sup> <https://www.legislation.gov.uk/ukpga/2020/21/schedule/5/paragraph/18/enacted>

as new technologies making carcass classification more efficient. It would also mean that whenever carcass classification regulations were changed in other parts of the UK, there would be divergence in standards. This would increase the administrative burden for companies operating across borders, and many meat processors and retailers in Wales have cross-border supply chains.

## ***Option 2 – Taking forward Carcass Classification powers in the Act***

7.707 Taking forward carcass classification powers for Welsh Ministers in the Agriculture (Wales) Act would mean Ministers would continue to have the powers they already have by virtue of the AA 2020. This would solve the problems described under the business as usual option, in that Ministers would be able to react to technological and organisational innovation in the sector, and reduce the risk of cross-border supply problems.

7.708 The main advantage from this approach would be the flexibility it gives Welsh Ministers to react to market needs. Carcass classification regulations exist both to improve market efficiency and to maintain consumer confidence in meat products. Regulations in this area have been updated over time to increase such efficiency and react to changes in market organisation over the years. By continuing to be able to make provision for carcass classification, Welsh Ministers will be able to continue reacting to the market in this way.

**This is the preferred option.**

## **Costs and benefits**

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7.709 The likely impact of this proposal will be low. There would be greater impact with the business as usual option than taking forward carcass classification powers in the Act. This is because the existing powers Welsh Ministers have to amend carcass classification contained in the Agriculture Act 2020 expire at the end of 2024. Doing nothing now would disadvantage Welsh abattoirs when these powers are lost.

7.710 The Welsh Government is considering the use of these powers to make sheep carcass classification regulations, but these are not at a stage of development where costs and benefits can be quantified. If this proposal is taken forward in the Act, and the powers are used in future, a cost/benefit analysis will be undertaken alongside the secondary legislation.

7.711 Should the powers for carcass classification not be taken forward in the Agriculture (Wales) Act, there would also be no initial cost, as it would mean abattoirs would continue to be governed under the current regulations. The risk with this approach is that when a change to regulation is desired to improve market efficiency, consumer confidence or other reasons, Welsh Ministers would not have powers to make this change. This could, therefore, constitute a cost to abattoirs who would have benefitted from updated regulations.

### ***Impact Assessments***

7.712 An integrated impact assessment has been completed for this proposal, which includes the following impact assessments:

- a) Equality
- b) Rural proofing
- c) Welsh language
- d) Biodiversity

7.713 Few impacts from the proposal for carcass classification powers in the Agriculture (Wales) Act have been identified through the integrated impact assessment. This, as described above, is due to the proposals not causing changes to the current regulatory framework for carcass classification, and the details of future sheep carcass classification regulations not yet being fully developed.

7.714 This proposal is especially of interest to those living in rural areas, due to carcass classification affecting farm businesses in particular. It likewise has a tangential impact to the use of the Welsh language, as agriculture is the profession with the highest proportion of Welsh speakers. Any

proposal which affects the agricultural economy will therefore have an impact on the Welsh language.

7.715 As new primary legislation is being created in this proposal, a Justice System Impact Identification form has been completed, but as the changes are maintaining continuity, a full Justice System Impact Identification is not being carried out for this proposal.

# Forestry

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## ***Introduction***

7.716 This paper sets out the costs and benefits for each of the options identified in the Options Appraisal paper that has been looked at and commented on by the Agriculture (Wales) Act Forestry Provisions Stakeholder Group (hereafter called the Stakeholder Group).

7.717 The Options Appraisal paper was initially considered by the Stakeholder Group at its meeting on 27 Jan 2022, and set out the likely options to be assessed for the Forestry Provision of the Agriculture (Wales) Act 2022. These were:

- a) Business as Usual – no amendments to the Forestry Act 1967
- b) Amend the existing Forestry Act 1967 (as amended) to enable environmental conditions to be added to felling licences, and to allow licences to be amended, suspended and revoked once granted.

7.718 No further options were identified. The stakeholder group helped to identify the costs and benefit headings to be examined in this Cost Benefit Analysis (CBA) which provides the best estimates of the likely impacts of the Forestry Provision within the Agriculture (Wales) Act.

7.719 The Stakeholder Group was chaired by Welsh Government under the auspices of the Wales Land Management Forum and was formed for key stakeholders and interested parties to the Forestry Provisions in order to provide valued input and ensure any new legislation passed by the Senedd has been designed fit for purpose. NRW provides secretariat to the Stakeholder Group.

7.720 The costs and benefits are assessed relative to a baseline Business as Usual (BAU) scenario so that the impacts of the proposals – and any suggested variations on the proposals – are compared against the current situation. This option (BAU) – defined as the continuation of current arrangements – acknowledges there are associated costs and that these

costs change over time. The methodology used and the associated costs are explored below.

## ***Methodology***

7.721 Assessing the potential costs and benefits of implementing the proposals includes consideration of who is affected and in what way, and the potential resource implications for the permitting authority (NRW), other relevant public bodies (including Welsh Government) and the private sector. NRW costs have been assessed using the same methodology as for the other parts of the Agriculture (Wales) Act 2022 and these, together with further qualitative and quantitative information, have been used by the Stakeholder Group to investigate the financial implications of each planned change and each option. The likely costs set out are those which *could* be identified and were agreed in collaboration with the Forestry Provision Stakeholder Group. The Group also agreed that a number of costs *could not* be quantified other than in individual examples as set out in the text of the RIA, owing to the highly variable nature of each site and felling licence. Costs and benefits are provided in net present value terms (at 2022 prices) and ranges are produced for costs and benefits where there is uncertainty, for example, how often a new power might be used or the number and grade of staff that may be involved.

7.722 This CBA is assessed over the period 2022 to 2050 in line with the other provisions in the Agriculture (Wales) Act 2022. This CBA, for consistency with other parts of Welsh Government's RIA, follows the steps set out in paper Common Approach to RIA prepared for Welsh Government's Agriculture (Wales) Act RIA Reference Group.

7.723 The analysis has been informed and scrutinised by the Stakeholder Group, which comprises the following organisations: Institute of Chartered Foresters, Confor, RSPB, Red Squirrels Trust Wales, Wales Wildlife Trust, Bat Conservation Trust, Woodland Trust, FUW, Wales Local Government Association, CLA (Country Land and Business Association), NRW and Welsh Government. Other organisations were invited but were unable to



engage. The figures have been sense-checked by discussing them at Stakeholder Group meetings and through email correspondence.

7.724 The Stakeholder Group has queried why this CBA focuses more on costs than benefits. This is because the economic benefits of the forestry provisions are challenging to apply at the required scale and in such a way that allows sensitivity analysis to be carried out. So, although there are some impressive studies, these are either not applicable at a stand level or cannot be extrapolated over the whole of Wales.

7.725 Where certain costs cannot be quantified (such as reputational damage from the inability to condition felling licences) or where the impacts of the legislation are expected to be negligible (because certain activities are done within baseline), a narrative approach has been provided. Similarly, and for the reasons given above, benefits are described in the narrative, particularly where these provide useful context about the forestry sector.

7.726 Limiting the entries in the CBA tables to key additional (marginal) costs and benefits and those changing over the 28-year period of analysis also has the advantage of enabling the most important figures to stand out.

7.727 An overall summary of the costs and benefits associated with each part of the option for change is presented in the final section of this paper.

## Options

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7.728 CBA of each option within each forestry provision amending the Forestry act 1967.

7.729 The options to be assessed are as follows:

- a) **Option 1:** Business as usual (BAU)
- b) **Option 2 (a & b):** Amend the Forestry Act 1967 to enable environmental conditions to be added to felling licences, and to allow licences to be amended, suspended and revoked once granted.

7.730 No other options were suggested by the Stakeholder Group.

7.731 In order to better demonstrate the breakdown of costs and benefits, Option 2 has been divided into

- a) Option 2a: Adding Environmental Conditions to felling licences.
- b) Option 2b: Enable felling licences to be amended, suspended or revoked once granted.

**Option 1 – Business as Usual (BAU)**

7.732 This option is defined as the continuation of current arrangements, It provides a baseline against which proposals for change will be compared. This summary of current costs is presented to enable an assessment to be made of the additional costs and benefits of alternative options.

7.733 The BAU option focuses on the high-level costs likely to change from the legislative changes. This highlights the impacts of a potentially changing baseline where the current costs of providing the service are believed – as they are here – to have been increasing in recent years and are likely to increase in the future.

7.734 As outlined in Methodology, benefits are difficult to quantify and a narrative is provided.

7.735 The calculations behind the figures in the following CBA summary table are set out in the narrative below.

**Table 57: Option 1 (BAU) CBA SUMMARY TABLE**

<b>C/B*</b>	<b>Action</b>	<b>2022</b>	<b>2050 (undiscounted)</b>
C	Private Sector general costs of applying for a felling licence	£247k	£272k
C	Private Sector costs of supporting survey data	£11k	£12k
C	NRW administration and capital costs	£241k	£277k
C	NRW monitoring and enforcement costs	£106k	£122k
C	NRW costs of HRAs and pre-application advice	£45k	£51k
C	NRW costs of policy support and regulation reform	£99k	£99k

C	NRW appeals process (formerly involving the RAC)	£1k	£1k
C	WG appeals process	£2k	£2k
B	Engagement between NRW and licence applicants on wildlife and environmental matters. Avoidance of reintroduction costs.	Difficult to quantify	Difficult to quantify
<b>OPTION NET SUBTOTAL</b>		<b>£752k</b>	<b>£836k</b>

\*Cost/Benefit

## Costs

### ***Private Sector general costs of applying for a felling licence***

7.736 There are no reliable figures of the costs incurred by the private sector in preparing their felling licence applications (FLAs) to NRW so these can only be roughly estimated. Appendix 1 Table 71 (Annex D) shows there are an average of 512 FLAs per year of which roughly two thirds (Appendix 1 Table 72) are submitted by a professional agent. If a FLA takes an average of a day and the cost of a professional agent is £600 per day<sup>337</sup> (and a non-professional cost of £250<sup>338</sup> a day is assumed for those not using professional agents) then the total cost to the private sector is £205k+£42k = £247k. Stakeholders indicated that work required to apply for a felling licence is increasing. If the additional work is increasing to say an additional 10% over time to 2050 then the undiscounted value of the total cost in the future is £247k+10% = £272k. This represents a marginal cost of +£25k per year incurred over this period in 2022 terms.

### ***Private Sector costs of supporting survey data***

7.737 Confor reports that for the last three years or so, NRW has been requesting additional information from landowners and agents in support of their FLAs, with further queries increasing by 20%.

<sup>337</sup> Costs provided by Confor (Confederation of Forest Industries)

<sup>338</sup> Estimate based on NRW experience

7.738 Appendix 1 Table 73 (Annex D) shows that an average of 43% of all FLAs are presently consulted upon by the NRW Forestry Permitting team – a figure that has increased over the 4-year period to 2018-19.

7.739 Although most of these consultations are with NRW Environment Teams, a proportion goes to other consultees including the National Park Authorities, CADW (for Scheduled Ancient Monuments) and local authorities (for Tree Preservation Orders). Not all the cases going to NRW Environment Teams will warrant a reply if the staff dealing with them consider the risk of harms to be low and an estimated 20% of these consultations are for Sites of Special Scientific Interest (SSSIs) – or are immediately adjacent to an SSSI. Such cases require signoff by the NRW Environment Team leader but are unlikely to give rise to an additional surveying requirement of the applicant.

7.740 Some information comes from Local Record Centres (LRCs) – such as Cofnod in North Wales – but this should not be the only source of data as on occasions there will be a need to generate suitable site survey information. A lack of records does not necessarily mean that a site has no value. The latter is required where there is a need to assess the anticipated impacts on known protected species or those likely to be present within or near the area to be harvested. There may also, on occasions, be a need for wider population surveying. An applicant therefore needs to consider proactively gathering information or carrying out surveys prior to applying to NRW and making use of its pre app service. This should already be undertaken in relation to existing environmental legislation and compliance with the UK Forestry Standard.

7.741 When an FLA is received, NRW will consider internally whether the information submitted is adequate for purpose or whether further expert advice is required. If the information is not suitably detailed then the applicant will have the opportunity to correct this, which can either be done by the applicant themselves if they have the appropriate technical expertise, or they can opt to source appropriate expertise in the private sector. They can also elect for NRW to do this work on their behalf, for which they will be charged.

7.742 The Stakeholder Group has highlighted that FLA applicants should seek the best data and advice available as early as possible in their planning/pre-submission and that private individuals and the NGO (Non-Governmental Organisation) conservation sector frequently absorbs costs including free site visits and guidance. To reflect this input from wildlife conservation bodies, a calculation based upon 20% of those felling licences referred for consultation (which is 43%, see Appendix 1 Table 73) of an estimated 512 FLAs per year (Appendix 1 Table 71) being consulted upon results in a cost to the private sector of say 44 felling licences x £250<sup>339</sup> per day = £11k. Stakeholders estimate that this work is increasing at an additional 10% over time (see above) then the undiscounted value of the total cost in the future is £11k+10% = £12k. This represents a marginal cost of +£1k each year incurred over this period in 2022 terms.

### ***NRW administration and capital costs***

7.743 The total cost to NRW of administering forestry regulation, including NRW's internal consultation and overheads, is £491k<sup>340</sup>. Of this, £241k covers NRW Forestry Permitting (£213k) and NRW management overheads (£28k).

7.744 NRW BAU work is expected to increase by 10% over time in the same way as for private sector applications – i.e. there is more work to be done over the next 28 years – but also by a further 5% to allow for increased public scrutiny of felling applications by interested parties to which NRW is required to respond. The number of reports by members of public or concerned local interest groups is also rising so over the period to 2050, which is why it is reasonable to conclude here that NRW BAU costs will disproportionately increase. This represents a marginal cost of +£36k per year (i.e. £277k) incurred over this period in 2022 terms.

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<sup>339</sup> Estimate from NRW for professional ecologist work

<sup>340</sup> NRW Agri-costs and overheads – Felling licences tab – 2020/21.

## ***NRW monitoring and enforcement costs and NRW costs of HRAs and pre-application advice to applicants***

7.745 As mentioned above, the total cost to NRW of administering forestry regulation, including NRW's internal consultation and overheads, is £491k. Of this, NRW monitoring and enforcement costs £106k and NRW HRAs and pre-application advice £45k have been separated out to make these costs more visible in this CBA. This NRW BAU work – and hence associated costs – are also expected to increase by 15% over time, which represent marginal costs of +£16k and +£7k per year (i.e. totals of £122k and £51k respectively) and incurred over this period in 2022 terms.

## ***NRW costs of policy support and regulation reform***

7.746 NRW is incurring costs of £99k per year (£52k from the Regulatory Approaches Team and £47k from the Sustainable Land Management Team) in considering the legislation, providing policy support and updating guidance for the sector in association with this work. These costs are anticipated to continue for the foreseeable future and have been projected to 2050. (Adjustments within this cost for the new powers is included within the set up costs for the new powers).

## ***NRW appeals process***

7.747 Appeals are considered by NRW's general complaints processes. The current number of complaints is low and result in appeals to WG only once every two years; however, this could increase following any changes in circumstances, including in this instance new legislation. NRW provides information and engagement to support the formal WG appeal's process. The cost to NRW of providing information in relation to the one case every two years is approximately £1k per year.

## ***WG appeals process***

7.748 In certain circumstances individuals can appeal against decisions of NRW. This potentially involves consideration of their cases by a Committee of Reference drawn from a panel of persons appointed by the Minister. The Committee provides advice to the Minister who decides each case. The cost of the Welsh Government appeals process is estimated to be £5k per case, so at an average of one case every two years the cost is (rounded to the nearest even whole number) £2k per year.

## **Benefits**

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7.749 There are a range of benefits that woodland and their management provide, including carbon sequestration, timber, water purification, improvements to air quality, soil stability, amenity and recreation. The powers arising from amendments to the Forestry Act 1967 as a result of the Agriculture Act are aimed at preventing felling that would contradict other environmental legislation, providing better protection against environmental damage. The proportionate use of these powers by NRW is not expected to affect the delivery of these benefits, hence they are not included in the BAU or subsequent options.

7.750 Biodiversity and conservation benefits are addressed under Options 2a and b.

7.751 However, the Stakeholder Group wishes to record that where BAU costs have increased in recent years, there have been many associated benefits. These include

- a) Improved NRW/applicant liaison re key environmental matters
- b) Willing acceptance by applicants to agreed actions as part of felling licence advisory letters
- c) Adoption by applicants of the long-term Forest Management Plan (FMP) with associated S16 Land Management Agreement (LMA) with NRW

d) The more a sustainable income is achieved through managing forests, the more willing owners are likely to be to undertake work above the regulatory floor.

7.752 Of the 589 FLAs administered in 2019-20 (see Appendix 1 Table 71 – Annex D) for example, 7 of these are FMPs, each with its S16 LMA containing agreed conditions, some of which are environmental conditions.

## **Option 2a – Add environmental conditions**

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7.753 The calculations behind the figures in the following CBA summary table are set out in the narrative below. These are the additional costs to the BAU.

7.754 Assumptions:

- a) 95-100% of felling licences are expected to have baseline conditions applied to bring the felling licence regime in line with other environmental legislation. The forestry sector is already required to comply with other environmental legislation, but this will formalise compliance within the felling licence regime.
- b) 31% of felling licences are estimated to require the inclusion of site-specific conditions, applicable where felling licences are on or near designated sites.
- c) An estimated 4% of licences are expected to require bespoke conditions where sites have a combination of complex sensitivities.
- d) 10-20% of all felling licences will be monitored for compliance with environmental conditions by NRW using a risk-based approach to regulation.
- e) After initial set up costs, there should be minimal ongoing costs to apply the conditions framework to felling licences.



**Table 58: Option 2a (Adding conditions) CBA SUMMARY TABLE**

C/B	Action	2022	2050 (undiscounted)
C	Private Sector general costs of applying for a felling licence	-	-
C	Private Sector costs of supporting survey data and engaging professional ecological advice	£97k- £107k	£138k-£152k
C	Private Sector to provide NRW with returns from its environmental conditions	£8k-£9k	£15k-£16k
C	Private Sector costs of conditions	Costs unknown	Costs unknown
C	NRW administration and capital costs	-	-
C	NRW monitoring and enforcement costs	£30k	£30k
C	Private Sector costs associated with NRW monitoring	£3k-£6k	£3k-£6k
C	NRW costs of HRAs and pre-application advice	£22k	£22k
C	NRW appeals process (formerly involving the RAC)	£2k	£2k
C	WG appeals process	£10k	£10k
B	Biodiversity and avoidance of environmental harm	Benefit value unknown	Benefit value unknown
B	Consumer confidence in <i>sustainably sourced</i> wood products will increase if there is no incidental environmental damage from the <i>Forestry Act 1967</i>	Benefit value unknown	Benefit value unknown
	<b>OPTION NET SUBTOTAL (annual costs only)</b>	<b>£172k - £186k</b>	<b>£220k - £238k</b>

## Costs

## ***Private Sector general costs of applying for a felling licence***

7.755 This is already covered in Option 1 (BAU) above.

## ***Private Sector costs of supporting survey data and engaging professional ecological advice***

7.756 Adding environmental conditions is expected to raise awareness amongst applicants of the need to identify whether protected species are present within a woodland and understand their extent. This will enable applicants to plan felling proposals that include mitigation and to agree environmental conditions that protect and conserve the species present. Some assessment of presence is likely to be possible by the applicant but more detailed or complex situations may require specialist survey.

7.757 There is little available evidence to base an estimate of how much additional surveying the private sector will be required in response to changing demands from NRW and further interest from stakeholders. However, supporting information requested by NRW should be proportionate, relevant and necessary to the approval process in line with NRW's Regulatory Principles.

7.758 The BAU option above has already included a calculation based on 20% of the 43% of felling licences currently referred for consultation (see Appendix 1 Table 73 – Annex D), which is the amount of surveying presently required of applicants. This calculation shows that an average of 44 felling licences per year require £11k of surveying based on a professional ecologist rate of £250 per day.

7.759 The best indication of possible Private Sector additional surveying requirements for Option 2a (Adding conditions) comes from Appendix 1 Table 75, which shows that for the last ten years on the Welsh Government woodland estate, an EPS (European protected species) toolkit approach has been used for an average of 15 Programme of Works (PoW) licences per year for harvesting operations. The types of survey required depend on the likely presence of the EPS based on proximity to

known populations and habitat suitability. PoW licensing is a proactive approach that seeks out likely presence of EPS using staff with the required specialist skills.

7.760 Anticipated cost to the private sector in carrying out similar surveying is done by estimating the cost of 15 Programme of Works (PoW) licences per year for private sector harvesting operations. 15 is considered reasonable - although the volume of timber harvested in the private sector is lower than for the WG woodland estate, this is balanced by the greater amount of woodland in private ownership<sup>341</sup>.

7.761 So 15 PoW licences x (10 days of surveying time x £250 per day per PoW licence) + (2 days of consultant's time in preparing each PoW licence x £600 per day) = £56k.

7.762 In addition to the PoW licences there will be a proportion of FLAs requiring additional surveying to cover a range of other non-EPS sensitive species. Stakeholders agreed that this equates to an additional 10% of felling licences. Suggest 512 FLAs per year x 10% x ((2 days of surveying time x £250 per day) + (0.5 days of consultant's time in preparing each FLA x £600 per day)) = £41k.

7.763 Total surveying cost is therefore £56k + £41k = £97k. If the second of these two figures is calculated using 20% (rather than 10%) then the total cost will be £138k. If these are then subjected to a further +10% over time (as before) then the costs will rise to £107k and £152k respectively.

### ***Private sector to provide NRW with returns from its environmental conditions***

7.764 The Stakeholder Group agreed that the most cost-effective method of monitoring is for permit holders to submit a return where their felling licence contained conditions and for NRW to plan an agreed proportion for monitoring, perhaps 10-15%. These calculations are based on 10% and 20% of felling licences requiring monitoring at 2 hours of agent's time per

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<sup>341</sup> 63% of the total woodland is in private ownership (Forestry Facts and Figures 2021, Forest Research).

licence. The lower level (10%) equates to 512 FLAs per year x 10% x 2 hours x £600 per day ÷ 8 hours per day = £8k; and the upper level (20%) = £15k. Subjected to a further +10% over time (as before) gives £9k and £16k.

### ***Private Sector costs of conditions***

7.765 Proposed conditions range from baseline conditions to site specific or bespoke conditions depending on the site circumstances. As outlined in assumptions, baseline or standard conditions to be applied to 95-100% of felling licences, are aimed at formalising compliance with other environmental legislation within the felling licence system. As such no additional costs to the private sector arising from baseline conditions are envisaged over and above what they are already doing.

7.766 However, with regards to site specific conditions, including those for highly sensitive or complex sites, there is likely to be a cost to the private sector. These conditions are expected to relate to the timing of operations e.g., avoiding the red squirrel nesting season or retention of areas of woodland to maintain habitat. It is difficult to provide a range of meaningful costs due to the unknown likelihood of different cases arising depending on highly variable factors such as scale of operations, age and species of trees felled, individual site conditions and the environmental sensitivities present.

7.767 Delays: Applicants are encouraged to consider their licensing needs in good time before operations start, which is the best way to minimise any costs arising from delays to operations. Interruptions once operations have started, for example from the appearance of an unexpected sensitivity, are likely to be particularly expensive while steps to mitigate the impact on the sensitivity are investigated. This can be minimised through thorough site investigation and good forest planning, including moving equipment to a different part of the site while investigation and mitigation steps are taken. These unquantifiable costs are already part of the normal pattern of forest management planning, allowing flexibility around felling operations where necessity arises e.g. stoppage due to the unexpected presence of a

Schedule 1 bird under the Wildlife and Countryside Act 1981. These are in line with the UK Forestry Standard with which all felling licences must comply and are not specific to this forestry provision. Therefore the cost is unknown.

7.768 Retention of Woodland: Areas of woodland may be excluded from a felling licence owing to environmental conditions such as retaining habitat for wildlife. The retention of these areas can be transient as felled and restocked areas grow on to replace the areas retained, allowing their removal at a later date. However delays in felling can result in some loss of timber value due to being oversized for the market. Managing a retained area as a habitat can also have its own costs. Good long-term planning is important to minimise costs. Owing to the highly variable nature of felling licences in terms of frequency, scale, tree species, timber quality, extent of retained woodland as habitat, a monetary value has not been possible to express here as the cost is unknown.

7.769 The frequency of cases and associated real costs will be examined as part of the post-implementation review to be undertaken within 3 years of the commencement of these new powers. This will provide a better understanding of the implementation of those powers and the costs involved.

### ***NRW administration and capital costs***

7.770 The Option 1 (BAU) CBA summary table shows the present total cost to NRW of administering forestry regulation, including NRW's internal consultation and overheads, is £491k.

7.771 To administer environmental conditions, there will be further costs to NRW including consultation and bespoke condition development for the most sensitive sites. These costs are already entered in this CBA so are not entered again here.

## ***NRW monitoring and enforcement costs***

7.772 Currently >15% felling licences are monitored for compliance with felling licence restocking conditions per year. These are chosen using a risk-based approach which is highly focused on those sites that NRW suspect will fail. For this reason, it is estimated that around 50% will fail inspection and require an extension to carry out the required restocking. When these are monitored for compliance, it is estimated that 50% will fail their extension and require a restocking enforcement notice when reinspected<sup>342</sup>.

7.773 Based on the current level of monitoring and enforcement, we would expect that a similar number would be monitored for compliance for environmental conditions, in the region >15%. These would take place at a different period of time to the existing compliance checks and therefore could not be combined into one visit. Of these it may be that 50% fail and enforcement notices given. Due to the environmental conditions being required when work is taking place, extensions are unlikely to be relevant in these cases.

7.774 The additional cost for compliance monitoring is based on an administrative sift of reports based on a risk matrix, site visits to check for compliance and any associated administrative tasks around serving enforcement notices. This gives an additional compliance and monitoring cost of £30k per year.

## ***Private sector costs associated with NRW monitoring***

7.775 Private sector agent costs of engaging with NRW on the follow-up monitoring cases above are estimated at 0.5 days/case, so 10-20 FLAs per year x 0.5 x £600 per day = £3k to £6k per year.

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<sup>342</sup> NRW internal data

## ***NRW costs of HRAs and pre-application advice***

7.776 Pre-application advice: Adding environmental conditions to felling licences will result in more consultation and liaison with NRW Environment Teams (both from the forestry sector through pre-application advice and from NRW Forestry Permitting as part of NRW's internal consultation).

7.777 NRW costs of Habitat Risk Assessment (HRA): HRAs are already considered by NRW Forestry Permitting for all FLAs, and a portion of these (see Appendix 1 Table 73 – Annex D) are consulted on internally with NRW Environment Teams. There will be additional workload to NRW from the increased interest from NRW Environment Teams, an indication of which comes from the following analysis of issues recorded over the last 7 years which indicate the likely workload when the new forestry provision is in place:

- a) Protection for EPS (especially otter) = 45%
- b) Need enforceable conditions = 30%
- c) Other = all in single figures % (includes water guidelines; avoiding the bird nesting season; conifer seeding on SACs; and marine licensing).

7.778 A suitable calculation for this further work is 512 FLAs per year x 20%<sup>343</sup> x 4 hours x £31.80 per hour (a weighted average for the NRW staff involved in the process) = £13k; and for more detailed follow-up, say 20 FLAs per year x 2 days x £31.80 per hour x 7.4 hours per day = £9k. Total cost = £22k. The same figure is entered for 2022 and 2050 as no further increase in work (and therefore cost) is projected across the 28 years of this CBA.

## ***NRW appeals process***

7.779 The current number of appeals is low although this could increase following any changes to circumstances, including in this instance new legislation. If there is an increase, then this is likely to be low as the

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<sup>343</sup> Based on internal NRW data collected

expected practice will be for NRW to agree all conditions with felling licence applicants before the conditions are set in their licence. Inevitably though, there will be some instances where the applicant or existing licence holder (after the licence is granted) does not agree with what NRW proposes, resulting in an appeal.

7.780 NRW expect a possible four-fold increase overall in appeals from one every two years to two every year. Each appeal costs NRW £2k. The half an appeal per year for BAU (£1k) entered earlier will not be repeated here to avoid double-counting. Similarly, the half an appeal per year for amend, suspend, revoke (£1k) will be entered in the next section Option 2 (Amend etc) so will not be included here. What will be included here is the one appeal per year for new conditions (£2k). This represents an increase of £2k per year from BAU.

### ***WG appeals process***

7.781 The cost of the Welsh Government appeals process is estimated to be £5k per case. At present WG appeals are dealt with on an occasional basis although the frequency could increase, particularly with more environmental conditions being appealed. For this CBA the number of cases is estimated to be two per year (i.e. smaller than the estimated three appeals to NRW per year) = £10k.

## **Benefits**

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### ***Biodiversity and avoidance of environmental harm***

7.782 Biodiversity and environmental benefits are expected to increase as a result of the provision to add environmental conditions, as the aim is to reduce environmental harm and provide better protection for wildlife. Benefits could include protection from felling in species breeding seasons, retention of habitat or connectivity helping to maintain a species population, income from eco-tourism or protection of water quality upstream of a designated site. Some benefits have cost implications e.g. protecting red squirrel populations from grey squirrel incursion, which



could be argued as being offset by the saving of reintroduction costs if their numbers were to decline.

7.783 However these benefits are challenging to quantify or express in monetary terms. There are a number of studies, ranging from the Dasgupta Review: the Economics of Biodiversity, to Forest Research's work on biodiversity value impacts, to more specialised such as Red Squirrels United's CBA for Anglesey. These studies are either not applicable at a stand level or cannot be extrapolated over the whole of Wales.

7.784 Attributing a proportion of biodiversity or conservation benefits directly to the powers arising from this Act provides further difficulty, given the variable nature of felling licences in terms of frequency, scale and individual site conditions. For this reason, monetary values have not been possible.

7.785 Following the commencement of these powers, relevant data will be collected to monitor the benefits arising from the use of additional conditions in felling licences as part of a post implementation review.

***Consumer confidence in sustainably sourced wood products will increase if there is no incidental environmental damage from the Forestry Act 1967.***

7.786 The recently published FSC UK Consumer Survey 2022 highlights an increasing awareness and support for forest products that are produced in an environmentally sustainable way. The public is willing to seek out and pay for products that are produced in a nature friendly way and businesses that make this a key part of their market strategy are tapping into this public concern that is expected to increase in response to the climate and nature crises.

7.787 The forestry sector should be seeking more positive news that reflects its adherence to the UK Forestry Standard and its willingness to embrace additional environmental measures *sensibly applied* in a bespoke manner. The Stakeholder Group has made it clear that additional conditions must not discourage woodland management, disrupt supply chains or lead to

illegal felling as an unintended consequence. Key words in the above are 'sensibly applied'. There is also scope for more long-term forest planning within the forestry sector.

7.788 The power to condition felling licences and compliance by the forestry sector is an excellent way for the sector to improve its environmental credentials by building on the UK Forestry Standard, certification standards such as UKWAS (UK Woodland Assurance Scheme) and addressing the 'harm caused by the incidental result of a lawful operation' exemption in the Wildlife and Countryside Act 1981. This can be done by agreeing reasonable conditions within a felling licence where there is an environmental or biodiversity issue.

## **Option 2b – Amend, Suspend, revoke Felling Licenses.**

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### **Costs**

7.789 The calculations behind the figures in the following CBA summary table are set out in the narrative below. Note that Option 1 BAU (Business as Usual) is the same as for Forestry Provision 2a (Add conditions) so is not repeated here. The following are the additional costs to BAU for this option.

**Table 59: Option 2b (Amend, suspend, revoke) CBA SUMMARY TABLE**

C/B	Action	2022	2050 (undiscounted)
C	Private Sector costs of voluntary amendment	£31k	£31k
C	Private Sector costs of amendment, suspension or revoking of felling licences	Costs unknown	Costs unknown
C	NRW administration and capital costs	£3k	£3k

C	NRW monitoring and enforcement costs	£3k	£3k
C	Compensation for amendment or revocation of a licence	Costs unknown	Costs unknown
C	NRW costs of HRAs and pre-application advice will increase as there is more work to be done	£1k	£1k
C	NRW appeals process (formerly involving the RAC)	£8k	£8k
C	WG appeals process	£20k	£20
B	Benefits arising from powers to amend, suspend or revoke licences already granted	Benefit value unknown	Benefit value unknown
<b>OPTION NET SUBTOTAL</b>		<b>£66k</b>	<b>£66k</b>

## Costs

### ***Private Sector costs for voluntary amendment***

7.790 It is expected this facility will be requested much more frequently by existing licence holders. This may be for a variety of reasons: changes to mapped areas; changes to restocking species; and changes to environmental conditions being the most likely.

7.791 The use of long-term or 10-year Forest Management Plans (FMPs) will help the forestry sector where the scale of the Forest Management Unit (FMU) justifies such plans. The FMP approach has a Tolerance Table with 3 categories of amendment which can reduce the need for formal amendment in certain circumstances.

7.792 The Stakeholder Group queried whether new surveys or updated surveys revealing additional species are likely to lead to a requirement to amend – or even suspend or revoke – a licence. This depends on whether the initial survey and/or assessment was sufficiently rigorous to address the most likely environmental issues. NRW must operate reasonably and

follow its published Regulatory Principles on its website. This should enable the forestry sector (and other industries) to proceed with confidence using the permissions with which it has been issued.

7.793 Therefore, if the initial assessment was sufficiently rigorous, then new or updated surveys should not affect an existing felling licence as all reasonable steps had been taken. A different view may be forthcoming if the information used to secure a licence is deemed to have been deliberately incomplete or misleading.

7.794 The following calculation shows the cost to the forestry sector where existing felling licence holders request to amend a proportion (say 5% per year) of their licences: 512 FLAs per year x 5% x £600 per day x 2 days = £31k. This same figure is entered for 2022 and 2050 as no further increase in work (and therefore cost) is projected across the 28 years of this CBA.

### ***Private Sector costs of amendment, suspension or revoking of felling licences***

7.795 One of the biggest immediate impacts on the woodland owner of their licence being suspended or revoked is the immediate impact on the timber contract they will have in place. There are also costs relating to idle machinery while work is suspended. Where suspension persists for over a week, machinery is likely to be removed from the site. Estimated costs for removing and re-installing two machines is estimated to be around £6k<sup>344</sup>.

7.796 The power to suspend and revoke felling licences has existed in Scotland for three years but has not yet been used. A Temporary Stop Notice has only been issued once in Scotland.

7.797 The proposed amendments to the Forestry Act allow for felling licences to be amended, suspended, or revoked where there is a breach in conditions by the licence holder or where unexpected environmental harm arises through no fault of the licence holder. Suspension or ultimately revocation is seen as an extreme outcome as costs to the private sector

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<sup>344</sup> Estimated cost provided by Confor member – removal, reinstallation and site initialisation. Skyline or winch extraction equipment up to £10k.

would likely be extremely high and dependent on the nature of the site and timber supply contract.

7.798 For this reason, these powers are for use only in the rare circumstances where amendment to conditions or the felling licence would not address the issue or cannot be agreed. In all cases, NRW must act proportionately and reasonably in line with its Regulatory Principles and will work with felling licence holders to agree mitigation or remedial works through amendment in order to avoid suspension or revocation wherever possible.

7.799 Private Sector costs relating to amendment of conditions or felling licences are as for private sector costs of conditions themselves as outlined at Option 2a. The highly variable nature of felling licences such as scale of operations, age and species of trees felled, and the circumstances arising from the use of these powers means that the cost to the private sector for amendment, suspension or revocation is unknown. It is noted that instances of suspension and revocation are expected to be very rare, as a last resort where agreement or amendment cannot address the issue.

7.800 As for Option 2a, case frequency and real costs will be examined as part of the post-implementation review.

7.801 At present there is no evidence that new powers to suspend or revoke will significantly impact the supply chain or significantly result in increased costs to timber producers.

### ***NRW administration and capital costs***

7.802 Although the main use of new powers to amend licences is expected to arise from requests from existing felling licence holders, NRW needs to administer these requests as well as service its own administrative need to amend a felling licence. The latter might include a change of owner or where the licence was issued in error. Although these scenarios do not occur often, when they do occur then NRW has to respond.

7.803 As for the Private Sector, the use of long-term or 10-year FMPs will help where the forestry sector consider the benefits justify any additional cost. The FMP approach has a Tolerance Table with 3 categories of

amendment: Category 1 amendments are defined as 'within tolerance' and there is no need for NRW to be involved; Categories 2 and 3 amendments require differing amounts of NRW time.

7.804 NRW will incur additional costs in dealing with requests for amendments by existing felling licence holders. The following calculation is based on 5% of felling licences being amended): 512 FLAs per year x 5% x 4 hours x £31.80 per hour = £3k. This same figure is entered for 2022 and 2050 as no further increase in work (and therefore cost) is projected across the 28 years of this CBA.

### ***NRW monitoring and enforcement costs***

7.805 There will be additional costs of NRW monitoring arising from new powers to amend, suspend and revoke felling licences, particularly where the suspend and revoke functions are used.

7.806 NRW's monitoring (as opposed to processing) of amendments will also be linked with amendment requests from existing felling licence holders and this is expected to be small (5% is estimated above). The additional costs to NRW of managing this additional workload are as follows: 512 FLAs per year x 5% x 4 hours x £31.80 per hour = £3k. Note that this is a separate £3k calculation to that in the previous section.

7.807 As outlined previously, powers to suspend or revoke felling licences are for use only in the rare circumstances where amendment to conditions or the felling licence would not address the issue or cannot be agreed. As for Scotland, where these powers have not been used since their commencement three years ago, the same is expected for Wales. In all cases, NRW must act proportionately and reasonably in line with its Regulatory Principles and will work with felling licence holders to agree mitigation or remedial works through amendment in order to avoid suspension or revocation wherever possible. The costs are unknown for suspension or revocation of felling licences.

## ***Compensation for revocation or amendment of a felling licence already granted***

7.808 Proposed amendments to the Forestry Act allow compensation for the depreciation in timber value due to the serving of a notice, to be made available where a felling licence is amended, suspended or revoked due to environmental harm arising through no fault of the licence holder. This reflects existing compensation provision for refusal of a felling licence already within the Forestry Act 1967.

7.809 Provision is also made to allow that compensation may be payable where a notice served to amend, suspend or revoke a licence (irrespective of breach or no fault) is later cancelled as a result of a successful appeal. Compensation may include depreciation in timber value and/or expenses reasonably incurred, depending on the type of notice cancelled. This is in line with Article 1 Protocol 1 of the European Convention on Human Rights.

7.810 To date, there have been no cases of compensation having been paid under the existing provision within the Forestry Act. In line with Public Law principles and its Regulatory Principles, NRW will work with felling licence holders to agree mitigation or remedial works through amendment in order to avoid suspension or revocation wherever possible. As site conditions and timber value and volume is highly variable, and compensation cases are expected to be rare if at all, costs are unknown.

## ***NRW costs of HRAs and pre-application advice***

7.811 As outlined above, the power to suspend and revoke felling licences is not expected to be used other than in extreme cases where mitigation or agreement cannot be reached.

7.812 NRW's additional work arising from HRA and post-granting advice to NRW Forestry Permitting for voluntary amendments is likely to be small (less than the 5% of cases estimated to request this service). However there will also be requests for internal advice arising from unexpected

environmental harm, although these are expected to be small due to the rigorous application process.

7.813 The additional costs to NRW of managing this additional workload are as follows: 512 FLAs per year x 5% x 20% x 4 hours x £31.80 per hour = £1k. The same figure is entered for 2022 and 2050 as no further increase in work (and therefore cost) is projected across the 28 years of this CBA.

7.814 Additional costs arising from amendment of licences due to breaches in conditions is included in Option 2a.

### ***NRW appeals process***

7.815 The current number of appeals is low although this could increase following any changes in circumstances, including in this instance new legislation. The expected practice will be for NRW to discuss with applicants every possible amendment, suspension or revocation of a felling licence. Inevitably though, there will be some instances where the felling licence holder does not agree with what NRW proposes.

7.816 We expect there may be an increase overall in appeals from one every two years to four every year. Each appeal costs NRW £2k. There is therefore an increase of £8k per year from BAU.

### ***WG appeals process***

7.817 The cost of the Welsh Government appeals process is estimated to be £5k per case. At present WG appeals are dealt with on an occasional basis although the frequency could increase as a result of the potential for compensation if an appeal against a notice served under the new powers is successful. Appeals involving amendments are still likely to be relatively low so for this CBA the number of cases is estimated to be 4 per year = £20k.



## Benefits

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### ***Biodiversity and avoidance of environmental harm***

7.818 Biodiversity and environmental benefits are expected to increase as a result of the provision to amend, suspend and revoke felling licences already granted. Although the power to suspend or revoke a licence is only expected to be used in rare but extreme cases where mitigation or agreement cannot be reached, it is still considered a very real deterrent.

7.819 The ability to amend conditions or felling licences is considered to be a practical and beneficial answer to anomalies in felling licences already granted, amending conditions where their compliance is no longer practical or mitigating or avoiding unexpected environmental harm. However, these benefits are challenging to quantify or express in monetary terms. As for Option 2a, relevant data arising from these powers will be examined as part of the post-implementation review.

**Table 60: One-off NRW set up costs for Options 2a and b.**

<b>C/B</b>	<b>Action</b>	<b>2022</b>	<b>2050 (undiscounted)</b>
C	NRW set up costs	£345k	-

7.820 Although there will also be transitional NRW capital costs – such as the costs of creating new guidance and forms, updating webpages, providing training etc – these will be incurred within Years 1 or 2 following the Senedd’s vote in 2022 and the costs minimised by adapting existing systems.

7.821 By developing a clear framework for conditions, the process of applying these will be more efficient, transparent and proportionate.

7.822 The cost to develop and implement a conditions framework will be a one-off cost in Year 1 of £345k. While considerable, NRW proposes that existing NRW procedures can be adapted at minimal cost.

## Summarising the costs and benefits

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7.823 The initial Option Appraisal identified the additional costs incurred and potential benefits (although the latter are mostly non-market benefits) from the policy proposal. The full costs associated with the BAU option are provided in this CBA but the summarised figures in the above tables focus on the changes in BAU costs as a result of changing demands made on applicants.

7.824 The value of forestry to the Welsh economy is £665m per year and the proposals examined here should help the forestry industry prosper while meeting its legal requirements and addressing the climate and biodiversity emergencies. Welsh Government also has a strong desire to see more woodlands managed so the application of these powers needs to be proportionate and reasonable.

7.825 From a wider UK perspective, Scotland and Northern Ireland already have the powers to environmentally condition their felling licences, and Scotland can also amend, suspend, and revoke them. The latter will be important to Wales too if we are to move towards greater use of Earned Recognition as recommended by the Deputy Minister for Climate Change's Trees and Timber Task Force.

7.826 The proposed Option 2 (a and b) is likely to impact on many businesses to a small degree, as evidenced by the information in ANNEX D. In addition, the cost impacts from the proposals are expected to be low, as the proposals are required to be proportionate. However, given the high degree of variation in frequency of use, species, age and site conditions, estimating the costs to the private sector of this Option is difficult. It is also difficult to monetise many of the environmental benefits, even though these are considered to be numerous. This CBA focuses on the additional (or marginal) costs and benefits of each part of Option 2 over and above what would happen from the BAU option.

7.827 The information needed to complete the CBA has been gathered from many sources, in particular from the Stakeholder Group but also from NRW staff. Information has also come from Welsh Government colleagues

(e.g. ERAMMP) and from Forest Research. Information on NRW staff costs and average salaries has come from NRW Finance.

7.828 It is recognised that stakeholder engagement is essential for the development of a robust CBA and that this should start at an early stage in the analysis. The Stakeholder Group of key representatives has engaged and provided inputs to the development of this CBA and we are grateful for their input.

7.829 This CBA sets out to provide a best estimate of the costs and benefits of the changes to the legislation proposed by the forestry provision. Welsh Ministers clearly stated in the Agriculture (Wales) White Paper consultation of December 2016 that there are no current plans to introduce charges for felling licences. Therefore, this CBA is based on the current policy of felling licences being funded within present Welsh Government Grant in Aid.

7.830 This CBA has focused on Recurrent Costs - the additional costs arising from these proposals. There are also Transition Costs, which are mainly one-off costs relating to the implementation of the policy. While considerable, NRW propose that existing NRW procedures can be adapted at minimal cost, see the following table.

**Table 61: Transition and recurrent costs**

Transition costs	Recurrent costs
<b>Guidance:</b> To be produced	<b>Compliance:</b> Applicants to provide additional details and be aware of new procedures
<b>Familiarisation:</b> Applicants to familiarise themselves with the new guidance	<b>Administration:</b> Potentially additional burdens for some applicants, who will be required to provide more detail in their applications. Additional costs for NRW to administer and ensure applications are duly made

<p><b>Communications:</b> Recommend that these be light touch</p>	<p><b>Monitoring:</b> Applicants to provide returns for NRW to base its monitoring. Spot checks will be required. Follow-up work required where NRW finds non-compliance</p>
<p><b>Training:</b> Required for applicants as well as for NRW staff. Possible stakeholder interest too</p>	<p><b>Enforcement:</b> An estimated 0-3 cases per year may be assessed as 'case-to-answer' in which case further action will be considered</p>
<p><b>Premises:</b> No additional costs as existing premises and staff to be utilised</p>	<p><b>Sanctions and appeals:</b> Current licence appeals system to be extended to the new powers. Additional costs to be minimised using existing processes</p>
<p><b>IT:</b> Existing systems to be used but may need to enhance DataMapWales. Possible need to provide greater access information from Local Record Centres</p>	<p><b>Maintenance:</b> No new infrastructure anticipated</p>

7.831 Consideration has also been given to the potential impacts of these proposals on the Justice System. NRW Forestry Permitting currently has minimal use of the justice system for felling licence offences as very few (less than 1 per year) cases of Alleged Illegal Felling's (AIFs) progress this far. The frequency of pursuing non-compliance for environmental conditions through the courts is estimated at 0-3 cases per year.

7.832 The impact of the proposals in this CBA have been considered along the lines of the minimum impact required to justify the costs of their implementation. Likely impacts include the following:

- a) Applicants for felling licences will need, where necessary, to supply NRW with additional supporting information to show the likely environmental impacts of their proposals. Some of this information will be accessed

from existing records (e.g. from LRCs) but other information will need to come from suitable surveying. Many applicants already provide NRW with sufficient information.

- b) NRW expects a limited number of requests from existing felling licences holders to amend their licences. This is most likely to be linked with subsequent applications for grants to plant or manage woodland.
- c) NRW will incur additional costs in monitoring environmental conditions where these are applied and in taking further action.
- d) NRW will incur enforcement costs in dealing with possible offences, from their initial investigation to presenting a case for further consideration to taking a case to court. Civil sanctions may give further options in the future but there is no legislative basis for these for forestry offences at present.

## **Summary of the costs and benefits associated with each option – Option Appraisal**

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7.833 This section (Options Appraisal) sets out the Preferred Option and provides an explanation as to why that option has been selected, supported by the preceding analysis. Note that in order to demonstrate the breakdown of costs and benefits, Option 2 has been divided into

- a) Option 2(a): Adding Environmental Conditions to felling licences
- b) Option 2(b): Enable felling licences to be amended, suspended or revoked once granted.

7.834 Both parts of Option 2 are considered as a whole as they are interdependent; the ability to amend, suspend or revoke a felling licence enables enforcement options to the adding of environmental conditions to felling licences.

7.835 As pointed out by the Stakeholder Group at an early stage in the CBA's development, this CBA focuses more on costs than benefits. Most of the costs are Cash Costs (involving an actual financial outlay) whereas most of the benefits are Non-Cash (also known as Non-Market Benefits),

therefore challenging to monetise and apply over the whole of Wales in a way that is subject to sensitivity analysis.

7.836 There are some impressive studies on Non-Cash Benefits as outlined previously. These include Bateman et al 2013<sup>345</sup> which outlined an expected increase in the net value of land to society by 20% on average; and a 2001 study that estimated the environmental economy contributed £8.8 billion of goods and services annually to the Welsh economy (£12.0 billion in 2014 prices). However, many of these studies are either not applicable at a stand level or cannot be extrapolated over the whole of Wales.

7.837 Attributing a proportion of biodiversity or conservation benefits directly to the powers arising from this Act provides further difficulty, given the variable nature of felling licences in terms of frequency, scale and individual site conditions. For this reason, monetary values for benefits have not been possible.

7.838 Despite the challenges in expressing the benefits in a comparable way to the costs, the Stakeholder Group has been unequivocal in that it considers the benefits of the forestry provisions to the Agriculture (Wales) Act 2022 to be significant. What is not possible though is to present a table clearly showing the present value of benefits minus the present value of costs, followed by an overall summary of all the costs and benefits.

7.839 The following table is intended to do the next best thing, which is to summarise the costs and benefits of each part of the option for change (Option 2a Condition felling licences and Option 2b Amend, suspend, revoke felling licences). All figures are undiscounted, rounded to the nearest £1,000. NB. These summarise only those costs that are able to be quantified – it does not include unknown costs and benefits.

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<sup>345</sup> Bringing Ecosystem Services into Economic Decision-Making: Land Use in the UK – Bateman et al, 2013

**Table 62: Changes to costs/benefits from each part of Option 2 in relation to BAU**

Option	2022	2050
2a. Adding Conditions	£172k - £186k	£220k - £238k
2b. Amend, suspend, revoke felling licences	£66k	£66k
TOTAL annual costs	£238k - £252k	£286k - £304k
2.a Set up costs (one-off)	£345k	-

7.840 To conclude:

- a) There is an on-going increase in the costs of BAU over the 28 years of this CBA resulting from the higher standards that are already being requested of felling licence applicants and which are expected to continue.
- b) There is a clear increase in the costs with both parts of Option 2 although it is difficult to say to what extent this would be offset by the environmental benefits gained.
- c) Benefits arising from Option 2, although unable to be quantified in monetary terms, are considered to be significant.

7.841 The powers under Option 2 – to amend the Forestry Act 1967 to provide powers to add conditions and to amend/suspend/revoke felling licences already granted are being sought to prevent felling that would contradict other environmental legislation.

7.842 The effect of this is primarily to safeguard wildlife and provide protection from environmental damage, and in doing so, ensure that the impact of felling licences on the nature crisis is reduced, while ensuring that the forestry industry continues its considerable contribution to the climate change emergency.

7.843 It also enables such “environmental” conditions to be enforceable under the Forestry Act; helps the Forestry Act align with other environmental legislation such as the Habitat Regulations 2017 and

enables NRW to meet its SMNR (sustainable management of natural resources) and section 6 duty under the Environment (Wales) Act 2016.  
7.844 On this basis, Option 2 has been selected as the preferred option.

## **Snares and Glue Traps**

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7.845 This CBA will be structured in the following way:

- a) Options
- b) Cost and Benefits (including Impact Assessments)

## **Options**

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7.846 The policy objective is to ban the use of snares and the use of glue traps in Wales, based upon animal welfare grounds. The rationale for this is set out in the Explanatory Memorandum.

7.847 Three options have been considered for each issue:

### ***Snares***

- a) **Option 1:** Business as usual – allow the use of snares for controlling foxes and other ‘pest’ species to continue.
- b) **Option 2:** Introduce a licensing or registration scheme which allows the use of snares, subject to certain conditions, by those who qualify for a licence.
- c) **Option 3:** Ban the use of snares in all circumstances.

### ***Glue traps***

- a) **Option 1:** Business as usual – allow the continued use of glue traps.
- b) **Option 2:** Ban the use of glue traps for members of the public but introduce a licensing scheme to which professional pest controllers apply in order to be permitted to use glue traps in certain instances and under controlled conditions.



c) **Option 3:** Ban the use of glue traps in all circumstances.

7.848 Each option is described below, along with, where applicable, associated costs and benefits. This RIA does not explore Options 1 and 2 for either snares or glue traps in detail because they do not meet the policy objective.

## **Snares**

### ***Option 1: Business as usual – allow the use of snares for controlling foxes and other ‘pest’ species to continue.***

7.849 Snares are used to enable foxes or rabbits to be caught around the neck and restrained until the operator can revisit the site and then kill the animal. Gamekeepers, land managers and farmers use these legal means of trapping and killing animals – predominately foxes<sup>346</sup> – that are deemed to be pests because they can predate gamebirds and also lambs. Their use in Wales is believed to be widespread but some estimates are likely to be largely inaccurate due to a reticence in reporting, and records of sales would provide no clear indication not least of all because snares can be homemade; sourced from outside of Wales; and also repeatedly reused.

7.850 A *Code of Best Practice on the Use of Snares in Fox Control*<sup>347</sup> was produced by Welsh Government in 2015, however evidence on how snare users are complying with this Code has not been forthcoming, meanwhile cases of non-code compliant snares in use; non-target species being caught; and animals suffering, have continued to be reported – indeed the first annual report to the Climate Change, Environment and Rural Affairs Committee could not provide guarantees that the Code had been widely adopted by snare users. It is therefore not expected that the use of snares

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<sup>346</sup> A 2012 Defra report found that rabbit snares are not used as extensively as fox snares. The extrapolation from the survey's results suggested that only 115 holdings in Wales use rabbit snares, with an average of 12 snares in use at each holding at any one time (as opposed to between 17,200 and 51,600 fox snares in use in Wales). Snares are also sometimes used to capture rabbits for food. [Defra, UK - Science Search](#)

<sup>347</sup> [Code of best practice on the use of snares in fox control | GOV.WALES](#)

will naturally decline over time and as such animal welfare is highly unlikely to improve independently and without intervention.

7.851 The code of best practice on the use of snares in fox control is centred around the use of a modified Code Compliant snare (also sometimes referred to as a 'Humane Cable Restraint'). The modifications are aimed at improving animal welfare and decreasing the capture of non-target animals. The modifications do not remove all the risks and indeed no evidence was presented to demonstrate their effectiveness by snare user groups in the six years following the launch of the Code, despite repeated requests.

7.852 'Business as usual' would not meet the policy objective set out in the Programme for Government which follows a 2021 Senedd election manifesto commitment to ban snares. Neither would it be acceptable to those members of the Welsh public and third sector organisations who have lobbied for the use of snares to be banned.

***Option 2: Introduce a licensing or registration scheme which allows the use of snares, subject to certain conditions, by those who qualify for a licence.***

7.853 A licensing system for the use of snares would require an appropriate body or agency capable of both administering the scheme and monitoring compliance, and charging fees at a rate as to be able to recover all costs involved.

7.854 There are a number of legislative provisions which currently regulate to the use and type of snares legal to use in Wales, including those under the Wildlife and Countryside Act 1981. However, the Wildlife and Countryside Act 1981 does not allow for prohibited methods of snare use to be added, taken away or regulated. Primary legislation would therefore be needed in order to introduce a licensing system.

7.855 The *Code of best practice on the use of snares in fox control* has now been in place for more than six years but there is no evidence to suggest it has adequately tackled the animal welfare concerns inherent within the

practice of snaring. A licensing system, whilst being burdensome to administer, also does not offer any additional improvements in animal welfare, beyond the symbolic, than the Code of best practice was designed (but is deemed to have failed<sup>348</sup>) to do. Irrespective of compliance with the code of practice, snares can be considered inhumane due to the distress – and often pain - caused to the trapped animal for potentially a prolonged period of time.

7.856 The use and sale of snares in Wales has been considered by the Senedd Petitions Committee and discussed by the Climate Change, Environment and Rural Affairs Committee (CCERA), during the previous Senedd term. The 2017 CCERA Committee report on the use of snares in Wales recommended that *'the Welsh Government prepares draft legislation now so that it is in a position to act immediately should the combined efforts of government, the industry and land managers fail to deliver the ambitions of the Code'*.

7.857 Between 2010 and 2015<sup>349</sup> Scotland introduced various regulations on the use of snares which set out a number of requirements in relation to the placing and setting of snares; what training those using snares must have; and the identification and location-recording of snares through tagging, amongst other stipulations. These requirements can be said to aid enforcement, but they do not address all concerns.

7.858 Welfare groups have said the regulations have done nothing to improve welfare, not just in relation to questions over compliance but because there can be no way to ensure that non-target species are not caught, and in the case of target species, that their welfare isn't compromised. The action of a free-running snare is, after all, dependent upon the animal ceasing to struggle, which is not always the case with a wild animal.

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<sup>348</sup> Welsh Government officials have urged snare user groups to submit figures and case studies to support the continued use of snares but no substantive figures or evidence of improvements in animal welfare have been provided.

<sup>349</sup> Snares (Scotland) Order 2010, followed later by s13 of the Wildlife and Natural Environment (Scotland) Act 2011 which inserted new provisions into s11 of the Wildlife and Countryside Act 1981; The Snares (Identification Numbers and Tags) (Scotland) Order 2012; and the Snares (Training) (Order) 2015.

7.859 Amongst those respondents not calling for a complete ban in the Agriculture (Wales) White Paper consultation (which asked for views on snares), some supported tighter controls – referencing Scotland’s system. They also acknowledged, however, the concerns in relation to non-target animals killed or injured by snares but did not offer evidence on how regulations can prevent this from happening or indeed reduce the suffering of target species. This support for regulation was not the position of the majority of respondents.

7.860 There is sufficient evidence that snares are inhumane and cause an unacceptable level of suffering<sup>350,351</sup> and capture non-target species irrespective of the type of snare<sup>352</sup> as such there is a concern that regulation would, effectively, only result in licensing cruelty.

7.861 A licensing scheme for snare users does not meet the policy objective which is to ban their use in Wales. The Welsh public and third sector organisations have overwhelmingly lobbied for this practice to be banned.

### ***Option 3: Ban the use of snares in all circumstances.***

7.862 Snares can inflict both physical and mental suffering upon the animals they capture, particularly as the animal may be trapped for many hours - legally, or days - illegally<sup>353</sup>. They can result in a slow, agonising death for the trapped animal. As the animal struggles to free itself the snare can slip to the body or lower extremities leading to the animal further injuring itself as it attempts to gnaw through the restraint.

7.863 Snares are by their nature indiscriminate and as such many other non-target species fall victim to them, these include other wildlife such as deer, hares, badgers, birds, and otters. Domestic species such as dogs and

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<sup>350</sup> Munro, R. and Munro, H.M.C. (2008) ‘Traps and Snares’ in *Animal Abuse and Unlawful Killing Forensic Veterinary Pathology*. Edinburgh, Elsevier Saunders

<sup>351</sup> Rochlitz, I., Pearce, G.P. and Broom, D.M. (2010) The Impact of Snares on Animal Welfare. OneKind Report on Snaring, Centre for Animal Welfare and Anthrozoology, Department of Veterinary Medicine, Cambridge University Animal Welfare Information Service.

<sup>352</sup> Short, M. J., Weldon, A. W., Richardson, S. M., & Reynolds, J. C. (2012). Selectivity and injury risk in an improved neck snare for live-capture of foxes. *Wildlife Society Bulletin*, 36(2), 208-219.

<sup>353</sup> Under s11 of the Wildlife and Countryside Act 1981 it is illegal to fail to check a set snare at least once every 24 hours

cats, as well as farm livestock, have also become trapped, injured, and even killed. It is therefore not possible to ensure high standards of animal welfare in Wales if snares remain a permitted method of 'pest' control.

7.864 Discussions with Natural Resources Wales specialists and others who carry out fox control has established that alternative, more efficient and humane methods of 'pest' control exist. The most efficient method of fox control is the use of rifles, with thermal-image scopes, at night. It is important to be clear that the ban on snares is about the method used and does not prevent fox control using other methods.

7.865 There is substantial public opinion that there is a need to ban the use snares in Wales. The overall response to the Agriculture (Wales) White Paper consultation, which closed in March 2021, was that the use of snares should be banned outright. Respondents were concerned about the indiscriminate trapping of non-target species, as well as the welfare of all species caught in snares.

7.866 The League Against Cruel Sports reported that a YouGov poll they had commissioned in January 2021 found that 78 per cent of the public in Wales wanted the use of snares to be made illegal<sup>354</sup>.

7.867 There have been two petitions specific to Wales in recent years calling for a ban on snares. A Senedd petition (P-06-1159) raised 6,514 signatures when it was considered closed by the Petitions Committee in October 2021 as it was a subject already under consideration by Welsh Government. An earlier Senedd petition (P-05-715) led by the League Against Cruel Sports generated 1,405 by November 2017 and was closed by the Petitions committee in light of the Climate Change, Environment and Rural Affairs Committee's discussion and recommendations.

7.868 A petition launched in the UK Parliament in 2021 calling for the sale, use and manufacture of free-running snares to be prohibited, reached in excess of 100k signatures and as a result was the subject of a Westminster Hall debate on 9th January 2023. In January 2022 Defra responded before the petition had closed to state 'The Government recognises that some people consider snares to be an inhumane and

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<sup>354</sup> [Calls for Welsh Government to ban barbaric snares | League Against Cruel Sports](#)

unnecessary means of trapping wild animals and will launch a call for evidence on the use of snares', adding 'the Government will ensure it has the very latest understanding on this issue, and our position will be informed by the responses received'<sup>355</sup>.

7.869 The Scottish Government has committed to a further review of snares with recent reports suggesting a ban will be one of the options under consideration<sup>356</sup>. This may have been prompted by one animal welfare organisation's commissioned poll in 2021 which found that 76 per cent of Scots want to see a ban on the use of snares<sup>357</sup>.

7.870 Of the countries within the EU, 75 per cent have a ban on the use of snares, as does Switzerland. Other than the nations within the UK, it is thought only 6 others permit snaring although at least one of those – Belgium - has regional bans in place.

7.871 The ban on snares within the Agriculture (Wales) Act seeks to make it an offence for snares to be used in any circumstance. The Act will not prevent land managers, gamekeepers, and farmers from exercising other forms of pest control. Using rifles at night with thermal imaging is deemed to be a more efficient and humane method of dealing with foxes.

7.872 Banning the use of snares will send a clear message that such forms of pest control are not acceptable in a Wales which seeks to uphold high standards of animal welfare.

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<sup>355</sup> <https://petition.parliament.uk/petitions/600593>

<sup>356</sup> [Snares to trap animals could be banned due to illegal use | Scotland | The Times](#)

<sup>357</sup> [76% of Scots want to see a ban on the use of snares - OneKind](#)

## Glue Traps

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### ***Option 1: Business as usual – allow the continued use of glue traps.***

7.873 Glue traps are readily available to anyone from a wide variety of retailers and are predominately<sup>358</sup> used to catch a rodent by its limbs or fur as soon as it comes into contact with the glue. These traps are in frequent use by members of the public as well as a number of professional pest controllers.

7.874 There is no requirement for the user of a glue trap to have any skills or knowledge in the rodent they are seeking to capture, or what is required once it becomes trapped. Many non-professional users may not understand how that animal must then be handled and killed once it has become trapped and may just throw the trap away with the live animal still attached unaware that to do so could constitute a criminal offence under the Animal Welfare Act 2006.

7.875 Users may also be committing an offence if they are not able to kill the animal humanely which may frequently be the case if they do not have knowledge and skills to do this. One YouGov poll<sup>359</sup> found that over half of the respondents either would not know what to do with a trapped live animal or would recommend an action such as drowning, which would be illegal, and only 20 per cent knew the preferred, and legal, method of striking the animal with a sharp blow to cause instant death.

7.876 Non-target species have also been reported to have become caught in glue traps including pet animals such as cats, resulting in serious injury and even death. Three out of every four incidents in relation to glue traps that the RSPCA responded between 2016 and 2021 involved non-target species being caught, often fatally, including owls and other wild birds, squirrels, hedgehogs, and pet cats - and importantly the glue traps

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<sup>358</sup> Glue boards/traps are also used for insects and pests, such as cockroaches, which will not be prohibited because the proposed ban will only apply to vertebrates.

<sup>359</sup> Humane Society International (HSI), 2015. Inhumane, Indiscriminate, Indefensible: The case for a UK ban on rodent glue traps. Available at: <https://www.hsi.org/wp-content/uploads/assets/pdfs/hsi-glue-trap-report.pdf>

involved in those incidents were reported to have been laid by both the general public/amateurs and professional pest controllers.

7.877 Animals caught in these traps have been reported to have sustained serious and painful injuries including dislocated or broken limbs, skin tears, and self-mutilation when the animal has attempted, for example, to chew through a limb to escape. Trapped animals frequently suffer from exhaustion, dehydration and starvation and can drown in the glue or fall prey to other animals.

7.878 In light of these serious welfare concerns 'Business as usual' would not constitute the high animal welfare standards Wales strives for, nor would it meet the policy objective which has been set out as a firm Ministerial commitment within the Agriculture Act. It also wouldn't be acceptable to Wales' third sector organisations who have long called for a ban on the use of glue traps.

***Option 2: Ban the use of glue traps for members of the public but introduce a licensing scheme to which professional pest controllers apply in order to be permitted to use glue traps in certain instances and under controlled conditions.***

7.879 There are a number of legislative provisions governing the trapping of animals including the Wildlife and Countryside Act 1981 and Pests Act 1954, plus the Animal Welfare Act 2006 once the animal has been trapped (and deemed to be 'under the care of man'). There is currently nothing to prevent any individual using a glue trap to capture a rodent. A ban on general use with exceptions for professional pest controllers, in certain circumstances, requires new legislation.

7.880 A regulated system accessible to all, including the general public, with no-one prohibited (providing they had a licence) (which is effectively a fourth option), was not considered. This is due to a strong evidence base that establishes glue traps are inherently inhumane. The potential for suffering is greatly increased when they are used by those who have no



skills or experience in humanely killing the rodents who are caught by these traps – which leads to criminal offences being committed. This option did not meet the policy objective to prevent the suffering of mammals caught by glue traps through a ban.

7.881 A targeted stakeholder consultation on glue traps was conducted between November 2021 and January 2022. The two major pest control bodies in the UK, the British Pest Control Association (BPCA) and the National Pest Technicians Association (NPTA) provided responses. Both organisations fully support a ban on the general public (including amateur pest controllers) being able to use glue traps however they wish to see an exemption for professional pest controllers on the grounds of protecting public health. The basis for this is the speed at which they need to be able to capture the rodent or where rodenticides are ineffective. However, both organisations acknowledge that pest controllers use glue traps for these purposes in only limited circumstances<sup>360</sup>.

7.882 These specific instances where some pest controllers believe glue traps are needed were also referred to by local authorities during the consultation and include situations such as the home of a vulnerable person with limited mobility, or a hospital, or the food preparation area of a restaurant – all situations where the rodent needs to be swiftly captured. Local authority pest controllers usually do not then leave the premises until the animal is caught and dispatched quickly to minimise suffering (although that was not a commitment the two pest control bodies gave in their responses - only citing a requirement to check no more than 12 hours after the trap is laid<sup>361</sup>).

7.883 However adequate substitutes are available, and there are no problems reported by pest control services that have a self-imposed ban

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<sup>360</sup> The BPCA quantified this from a sample of 404 members who use glue boards at daily 6 per cent, monthly 30 per cent, quarterly 18 per cent, yearly 16 per cent, less than once a year 3 per cent and never 3 per cent. Information on how many of the respondents operate in Wales was not included - which is a material matter given that rodent problems are more likely in (human) densely populated areas.

<sup>361</sup> The 12 hours cited is not a legal requirement but comes from an industry code of practice updated in 2017 by the Pest Management Alliance (consisting of BPCA, NPTA and the Chartered Institute of Environmental Health). The Code sets out a range of standards including that glue traps are checked 'within 12 hours of placing, or at least as soon as is reasonably practicable'.

on the use of glue traps – they are able to capture the rodent in all circumstances. It should be noted that professional pest controllers may determine their preference on which method of control to use as a result of economic incentives where, for instance, it may be the least resource-intensive option. In states and nations where glue traps are banned but available to professional pest controllers under certain circumstances, applications for licences have been very low (and steadily declining in New Zealand, for example) – suggesting alternative methods may have been adequate in those circumstances.

7.884 Representations covering six local authorities in Wales were received to the targeted stakeholder consultation. Of these, two responded to state they never use glue traps and two only in extremely limited circumstances. One local authority quantified this as being far less than 1 per cent of all pest control incidents and another had not used them in the preceding 12 months.

7.885 Two local authorities responded to state they never use glue traps for vertebrates because they are considered inhumane, and therefore alternative methods of pest control are considered superior. One city-based local authority which does occasionally use glue traps did not have any major impacts to report in the face of a ban and in fact supported the proposal. To this end it is not believed the ban on glue traps will impact negatively on local authorities in Wales.

7.886 A licensing system for the use of glue traps in certain circumstances by professional pest controllers in Wales would require an appropriate body or agency capable of both administering the scheme and monitoring compliance, and therefore charging fees at a cost recoverable rate. Given the number and frequency of incidents where glue traps are used is believed to be very low in Wales – as indicated in the consultation – this would not be proportionate to the costs of operating a licensing and compliance monitoring system.

7.887 It is also important to note that there is no Standard Occupational Classification (SOC) Code for pest controllers and no qualifications or licence is needed to work in that type of role. Therefore, determining a legitimate application for a licence to use a glue trap would prove very

problematic<sup>362</sup>, rendering the definition of who is exempt in the regulations very difficult.

7.888 There is no question that pest control activities are necessary, particularly in (human) densely populated areas, however there are sufficient alternatives to glue traps for rodents that are far more humane – they are also inexpensive, easily acquired, and effective. These include spring traps which have the additional benefit of being reusable (whereas glue traps are not) thus helping the environment and lowering costs. There is also plenty of advice available on deterring rodents from domestic and commercial environments.

7.889 The Glue Traps (Offences) Act 2022, will prohibit the general public, but permit licensed pest controllers, to use glue traps in England. This has drawn criticism from a coalition of welfare organisations<sup>363</sup> who lobbied for a complete ban to improve the welfare of those deemed as pests during operations to remove them. Defra will also now need to explore how to licence pest controllers in order to make regulations viable. In contrast, the Scottish Government is seeking to introduce a complete ban in Scotland.

7.890 This option partly met the policy intent insomuch as members of the public would not be permitted to use glue traps. However, if professional pest controllers were to be permitted to continue to use glue traps, even in very limited circumstances, the outcome would not achieve the policy objective set out to retain high standards of animal welfare in Wales. There is a concern that if members of the public see that pest controllers are able to use glue traps, they could misinterpret this as an endorsement of these methods and conclude (incorrectly) that it is possible to protect animal welfare through the use of these traps.

7.891 The establishment and operation of any regulatory system would also incur a direct cost which would be disproportionate to the small number of pest controllers – as demonstrated by the survey of Wales' local

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<sup>362</sup> It should be noted that where other licensing systems for the use of glue traps exist, such as the system the State of Victoria in Australia had until recently (they now have a total ban), professional pest controllers are required to have an operating licence and are regulated by the state government. England has yet to release any details on how pest controllers will be defined in the legislation to ban glue traps in England – this is not due to come into force until spring 2024.

<sup>363</sup> [BVA welcomes Act to ban public use of inhumane rodent glue traps](#)

authorities – who it is anticipated would seek a licence. Even in the skilled hands of professional pest controllers, glue boards cannot be considered sufficiently humane. Adequate, efficient and more humane forms of ‘pest’ control are available and in regular use in Wales.

***Option 3: Ban the use of glue traps in all circumstances.***

7.892 A range of third sector animal welfare organisations, and the British Veterinary Association (BVA) and British Veterinary Zoological Society (BVZS) responded to the stakeholder consultation all in support of a complete ban. A range of evidence and academic papers were provided to support the argument and assess the effectiveness and humaneness of alternatives. The BVA/BVZS also drew attention to the fact that a similar trapping method for birds (bird lime) is already illegal. And whilst the two pest control bodies that responded prefer legislation to allow their members to be exempt, they also acknowledged that glue traps are inhumane in the hands of non-professionals, and can capture non-target species.

7.893 The evidence supports the view that Glue traps are inhumane<sup>364,365</sup>, often inflicting prolonged mental and physical suffering upon the animal that becomes trapped. The case studies of pet and wild animals that have fallen victim to a glue trap have drawn the most public attention however the reality is that the potential to suffer is universal to all sentient beings including those deemed as ‘pests’. Even those professional pest control services, such as those provided by local authorities in Wales that use glue traps, reserve them for an extremely limited number of cases, which

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<sup>364</sup> Baker, S.E., Ayers, M., Beausoleil, N.J., Belmain, S.R., Berdoy, M., Buckle, A.P., Cagienard, C., Cowan, D., Fearn-Daglish, J., Goddard, P., Golledge, H.D.R., Mullineaux, E., Sharp, T., Simmons, A. and Schmolz, E. (2022) An assessment of animal welfare impacts in wild Norway rat (*Rattus norvegicus*) management. *Animal Welfare* 2022, (31) pp 51-68.

<sup>365</sup> Scottish Animal Welfare Commission: report on the use of rodent glue traps in Scotland [www.gov.scot/publications/scottish-animal-welfare-commission-report-use-rodent-glue-traps-scotland/documents](http://www.gov.scot/publications/scottish-animal-welfare-commission-report-use-rodent-glue-traps-scotland/documents)

in itself is recognition of the potential for suffering for the animal concerned.

7.894 The Scottish Government, having initially indicated regulations might be introduced to restrict the use of glue traps to professional pest controllers, announced the intention to legislate for a complete ban in January 2022. This followed a petition of over 5,000 signatures in Scotland calling for a ban on the use and sale of glue traps.

7.895 Undoubtedly rodents that have invaded human spaces must be dealt with as they can transmit several diseases. However, this risk can, in fact, increase through the use of glue traps when rodents caught in them remain alive, often for prolonged periods of time, continuing through that period to produce urine and faeces, which can pose a direct risk to human health. Glue traps do not offer a permanent solution to these situations and could result in the local population breeding and increasing in number at a quicker rate. Food sources and access points must be addressed to prevent further problems.

7.896 There is clear public support to ban glue traps, a recent petition with Change.org reached over 75,000 signatures and another petition was lodged in the Senedd in 2021 although it had to be rejected on procedural grounds as it came after the Ministerial announcement on bringing forth legislation to ban. The YouGov poll (referred to earlier) found 68 per cent of respondents supported a ban on glue traps and only 9 per cent opposed it.

7.897 The ban on glue traps within the Agriculture (Wales) Act seeks to make it an offence for glue traps to be used in relation to vertebrates. The Act will not prevent anyone from exercising responsible and humane pest control, for which sufficient alternatives, and prevention measures, exist.

7.898 Banning glue traps as a means of capturing rodents will communicate how ineffective and inhumane they are, and aid a shift in attitudes towards these sentient creatures including how to deal with, or prevent, rodent ingress. The ban on the use of glue traps (without exception) will better reflect a society that considers such forms of pest control as unacceptable. This is the option that best meets the policy objective and upholds high standards of animal welfare in Wales.

## **Snares**

### **Costs and Benefits**

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#### ***Option 1: Business as usual – allow the use of snares for foxes and other ‘pest’ species to continue***

7.899 This is the baseline option and as such there are no additional costs or benefits associated with this option. The impact of significant suffering upon animals would continue which is incompatible with Welsh Government’s commitment to higher animal welfare standards.

#### ***Option 2: Introduce a licensing or registration scheme which allows the use of snares, subject to certain conditions, by those who qualify for a licence.***

7.900 The setting up of a licensing system and subsequent monitoring and enforcement would present significant costs which could not be met solely from cost recovery through charging. The costs of the licensing system in Scotland are not available and would likely not provide a useful comparison given policing is not devolved in Wales as it is in Scotland (the police are a critical element of the regulatory system for snares in Scotland).

7.901 Currently Natural Resources Wales operate several licensing regimes on behalf of Welsh Government however none of these offer a direct comparison for the purposes of this Cost Benefit Analysis - this is further hampered by the lack of information made available on snare use (including both numbers of users and numbers of snares) in Wales. As such a whole new regulatory regime would need to be set up - for Natural Resources Wales to do this, additional resources would be required in order to ensure they could: develop the licensing system; assess applications; issue licences; and regulate the activities of licence holders.

7.902 This option has not been costed because to do so would require additional investment in the evidence base to understand the likely scale of licences required and the scope to provide appropriate protection and enforceability. Thus, despite engagement with key stakeholders, it has not been possible to generate a meaningful estimate of the cost to establish a licensing system in Wales and the cost is therefore unknown. Without a devolved police service in Wales the training (of snare users and of inspectors) and inspection/enforcement services would also need to be created and maintained. It is unlikely that all such costs could be met through the income of a licensing system.

7.903 No evidence has been produced to demonstrate that the voluntary code of practice, which has now been in place for over 6 years, has improved the welfare conditions of target and non-target animals captured by snares. Snare users advocating a licensing system have based the requirements on those laid out in the Code of Practice, however adherence to the Code has not been demonstrated and there is no evidence that a requirement to adhere to licensing conditions would improve upon this.

7.904 The regulatory system in Scotland which places obligations on users as well as on the setting of snares has also been deemed by campaigners against snares to have not improved animal welfare standards sufficiently with snares often found to be non-compliant or not inspected every 24 hours as is required in law<sup>366</sup>. Other concerns surrounding enforcement challenges; the continued capture of non-target species; and issues with training practices, were also raised. The Scottish Government commissioned Scottish Natural Heritage to conduct a review of snaring legislation in 2017<sup>367</sup> which reported a reduction in snaring-related incidents however the remit of this work did not consider whether snares are fundamentally inhumane and if their continued use can ever be compatible with high welfare standards.

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<sup>366</sup> [Cruel-Indiscriminate-OneKind-and-LACS-report-on-snaring.pdf](#)

<sup>367</sup> [Review of snaring for Scottish Government, prepared by Scottish Natural Heritage - gov.scot \(www.gov.scot\)](#)

7.905 Given animals must spend some period of time caught within a snare before they are discovered, there is a concern that during this time animals will be caused at least some distress, and if the snare isn't code-compliant or isn't functioning properly then the animal may also become injured and be in considerable pain for that time. Coupled with the fact that snares are inherently indiscriminate and with some frequency capture non-target species, it is clear that a licensing system would do little or nothing to allay these significant animal welfare concerns surrounding snares.

7.906 This policy option does not properly address the animal welfare objectives of Ministers, animal welfare interest groups and the general public and as such is not being considered further.

7.907 This option would have the benefit of enabling licensed users to continue to deploy snares but, as stated above, it does not remove the risk of target and non-target species potentially suffering injury and distress if caught in a snare.

### ***Option 3: Ban the use of snares in all circumstances.***

7.908 Snares are predominately in use by land managers, gamekeepers and farmers to capture foxes and reduce predation on gamebirds reared for shooting purposes, and lambs. The devices are considered an essential 'pest' control tool by those that use them. One reason for this is that they are not labour-intensive. Their efficiency is based upon a direct threat to animal welfare via a low injection of resources, insomuch as one person may set many dozens, if not hundreds, of snares in one area and will then leave them in place to return later – up to 24 hours is legal – to check if an animal has been caught.

7.909 These conditions also describe a scenario where the law and the code of practice *are* being adhered to – but it can be difficult to detect if a snare is being checked every 24 hours and indeed there are also illegal snares such as those that self-lock, or poor practices when snares are set where there are known non-target species such as badgers, otters, deer, etc.

7.910 Snares are considered inherently inhumane by animal welfare groups and large sections of the public – for some this position might extend to all



forms of 'pest' control however it is important to make clear that the ban on snares does not prevent pest control. Indeed, other forms of pest control are deemed to be more efficient and more humane – with the preferred method being shooting at night with the aid of thermal-imaging, or lamping. This eliminates the possibility of killing non-target species and causing any animal to suffer while it awaits discovery in a snare.

7.911 It has been determined that only a ban on the use of snares will aid enforcement and establish clarity on acceptable methods of pest control. This alone will meet the policy objective to raise animal welfare standards in Wales.

### ***Impact on land managers, gamekeepers and farmers***

7.912 Snares are predominately used as a means of controlling foxes to protect gamebirds reared for shooting and - to a much lesser extent - lambs. A 2012 Defra commissioned study<sup>368</sup> on the extent of use and humaneness of snares found 6 per cent of landholdings used snares, with equal numbers of farmers and gamekeepers using snares but the latter setting a far higher number. Through extrapolation the report estimated that between 17,200 and 51,600 snares were in use in Wales at any one time for foxes. What is also important to note in the report is where a participant in the study did not use snares the reason given was that they were not necessary or other methods of control were in use.

7.913 The Defra study also found that while 84 per cent of snare users reported that they made efforts to avoid capturing non-target species, 60 per cent had nevertheless caught non-targets at some time or other. Non-target species include hares, deer, otters, and pet dogs and domestic cats (5 out of the 17 rabbit snare users in the study had caught a cat at least once).

7.914 The Defra study found that the badger was the most common non-target with 25 per cent of operators reporting this species found captured

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<sup>368</sup> [Defra, UK - Science Search](http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=0&ProjectID=14689)

<http://randd.defra.gov.uk/Default.aspx?Menu=Menu&Module=More&Location=None&Completed=0&ProjectID=14689>

in their snares. Given that 13 per cent of respondents admitted setting snares with the intention to kill rather than restrain, there is reason to be concerned that not only are target species being caught with some frequency, but a significant number may also be purposefully killed in the process.

7.915 Welsh Government officials have discussed the proposal to ban snares with Natural Resources Wales specialists and others who carry out the alternative, more humane, shooting of foxes. These shooting services are confirmed to be available throughout Wales and are regularly provided for free.

7.916 The cost of lamb and gamebird losses has not been fully explored because the ban on snares does not prevent the control of foxes and because the alternative method of shooting is considered to be more efficient. However, in a 2011 Hybu Cig Cymru report<sup>369</sup> the lamb losses attributed to predation *combined with* weather conditions was determined to be between 4 and 6 per cent of all lamb losses – all other causes, for example, disease (9-10 per cent), mismothering (8-13 per cent) and stillbirth (24-26 per cent) had a far greater impact. Foxes are known to be a major predator to gamebirds reared for shooting and this may have increased in recent years possibly due to a decline in rabbit numbers<sup>370</sup> and the increase of non-native gamebirds released each year<sup>371</sup> which has probably improved the food supply for foxes.

7.917 Research has found much of this predation occurs near release pens and decreases once the birds disperse. It is the gamekeeper's responsibility to meet the needs of the birds in their care which includes predator-proofing release pens and the immediate area that poults are exploring until the animal is able to fly and roost. This serves to improve the welfare of the gamebirds as well as reduce the amount of food available to predators (which includes raptors).

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<sup>369</sup> [http://meatpromotion.wales/images/resources/Making\\_Every\\_Lamb\\_Count.pdf](http://meatpromotion.wales/images/resources/Making_Every_Lamb_Count.pdf) Hybu Cig Cymru - (Meat Promotion Wales [HCC]) secured funding, from the Rural Development Plan for Wales 2007 - 2013, part of which went to a programme to monitor lamb losses and identify the main causes – data from 70 farms from across Wales provided the baseline information.

<sup>370</sup> [www.bto.org/sites/default/files/publications/bbs-report-2019.pdf](http://www.bto.org/sites/default/files/publications/bbs-report-2019.pdf)

<sup>371</sup> [www.rspb.org.uk/globalassets/downloads/documents/birds-and-wildlife/gamebird-shooting-review/mason-et-al-2020-rspb-gamebird-review.pdf](http://www.rspb.org.uk/globalassets/downloads/documents/birds-and-wildlife/gamebird-shooting-review/mason-et-al-2020-rspb-gamebird-review.pdf)

7.918 It is expected that current users of snares will experience some disruption to their businesses while they acquire or become familiar with alternatives, however the announcement to ban snares has already been made, providing ample opportunity for gamekeepers and farmers to make the switch to humane fox control methods including predator-proofing – something that should already form part of good husbandry methods. Therefore, the best estimate on the impact on land managers, gamekeepers and farmers is £zero.

### ***Impact on businesses***

7.919 Snares are very low-cost items with prices starting as low as £1.80 each and rising to £3 each for code-compliant snares, and they are available from a range of retailers. They can also be homemade but there is no data on the split between the two or on annual sales in Wales, and it has to be noted that they are also reusable. Undoubtedly retailers and distributors will see the market close to them in Wales following the ban, however the markets elsewhere in the UK and beyond will, for now at least, remain open and so the impact may be relatively low. Retailers also do not specialise in this product alone not least of all due to it being a low value item. As such the ban is not envisaged to produce any significant commercial impact in Wales.

7.920 In terms of businesses that currently use snares, this would cease of course however alternatives are not necessarily more costly as has been discussed in relation to shooting. Welsh Government is also not aware of any reports that land managers and farmers who do not use snares being at an economic disadvantage.

7.921 Stakeholders who use snares have been aware of the possibility of a ban for a number of years. The discussions on compliance with the code of practice had the context that no resulting improvements in animal welfare could potentially result in further regulatory options, including a ban. Snares have been the subject of much scrutiny in the Senedd, through Member Questions, petitions, and as part of the work of the

Climate Change, Environment and Rural Affairs Committee, which recommended that legislation be drafted if the code was not complied with and was not a success.

7.922 Since then, the Minister has announced the intention to include a ban on snares within the Agriculture (Wales) Act. This ban is unlikely to come into force until the autumn of 2023. This additional period should increase the likelihood of compliance with the law as it will allow current users to expend existing stocks (the inventory cost), and transition to other legal and more humane methods of control.

### ***Impact on statutory bodies***

7.923 Local Authorities and the Animal Plant Health Agency (APHA) have the powers to investigate and prosecute offences of animal cruelty, but the reality is that resources limit their capacity to do this. There is the possibility that as part of their work visiting farms<sup>372</sup> they may become aware of the illegal use of snares (following the introduction of the ban); however, this is considered to be generally unlikely and therefore the cost to Local Authorities or APHA arising from the ban on snares is considered to be £zero.

### ***Impact on individuals***

7.924 A small number of non-target animals that get caught in snares are pet animals, specifically cats and dogs. Owners of these animals often face substantial veterinary costs and a lengthy period of rehabilitation for their pet. These costs are not collectable data and are therefore unknown at

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<sup>372</sup> Neither Local Authorities nor APHA would, currently, routinely visit game-rearing premises for animal welfare related reasons as those businesses are not required to have a licence to rear or release game birds. There is, however, a [Programme for Government](#) commitment to develop a national model for regulation of animal welfare, introducing registration for shooting, although no details are available as yet to determine if this will involve local authorities. Although Local Authorities and APHA do visit farms this is almost always in relation to animal health, and they would be unlikely to discover any illegal snare use as part of this work.

this stage, nevertheless the ban on snares would represent a saving for individuals whose animals would escape injuries in future.

### ***Impact on third sector organisations***

7.925 Several animal welfare organisations monitor and investigate the use of snares by farmers and gamekeepers in Wales. Some of these organisations may also be regularly involved with the rescue and rehabilitation of injured animals caught in snares – including target species, as well as badgers or dogs and cats. With snares banned it is envisaged fewer instances of wild and companion animals being caught, and in need of care, will occur.

7.926 This would mean a reduction in costs to welfare organisations in relation to veterinary fees and lengthy rehabilitation time in animal rescue centres. At least one organisation, the RSPCA, may currently<sup>373</sup> take prosecutions against individuals (or corporate bodies) suspected of using snares illegally (for example a non-target species, or by not checking snares as frequently as is required), and as such they may see a drop in cases if the ban acts as a deterrent in the way it is intended. This work falls well within their current stated charitable purpose. All animal welfare organisations responding to the consultation identified no negative impacts but welcomed the proposal to ban snares for the positive impact it will have on animal welfare standards.

### ***Impact on Police Forces***

7.927 It is intended that the wildlife crime officers of the four police forces in Wales will remain the primary enforcers of snare related offences, although these cases only represent a small proportion of their work. They currently investigate offences relating to the illegal use of snares (the type of snare etc.) however there remains a substantial challenge in proving those offences. The ban on all snares is therefore expected to address those challenges, clarify the law, and enable enforcement. However, it is

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<sup>373</sup> Although it is understood the organisation has announced its intention to cease prosecutions

anticipated that the vast majority of snare users will switch to alternative forms of pest control and the legislation will act as a deterrent resulting in no additional work for the police. For this reason, the best estimate on costs is £zero.

### ***Impact on the Justice System***

7.928 The Agriculture (Wales) Act will create new offences. A person who uses a snare to capture a wild animal will commit an offence. A person guilty of an offence is liable on summary conviction to imprisonment for a term not longer than 6 months or an unlimited fine – which is in line with those of the Wildlife and Countryside Act 1981.

7.929 Anticipated impacts on the criminal justice system have been considered by the Ministry of Justice (MoJ). The MoJ envisages there would be minimal or nil impact on the justice system. The best estimate of the impact on the Justice System is therefore £zero.

### ***Impact on Welsh Government***

7.930 Costs to communicate the ban on the use of snares will fall to Welsh Government. For industry users it is anticipated that this will take the form of letters to industry and land manager representatives, and the farming unions. Due to the numbers of retailers that supply snares to consumers from both inside and outside of Wales, it is expected that publicity surrounding the passage of the Act will serve to reach many outlets as well as raise awareness amongst users and the general public. Direct mail, issuing Press Notices and the use of Welsh Government social media accounts for the equivalent of approximately a week of an Executive Officer's time, would equate to £750. This cost is expected to be incurred in 2023-24.

7.931 It is not anticipated that there will be any other implementation costs for the Welsh Government as no further guidance will be needed following the implementation of the ban.

## Benefits

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7.932 There is sufficient evidence that snares are inhumane and cause an unacceptable level of suffering<sup>374,375</sup> and capture non-target species irrespective of the type of snare<sup>376</sup>. Alternative methods of pest control, which offer better animal welfare conditions, are readily available and already in use by many land managers and farmers. A ban undoubtedly has an impact upon those that currently use snares, and this has been given full consideration however Ministers, and the majority of respondents to the public consultation, believe there are strong animal welfare justifications for proceeding with the ban.

7.933 Increased standards in animal welfare clearly benefits wider society<sup>377</sup>. It contributes to wellbeing and to a pride in Wales' reputation as a nation that respects and protects animals. The ban also offers the opportunity to discuss fox (and rabbit) control in a wider context to challenge concepts of what constitutes a 'pest' and how such terms can contribute to a negative image of certain animals. All animals are sentient, capable of experiencing pain and suffering, and the Welsh Government works to ensure legislation and practice reflects that – with the ban on the use of snares being the next step.

7.934 Welsh Government is satisfied that snares are inhumane and must be banned – and this will better reflect the wishes of the people as well as the animal welfare science and evidence base. This option (3) results in the greatest benefit to animal welfare without inhibiting other forms of 'pest' control, and thus meets the policy objective.

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<sup>374</sup> Munro, R. and Munro, H.M.C. (2008) 'Traps and Snares' in *Animal Abuse and Unlawful Killing Forensic Veterinary Pathology*. Edinburgh, Elsevier Saunders

<sup>375</sup> Rochlitz, I., Pearce, G.P. and Broom, D.M. (2010) *The Impact of Snares on Animal Welfare*. OneKind Report on Snaring, Centre for Animal Welfare and Anthrozoology, Department of Veterinary Medicine, Cambridge University Animal Welfare Information Service.

<sup>376</sup> Short, M. J., Weldon, A. W., Richardson, S. M., & Reynolds, J. C. (2012). Selectivity and injury risk in an improved neck snare for live-capture of foxes. *Wildlife Society Bulletin*, 36(2), 208-219.

<sup>377</sup> A recent [report](#) has found that the pandemic has not affected the British public's enthusiasm for animal welfare as evidenced in donations – with 27 per cent of donors supporting animal charities, totalling an estimated £1billion.

## Glue Traps

### Costs and Benefits

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#### ***Option 1: Business as usual – allow the continued use of glue traps.***

7.935 This is the baseline option and as such there are no additional costs or benefits associated with this option. The impact of significant suffering upon animals in Wales would continue which is incompatible with the Welsh Government's commitment to higher animal welfare standards.

#### ***Option 2: Ban the use of glue traps for members of the public but introduce a licensing scheme to which professional pest controllers apply in order to be permitted to use glue traps in certain instances and under controlled conditions.***

7.936 The enforcement of a licensing system would be more problematic and would also likely present some costs to the public purse. Rodent control is predominately an issue in the urban environment and as such there are no natural parallel licensing schemes to utilise or mirror for a new structure. Perhaps the most comparable would be Natural Resources Wales who operate several licensing regimes on behalf of Welsh Government however none of these offer a direct comparison (in terms of a cost recovery model) for the purposes of this Cost Benefit Analysis - this is further hampered by the lack of information on the numbers of potential users and uses of glue traps by professional pest control companies in Wales.

7.937 The figures for local authority use in Wales are extremely low (given some have a self-imposed ban; another quantified their use as far less than 1 per cent of all pest control incidents; and another had not used



them in the preceding 12 months). As such a whole new regulatory regime would need to be set up - for Natural Resources Wales to do this, additional resources would be required in order to ensure they could: develop the licensing system; assess applications; issue licences; and regulate the activities of licence holders.

7.938 This option has not been costed because to do so would require additional investment in the evidence base to understand the likely scale of licences required and the scope to provide appropriate protection and enforceability. However, this would be a significant licensing system for what could be a very low number of applications per year. It is highly unlikely, therefore, that the volume of licence applications would come close to recovering the costs that would be involved in operating a new licensing system.

7.939 This policy option does not properly address the animal welfare concerns of Ministers, interest groups and the general public and as such is not being considered further.

### ***Option 3: Ban the use of glue traps in all circumstances.***

7.940 Glue traps are readily available in Wales and are thought to be in use by members of the public and professional pest controllers (both independent businesses and those in the public sector, such as local authorities). Those employed to carry out pest control either do not use glue traps at all or they are used rarely. However, many members of the public may be largely unaware that the glue traps are considered inhumane because they are legal; readily available; and sometimes used by pest controllers (which sets an example).

7.941 A complete ban, without any exemptions, on the use of glue traps would provide the most protection from the suffering they cause, and it would also be the simplest option to enforce. Critically it is also the easiest to understand and follow for the general public and it best reflects the desire to attain high animal welfare standards in Wales.

## ***Impact on businesses***

7.942 It is understood that the manufacture of glue traps is undertaken overseas and is therefore out of scope. Distributors and retailers within Wales may however be impacted by a complete ban. The current glue trap market would be closed however these businesses and suppliers do not conduct their business solely around a single low value product, indeed at such low retail prices (between £1.50 and £2 each) there is limited profit involved with glue traps, and they represent only a small proportion of sales. Although the glue trap market would cease for retailers/suppliers they would be compensated by the increase in sales of rodent control alternatives. The best estimate on the impact upon distributors and retailers would be £zero.

7.943 The trade bodies representing commercial pest control companies that responded to the consultation have stated that they wish to continue to use glue traps and would not wish to see them banned, however there is little to suggest that their members would be negatively impacted from the ban because sufficient alternative control methods exist and are readily available to these companies<sup>378</sup>. Indeed, some professional pest controllers have a self-imposed ban (for animal welfare reasons) on glue traps and utilise alternatives methods extremely effectively and without any discernible effect upon their business.

7.944 The intention to ban glue traps was announced by Ministers in the autumn of 2021 but it is unlikely to come into force until autumn 2023. This period should increase the likelihood of compliance with the law as it will allow current users to expend existing stocks (the inventory cost), and transition to other legal and more humane methods of control.

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<sup>378</sup> Baker, S.E., Ayers, M., Beausoleil, N.J., Belmain, S.R., Berdoy, M., Buckle, A.P., Cagienard, C., Cowan, D., Fearn-Daglish, J., Goddard, P., Golledge, H.D.R., Mullineaux, E., Sharp, T., Simmons, A. and Schmolz, E. (2022) An assessment of animal welfare impacts in wild Norway rat (*Rattus norvegicus*) management. *Animal Welfare* 2022, (31) pp 51-68.

7.945 Although businesses (large and small alike) that use glue traps would undoubtedly be affected, there are effective alternatives, and these methods already represent their primary (and exclusive, for some) choice in operations. For example, conventional spring traps are an effective, low-cost and readily available alternative. Any initial additional outlay for alternative traps will be offset by a decrease in ongoing costs because they are reusable. We therefore expect a glue trap ban will have minimal financial impact on businesses in the longer term. Nevertheless, it has not been possible to quantify the cost to businesses and it is therefore unknown.

### ***Impact on local authorities***

7.946 Local authorities have responsibility for pest control within various public services (the extent varies from local authority to local authority) and during consultation two of the six local authorities represented reported never using glue traps and two only in a very limited number of cases – one local authority was able to quantify this as far less than 1 per cent of all pest control incidents and the other had not used them in the past year. Shared Regulatory Services estimated using glue traps for rodents about a dozen times a year.

7.947 Following a ban on glue traps those four<sup>379</sup> local authorities that use glue traps will have to switch to alternative methods, which they have stated during consultation may take longer to capture the target animals. It has been suggested that this may result in closure for some public facilities, and that multiple visits to the premises could increase costs. However, there isn't any corresponding evidence to support this particularly given there are local authorities in Wales that do not use glue traps (because they are not humane) and they have not reported any additional costs or negative impacts.

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<sup>379</sup> There are 16 local authorities who did not respond to the consultation, and it is reasonable to assume there will be a mix of those that do and do not use glue traps amongst them.

7.948 The initial outlay for alternative traps may result in a marginal increase in costs for the Local Authority initially but the cost of alternatives is likely to decrease over time because they are re-useable, unlike glue traps.

7.949 Local Authorities have the power to investigate and prosecute cases of animal cruelty however resources do not allow for this in any large numbers and, as such, it is unlikely they will pursue any case in relation to the new offence of using a glue trap.

7.950 The local authority that operates the largest pest control services in Wales occasionally uses glue traps however they responded to the consultation to state they had identified no major impacts from a ban and in fact supported its introduction. As a result, the overall impact on Local Authorities is estimated to be £zero.

### ***Impact on individuals***

7.951 About 22 per cent of the public would consider using glue traps to catch rodents<sup>380</sup>. This is one of the main concerns when considering that no training or skills are needed in terms of how the trapped animal must be killed (legally). A ban on glue traps would require individuals to source an alternative – and more humane - method, however these are readily available and will provide a far greater chance of the animal being killed properly.

7.952 There may be a small difference in cost for the individual between the purchase of a glue trap and other traps for use in the home, for instance. However, this cost may be recouped given that other methods such as spring traps are reusable and have a much smaller impact on the environment than a single use glue board - which is also covered in a non-drying adhesive and as such must be disposed of appropriately. The cost to the individual, while unquantified (and therefore unknown) is expected to be minimal.

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<sup>380</sup> <https://www.hsi.org/wp-content/uploads/assets/pdfs/hsi-glue-trap-report.pdf>

## ***Impact on third sector organisations***

7.953 The RSPCA may investigate and take private prosecutions in relation to animal cruelty although they have announced their intention to cease all prosecutions and handover the evidence they collect to the Crown Prosecution Service (no date has been published for this). Between 2016 and 2021 the RSPCA had only 7 reported cases involving glue traps in Wales. No information surrounding prosecutions was supplied and therefore it is likely none of the 7 incidents resulted in a successful conviction.

7.954 There are evidentiary challenges, not least of all in proving the animal suffered, particularly given glue traps are not currently prohibited. The ban on glue traps is not anticipated to change this level of activity for the charity. Prosecutions, if any were possible - considering challenges and the low numbers of incidents reported - will present an associated cost, however this falls well within their current stated purpose. All animal welfare organisations that responded to the stakeholder consultation supported a complete ban on the use of glue traps.

## ***Impact on Police Forces***

7.955 The police have the ability to investigate incidents of animal cruelty which would include the new ban on glue traps. In reality, resources do not allow for these cases to be pursued in large numbers and it is also highly unlikely that the offence of using a glue trap would be reported/detected.

7.956 Compliance with the new legislation will be predicated, as most legislation is, upon the majority of people adhering to the law. Once the indicated ban on glue traps has been passed into law in Scotland and England's ban comes into force (spring 2024) it may be possible to introduce restrictions on the sale of glue traps, to further aid enforcement, which would require a review of any impact on the police. The best estimate on the current cost implications for the police in Wales is £zero.

## ***Impact on the Justice System***

7.957 The Agriculture (Wales) Act will create new offences. A person who uses a glue trap to capture a vertebrate will commit an offence. A person guilty of an offence is liable on summary conviction to imprisonment for a term not longer than 6 months or an unlimited fine – which is in line with those of the Wildlife and Countryside Act 1981.

7.958 Anticipated impacts on the criminal justice system have been considered by the Ministry of Justice (MoJ). The MoJ envisages there would be minimal or nil impact on the justice system. The best estimate of the impact on the Justice System is therefore £zero.

## ***Impact on Welsh Government***

7.959 It is not anticipated that there will be any implementation costs for the Welsh Government as no further guidance will be needed following the implementation of the ban.

7.960 Costs to communicate the ban on the use of glue traps will fall to Welsh Government. For industry users it is anticipated that this will take the form of correspondence with the two professional pest control bodies; the seven local health boards; the Chartered Institute of Environmental Health; and the 22 local authorities in Wales, as well as the Welsh Local Government Association.

7.961 Due to the high numbers of retailers that supply glue traps to consumers from both inside and outside of Wales, it is expected that publicity surrounding the passage of the Act will serve to reach many outlets as well as raise awareness of the ban amongst many members of the public.

7.962 This may be further enhanced by working with the animal welfare organisations in Wales and those that responded to the consultation who have a significant following of supporters. Direct mail, issuing Press Notices and the use of Welsh Government social media accounts for the equivalent of approximately a week of an Executive Officer's time, would equate to £750. This cost is expected to be incurred in 2023-24.

## Benefits

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- 7.963 It is undeniable that rodents can pose a serious public health risk in spaces that humans occupy. It is also reasonable to assume that there are situations that require a rapid solution such as, in hospitals, around the young and otherwise vulnerable, and in any form of food service. Any proposed change to the tools available to address these rodent problems must first assess the costs associated with it. However, the way in which we treat animals is an important reflection of our society and as such Ministers believe that animal welfare – which it is not always possible to quantify in financial terms – must also play a full role in that assessment.
- 7.964 In the case of glue boards there are sufficient alternatives, already in regular use, which can aid in the prevention of rodent ingress and infestation, with the benefit of improving animal welfare standards in Wales.
- 7.965 At the moment there is what is regarded as an information failure at the point of purchase, which was highlighted by the HSI in their 2015 report<sup>381</sup>, where the packaging for glue traps features smiling cartoon rodents, and even images of popular pet species such as guinea pigs and gerbils. It is unsurprising that users are then not engaging with the key concepts and facts, such as the humaneness of the trap; its efficacy; and their legal responsibilities in terms of killing the animal once it has become trapped.
- 7.966 New limits – emanating from the ban on glue traps - on what constitutes an acceptable method for dealing with a rodent problem, will help guide users and produce better knowledge around using more humane methods. This is expected to result in net benefits to animal welfare. In turn this will benefit the target species as well as the non-target pets and wildlife that currently fall victim to glue traps.
- 7.967 Ministers are clear that there is a substantial animal welfare justification for introducing a ban on the use of glue traps, but as has been demonstrated there are also very few impacts and very low, if any, costs involved from its implementation. Alternatives such as spring and live traps

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<sup>381</sup> Ibid.

are reusable, and therefore more cost efficient, but more importantly they are better for the environment, and this is better aligned to Wales' climate change goals.

7.968 Increased standards in animal welfare clearly benefits wider society<sup>382</sup>. It contributes to wellbeing and to a pride in Wales' reputation as a nation that respects and protects animals. The ban also offers the opportunity to discuss rodent control in a wider context to challenge concepts of what constitutes a 'pest' and how such terms can contribute to a negative image of certain animals. All animals are sentient, capable of experiencing pain and suffering and the Welsh Government works to ensure legislation and practice reflects that – with the ban on the use of glue traps being the next step forward.

7.969 Welsh Government is satisfied that glue traps are inhumane. A complete ban will better reflect the animal welfare science and the evidence base and is line with the government's plan to continually strive for animal welfare improvements. This option (3) results in the greatest benefit to animal welfare without inhibiting necessary rodent control, and thus meets the policy objective.

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<sup>382</sup> A recent [report](#) has found that the pandemic has not affected the British public's enthusiasm for animal welfare as evidenced in donations – with 27 per cent of donors supporting animal charities, totalling an estimated £1billion.



## Annex

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### **Annex A. Withdrawal of Support: Reduction in Farm Business Income - comparison with data derived from the Welsh Farm Business Survey<sup>383</sup>.**

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7.971 Table 63 shows the numbers of farms in the Farm Business Survey population. This excludes all very small farms with Standard Output below €25,000.

7.972 There are about 14,000 farms excluded from a total of 24,500, but these farms generate about 5% of the Welsh Standard Output. The Farm Business Survey excludes farms that specialise in horticulture, poultry or pigs<sup>384</sup>, approximately 100 farms with between 10% and 15% of total Standard Output.

**Table 63. Farm Business Survey population**

<b>Farm type</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Dairy	1,407	1,378	1,454	1,427
SDA <sup>385</sup> sheep	3,328	3,316	2,508	2,611
SDA sheep/beef	1,245	1,254	1,877	1,833
DA <sup>386</sup> sheep/beef	1,988	2,015	1,981	2,065
Lowland sheep/beef	1,176	1,208	1,197	1,204
Others & mixed	485	497	510	560

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<sup>383</sup> The FBS is an annual survey of farm finance with results reported for each financial year. Farm Business Survey data for 2019-20 is based on 501 returns (down from the usual 550 because Covid affected the collection). From each participating farm there is a full set of farm business accounts.

<sup>384</sup> The specialists are excluded because the small numbers involved means that reliable financial estimates could not be produced.

<sup>385</sup> Severely Disadvantaged Area

<sup>386</sup> Disadvantaged Area

<b>Total</b>	<b>9,629</b>	<b>9,668</b>	<b>9,527</b>	<b>9,700</b>
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7.973 Table 64 shows the total aggregate BPS payments for Wales for farms included in this analysis. Figures are estimates from the Farm Business Survey, rather than definitive figures from Rural Payments Wales, in order to link with farm typology and profits.

**Table 64. Aggregate BPS payments (£million), Farm Business Survey**

Farm type	2016-17		2017-18		2018-19		2019-20	
	£millio n	%	£millio n	%	£millio n	%	£millio n	%
Dairy	28	12%	27	11%	27	12%	26	11%
SDA sheep	100	45%	114	49%	91	40%	93	41%
SDA sheep/be ef	26	12%	26	11%	46	20%	42	19%
DA sheep/be ef	37	17%	37	16%	33	14%	32	14%
Lowland sheep/be ef	20	9%	21	9%	20	9%	21	9%
Others & mixed	11	5%	10	4%	10	4%	11	5%
<b>Total</b>	<b>222</b>	<b>100</b> %	<b>234</b>	<b>100</b> %	<b>227</b>	<b>100</b> %	<b>226</b>	<b>100</b> %

7.974 Total BPS payments for these farms is between £222-234m over the period. SDA sheep farms account for the largest proportion payments (between 40-49%).

7.975 The results below show the raised population estimates for the 9,700 farms that have Standard Output of at least €25,000. Estimates for the

overall survey population are calculated by re-weighting the survey responses.

7.976 Relative profitability is expressed as £ profit per £100 costs – it is used to try and account for the different economic size of farms. The definitions used in the tables below are:

Profit - at least £10 per £100 costs

Marginal profit - at least £0 and less than £10 per £100 costs

Any loss - all negative values

7.977 Table 65 shows relative farm profitability by farms with different levels of standard output – Standard output in this table measures the value of the total output from:

Agricultural production;

Diversification;

Pillar 1 (BPS); and

Pillar 2 (Glastir).

7.978 Groups<sup>387</sup> are based on the following values of output on a farm (in £k) - under £125k; £125k to £250k; £250k to £500k and at least £500k. The numbers give the number of farms in each class.

**Table 65: Relative farm profitability by standard output**

<b>Output band</b>	<b>Profit</b>	<b>Marginal profit</b>	<b>Any loss</b>	<b>Total</b>
Under £125k	2 752	929	2 219	5 899
£125k to £250k	1 275	389	623	2 287
£250k to £500k	494	235	204	934
at least £500k	308	89	183	580
<b>TOTAL</b>	<b>4 829</b>	<b>1 642</b>	<b>3 229</b>	<b>9 700</b>

**Source: Welsh Government analysis of 2019-2020 Farm Business**

**Survey data**

<sup>387</sup> Groups are arbitrary, designed to give sufficient farms in each class

7.979 The key points are:

- 3,229 (33%) of the 9,700 farms are making a loss. Of these 3,229 farms, just over two thirds (69%) are in the smallest output band (under £125k)
- Conversely 4,829 (50%) of the 9,700 farms are making a profit larger than a marginal profit. Of these 4,849 farms, 57% are in the smallest output band (under £125k)
- The proportion of farms within each size band making a loss ranges from 38% (under £125K), 31% (at least £500k), 27% (£125k to £250k), to 22% (£250k to £500k)
- The proportion of farms within each size band making a profit larger than a marginal profit ranges from 56% (£125k to £250k), 53% (£250k to £500k, and at least £500k), to 47% (Under £125k)
- This highlights the large variation in performance that exists within farms of the same economic size band

7.980 We look below at how these figures look when categorised by (broad) farm type

**Table 66: Relative farm profitability by farm type**

Type	Profit	Marginal profit	Any loss	Total
Dairy	632	336	459	1 427
SDA grazing	2 751	618	1 075	4 444
DA grazing	674	332	1 059	2 065
Others	773	356	635	1 764
<b>TOTAL</b>	<b>4 829</b>	<b>1 642</b>	<b>3 229</b>	<b>9 700</b>

**Source: Welsh Government analysis of 2019-2020 Farm Business**

**Survey data**

7.981 The key points are:

- Of the 3,229 farms making a loss, 33% are SDA grazing and another 33% are DA grazing, and 14% are dairy farms

- Of the 4,829 farms making a large profit, 57% are SDA grazing, 14% are DA grazing, and 13% dairy farms
- The proportion of farms within different farm types making a loss ranges from 51% (DA grazing), 32% (dairy), to 25% (SDA grazing)
- The proportion of farms within different farm types making a profit larger than a marginal profit ranges from 62% (SDA grazing), 44% (dairy), to 33% (DA grazing)
- This highlights the large variation in performance that exists within farms of the same type.

### ***Taking away BPS payments***

7.982 We now look at how these figures change if we strip away the BPS payment from the measure of standard output<sup>388</sup>. The figures (showing numbers of farms in different categories) now look like this:

**Table 67: Relative farm profitability by standard output without BPS**

<b>Output band</b>	<b>Profit</b>	<b>Marginal profit</b>	<b>Any loss</b>	<b>Total</b>
Under £125k	568	598	4 733	5 899
£125k to £250k	576	347	1 365	2 287
£250k to £500k	240	153	540	934
at least £500k	218	170	192	580
<b>TOTAL</b>	<b>1 601</b>	<b>1 268</b>	<b>6 831</b>	<b>9 700</b>

**Source: Welsh Government analysis of 2019-2020 Farm Business**

#### **Survey data**

7.983 The key changes between Tables 66 and 67 are:

<sup>388</sup> This is a static analysis and does not allow for any adjustment by the farmer to the loss of BPS (for example, to reduce production costs). The static analysis may therefore overestimate the number of farms which in reality may make a loss in this scenario. In addition, it only considers relative profit, and does not take account of other measures of a farm's financial resilience such as the balance between assets and liabilities.

- The number of farms making a loss rises from 3,229 to 6,831 – an increase of 3,602 farms making a loss. The proportion of total farms making a loss rises from 33% to 70%
- Within the under £125k size band, the number of farms making a loss has risen by 2,514, an increase of 113%
- Within the £125k to £250k size band, the number of farms making a loss has risen by 742, an increase of 119%
- Within the £250k to £500k size band, the number of farms making a loss has risen by 336, an increase of 165%
- Within the over £500k size band, the number of farms making a loss has risen by only 9, an increase of 5%
- Nevertheless, even without BPS, the proportion of farms within each size band making a profit larger than a marginal profit ranges from 10% (under £125k), 25% (£125k to £250k), 26% (£250k to £500k), to 38% (over £500k)

### ***Taking away BPS and Glastir payments***

7.984 We now look at how the figures change if we also strip away Glastir payments<sup>389</sup>. Total farm output now consists only of output from selling agricultural produce, and output from diversification. There is no agricultural support provided.

7.985 The figures (showing numbers of farms in different categories) now look like this:

**Table 68: Relative farm profitability by standard output without BPS or Glastir**

<b>Output band</b>	<b>Profit</b>	<b>Marginal profit</b>	<b>Any loss</b>	<b>Total</b>
Under £125k	477	383	5 039	5 899
£125k to £250k	429	291	1 567	2 287

<sup>389</sup> As above, this is a static analysis, and does not allow for any adjustment by the farmer to the loss of BPS (for example, to reduce production costs). The static analysis may therefore overestimate the number of farms which in reality may make a loss in this scenario

£250k to £500k	240	153	540	934
at least £500k	218	135	226	580
<b>TOTAL</b>	<b>1 365</b>	<b>963</b>	<b>7 373</b>	<b>9 700</b>

**Source: Welsh Government analysis of 2019-2020 Farm Business**

### Survey data

- The number of farms making a loss rises from 6,831 to 7,373 - an increase of 542 farms making a loss. The proportion of total farms making a loss rises from 70% to 76%
- Within the under £125k size band, the number of farms making a loss has risen by 306 - 85% of farms in this size band now make a loss.
- Within the £125k to £250k size band, the number of farms making a loss has risen by 202 – 69% of farms in this size band now make a loss
- Within the £250k to £500k size band, the number of farms making a loss has stayed the same – 58% of farms in this band are making a loss
- Within the over £500k size band, the number of farms making a loss has risen by 34 – 39% of farms in this band are making a loss
- Nevertheless, even without BPS and Glastir, the proportion of farms within each size band making a profit larger than a marginal profit ranges from 8% (under £125k), 19% (£125k to £250k), and stays the same (as the no BPS table 3) at 26% (£250k to £500k) and 38% (over £500k) for the two larger categories of farm

7.986 We now look at how Table 66 will look if categorised by broad farm type, and not economic size:

**Table 69: Relative farm profitability by farm type without BPS or Glastir**

Type	Profit	Marginal profit	Any loss	Total
Dairy	461	307	659	1 427
SDA grazing	222	435	3 787	4 444

DA grazing	299	97	1 669	2 065
Others	383	124	1 257	1 764
<b>TOTAL</b>	<b>1 365</b>	<b>963</b>	<b>7 373</b>	<b>9 700</b>

**Source: Welsh Government analysis of 2019-2020 Farm Business**

### Survey data

7.987 The key changes between Tables 66 and 69 are:

- The total number of farms making a loss has increased from 3,229 to 7,373, an increase of 4,144 farms (128%). Of this increase in farms making a loss, 65% of the increase comes from farms in the SDA grazing category
- Consequently, the proportion of total farms making a loss is now much greater for the SDA grazing category. Of the 7,373 farms making a loss, 51% are SDA grazing, 23% are DA grazing, and 9% are dairy farms.
- Within each farm type, the proportion of farms making a loss ranges from 85% (SDA grazing), 80% (DA grazing) to 46% (dairy)
- Nevertheless, even without BPS and Glastir, the proportion of farms within each type making a profit larger than a marginal profit ranges from 32% (dairy), 14% (DA grazing) to only 5% for SDA grazing farms.

### Overall summary

- In terms of the Status Quo situation, the figures suggest great variability in farm performance between farms of the same economic size, and farms of the same type
- The figures suggest that around half of all farms are making a profit larger than a marginal profit, and around a third making a loss
- If BPS and Glastir are withdrawn, the proportion of farms making a loss rises to 76%, with by far the biggest increase (in the number of farms making a loss) being due to the loss of BPS rather than the loss of Glastir
- SDA grazing and DA grazing farms are particularly badly hit, with 80-85% of farms making a loss following the withdrawal of BPS and Glastir, compared to 46% of dairy farms



- There is still a small number of farms making a profit larger than a marginal profit following the withdrawal of BPS and Glastir – this is highest for dairy farms, with around a third still making a large profit.

## **Annex B. IMP assumptions**

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7.988 Full model assumptions are at [ERAMMP Report-60 IMP Land Use Scenarios Final Report\\_en.pdf](#). Here we outline key assumptions in relation to Options 1 and 2 of the CBA.

### **T2 Scenario assumptions**

- The EU Trade Scenario includes food products, any significant impacts of high EU tariffs for Welsh products have been avoided with the UK/EU trade deal. However, non-trade barriers came into place after 31<sup>st</sup> December 2020, resulting in additional costs from additional inspection work, bureaucracy, new infrastructure requirements and delays at ports.
- UK forms a new customs arrangement with the EU.
- Tariff and quota free access for UK exports to and from EU.
- Tariff and quota free access for imports into the UK from the EU.
- Tariffs and other trade arrangements for UK imports and exports with the rest of the world countries are unchanged compared to the Baseline
- Within the modelling, the deal was represented as changes on farm gate prices for dairy, beef and lamb using values from FAPRI scenario 1<sup>390</sup> following the ambitions of the UK Government's white paper. Changes in prices used were Milk +1.2%; Beef +3%; Lamb -1%.

### **Agricultural support and regulation**

7.989 [BPS](#) The baseline includes CAP Pillar 1 payments. For modelling, the BPS rates applied<sup>391</sup> were:

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<sup>390</sup> [FAPRI-UK Brexit Report - FINAL Clean.pdf \(afbini.gov.uk\)](#)

<sup>391</sup> The descriptions of the available payments were taken from the Agricultural Budgeting and Costing Book No. 83 –November 2016 historical values to reflect what was paid out in 2015.

- a flat rate average €107.6/ha (£78.70/ha);
- plus €25.6/ha (£18.72/ha) redistributive payment on the first 54 ha

7.990 These payments were removed from the withdrawal of BPS modelling scenario.

7.991 [Glastir Within the IMP](#). Glastir payments are assumed to be cost neutral and do not influence Farm Business Income (FBI). The way farm practice is modelled is not sensitive to Glastir.

7.992 [Sustainable Management Scheme \(SMS\)](#) has not been modelled. No direct payments are made to farmers under this scheme.

7.993 [Cross Compliance](#) is not explicitly modelled. The model assumes that economically-efficient choices are made (rather than best practice *per se*), subject to agronomic constraints around e.g. soil condition, slope, fodder availability, climate, NVZ etc. However, bad practice (e.g. over-stocking) is prevented.

7.994 Water Resources (Control of Agricultural Pollution)(Wales) Regulations 2021 have not been included.

## Transition assumptions

### Farms staying the same, changing farm type, and under pressure

7.995 Farm type transitions are: changing farm type on viable farms; leaving full-time agriculture; or changing farm type through sale and purchase.

Farms indicated as “left full-time farming” are those farms which fail to achieve a modelled Farm Business Income (FBI) of £6,000 p.a. with any farm type<sup>392</sup>. The model only considers FBI.

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It is acknowledged that due to a legacy of bespoke payments and transition to a flat rate scheme that a range of values were paid. For the baseline modelling, we are applying: i. a flat rate average 107.6 EUR (£78.70); ii. + 25.6 EUR (£18.72) redistributive payment on the first 54 ha

<sup>392</sup> Liddon, A., Moxey, A., Ojo, M., Patton, M., Philippidis, G., Scott, C., Shrestha, S. and Wallace, M., 2019. Brexit: How might UK Agriculture Thrive or Survive? assumes a farm is sustainable as long as the farmer or spouse has an annual off-farm income of > £6000 (which is based on the maximum working allowance to receive full Universal Credit without help with housing costs), even if the farm is not viable. This is based on O'Donoghue et al. 2016). O'Donoghue, C., Devisme, S., Ryan, M., Conneely, R., Gillespie, P., Vrolijk, H. (2016). Farm economic sustainability in the European Union: A pilot study. *Studies in Agricultural Economics*, 118, 163- 171.

- 7.996 Whether such farm transitions to part-time farming; diversify into non-agricultural activities or abandon farming altogether cannot be modelled, so the downstream models assume that these farms leave agriculture.
- 7.997 Farms have been allocated to the Small Area by greatest proportion.
- 7.998 Results are reported using the assumption that farms would, over the long term, transition to the most profitable farming system if their current system is not viable.
- 7.999 As a simplification, the biodiversity and ecosystem service models in the IMP assume that such a farm will leave agriculture with the land use changing to forestry or undergoing natural regeneration. If a current full-time farm fails to achieve an annual FBI of at least £6,000 p.a. in its current farm type but can achieve an annual FBI of at least £6,000 p.a. in an alternative form, it is assumed that the farm will change farm type through sale and purchase<sup>393</sup>.
- 7.1000 The IMP assumes that if a farm achieves a simulated Farm Business Income in its current farm type of at least £13,000, it may transition to an alternative through deliberate action of the farmer, if an alternative farm type can achieve a minimum profit increase of the greater of at least £5,000 p.a. or 25% of current farm type's FBI<sup>394</sup>.
- 7.1001 The Land Allocation Model (LAM) within the IMP does not assume a timeframe over which farm type transition may occur, which will depend on farm-specific factors, such as generational succession. However, modelling outputs assume transitions occurs over a common timeframe so that the aggregate consequences can be assessed for environmental benefits.

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<sup>393</sup> The ERAMMP model assumes that such a farm won't have the access to capital to finance change; whereas a purchaser will.

<sup>394</sup> After allowing for the financing costs (10% per annum) for any required increased tenants capital

**Annex C. Price assumptions used in the IMP  
modelling of the land use implications of the EU Trade  
Deal Scenario (T2)**

7.1002 The input and output prices used in the T2 scenario are shown in Table 70. Output prices have been changed: Milk +1.2%, Beef +3% and Lamb -1%

**Table 70. IMP Price Assumptions**

		<b>Baseline values (2015)</b>	<b>T2 values EU Deal</b>
General Economic Conditions			
· Interest rate	%	5%	5%
· Inflation rate	%	2%	2%
· Fuel/Diesel	£/l	0.45	0.45
Livestock			
Output prices			
· Milk	£/l	0.35	0.354
· Dairy Cull	£/head	500	515
· Dairy Calf	£/head	131	135
· Finished beef	£/kg liveweight	1.85	1.795
· Beef cull cow	£/head	500	515
· Finished lamb	£/kg liveweight	1.68	1.663
· Sheep wool	£/kg	1.3	1.3
· Sheep cull ewe	£/head	52	52
Input costs			

Moisture contents as typically traded. See also crop outputs for other livestock feeds and bedding			
· Dairy concentrates	£/t	230	230
· Dairy concentrates -high energy	£/t	260	260
· Beef and sheep concentrates	£/t	250	250
· Molassed sugar beet	£/t	225	225
· Big bale silage	£/t	40	40
· Feed & bedding straw	£/t	65	65
· Dairy vet and med costs	£/cow	73	73
· Dairy AI costs	£/cow	40	40
· Beef vet and med costs	£/cow	27	27
· Sheep vet and med costs £/ewe	£/ewe	10.4	10.4
· Dairy replacement	£/head	1600	1619
· Ewe replacement	£/head	138	136.6
· Ram replacement	£/head	480	475
· Store lambs	£/head	52	51.5
· Beef cow replacement	£/head	1700	1751
· Beef bull replacement	£/head	4200	4326
· Suckler calf (store)	£/ kg liveweight	1.8	1.854
Machinery and labour			
· Annual labour cost to the farm (wages + 10 hrs week over time + NIC)	£/ standard worker year	22000	22000
· Tractor cost (by proxy all machines) 130kw 4wd	£/tractor	68400	68400
Crops			
Output prices			
Moisture contents as typically traded.			
· Feed wheat	£/t	122	120.78

· Bread wheat	£/t	152	150.48
· Wheat straw	£/t	55	55
· Feed barley	£/t	125	123.75
· Malting barley	£/t	152	150.48
· Barley straw	£/t	65	65
· Oilseed rape	£/t	265	265
· Early potatoes	£/t	200	200
· Main crop ware potatoes	£/t	130	130
· Main crop stock feed potatoes	£/t	30	30
Input costs			
· N Fertiliser	£/kg N	0.77	0.77
· P Fertiliser	£/kg P2O5	0.6	0.6
· K Fertiliser	£/kg K2O	0.46	0.46
· Blackgrass herbicides (by proxy other agrochemicals)	£/ tenth dose	2.2	2.2
· Wild Oat herbicides (by proxy other agrochemicals)	£/ tenth dose	3.5	3.5
Seeds			
· Winter Wheat	£/kg	0.31	0.31
· Spring Wheat	£/kg	0.35	0.35
· Winter Barley	£/kg	0.31	0.31
· Spring Barley	£/kg	0.36	0.36
· Oilseed Rape	£/kg	9	9
· Seed early potatoes	£/kg	0.26	0.26
· Seed maincrop potatoes	£/kg	0.3	0.3
· Forage turnips	£/kg	5	5
· Forage maize	£/kg	5.5	5.5
· Grass seed	£/kg	2.19	2.19

## ***Annex D: Appendices to the Forestry Cost-Benefit Analysis***

APPENDIX 1: Felling licences and species licensing statistics

**Table 71: Felling licences applied for and issued over 6 years to 2021-22**

<b>Financial Year</b>	<b>Issued</b>	<b>With-drawn</b>	<b>Deemed refused</b>	<b>Refused</b>	<b>In progress</b>	<b>Total</b>
2016-17	467	25	4	0	0	496
2017-18	405	24	2	1	0	432
2018-19	506	25	1	0	1	533
2019-20	550	31	8	0	0	589
2020-21	466	32	11	2	0	511
2021-22	371	18	11	1	108	509
<b>Average</b>	<b>461</b>	<b>26</b>	<b>6</b>	<b>1</b>	<b>N/A</b>	<b>512</b>

**Table 72: Analysis of FLAs 2019-20 by woodland size and use of an agent**

<b>Size Band</b>	<b>Owner (no agent)</b>	<b>Agent (small scale)</b>	<b>Agent (the big 5<sup>†</sup>)</b>	<b>TOTALS</b>
0-<0.5ha	38 (8.6ha)	15 (4.3ha)	12 (2.3ha)	65 (15.2ha)
0.5-<1ha	33 (22.2ha)	22 (17.2ha)	8 (6.1ha)	63 (45.5ha)
1-<2ha	36 (47.7ha)	35 (49.7ha)	16 (22.8ha)	87 (120.2ha)
2-<5ha	45 (138.2ha)	35 (115.2ha)	40 (132.2ha)	120 (385.7ha)
5-<10ha	31 (227.7ha)	25 (174.6ha)	51 (373.4ha)	107 (775.8ha)
10-<20ha	18 (246.0ha)	12 (170.3ha)	45 (679.4ha)	75 (1095.7ha)
20-<50ha	11 (281.4ha)	7 (209.1ha)	29 (851.7ha)	47 (1342.2ha)
50ha+	1 (139.6ha)	2 (409.4ha)	9 (973.1ha)	12 (1522.1ha)
<b>Totals</b>	<b>213 (1111.4ha)</b>	<b>153 (1149.8ha)</b>	<b>210 (3041.1ha)</b>	<b>576* (5302.3ha)</b>

\*Total number of felling licence applications (FLAs) differs from the previous table as the 576 includes applications which were work in progress at the time of analysis

†The big 5 = Tilhill, Pryor & Rickett, Bronwin & Abbey, Hugh Wheeldon & Co, Flintshire Woodlands

**Table 73: Internal consultation with NRW Env Teams over 4 years to 2018-19**

Financial Year	No of FLs per Financial Year	Sent for consultation	Percentage
2015-16	437	146	33%
2016-17	496	194	39%
2017-18	432	179	41%
2018-19	533	297	56%
Average	474	204	43%

7.1003 Internal consultation between NRW Forestry Permitting and NRW Environment Teams is carried out where a designated site (a Site of Special Scientific Interest, Special Area of Conservation, Special Protection Area or RAMSAR site) is potentially affected.

7.1004 33% of the 437 FLAs registered in 2015-16 were sent for consultation. 88% of these were sent to NRW Environment Teams and the remaining 12% to other consultees including National Park, CADW (for SAMs) and local authorities (for TPOs).

7.1005 Applying this ratio (of 88%) to the average number of FLAs consulted (43% from Table 73) and average number of FLAs (512 from Table 71) gives a figure of 37% consulted internally (≅189 FLAs). The 189 FLAs sent to the NRW Environment Teams have the greater potential for environmental conditions.

7.1006 The figures in Table 73 show the amount of consultation is increasing. Red squirrel consultation will be on top of this 37% figure, although from the analysis of “issues recorded over the last 7 years requiring attention when the new forestry provision is in place”, it is likely that the number of conditions relating to red squirrel will be very low (as red squirrel is not mentioned once in the list of issues).



**Table 74: Numbers of felling licences issued in the red squirrel zones**

Red Squirrel Zone	Year felling licence issued	
	2020-21	2021-22†
Anglesey*	5 (22.2 ha)	7 (21.6 ha)
Clocaenog	4 (12.4 ha)	2 (12.1 ha)
Mid Wales	8 (254.2 ha)	3 (62.0 ha)
<b>Totals</b>	<b>17 (288.8 ha)</b>	<b>12 (95.7 ha)</b>

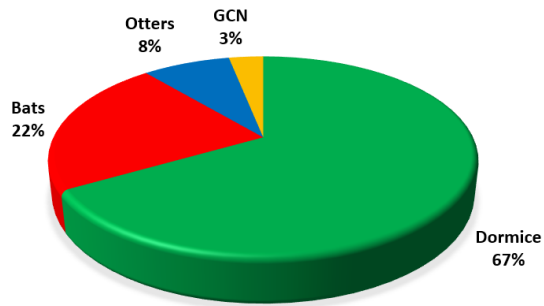
7.1007 \* The Red Squirrel Core Areas in DataMapWales are areas where the presence of both red and grey squirrels require new woodland creation to be planned to favour the native reds. Anglesey is not included as the eradication of grey squirrels makes this a red squirrel only area.

7.1008 This information was compiled Dec 2021 so the figures in this column represent the felling licences issued in the 8 months to end Nov 2021.

7.1009 The variability in the findings from the above analysis has been the main reason for further analysis not being carried out although there might be value in adding the wider area of forest to these figures to provide more context. Although there does not appear to be a clear cause and effect between licensed area and impacts on red squirrels this would nevertheless make an interesting research project to investigate the impacts further. These impacts are likely to be localised, which is where the application of expert knowledge theme that runs through this CBA needs to be considered.

**Figure 5: Number of EPS licences applied for on the WG woodland estate**

7.1010 Since licensing harvesting operations began on the Welsh Government woodland estate (from before the inception of NRW in 2013) the EPS toolkit approach has been used to license an average of 15 Programme of Works (PoW) licences per year with overall averages as follows: Dormice 67%; Bats 22%; Otters 8% and Great Crested Newts 3%.



7.1011 APPENDIX 2: Further factors considered in administering felling licences.

7.1012 The time taken by NRW Forestry Permitting to administer a felling licence varies from 4 hours of NRW time to 40+ hours. The following table with its 9 categories shows the elements (highlighted in yellow) of felling licences that could have a lighter touch approach if more can be done by the applicant (i.e. improved evidence). This suggestion fits in well with a system of Earned Recognition. The areas highlighted on bold text are also potentially the most likely to have an environmental condition added. Most of these have been described in detail in this CBA.

**Table 75: Checks on felling licence applications made by NRW Forestry Permitting**

No	Category	Areas most likely to have environmental conditions
1	Pre-app requirement	Duly made (Y/N), EIA determination (deforestation, roads, quarries, woodland creation), <b>Habitat Regulations Assessments</b> , landscape assessments, escalation requirement (e.g. within NRW or WG), bespoke NRW work requested by applicant (including work commissioned to make application 'duly made')
2	Size	As a general rule, the bigger the woodland the more checking that has to be done. Additional size-related factors include adjacency, elevation, Acid Sensitive Catchments (ASCs)
3	Potential constraints	<b>EPS, UK protected species, Schedule 1 birds</b> , Ancient Woodland Sites (AWS), Plantations on

		Ancient Woodland Sites (PAWS), tree disease (especially larch and ash)
4	Conditions	Clearfell and restocking; <b>enforceable felling licence conditions esp. related to 'potential constraints' above</b>
5	NRW internal consultation required	Biodiversity, water resources, water quality
6	External consultation required	Local authority (TPOs, conservation areas, hedgerows regulations, permitted development), National Park Authority and Areas of Outstanding Natural Beauty (both covered in EIA forestry regulations), CADW (SAMs, historic parks and gardens), stakeholder engagement (where NRW input is required)
7	Other NRW permissions required	<b>Water crossings, protected species licences,</b> deemed refusal
8	Earned recognition	<b>Compliance with amendment Categories 2 &amp; 3</b> (see the Forest Management Plan guidance note page 50 and the Appendix 5 tolerance table on page 80). Category 1 amendments involve working within set tolerances
9	Mitigation proposed by applicant	Plans submitted (e.g. harvesting method statements, haulage plans, water management plans), <b>Habitats Regulations mitigation</b> , further permissions obtained

## Chapter 8 - Integrated Impact Assessments

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8.1 A full Integrated Impact Assessment (IIA) has been undertaken, which covers all provisions in the Agriculture (Wales) Act. The full IIA has been published and a summary of the potential impacts is included below for the following topics (the location of these topics within the full IIA is provided in brackets):

- a) Social Wellbeing (Section 2)
- b) Cultural Wellbeing (Section 3)
- c) Economic Wellbeing (Section 4)
- d) Justice System Impacts (Section 4)
- e) Environmental Wellbeing (Section 5)
- f) Children's Rights (Annex A)
- g) Equality (Annex B)
- h) Rural Proofing (Annex C)
- i) Data Protection (Annex D)
- j) Welsh Language (Annex E)
- k) Biodiversity (Annex F)
- l) Socio-economic Duty (Annex G)

### ***Social Wellbeing***

8.2 Setting Sustainable Land Management (SLM) as the future policy framework for agriculture in Wales should have a positive impact on people and communities by protecting our natural resources and producing positive health outcomes for the people of Wales. SLM is designed to meet both the needs of present and future generations and contribute to the well-being goals as laid out in Section 4 of the Well-being of Future Generations (Wales) Act 2015. The SLM framework will enable farmers to be supported for the delivery of SLM outcomes and for their contribution to the health and wellbeing of our nation. This will bring

benefits to farmers, farming families, rural communities, consumers of Welsh produce and the people of Wales.

- 8.3 It is anticipated that SLM and the powers for support will have a number of health impacts on the general public and on the farming community. The SLM framework is designed to have a positive impact on the environment, with associated health benefits such as improved air and water quality, and reduced flood and drought risk.
- 8.4 The level of change does, however, have the potential to have negative impacts on farmer mental health if it is not managed appropriately. Clear advice, guidance and support will be important to help mitigate this. In addition, there will be a multi-year transition period to provide farmers with stability in the move from the current Basic Payment Scheme (BPS) to the proposed Sustainable Farming Scheme.
- 8.5 The Act should provide moderate benefits to the lifestyle determinants of health of the people of Wales. Improved opportunities for access to, engagement with, and enjoyment of, the countryside should contribute to better physical and mental health outcomes for the general population, as should food safety improvements resulting from increased animal health and welfare.
- 8.6 The marketing standards provisions in the Act will continue the ability of Welsh Ministers to affect how agricultural products are presented to consumers in Wales, including the use of terms communicating value-adding characteristics or attributes. In addition to the benefits this brings for consumers, businesses producing and selling alimentary goods benefit from the increased efficiency of harmonised standards across the food supply chain.
- 8.7 The provision in the Act to ban snares is an important step in protecting animals from harm in Wales. Snares currently cause significant pain and suffering to foxes and to non-target species such as badgers and companion animals (i.e., dogs and cats). The evidence supports the view that glue traps are also inhumane; they often inflict prolonged mental and physical suffering upon animals that become trapped. Past cases have included pets and wild animals becoming trapped as well as animals

deemed as 'pests', and there are sufficient alternative, more humane, methods of pest control available.

## ***Cultural Wellbeing***

8.8 The Well-being of Future Generations (Wales) Act 2015's goal for culture is 'A society that promotes and protects culture, heritage and the Welsh language and which encourages people to participate in the arts and sports and recreation'.

8.9 The Act sets a strategic objective to conserve and enhance the countryside and cultural resources, to promote public access to and engagement with them and to sustain the Welsh language and promote and facilitate its use; therefore culture and heritage are central to the future of farming in Wales. In addition, the powers for future support will enable Ministers to directly support action under the purposes, including "Conserving and enhancing landscapes and the historic environment" "Maintaining and enhancing public access to and engagement with the countryside and the historic environment and "Sustaining the Welsh language and promoting and facilitating its use."

8.10 The Act is designed, through the SLM objectives, to support sustainable food production and resilient agricultural businesses within the communities and local economies in which they operate. This will help to ensure Welsh farms and land remain a keystone of Welsh culture for current and future generations. It will also enable the direct support of actions which preserve and enhance our culture and heritage, including the Welsh language, in line with the strategic objectives.

8.11 We have no evidence our proposals will affect, positively or negatively, the participation of people in the arts or in sport. In terms of recreation, however, SLM and the powers of support are expected to enable moderate benefits to the people of Wales, as the Act will enable support for increased opportunities for access to, and enjoyment of, the countryside. This will contribute to increased awareness and enjoyment of heritage assets and the historic environment.

- 8.12 There is potential for subordinate legislation in relation to the marketing standards provisions to support the production and sale of Welsh food and other goods made from agricultural products, which form part of Wales' culture and heritage.
- 8.13 Provisions enabling market intervention measures will be used to prevent widespread business failure caused by large-scale market disruption. Preventing the closure of large numbers of farms at the same time would preserve the culture and heritage that comes from farming in Wales. This includes farming methods and landscape management, as well as the dialects and sector-specific terminology of the Welsh language used by farmers and their families.

### ***Economic Wellbeing***

- 8.14 Sustainable Land Management (SLM) is intended to have a positive impact on farm businesses and support a resilient sector now and over the long-term. Adopting SLM as the future policy framework for agriculture in Wales is expected to have a positive impact on farm businesses. The purposes for support aim to maintain and enhance the economic, environmental, and social sustainability of farm businesses in Wales. Specifically, there is a purpose for "*Improving the resilience of agricultural businesses*" and *in many cases*, the funding of the other purposes through on-farm actions could increase the productivity of the sector whilst reducing costs.
- 8.15 We recognise that moving from the current entitlement-based system to one based on support for delivery of SLM may impact on farm businesses differently. There will therefore be a managed transition between the current system of support and the proposed Sustainable Farming Scheme in order to avoid uncertainty and a sudden cessation of payments.
- 8.16 Providing support under purposes such as enhanced access and engagement and cleaner water has the potential to bring economic benefits to Wales through recreation and tourism. The quality of the Welsh

countryside and landscape of Wales has been identified as a key motivation for visitors in the Wales Visitor Survey.

8.17 We expect the implementation of SLM to have a positive impact on the public sector through reduced costs, for example in relation to responding to incidents of agricultural pollution or to disease outbreaks.

8.18 At this stage, we do not expect the SLM framework proposals to impact either positively or negatively on the third sector.

8.19 Baseline conditions are to be applied to all felling licences to bring the felling licence regime in line with other environmental legislation. The forestry sector is already required to comply with other environmental legislation so there should be no additional costs arising from the baseline conditions but it will formalise compliance within the felling licence regime. Costs to applicants applying for felling licences have the potential to increase costs but are dependent on individual site conditions. Costs of compliance with more site-specific conditions in felling licences can be highly variable, however we expect these powers to be used by Natural Resources Wales (NRW) only where necessary and be proportionate in line with Public Law principles, the regulators' code and NRW's own Regulatory Principles.

8.20 The marketing standards provisions will have a notable impact on business. A detailed cost-benefit analysis of this proposal has been carried out as part of the Regulatory Impact Assessment. This covers the costs to both the private and public sectors.

8.21 Provisions giving Welsh Government the power to intervene in agricultural markets are likely to have an overall positive impact on businesses, as the powers are not intended to be used to prop up inefficient businesses, but rather be used when there is a crisis affecting a particular sector.

### ***Justice System Impacts***

8.22 The banning of snares and glue traps will create two new offences as well as associated penalties. Anticipated impacts on the criminal justice system have been considered by the Ministry of Justice (MoJ), who have



concluded there would be minimal or nil impact. A copy of the Justice Impact Identification (“JSII”) form will be made available at Act introduction.

8.23 The forestry provisions create a new offence where steps required to address a breach of condition have not been undertaken. Non-compliance with other elements not related to required steps, in notices served to enforce the new powers can result in a fine under s.17 “Penalty for felling without a licence” is not a new offence. However, the circumstances in which the offence arises will now be broader as it will also cover those who have failed to comply with a notice served under the new powers for example where their felling licence has been suspended or revoked. The level of fine under s.17 has been amended to “an unlimited fine” in line with s.24 of the Act and the new offence outlined above in order to be a more effective deterrent.

8.24 This level of fine is also reflected in England. Provision has been made allowing the potential for compensation where a notice served to amend, suspend or revoke a licence (irrespective of a breach of conditions or no fault) is later cancelled as a result of a successful appeal. Compensation may include depreciation in timber value and/or expenses reasonably incurred, depending on the type of notice cancelled. In line with Public Law principles and its Regulatory Principles, NRW will work with felling licence holders to agree mitigation or remedial works through amendment in order to minimise the incidence of appeals and potential compensation.

8.25 A copy of the Justice Impact Identification (“JSII”) form will be made available at Act introduction.

### ***Environmental Wellbeing***

8.26 Setting Sustainable Land Management (SLM) as the future policy framework for agriculture in Wales will help deliver on each of the three National Priorities as set out in the Natural Resources Policy; these are delivering nature-based solutions, increasing renewable energy and resource efficiency, and taking a place-based approach in doing so.

- 8.27 Senedd Cymru have approved a net zero target for 2050, with interim targets for 2030 and 2040, and a series of 5-year carbon budgets.
- 8.28 The Act is designed to have a positive impact on environmental wellbeing in multiple ways. Strategic aims include the mitigation and adaptation to climate change, as well as the maintain and enhancement of the resilience of ecosystems.
- 8.29 To meet these objectives and our national targets, purposes for future support include maximising carbon sequestration and storage, reducing emissions of greenhouse gases, maintaining and enhancing the resilience of ecosystems, protecting landscapes and the historic environment, and the production of food in an environmentally sustainable manner. Several of the other purposes could also be expected to positively impact on environmental wellbeing.
- 8.30 Evidence suggests agriculture and rural communities more widely are particularly vulnerable to the effects of climate change. If action is not taken to address the challenges of the climate and nature emergencies, the sustainable production of food and resilience of rural economies and communities are under threat. We expect the Act to positively and, for farmers receiving future support, significantly affect their ability to adapt to the effects of climate change such as increased temperatures, stronger winds, more rain, and more unpredictable weather patterns.

### ***Children's Rights***

- 8.31 The Rights of Children and Young Persons (Wales) Measure 2011 places a duty on the Welsh Ministers to pay due regard to the United Nations Convention on the Rights of the Child (UNCRC) and its Optional Protocols when exercising any of their functions.
- 8.32 UNICEF have declared that the climate crisis is a children's rights crisis. The basic rights of access to clean water, clean air and health are threatened by climate change and children are disproportionately vulnerable. The UK has been scored 'medium' on the risk index due to a high exposure to environmental shocks and hazards, indicating that children's rights in the UK are threatened by climate change.

- 8.33 Taking action to mitigate climate change and reduce exposure to hazards such as air pollution and extreme weather events should therefore reduce threats to the rights of children in Wales and improve wellbeing. The Act sets mitigating climate change as a strategic objective of SLM. This will ensure that the climate emergency is addressed in future support and regulation for agriculture. The purposes for support will allow direct action to mitigate this risk and therefore should positively benefit children.
- 8.34 Children in rural areas are likely to be more vulnerable to the effects of severe weather events such as flooding. SLM and the powers of support will enable support for action to mitigate against these events and therefore children in these areas could particularly benefit. In addition, children in rural areas are expected to benefit from increased resilience of rural communities and the sustainability of the agricultural sector over the long-term.

## ***Equality***

- 8.35 The Equalities Act 2010 places a General Equality Duty on Welsh public authorities to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, as well as to advance equality of opportunity and to foster good relations between people who share a protected characteristic and those who do not.
- 8.36 An Equality Impact Assessment has been completed for the Act. This has indicated that the proposals as a whole are unlikely to adversely affect people with protected characteristics.
- 8.37 However, it has identified that there are demographic differences between urban and rural populations in Wales, and that farmers in Wales are more likely to possess certain characteristics compared with the population of Wales as a whole. It is therefore pertinent to consider the extent to which expected effects of the Act will be felt by different communities in Wales.
- 8.38 Setting Sustainable Land Management (SLM) as the future policy framework for agriculture in Wales is expected to support the sustainability of Welsh farms in both environmental and business terms. This should

positively impact on young people in the agricultural community, allowing and attracting them to remain on their family farms and in their local communities. This should also benefit older farmers who may have concerns about the succession arrangements for their farm.

8.39 Over two thirds of farmers in Wales are over the age of 55, and so the Act will affect older people more than young people. We have identified digital exclusion, a lower level of openness to new technology, and physical challenges as potential barriers to older farmers implementing SLM practices and participating in the proposed Sustainable Farming Scheme, and will seek to mitigate these issues as policy proposals develop.

8.40 Young and new entrants to farming face challenges such as access to land and finance. We continue to develop the future Sustainable Farming Scheme and will be considering how to build upon the current offer for young people as we develop our proposals for the future scheme and advisory support.

8.41 The most recent available Census data shows people belonging to ethnic minority groups are highly concentrated in urban areas of Wales. This means that they will be less likely to experience certain impacts of the Act, whether positive or negative. For example, enhanced access to the countryside has the potential to disproportionately benefit those who live in rural environments or have the means to access them. There are known disparities in access to the countryside between ethnic groups; further work is needed to understand and address these.

8.42 Farming remains a male-dominated industry in Wales, but survey estimates indicate the number of women farmers in Wales has more than doubled since 2001. In addition, the nature of farms as family businesses means women often have a crucial role to play within the business even if they are not actively involved in farming activities. The Act will apply equally to all farms in Wales and no specific negative impacts are expected with regard to sex and gender.

8.43 The provisions relating to tenancies will promote equality between landlords and tenants by incentivising discussion and negotiated agreements in order to avoid the costs of dispute resolution, whilst

providing a legislative backstop to those who cannot reach a reasonable agreement. It is possible some people in protected groups could be deterred from utilising the provisions if they appear to be over complex or burdensome. However, industry led guidance is widely accessible to tenants, landlords and professional advisors through industry representative bodies.

## ***Rural Proofing***

- 8.44 While the Act pertains explicitly to the agriculture industry, approximately 90% of land in Wales is farmland or commons, with farms providing economic and social benefits to their communities. It is therefore expected that the Act will have an impact on rural Wales beyond the farm gate, and the Act contains a specific purpose for support for “*helping rural communities to thrive and strengthening links between agricultural businesses and their communities.*”
- 8.45 Positive health benefits to rural communities include cleaner air and water through reduced agricultural pollution, and increased opportunities to enjoy the benefits of nature through enhanced access to the land around them.
- 8.46 Sustainable Land Management (SLM) is designed to balance economic, social, and cultural needs alongside environmental outcomes. This approach intends to support the resilience of rural communities, both directly and indirectly, since farmers will be supported to farm sustainably and remain on their land, thus maintaining the social capital within rural communities.
- 8.47 As we design the future Sustainable Farming Scheme, we are exploring ways in which we can provide support for the wider industry and the supply chain outside the farm gate, for activity that meets the definition of ancillary activities and the strategic objectives of the Act. This would have a positive impact for rural businesses and the wider rural community.
- 8.48 Provisions relating to marketing standards could lead to future legislation changes for agricultural products, resulting in changes to the way food and agriculture businesses are run. There are no Welsh

Government plans to change marketing standards at this time. Such changes may be harder for small and medium-sized businesses in rural areas to adapt to, as Welsh farms often employ a very low number of staff, and face issues accessing services due to their remote location. However, changes that improve the efficiency of supply chains, or boost consumer confidence in an agricultural product, could have a financial benefit to rural businesses.

8.49 The power to intervene in agricultural markets will enable Welsh Government to lessen the blow of extreme market events. If several farm businesses failed simultaneously in absence of such support, it is likely this would have a negative effect on rural community cohesion, the Welsh language and the rural culture of Wales. These indirect effects would be in addition to the evident economic effects of such widespread business failure.

### ***Data Protection***

8.50 The Agriculture (UK) Act 2020 currently provides Welsh Ministers with data collection and sharing powers (Schedule 5, Part 3, paragraphs 10 – 15). These powers will expire, ‘sunset’, on 31 December 2024 and therefore need to be replaced with appropriate provision in the Agriculture (Wales) Act. The Act provides a continuation of these powers, but the potential scope is widened.

8.51 The changes will enable continuity and consistency in data collection and ensure we are able to gather information on all farmed land and its associated supply chain, regardless of the post-farm gate destination of the output. Consistent data is particularly important for the Welsh Government to intervene with financial support in exceptional market conditions.

8.52 We consider the effects on individuals and businesses will be small, but the powers are important for the Welsh Government to be able to effectively monitor agriculture and provide support.

8.53 The Act is intended to provide a legal basis for future data collection in this area. Should this legal basis be used for future data collection,

secondary legislation would be required for any regulation of data collection which would include consultation and a full Data Protection Impact Assessment. Any requirement for data collection would need a draft proposal to be published and time allowed for feedback.

8.54 We are continuing to consult with the Information Commissioner's Office (ICO) and this process will remain ongoing for the introduction of any subsequent secondary legislation. A Data Protection Impact Assessment (DPIA) screening has been completed and a full DPIA is not needed at this time.

### ***Welsh Language***

8.55 Cymraeg 2050 is our national strategy for increasing the number of Welsh speakers to a million by 2050. We have a statutory obligation to fully consider the effects of our work on the Welsh Language and must consider how our policies affect the language and those who speak it.

8.56 Despite the small size of the agricultural sector (2% of all workers in Wales), agriculture accounts for a relatively larger share of all Welsh speakers (5% of all speakers). The agriculture sector (including fishing and forestry) has the highest share of Welsh speaking workers in Wales at 43%, compared with the average for workers across all sectors at 17%.

8.57 There is evidence that agri-food businesses, including agriculture, in Wales are providing more favourable conditions for use of the Welsh language compared with other industries, with high proportions of the workforce not only being able to speak Welsh, but using it in the workplace. Research shows almost two-thirds (65%) of Welsh speakers on Small and Very Small farms in Wales speak the language daily.

8.58 Given the relatively high proportion of Welsh speakers in agriculture, the prevalence of the Welsh language on small family farms, and the evidence that Welsh is in everyday use in the industry, there is the potential that the Act could have a pronounced impact on the Welsh language.

8.59 The Act and proposed Sustainable Farming Scheme (SFS) are designed to take action in tackling the Climate Emergency and Nature

Emergency in a way that is beneficial for farms and rural communities. The fourth SLM objective in the Act sets out the specific aim of sustaining, promoting, and facilitating the use of the Welsh language alongside the conservation and enhancement of cultural resources more broadly. The development of any future agricultural support must consider all of the SLM objectives and so the Welsh language is a key component of the future agricultural policy framework in Wales. In addition, there is a purpose for future support for “*sustaining the Welsh language and promoting and facilitating its use.*”

- 8.60 The Act is designed to support the long-term resilience of farm businesses, contributing to employment for younger Welsh speakers both now and in the future, on-farm and in local businesses, therefore supporting the agricultural industry and wider rural communities.
- 8.61 The advisory service which will accompany the proposed SFS will be provided bilingually, in line with the Welsh Language Standards and in support of Cymraeg 2050. This will give Welsh speakers and learners the opportunity to use Welsh in the workplace, and more informally with peers, helping the use of Welsh to be part of everyday life.
- 8.62 Re-structuring of the industry, particularly any move towards fewer farms farming larger areas, has the potential to negatively impact the sustainability of Welsh speaking communities. The proposed SFS is being designed on the principle it should be available to all types of farms. We are considering how we can structure payments, for example through capping, to ensure a fair distribution in funding. A period of transition between the current system of support and any future scheme will be introduced to allow farms to adjust and ensure there is no sudden cessation of payments.
- 8.63 To date, three consultations and two phases of co-design have been completed on the future of agricultural support in Wales. Respondents were asked to consider the impact of our proposals on the Welsh Language and their answers have helped shape the Act and the design of the proposed scheme. The results of the co-design programme will help to ensure any potential unintended consequences with regard to the Welsh language are identified and addressed as early as possible.



## ***Biodiversity***

8.64 The Welsh Government has set a clear ambition to reverse the decline in biodiversity, through the Well-being of Future Generations (Wales) Act 2015 and the Welsh Government's Nature Recovery Action Plan. The 2021 Programme for Government committed to 'embed our response to the climate and nature emergency in everything we do'.

8.65 The Act is designed to have direct, positive impacts on biodiversity, through the Sustainable Land Management (SLM) framework. The Act requires Ministers to provide support and regulate for agriculture in a way that they consider best contributes to achieving the SLM objectives. One of the strategic objectives of the Act is to "Maintain and enhance the resilience of ecosystems and the benefits they provide", while "Maintaining and enhancing the resilience of ecosystems" is one of the purposes for which Welsh Government will be able to provide support.

8.66 The Act is expected to support the increased provision of functioning habitats through enabling support for maintenance and enhancement of habitat condition, diversity and ecological resilience of semi-natural habitats, farm woodlands and other trees and hedgerows within farmland. The Act will also enable the maintenance and creation of landscape features which provide important habitats for wildlife on all agricultural land across Wales and will safeguard protections for these habitats which may have otherwise been lost.

8.67 The Act sets "Maintaining and enhancing public access to, and engagement with, the countryside and the historic environment" as an SLM purpose for which support can be provided. Through this, people can be given better opportunity to enjoy the outdoors and further their understanding of the biodiversity of Wales.

8.68 Depending on use and public behaviour, improved access may also represent a risk to biodiversity and have negative impacts on food production, and so providing support for engagement activities should also help promote understanding and awareness of biodiversity and minimise the potential for negative impacts from improved access.

8.69 The Act introduces the requirement to monitor and report on the delivery of SLM and the SLM purposes funded under powers of support, including in relation to biodiversity and ecosystem resilience. Future schemes will be subject to robust monitoring and evaluation and the findings will be publicly available.

### ***Socio-Economic Duty***

8.70 Socio-economic disadvantage means living in less favourable social and economic circumstances than others in the same society and encompasses a variety of factors. These include income and wealth, but also deprivation in relation to factors such as work, health, and the physical environment.

8.71 While farmers typically fall in the middle of the National Statistics Socio-economic classification (NS-SEC), there is a wide variety of experience among farmers with regard to income in particular, which will dictate their economic circumstances and impact their standard of living and other outcomes.

8.72 For rural communities in Wales more generally, the picture with regard to measures of deprivation is mixed, with generally better outcomes in the domains of health and education, poorer outcomes in the domain of access to services, and more nuanced outcomes in the domains of income, employment, housing, physical environment, and community safety.

8.73 The Act addresses socio-economic disadvantage and deprivation measures through the powers to support for farmers for the delivery of the outcomes we are seeking, including improved health outcomes for the people of Wales, reduced flood and drought risk, and enhanced access to the countryside.

8.74 It is not expected that the Act will impact anyone in a manner that exacerbates inequality of outcome due to socio-economic disadvantage. Nonetheless, we recognise that the Act represents a substantial change in agricultural policy in Wales, and this will need to be considered as proposals for the SFS are developed. There will therefore be a managed

transition between the current system of support and the proposed Sustainable Farming Scheme in order to avoid uncertainty and a sudden cessation of payments.

8.75 Households experiencing deprivation are likely to find it more difficult to be resilient to the impacts of climate change and biodiversity loss in the future. Public Health Wales note that farmers and agricultural workers are among those whose vocation will be most affected by these things. The Act is designed to address the Climate Emergency and the purposes for future support will allow for the targeting of specific issues such as air pollution, water pollution, and flood risk. As we design the proposed SFS, we are exploring a number of SLM actions which will help farmers to reduce their costs, having a positive impact on farmers' incomes.

## Chapter 9 - Post Implementation Review

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### ***Sustainable Land Management (SLM) and Future Support***

- 9.1 The Welsh Ministers are required to prepare a report every five years setting out their assessment of (a) the cumulative progress made, since the SLM duty came into force, towards achieving the SLM objectives through the exercise of the Welsh Ministers functions to which the duty applies and (b) the progress made, during the reporting period, towards achieving those objectives through the exercise of those functions. The Welsh Ministers will be required to publish a Statement of Indicators and Targets to measure progress towards achieving the SLM objectives. The report must set out (amongst other things) progress made towards the indicators and targets.
- 9.2 All support schemes (financial or otherwise) will be reported against. There are two levels of mandatory reporting, an Annual Report and an Impact Report. The Annual Report captures the financial aspect of the power of support, how much money has been spent, on what and to who. The Impact Report will need to be completed every five years to assess the impact of all support. This will be underpinned by a monitoring and evaluation strategy. It will look at the impact of each scheme in achieving the SLM objectives, whether the scheme(s) are fit for purpose and what may need to change to reflect the impact sought.
- 9.3 The provisions seek to ensure effective implementation and appropriate accountability and engagement with the Senedd, interest groups and others. The provisions are important to assess policy effectiveness and to provide an important and developing evidence base for ongoing policy development.

### ***Intervention in Agricultural Markets***

- 9.4 There will be no structured post-implementation review. Should the powers be used to declare a state of exceptional market conditions, and

for financial assistance schemes to be subsequently launched, the Welsh Government will review the effect of the powers and then be in a position to recommend any future changes.

### ***Agricultural Tenancies***

9.5 Once implemented we will monitor the impact of the provisions through continued engagement with industry representatives via the Tenancy Reform Industry Group (TRIG). This information will inform the need for any amendments to the secondary legislation.

### ***Marketing Standards***

9.6 There will be no structured post-implementation review. Should the powers be used to create secondary legislation on marketing standards for agricultural and food products, the Welsh Government will review the effect of the powers and then be in a position to recommend any future changes.

### ***Carcass Classification***

9.7 There will be no structured post-implementation review. Should the powers be used to create secondary legislation on carcass classification, the Welsh Government will review the effect of the powers and then be in a position to recommend any future changes.

### ***Forestry***

9.8 The Welsh Government will conduct a post-implementation review of the legislation within 3 years of commencement of amendments to the Forestry Act 1967. This will include a review of NRW's implementation of the powers, and examination of the frequency of cases and associated real costs to provide a better understanding of the operation of the powers and the costs involved. We will work with Natural Resources Wales (NRW) and stakeholders to agree a collection of relevant data to monitor the

impact of the provisions. Data collection, wherever possible, will be aligned with existing activity or other relevant work.

### ***Snares and Glue Traps***

9.9 The Welsh Government provides funding for the Wildlife and Rural Crime Co-ordinator, a police role that coordinates activity across all four police forces in Wales. Work to assess the efficacy of the ban on snares and glue traps will form part of the Co-ordinator's work. There will also be opportunities for sector representatives to provide evidence on how each ban is working in practice.

# Annex 1: Explanatory Notes to the Agriculture (Wales) Act **AGRICULTURE (WALES) ACT 2023**

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## EXPLANATORY NOTES

### INTRODUCTION

1. These Explanatory Notes are for the Agriculture (Wales) Act 2023 (“the Act”).
2. They have been prepared by the Rural Affairs Department of the Welsh Government in order to assist the reader of the Act.
3. The Explanatory Notes should be read in conjunction with the Act but they are not a part of it. They are not meant to be a comprehensive description of the Act, and where an individual section of the Act does not require explanation or comment, none is given.

### GENERAL OVERVIEW OF THE ACT

4. The Act provides a new statutory framework for Sustainable Land Management (“SLM”) in Wales.
5. The Act establishes the SLM objectives as the overarching framework for agricultural policy, in that it imposes a duty on the Welsh Ministers to exercise certain functions in the way they consider best contributes to achieving the SLM objectives. Provision is made for detailed monitoring and reporting: the intention is to permit assessment of progress towards achieving the objectives, to provide an important evidence base, and to facilitate scrutiny and accountability.
6. The Act confers a power on the Welsh Ministers to provide support for agriculture, and in connection with agriculture. This Act lists specific purposes for which support may be provided (although it may also be provided for other purposes that are not listed). These purposes include purposes relating to food production, climate change, greenhouses gases, air and water quality and animal health. The Welsh Ministers must exercise the power of support in the way they consider best contributes to achieving the SLM objectives. The intention is that this integrated approach will enable the sustainable production of food and other goods alongside the delivery of actions in support of the other SLM objectives.
7. The power of support may also be exercised in respect of certain activities connected to agriculture. These are defined in the Act as “ancillary activities”.
8. The Act makes other provision relating to agriculture and agricultural products that replaces existing (time-limited) provision for Wales in Schedule 5 to the Agriculture Act 2020 (referred to in throughout this Explanatory Note

as “the 2020 Act”). (It also repeals that Schedule and makes consequential amendments to the 2020 Act.)

9. The Act makes amendments to the Agricultural Holdings Act 1986 to expand the Welsh Ministers’ regulation-making powers under that Act, so as to enable them to make regulations permitting the tenant of an agricultural holding to access arbitration procedures, where a landlord has refused a request for the variation of a tenancy, or a request for consent, that was made for the purposes of the tenant accessing certain forms of support (including support provided under section 8).
10. The Act makes amendments to the Agricultural Tenancies Act 1995 to permit the tenant under a farm business tenancy to access arbitration procedures, where a landlord has refused a request for the variation of the tenancy, or a request for consent, where the request was made for specified purposes. Those purposes are: first, to enable the tenant to access certain forms of support (including support provided under section 8); and second, to comply with a statutory duty. Section 8A(7) of the Agricultural Tenancies Act 1995 also provides the Welsh Ministers with a regulation-making power to make provision in connection with such arbitration. Wording is also inserted into the 1995 Act setting out the procedural requirements for any regulations made under section 8A.
11. The Act amends the Forestry Act 1967 to enable further conditions to be added to felling licences and to enable licences to be amended, suspended or revoked in certain circumstances.
12. The Act amends the Wildlife and Countryside Act 1981 to prohibit the use of snares (and other cable restraints) and glue traps.
13. The Act comprises 57 sections and 3 Schedules and is divided into 6 Parts as follows:

**Part 1 – Sustainable Land Management**

**Part 2 – Support for agriculture etc**

**Part 3 – Matters relating to agriculture and agricultural products**

**Part 4 – Forestry**

**Part 5 – Wildlife**

**Part 6 – General**

**Schedule 1 - Agricultural products relevant to marketing standards provisions**

**Schedule 2 - Minor and consequential amendments etc. relating to Parts 1 to 3**

**Schedule 3 - Consequential amendments etc. to the CMO Regulation**

## **COMMENTARY ON SECTIONS**

**Part 1 – Sustainable Land Management**



### *The objectives*

14. This Part of the Act sets out four SLM objectives and imposes a duty on the Welsh Ministers to exercise certain functions in the way they consider best contributes to achieving those objectives. The objective is to ensure that the agricultural sector in Wales produces food and other goods in a way which is sustainable, responds to the climate and nature emergencies, conserves and enhances the countryside and cultural resources and promotes public access to them, and also promotes and facilitates use of the Welsh language.
15. A feature of each of the objectives is the intention to meet the needs of the present without compromising the ability of future generations to meet their needs – something that mirrors the “sustainable development principle” in section 5 of the Well-being of Future Generations (Wales) Act 2015. In addition, each objective is intended to complement the well-being goals in section 4 of that Act, designed to improve the economic, social, environmental and cultural well-being of Wales.
16. The SLM framework, consisting of the SLM objectives and SLM duty, has been developed through a comprehensive consultation process documented in *Brexit and our Land*<sup>395</sup>, *Sustainable Farming and our Land*<sup>396</sup>, and the *Agriculture (Wales) Act White Paper*<sup>397</sup>. They are also in line with international programmes and initiatives such as the UN’s “Decade on Ecosystem Restoration 2021-2030”, declared on 1 March 2019.

### **Section 1 – The sustainable land management objectives**

17. Section 1 establishes four SLM objectives.
18. Subsection (2) provides that the first objective is to produce food and other goods in a sustainable manner. In practice, this is likely to require a focus on producing food and other goods in a way that is environmentally, economically and socially sustainable, that promotes high standards of animal health and welfare and that safeguards the ability of future generations to do the same.
19. Subsection (6) provides that for the purposes of the first objective, factors relevant to whether food and other goods are produced in a sustainable manner include, among other things, the resilience of agricultural businesses within the communities in which they operate and their contribution to the local economy.
20. Subsection (3) provides that the second objective is to mitigate and adapt to climate change.
21. Mitigating climate change is likely to involve reducing climate change through the reduction of operational and embedded greenhouse gas emissions as well as maintaining and increasing the capacity of agricultural land to drawdown and sequester carbon. Operational emissions are those emitted through the

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<sup>395</sup> [Brexit and our land - securing the future of Welsh farming \(gov.wales\)](#) (2018)

<sup>396</sup> [Sustainable Farming and our land \(gov.wales\)](#) (2019)

<sup>397</sup> [Agriculture \(Wales\) White Paper \(gov.wales\)](#) (2020)

carrying out of an action, and embedded emissions are those emitted by a product or material in its production and transportation (e.g. emissions from the production of fertiliser).

22. Adapting to climate change is likely to involve taking action to minimise the effects of climate change. These actions may include, for example, changes in practice to ensure the continued production of food and other goods, natural flood management measures and the use of trees to provide shade.
23. Subsection (4) provides that the third objective is to maintain and enhance the resilience of ecosystems and the benefits they provide. Maintaining ecosystem resilience may require active management of ecosystems and actions to prevent degradation. Enhancing ecosystem resilience may require, for example, measures such as habitat creation and changes in practice (e.g. actions relating to water quality).
24. Subsection (7) describes specific factors that (among others) are relevant to the resilience of ecosystems for the purposes of the third objective. Resilient ecosystems, for example, may be more biodiverse, which can help to slow and reverse biodiversity decline, and more adaptive to change, including the effects of climate change.
25. The benefits provided by resilient ecosystems can include, for example, clean air, clean water, enhanced carbon storage, improved soil health and the increased presence and effectiveness of pollinators.
26. Subsection (5) provides that the fourth objective is to conserve and enhance the countryside and cultural resources and promote public access to and engagement with them, and to sustain the Welsh language and promote and facilitate its use.
27. The fourth objective is about protecting, maintaining and improving cultural resources and the countryside, and promoting access and engagement with them. The countryside includes, for example, farmland and woodland, as well as the beauty of the natural environment. Cultural resources may include, for example, historic sites and buildings. This objective is also about sustaining the Welsh language, for example by supporting the people and communities that use the Welsh language, as well as promoting and facilitating the use of the Welsh language so as to raise awareness and opportunities for its use and proliferation.
28. Subsection (8) defines 'cultural resources' for the purposes of the fourth objective.

### *The duty*

#### **Section 2 - Welsh Ministers' duty in relation to the objectives**

29. Section 2 (1) requires the Welsh Ministers to exercise certain of their functions in the way they consider best contributes to achieving the sustainable land management objectives, so far as consistent with the proper exercise of the function.

30. In order to comply with this duty, the Welsh Ministers will need to consider all four SLM objectives when they are exercising a function to which the duty applies and will then need to exercise the function in the way they consider best contributes to achieving those objectives (taken together), so far as consistent with the proper exercise of the function. The SLM objectives are intended to be complementary, and, in some cases, this will mean that action can be taken that contributes to all of the objectives, though not necessarily equally. In other cases, this may not be possible, for example, where the exercise of a particular function has no effect in respect of one or more of the objectives.
31. In each case, the Welsh Ministers will be required to exercise relevant functions in the way they consider best contributes to the objectives (so far as consistent with the proper exercise of the function). This means that where there is more than one option for the Welsh Ministers, they will be required to choose the option that they consider is most beneficial in terms of its contribution to achieving the SLM objectives.
32. The Welsh Ministers' functions to which the duty applies are specified in subsection (2) and (3) and are subject to the exceptions at section 3.
33. Subsection (2) provides that the functions to which the duty applies are:
- functions under this Act (section 2(2)(a));
  - functions under any other enactment that require or allow the Welsh Ministers to provide support for (i) agriculture, or other activities carried out on land used for agriculture, or (ii) ancillary activities (section 2(2)(b));
  - functions under any other enactment that require or allow the Welsh Ministers to regulate (i) agriculture, or other activities carried out on land used for agriculture, or (ii) ancillary activities (section 2(2)(c)).
34. Subsection (3) provides that that the SLM duty applies to the functions referred to in subsections (2)(b) and (2)(c) only to the extent that those functions are exercised to provide support for, or to regulate, (a) agriculture, or other activities carried out on land used for agriculture, or (b) ancillary activities (and not, therefore, to the extent that those functions are exercised for some other purpose).
35. "Agriculture" is defined at section 51; "ancillary activity" is defined at section 52; and "functions" is defined at section 54.
36. Other activities carried out on land used for agriculture may include, for example, leisure activities or events where the main use of land remains primarily agricultural e.g. activities or events held for only a specific number of days in any given year.

### **Section 3 - Exceptions from the duty in section 2**

37. Section 3 provides that the duty in section 2 does not apply to the functions listed at paragraphs (a) to (f).

38. The functions excepted relate principally to the basic payment scheme, including consequential and transitional provision relating to the basic payment scheme and the common agricultural policy. The basic payment scheme is a universal income support system that does not contribute to the achievement of the SLM objectives.

#### *Monitoring and reporting*

39. The monitoring and reporting provisions place requirements on Welsh Ministers to monitor and report on the progress made towards achieving the SLM objectives. The provisions detail the requirement to set indicators and targets, as well as to prepare a report. The reporting and monitoring provisions make provision for scrutiny and engagement with stakeholders and the Senedd. They also act to provide an on-going evidence base for the support of future policy trends and best practice to be identified.

#### **Section 4 – Sustainable Land Management indicators and targets**

40. Section 4 requires the Welsh Ministers to prepare and publish indicators and targets to measure progress towards achieving the SLM objectives through the exercise of the functions to which the duty in section 2 applies.
41. Subsection (1) requires the Welsh Ministers to prepare a statement which sets out indicators that are to be applied to measure progress towards achieving the SLM objectives through the exercise of the functions to which the duty in section 2 applies, and targets in relation to those indicators.
42. Indicators will provide metrics by means of which the contribution of an action to the SLM objectives can be measured. Targets will set out the desired level of progress against the metric a specific indicator details.
43. For example, the third objective (“maintain and enhance the resilience of ecosystems and the benefits they provide.”) may be addressed by several indicators, one of which could be a decrease in the levels of pollutants in rivers downstream of agricultural and ancillary activities. A specific target would then be set against that indicator and both the indicator and target would be reported against in the SLM report prepared under section 6.
44. Subsection (2) provides that the statement must contain, as a minimum, at least one distinct indicator for each SLM objective, and at least one distinct target relating to at least one distinct indicator for each SLM objective. This is to ensure accurate and effective accounting of progress.
45. Subsection (3) to (5) provides that the statement may also set out further indicators (each of which may be for one SLM objective or more than one), and further targets (each of which may relate to one indicator, whether set under subsection (2) or subsection (3), or to more than one).
46. Subsection (6) provides that an indicator or target may relate to Wales or any part of Wales.
47. Subsection (7) provides that a target may be set by reference to any period that the Welsh Ministers consider appropriate.

48. Subsection (8) provides that the statement must be published and laid before Senedd Cymru by the Welsh Ministers no later than 31 December 2025.
49. Subsection (9) provides that the Welsh Ministers may review and revise the statement at any time and subsection (10) provides that subsections (2) to (8) apply in relation to a revised statement as they apply to the original statement.
50. Subsection (11) provides that where the Welsh Ministers revise the statement, they must, as soon as reasonably practicable, publish the revised statement and lay it before Senedd Cymru.

### **Section 5 – Steps to be taken in preparing or revising indicators and targets**

51. Section 5 sets out the steps that must be undertaken in preparing or revising indicators and targets.
52. Subsection (2) requires the Welsh Ministers to have regard to certain reports, policies and other matters when preparing or revising indicators and targets.
53. This seeks to ensure that the SLM monitoring and reporting takes appropriate account of wider sustainability goals, policies and reporting, to the extent that they are relevant.
54. Subsection (3) requires the Welsh Ministers to consult the Future Generations Commissioner for Wales and any other persons they consider appropriate when preparing or revising indicators and targets.

### **Section 6 – Sustainable Land Management reports**

55. Section 6 requires the Welsh Ministers to prepare and publish SLM reports and details the content and timings of those reports.
56. Subsection (1) requires the Welsh Ministers to prepare a report in relation to each reporting period (as defined by subsection (9)).
57. Subsection (1)(a) provides that the report must set out the Welsh Ministers' assessment of the cumulative progress made, since section 2 came into force, towards achieving the SLM objectives through the exercise of the functions to which the duty in section 2 applies.
58. Subsection (1)(b) also requires the report to set out the Welsh Ministers' assessment of the progress made, during the reporting period, towards meeting those objectives through the exercise of those functions.
59. Subsection (2) states that the report must set out, in relation to each indicator in the statement (or revised statement) published under section 4, the progress made in relation to that indicator during the reporting period and how that has contributed to achieving the SLM objectives.
60. Subsection (3) provides that the report must also set out, in relation to each target in the statement (or revised statement), whether the target has been achieved during the reporting period.

61. Subsections (4) to (6) specify the provision the report must make depending on whether during the reporting a period a target has been achieved (subsection (4)), has not been achieved (subsection (5)), or the Welsh Ministers have not yet been able to determine whether a target has been achieved (subsection (6)).
62. Subsection (7) sets out other matters that SLM reports may assess and report on. These may include the key priorities, risks and opportunities in relation to achieving the SLM objectives, and the effect that the progress made towards achieving those objectives has on the achievement of other goals e.g. Wales's net zero 2050 goal.
63. Subsection (8) provides that the Welsh Ministers must, no later than 12 months after the end of each reporting period, publish the report that relates to the reporting period and lay it before the Senedd.
64. Subsection (9) defines the "reporting period" and subsection (10) confers powers on the Welsh Ministers by regulations to amend subsection (9). This regulation making power enables the Welsh Ministers to amend, for example, the length of the reporting period. This power to make regulations is subject to the affirmative resolution procedure (section 50(6) and (7)).

### **Section 7 – Steps to be taken in preparing reports**

65. Section 7 sets out the reports, policies and other matters that the Welsh Ministers must have regard to in preparing SLM reports. It seeks to ensure that SLM reporting is conducted in the context of wider reporting and sustainability actions undertaken in Wales and that appropriate data is considered in the reporting of progress towards the SLM objectives. It also seeks to encourage a cohesive approach to the reporting, of environmental and other actions across Wales.

## **PART 2 – SUPPORT FOR AGRICULTURE ETC**

### **Chapter 1 - Welsh Ministers' power to provide support**

66. This Chapter confers power on the Welsh Ministers to provide support for or in connection with agriculture in Wales and ancillary activities that take place in Wales. This power enables the Welsh Ministers to provide support, including by means of a support scheme or schemes (and in establishing any such scheme or schemes the Welsh Ministers will need to comply with the SLM duty).
67. The power to provide support, in practice, provides Welsh Ministers with the mechanism to support farmers in producing food and other goods in a sustainable way that is intended to support the Welsh Government's environmental and climate commitments and to further support the well-being of citizens as it relates to agriculture in Wales.

### **Section 8 - Welsh Ministers' power to provide support**

68. Section 8 provides the Welsh Ministers with the power to provide support for, or in connection with, agriculture and ancillary activities that take place in Wales. Support may be financial, or non-financial, for example the Welsh

Ministers might choose to exercise the power to make payment for actions or to provide instructional assistance and advice.

69. Section 8(2) sets out a list of (non-exhaustive) purposes for or in connection with which the Welsh Ministers may provide support in Wales. The Welsh Ministers are not constrained by the listed purposes at section 8(2) and may provide support for other purposes, so long as the other purposes are for or in connection with agriculture and/or ancillary activities in Wales. The purposes listed at section 8(2) provide context in terms of the policy aims for which support is envisaged. The purposes support the achievement of the SLM objectives detailed in section 1.
70. The purpose at subsection (2)(a) refers to encouraging the production of food in an environmentally sustainable manner. For example, support might be provided for growing crops in a way that minimises or eradicates the need for artificial fertiliser.
71. The purpose at subsection (2)(b) refers to helping rural communities to thrive, and to strengthening links between agricultural businesses and their communities. For example, support given for this purpose might be aimed at promoting the economic resilience of agricultural businesses through farm diversification and strengthening farm businesses to support and contribute towards thriving rural (local) communities, such as supporting and encouraging an increase in biodiversity or eco system resilience on farms, through collaborative projects such as community orchards, or supporting farm businesses to diversify into direct-to-consumer sales, via meat and / or vegetable boxes.
72. The purpose at subsection (2)(c) refers to improving the resilience of agricultural businesses. Support given for this purposes might be aimed at seeking to attract new entrants to farming and to support succession planning.
73. The purpose at subsection (2)(d) refers to sustaining the Welsh language and promoting and facilitating its use. Support given for this purposes could be aimed at facilitating the use of the Welsh language across all levels of competency and the encouragement of new learners across the agricultural sector.
74. The purpose listed at subsection (2)(e) refers to reducing of emissions of greenhouse gases. For example, support might seek to encourage farms to reduce their greenhouse gas emissions, including through making efficient use of fuel and energy, minimising external inputs and having productive livestock and crops.
75. Subsection (2)(f) sets out the purpose of maximising carbon sequestration and storage. Support given for this purpose could be aimed at creating new and enhancing existing carbon stocks on farms, for example through increasing soil carbon content, restoring peatland, tree and/or hedge planting and farm woodland management.

76. The purpose referred to at subsection (2)(g) is that of maintaining and enhancing the resilience of ecosystems. This could mean supporting a farmer in adopting different farming techniques which avoid negative impacts on, and delivering benefits for, biodiversity, species, and habitats.
77. The purpose listed at subsection (2)(h) is conserving and enhancing landscapes and the historic environment. Support provided for or in connection with this purpose could, for example, look to support farmers in maintaining historical buildings they may have on their land.
78. The purpose at subsection (2)(i) is improving air quality. Support provided for or in connection with this purpose is intended to be aimed at actions which result in air which has limited pollution (human made particles and harmful gases) including fine particulate matter (PM2.5), ammonia (NH<sub>3</sub>) and non-methane volatile organic compounds (NMVOC).
79. Subsection (2)(j) provides for the purpose of improving water quality. The policy aim behind this purpose is to ensure the water environment (including inland water) is sustainably managed to support healthy communities, flourishing businesses and increased biodiversity.
80. The purpose listed at subsection (2)(k) is maintaining and enhancing public access to and engagement with the countryside and the historic environment. Action that could be taken in connection with this purpose could include supporting farmers to upgrade public footpaths to make them more accessible for wheelchair users.
81. Subsection (2)(l) lists the purpose of mitigating flood and drought risks. Support for or in connection with this purpose may be provided, for example, to enable farms to prepare for periods of low or high rainfall, reducing the risks to the farm and communities from flooding and drought including through nature-based flood management.
82. The purpose at subsection (2)(m) is achieving and promoting high standards of animal health and welfare. Support provided for or in connection with this purpose could require/encourage farmers to draw up and action an animal health plan and/or to take actions which improve the well-being of animals such as providing shade or suitable space.
83. Subsection (2)(n) provides for the purpose of maximising resource efficiency. Support provided for or in connection with the purpose, for example, could assist farms in taking a circular economy approach by keeping resources and materials in use for as long as possible and minimising waste.
84. The purposes referred to in subsection (2)(o) is that of encouraging agricultural businesses to manage energy effectively (including by adopting energy efficiency and energy saving practices, and generating renewable energy on their land). Support for or in connection with this purpose may be provided, for example, to encourage agricultural businesses to adopt good energy management plans and generate renewable energy on-site, with a view



to this supporting those agricultural businesses to (over time) lower their energy costs, through a range of measures.

85. Section 8(3) provides that support provided under the power to provide support may be provided by way of a scheme, or by other means. For example, through a knowledge transfer and innovation service.
86. Subsection (4) provides the Welsh Ministers with the power to amend the list of purposes by regulations (by adding a new purpose, removing a purpose, or altering the description of a purpose). This might for instance reflect a change in Welsh Government commitments and the SLM objectives. Alternatively, it may be considered that one or more of the purposes are no longer considered necessary and therefore need to be replaced to reflect an updated position.

### **Section 9 - Further provision about support under section 8**

87. Section 9 provides that support provided under the power of support in section 8 may be given financially or otherwise. In practice, the way in which support is given is likely to depend on any number of factors, for example intended outcome and type/number of recipients. Subsection (2) specifies that financial support may be given by way of grants, loans or guarantees, but support may be given in any other form.
88. Subsection (3) provides that eligibility criteria may need to be met in order for a person to be eligible for support. The eligibility criteria will be determined by each individual support scheme established pursuant to section 8.
89. Subsection (4) provides examples of eligibility criteria where support is provided in connection with the use of land. Requirements may, among other things, relate to the characteristics of the land, for example, the ecological features of the land. A requirement may also relate to the person receiving support - for example, someone who is new to farming or someone who wants to diversify from current farming practices on the land.
90. Subsection (5) allows the Welsh Ministers to attach conditions to any support provided: in practice, examples might be proof of action, time frames and contract length.
91. Subsection (6) states that these conditions may include provision for support to be repaid. Interest may be charged on monies that are required to be repaid.
92. Subsection (7) provides that support may be given under section 8 to a person or organisation who has established and/or operates a "third party scheme". The support must be given in connection with the establishment or operation of that "third party scheme". This means that support may be provided under section 8 in connection with expenditure incurred by a third party in establishing and operating a scheme, and for funding provided through that scheme. This would enable the Welsh Ministers to fund, for example, local partnerships or other organisations to deliver landscape-based collaborative projects that enhance the historic environment and designated landscape across multiple farms.

93. Subsection (8) provides a definition of "third party scheme" for the purposes of subsection (7): it is a scheme that provides support for or in connection with agriculture or ancillary activities, and which is made by a third party (not the Welsh Ministers).
94. Subsections (9) and (10) enable the Welsh Ministers to delegate functions in relation to giving support including giving guidance or exercising a discretion.

### **Section 10 - Power to make provision about publication of information about support**

95. Section 10 confers power on the Welsh Ministers to make regulations about the publication of certain information (as specified in the regulations) about support which has been, or is being, supplied under section 8. The information that may be specified in the regulations may include information about the recipient of any support provided, the amount of support provided, and the purposes of any support provided.
96. Section 10(2) permits the regulations to impose requirements. So, for instance the regulations could require any person – including the Welsh Ministers – to provide the information stipulated.
97. In policy terms, the publication of information about the provision of support is intended to promote transparency and allow a clear indication of what has been achieved or is required from the support given.

### **Section 11 – Multi-annual Support Plans**

98. Section 11 requires the Welsh Ministers to prepare a ‘Multi-annual support plan’ (MASP) about the expected use, during the period to which the plan relates, of the powers under section 8.
99. Subsection (2) sets out the information that must be contained within the MASP, including a description of support schemes which are either both operational, or-expected to become operational, during the period to which the plan relates.
100. Subsection (3) provides that the period to which the first MASP is to relate is to be five years, beginning with 1 January 2025. Subsection (4) states that subsequent MASPs must relate to periods not shorter than five years.
101. Subsection (5) places a duty on Welsh Ministers to ensure that there is always a MASP in force.
102. Subsection (6) provides that the MASP must be laid before the Senedd in advance of the date in which the plan period commences: in the case of the first MASP as soon as practicable before the plan period, and for subsequent plans, at least 12 months in advance of the beginning of the plan period.
103. Subsections (7) requires the Welsh Ministers to amend a MASP if the information in it ceases to be accurate before the end of the period to which it relates (for instance, where a support scheme is no longer operational or functions within a scheme are no longer supported).

104. Subsection (8) requires the revised MASP to be published and laid before the Senedd.

**Section 12 - Power to make provision about checking eligibility for support, etc**

105. Section 12 provides the Welsh Ministers with regulation making powers that may be exercised to make provision about checking whether eligibility criteria for support under section 8 are met and the consequences where they are not, about enforcing compliance with conditions, about monitoring the extent to which the purposes of support have been achieved, and about the investigation of suspected offences. These powers are intended to ensure that agricultural support financed by the Welsh Government is administered correctly and that recipients of support under the power to provide support are subject to appropriate scrutiny and accountability.
106. Subsection (2) provides a non-exhaustive list of types of provision that may be included in any regulations made under subsection (1). Whilst these are considered to be some of the main matters that regulations may need to address, regulations may be made for any of the purposes set out in subsection (1) and the content of any future regulations is not limited to those areas listed in subsection (2).
107. Subsection (2)(f) permits regulations under section 11 to make provision about the recovery of financial support (for instance, the regulations might permit support to be recovered, with interest, where a person has breached a condition).
108. Subsection (2)(h) permits regulations under section 11 to make provision about steps to be taken by a person to whom support is being, or has been, provided, in order to rectify a breach of conditions.
109. Subsection (2)(i) and (j) permits regulations under section 11 to make provision about monetary penalties, including, security for payment.
110. Subsection (2)(k) permits the regulations to make provision about prohibiting a person from receiving support for a specified period, or until specified conditions are satisfied. For instance, the regulations might permit the payment of support to be suspended until a person has rectified a breach.
111. Subsection (2)(l) permits the regulations to make provision for appeals.
112. Subsection (2)(m) permits the regulations to confer functions on a person: this might for instance be used to make provision conferring functions upon a scheme administrator.
113. This may include the requirement of certain action to be taken, to rectify such a breach. Regulations may also make provision for the recovery of monies that have been paid (with or without interest), the suspension of someone from a scheme (for a specified period or until certain conditions have been satisfied) and the imposition of monetary penalties. There is also the power to make

regulations conferring functions to others and to provide a procedure for appealing against decisions.

114. Subsection (3) provides that regulations made under section 11 may not authorise entry to a private dwelling (for instance, to check compliance) unless a warrant has been issued by a judicial procedure. (Section 51 defines a "private dwelling".)
115. Subsection (4) provides that, if the regulations make provision for penalties, they may provide for interest on penalties to be payable. The interest may be payable from a day provided for in the regulations themselves, or a day determined (for instance by a scheme administrator) under the regulations.

### **Section 13 - Annual report about support provided under section 8**

116. Section 13 places a duty on the Welsh Ministers to prepare an annual report, in relation to each reporting period, about the financial and non-financial support provided during the period. Subsection (5) provides that the first reporting period runs from the date on which section 8 comes into force until 31 March 2025; while subsequent reporting periods will be aligned with financial years (1 April to 31 March).
117. Subsection (2) requires certain information to be included within the report. This is the total amount of any financial support provided during the reporting period, details of all financial and non-financial support provided under each support scheme established under section 8, and a description of any support other than financial support provided during the reporting period, but not under a scheme.
118. The Welsh Ministers are able, as set out in subsection (3), to include in the report any other information they consider appropriate. What is considered to be appropriate will depend on the particular circumstances, but an example might be information on any financial support which is being recouped and the reasons for this action.
119. Subsection (4) requires the Welsh Ministers to publish and lay the annual report before Senedd Cymru no later than 12 months after the end of each reporting period.

### **Section 14 - Impact Report**

120. Section 14 sets out the Welsh Ministers' duty to produce (for each reporting period) an Impact Report in respect of support provided under section 8. The objective behind this is to ensure that every five years there is an evaluation of the impact and effectiveness all support provided during that period pursuant to section 8, including an assessment of how and the extent to which the support has achieved its purposes, and contributed to achieving the SLM objectives.
121. Subsection (2) requires the Impact Report to set out all the purposes for which support has been given under section 8, during the reporting period.

122. Subsection (3) provides that the Impact Report must include an assessment of the impact and effectiveness of support given during the reporting period, including an assessment of: (a) the way in which, and the extent to which, the support has achieved the purposes for which the support was given; and (b) the way in which, and the extent to which, the provision of the support has contributed to achieving the SLM objectives. Setting out the purposes in the way required under subsection (2) aims to highlight the link between support provided and the intended outcome of such support and is aimed at ensuring that the impact and effectiveness of support provided can clearly be measured against the purposes.
123. Subsection (4) provides that the Welsh Ministers may assess and report on any other matters they consider relevant for assessing the impact and effectiveness of support provided during the reporting period. For example, this could include information on whether any actions taken under a support scheme are still suitable, whether they have been achieved; are still in progress; or not actioned, together with any corrective action to remedy the issue. This information may even capture whether the administration of any scheme is fit for purpose.
124. Subsection (5) requires the Welsh Ministers to publish and lay the Impact Report before Senedd Cymru no later than 12 months after the end of each reporting period.
125. Subsection (6) defines the “reporting period” as being, for the first Impact Report, the period from when section 8 comes into force up until 31 December 2029. For subsequent Impact Reports the ‘reporting period’ will be successive periods of five years.
126. Subsection (7) provides the Welsh Ministers with a regulation making power, to amend the reporting period. This may be exercised, for example, in order to align the reporting period with the contract length of schemes under Section 8.

### **Section 15 - Steps to be taken in preparing report under section 13**

127. Section 15 requires the Welsh Ministers to have regard to certain matters during the preparation of an Impact Report. These include the purposes listed in section 8(2), each annual report that has been published in respect of the period covered by the Impact Report and the most recent Impact Report. The Welsh Ministers are also required to have regard to any other matters which they consider appropriate, reflecting the need for flexibility for each Impact Report to be tailored to any particular circumstances that may be relevant.
128. The intention behind this is to promote a complete and robust evaluation of the impact of support provided under the power to provide support.

### **Chapter 2 - Powers to modify legislation relating to financial and other support**

129. Chapter 2 confers powers on the Welsh Ministers, in relation to existing legislation, that replace certain time limited powers in the 2020 Act.

### **Section 16 - Power to modify legislation governing the basic payment scheme**

130. Section 16 provides the Welsh Ministers with the power by regulations to modify legislation governing the basic payment scheme so far as it has effect in relation to Wales. This power is intended to permit the Welsh Ministers to make changes to legislation governing the basic payment scheme, for example in connection with the transition away from payments made under the basic payment scheme and the closing down of the basic payment scheme. The legislation that the Welsh Ministers have the power to modify under this section is listed in subsection (2).

### **Section 17 - Power to modify legislation relating to the common agricultural policy**

131. Section 17 provides the Welsh Ministers with the power by regulations to modify legislation relating to the financing, management and monitoring of the common agricultural policy so far as it has effect in relation to Wales.
132. This power is intended to enable the Welsh Ministers to make modifications to legislation relating to the financing, management and monitoring of the common agricultural policy, in order to ensure a managed transition. The intention is that this power will be used to provide for the continued operation of existing farming support for a certain period, whilst any new scheme established under section 8 is introduced. This is intended to secure the effective operation of the agricultural sector. The legislation that the Welsh Ministers have the power to modify under this section is listed in subsection (2).

### **Section 18 - Power to modify legislation relating to support for apiculture**

133. The EU's Apiculture Programme supports beekeeping through the national apiculture programmes, which aim to improve general conditions for the production and marketing of honey and other apiculture products. It covers technical assistance to beekeepers, combatting disease and pests, transhumance, laboratory and market support for apiculture products, restocking, applied research programmes, market monitoring and enhancement of product quality.
134. Section 18 provides the Welsh Ministers with the power by regulations to modify legislation relating to apiculture so far as it has effect in relation to Wales. The legislation that the Welsh Ministers have the power to modify under this section is listed in subsection (2).

### **Section 19 - Power to modify legislation relating to support for rural development**

135. Section 19 provides the Welsh Ministers with the power by regulations to modify legislation relating to support for rural development in so far as it has effect in relation to Wales. The legislation that the Welsh Ministers have the power to modify under this section is listed in subsection (2).

### **Section 20 - Relationship with other powers to modify legislation**

136. This section specifies that any other power under an enactment to modify provisions of legislation governing the basic payment scheme, or relating to the common agricultural policy, apiculture or rural development, is unaffected by the powers conferred in this Chapter.

### **Chapter 3 - Intervention in agricultural markets**

#### **Section 21 - Declaration relating to exceptional market conditions**

137. Section 21 makes provision for circumstances in which the Welsh Ministers may make an “exceptional market conditions” declaration, so as to enable financial support to be given as described in section 21.
138. Subsection (2) sets out a two-part test to determine whether exceptional market conditions exist. Subsection (3) sets out what must be included in an exceptional market conditions declaration.
139. Subsection (5) states that an exceptional market conditions declaration has effect until a date specified in the declaration under subsection (3): the effect of subsection (4) is that this date must be within the period of three months beginning with the day on which the declaration is published.
140. Subsection (6) allows the Welsh Ministers to revoke a declaration made under subsection (1) by making and publishing a further declaration to that effect.
141. Subsections (7) and (8) allow the Welsh Ministers to extend an exceptional market conditions declaration for a period of no more than three months, if within the period of seven days ending with the date originally specified in the declaration under subsection (3), that there continue to be exceptional market conditions.
142. Subsection (9) states that the expiration or revocation of a declaration made under subsection (1) in respect of exceptional market conditions does not prevent the Welsh Ministers from making and publishing another declaration relating to the same exceptional market conditions.
143. Subsection (10) states that a copy of any declaration made and published under the section must be laid before Senedd Cymru as soon as practicable. Subsection (11) sets out that publication of a declaration is to be done electronically.

#### **Section 22 - Exceptional market conditions: powers available to Welsh Ministers**

144. This section specifies the powers that are available while a declaration of exceptional market conditions has effect.
145. Subsection (2) provides that the Welsh Ministers may give, or agree to give, financial support to agricultural producers in Wales whose incomes have been,

are being, or are likely to be, adversely affected by the exceptional market conditions described in the declaration.

146. The effect of subsection (3) is that the existence of the power under section 22 does not prevent the Welsh Ministers from using any other available powers to provide financial support to agricultural producers, including (but not limited to) powers under retained direct EU legislation. (The effect is that the availability of the section 22 power does not restrict any powers that may also be available to the Welsh Ministers under, for instance, section 8.)
147. Subsection (4) allows financial support to be provided in any form and subsection (5) gives the Welsh Ministers the power to provide it subject to conditions.
148. Subsection (6) states that those conditions may include provision for financial support under section 22 to be repaid. Subsection (7) clarifies that the Welsh Ministers may still provide financial support after a declaration of exceptional markets has ceased to have effect, provided that an application for it was made while the declaration had effect.

### **Section 23 - Power to modify retained direct EU legislation relating to public market intervention and private storage aid**

149. Section 23 confers on the Welsh Ministers powers to modify retained direct EU legislation relating to public market intervention or aid for private storage, so far as it has effect in relation to Wales.
150. Subsection (2) specifies that the power under this section includes power to change the products eligible for public market intervention or aid for private storage. This could be because of market conditions for a certain product changing, so that there is no longer demand for its storage.
151. The legislation that the Welsh Ministers have the power to modify under this section is listed in subsection (3).
152. Subsection (4) makes provision that relates to the CMO Regulation (defined in section 54). The CMO Regulation relates to markets in agricultural products.
153. Part 2 of Schedule 7 to the 2020 Act disapplies certain provisions of the CMO Regulation, in relation to Wales, for the duration of existing time limited provision about exceptional market conditions in Schedule 5 to the 2020 Act. Since the Act is replacing the time limited provision in Schedule 5, Schedule 3 to the Act amends the CMO Regulation in consequence (in that the amendment made to it by Schedule 7 to the 2020 Act will cease to be appropriate). But since the amendment made by Schedule 7 to the 2020 Act to the CMO Regulation is not yet in force, Schedule 3 provides (in Part 1) alternative consequential amendments to the CMO Regulation.
154. In section 23, subsection (4) states that until either of the consequential amendments in Part 1 of Schedule 3 is in force, references in section 23 to exceptional market conditions include references to circumstances that are the subject of measures under any of Articles 219, 220, 221 and 222 of the CMO



Regulation. This is a transitory provision which will no longer have any effect once either paragraph 1 or paragraph 2 of Schedule 3 has been commenced. The effect is to permit flexibility as to the commencement of section 23 and Part 1 of Schedule 3.

## **Chapter 4 - Agricultural tenancies**

### **Section 24 - Agricultural Holdings: dispute resolution relating to financial support**

155. The Agricultural Holdings Act 1986 (at section 19A) confers power on the Welsh Ministers to make regulations that provide for the tenant of an agricultural holding to be able to refer a dispute with the tenant's landlord to arbitration, where the dispute revolves around a certain type of request made by the tenant, which has been refused by the landlord. The section describes the types of request concerned: this includes a request made for the purpose of enabling the tenant to apply for "relevant financial assistance"
156. Section 24 amends the definition of "relevant financial assistance" in section 19A of the Agricultural Holdings Act 1986 to encompass financial assistance under section 8, financial assistance under a third party scheme as defined in section 9 (6), financial assistance under the Basic Payment Scheme (BPS), financial assistance under legislation relating to the common agricultural policy, financial assistance under legislation relating to support for apiculture, financial assistance under legislation relating to support for rural development, and financial assistance under section 22. It also makes some consequential amendments.
157. Section 24 also inserts new sections 8A and 36A into the Agricultural Tenancies Act 1995. Section 8A provides for the tenant of a farm business tenancy to refer a dispute to arbitration where the landlord has refused a request for the variation of the tenancy, or a request for consent, that was made for specified purposes. These purposes are: the purpose of requesting or applying for specified types of support (including support provided under section 8); and the purpose of complying with a statutory duty. Section 8A also provides the Welsh Ministers with a regulation-making power to make provision in connection with such arbitration. Section 24 also makes a consequential amendment to section 28(5) of the 1995 Act, and inserts a new section 36A setting out the procedure applicable to regulations under the new section 8A.
158. These amendments are intended to address the possibility that a landlord's consent, or a variation of the tenancy itself, could be required for the tenant of an agricultural holding in order to access financial assistance under the legislation referred to under section 19A of the 1986 Act, as amended by section 24; or for the tenant under a farm business tenancy to access support under legislation referred to in the new section 8A of the 1995 Act, or for the purposes of complying with a statutory duty.

159. The provisions will come into force on a day appointed by the Welsh Ministers in an order made by Statutory Instrument.

## **PART 3 - MATTERS RELATING TO AGRICULTURE AND AGRICULTURAL PRODUCTS**

### **Chapter 1 - Collection and sharing of data**

160. This Chapter confers power on the Welsh Ministers to require the provision of information.

#### **Section 25 - Agri-food supply chains: requirement to provide information**

161. Section 25 confers power on the Welsh Ministers to require certain persons to provide information about certain matters. The persons are those in, or closely connected with, an "agri-food supply chain", and the information is about matters connected with any of the person's activities connected with that supply chain, so far as those activities take place in Wales. "Agri-food supply chain" is defined in section 26.
162. Subsection (2) confers power on the Welsh Ministers to make regulations requiring persons of the same type to provide information of the same type.
163. Subsection (4) provides that a requirement under subsection (1) or subsection (2) may not be imposed on an individual in a supply chain if they are in the supply chain because they, or a member of their household, are the ultimate consumer of the end-product of the supply chain. The intention is to ensure that ordinary consumers cannot be subject to requirements of the type described.
164. Subsection (5) exempts from the requirements any information which is subject to legal privilege.
165. Subsection (6) provides that any requirement imposed under subsection (1) must be in writing.

#### **Section 26 - Meaning of "agri-food supply chain"**

166. Subsection (2) defines an "agri-food supply chain".
167. Subsection (3) defines persons "in" an agri-food supply chain. Subsection (4) defines persons "closely connected" with an agri-food supply chain: these persons include suppliers of seeds, stock, equipment, feed, fertiliser, pesticides, medicines or similar items, as well as persons providing services related to animal health, plant health and food safety.

#### **Section 27 - Relevant activity: requirement to provide information**

168. Section 27 confers power on the Welsh Ministers to require a person who carries on a "relevant activity" (and is not "in" or "closely connected" with an agri-food supply chain) to provide information about matters connected with

that activity, so far as it takes place in Wales. "Relevant activity" is defined in section 28.

169. Subsection (2) confers power on the Welsh Ministers to make regulations requiring persons of the same type to provide information of the same type.
170. Subsection (4) provides that a requirement under subsection (1) or subsection (2) may not be imposed on a person in relation to a relevant activity so far as the activity is carried on otherwise than for profit or reward.
171. Subsection (5) exempts from the requirements any information which is subject to legal privilege.
172. Subsection (6) provides that any requirement imposed under subsection (1) must be in writing.

### **Section 28 - Meaning of "relevant activity"**

173. Section 28 defines a "relevant activity": the effect is that an activity listed in section 51(1) (which defines "agriculture") is a "relevant activity", as is an "ancillary activity". "Ancillary activity" is defined in section 52.
174. The result of these definitions, taken with section 27, is that a requirement to provide information can potentially be imposed under section 27 in respect of, for example, an activity related to ornamental horticulture, or an activity relating to the growing of crops for energy.

### **Section 29 - Requirement to specify purposes for which information may be processed**

175. Subsection (1) obliges a requirement imposed under section 25 or 27 to specify the purposes for which the information required may be processed. The purposes must be in, or covered by, the list of purposes in subsection (4).
176. The purposes in subsection (4) are intended, among other things, to permit the processing of information in ways that help farmers and other producers to increase productivity, minimise waste and increase resilience to a range of risks.
177. The intention is, also, to permit the processing of information in ways that support animal and plant health through the collection and sharing of data on animal births, deaths and movements, disease signs and veterinary medicine use as well as plant imports and plant pests and diseases.

### **Section 30 - Duty to publish requirement under section 25(1) or 27(1) in draft**

178. Subsection (1)(a)(i) requires the Welsh Ministers to publish a draft of a requirement under section 25(1) or section 27(1) before imposing it. Subsection (1) (a)(ii) and (iii) require the Welsh Ministers also to publish a description of the persons on whom it is proposed that the requirement be imposed, and the deadline for comments. The effect of subsection (1)(b) is that, having considered any comments received, the Welsh Ministers may decide to impose the requirement in either its published form or a revised form.

179. Subsection (2) states that, once final terms of the requirement have been decided, the Welsh Ministers may impose the requirement at any time on a person within the description published under subsection (1)(a)(ii).

### **Section 31 - Provision of required information and limitations on its processing**

180. Section 31 stipulates that information provided in response to a requirement may be processed only for the purposes specified in the requirement.
181. Subsection (3) provides that this restriction on processing applies to the recipient of the information, and anyone to whom it is subsequently disclosed. (But, in the case of a person to whom the information is subsequently disclosed, the information cannot be processed in ways that are contrary to the terms of the disclosure, even where this type of processing would be permitted by the terms of the original requirement.)
182. Subsection (5) sets out matters that may be dealt within the requirement to provide information.
183. Subsection (6) obliges the requirement to specify the types of processing to which the information supplied may be subjected and the forms in which information supplied may be disclosed.
184. Subsection (7) sets out that information provided in response to a requirement may not be subjected to types of processing, or disclosed in any form, other than as specified in the requirement (unless the requirement specifies circumstances in which other forms of processing or disclosure may occur).
185. Subsection (8) specifies that, where there is a proposal for information provided under a requirement to be disclosed in a form specified in, or permitted by, the requirement, the requirement in subsection (9) applies.
186. Subsection (9)(a) provides that where the proposal is to disclose the information otherwise than in anonymised form, the person proposing the disclosure must consider whether disclosure in that form would, or might, prejudice the commercial interests of any person.
187. Subsection 9(b) provides that, if the person proposing the disclosure considers that the disclosure in that form (i.e. non-anonymised) would or might prejudice the commercial interests of any person, the disclosure must instead be in an anonymised form.
188. The effect of subsection (10) is that there is an exception to the requirement imposed by subsection (9)(b): if the Welsh Ministers consider it is in the public interest for the information to be disclosed in a non-anonymised form, the disclosure may take place in non-anonymised form, so long as the form of disclosure is permitted by the requirement under which the information was provided.

189. Subsection (11) defines what is meant by “processing”, in relation to information.

### **Section 32 - Enforcement of information requirements**

190. Section 32 confers power on the Welsh Ministers to make regulations providing for enforcement of a requirement imposed under section 25 or 27. The regulations may make provision about (among other things) penalties for non-compliance, and appeals and conferring functions on a person.
191. The regulations might for instance specify the sanctions that will be applied (if someone fails to provide information or provides false information).
192. The effect of subsection (4) is that penalties provided for in the regulations can be fixed by reference to a person’s income, turnover or profits. The objective behind this is to permit fines to be set at an appropriate level for different persons.

### **Section 33 - Review of operation and effect of sections 25 to 32**

193. Section 33 requires the Welsh Ministers to prepare a report every five years about the operation and effect of sections 25 to 32 during that five year period.

## **Chapter 2**

### **Marketing Standards: Agricultural products**

194. Section 34 confers powers on the Welsh Ministers in respect of standards with which certain agricultural products must conform when marketed in Wales. The powers replace time limited powers conferred by paragraph 16 of Schedule 5 to the 2020 Act.

### **Section 34 - Marketing standards**

195. Subsection (1) provides that the Welsh Ministers may, by regulations, make provision about standards with which certain agricultural products must conform when marketed in Wales. The products are those listed in Schedule 1.
196. Subsection (2) provides a non-exhaustive list of matters that the regulations may make provision about; for example, criteria such as appearance, type of farming or production method, and storage and transport.
197. Subsection (3) states that the regulations cannot make provision about the place of farming or origin in relation to live poultry, poultry meat or spreadable fats.
198. Subsection (4) provides that the regulations make may provision about enforcement and outlines some of the matters that may be covered. These include powers of entry, the creation of summary offences and the imposition of monetary penalties.

199. Subsection (5) states that regulations made under section 34 may not authorise entry to a private dwelling without a warrant issued by a justice of the peace. "Private dwelling" is defined in section 54.
200. Subsection (6) allows the Welsh Ministers to make regulations to amend the list of agricultural products at Schedule 1 (whether by adding a product to the list, removing a product, or altering the description of a product).

### **Chapter 3**

#### **Classification etc of certain carcasses**

201. Section 35 confers powers on the Welsh Ministers in respect of the classification, identification and presentation of certain carcasses by slaughterhouses in Wales. The powers replace time limited powers conferred by paragraph 18 of Schedule 5 to the 2020 Act.

#### **Section 35 - Carcass classification**

202. Subsection (1) confers powers on the Welsh Ministers to make provision by regulation about the classification, identification and presentation of bovine, pig and sheep carcasses by slaughterhouses in Wales.
203. Subsection (2) states that regulations made under subsection 1 may include provision about enforcement, and that this may include, for example, provision conferring powers of entry, creating summary offences and imposing monetary penalties.
204. Subsection (3) states that regulations made under section 35 may not authorise entry to a private dwelling, without a warrant issued by a justice of the peace. "Private dwelling" is defined at section 54.
205. Subsection (4) defines "pigs" for the purposes of this section of the Regulations as including wild boar and other feral pigs.

### **PART 4 - FORESTRY**

#### **Section 36 - Overview of Part**

206. This section explains how this Part of the Act amends Part 2 of the Forestry Act 1967 (c. 10) in relation to Wales.

#### **Section 37 - Conditions of tree felling licences**

207. Section 37 amends section 10 of the Forestry Act 1967 to enable the Natural Resources Body for Wales ("NRW"), as the "appropriate forestry authority" for Wales under the Act, to impose conditions on the grant of a tree felling licence if it appears to NRW that it would be expedient to do so for the purpose of (i) conserving or enhancing natural beauty, or (ii) conserving flora, fauna, geological or physiographical features, or natural habitats.
208. Section 10 of the Forestry Act 1967 currently enables NRW to impose conditions for certain purposes when granting tree felling licences. This amendment adds a further purpose for which NRW will be able to attach conditions to new tree felling licences. It will allow NRW to include conditions

to felling licences to prevent felling that would contradict other environmental legislation. For example, to include conditions requiring licence holders not to fell trees in certain areas in order to retain habitat, or to fell trees only at certain times of year, or undertake capital works to mitigate the impact of felling on the environment if it appears to NRW that it would be expedient to do so in order to conserve certain flora or fauna or avoid environmental harm.

### **Section 38 - Amendment of tree felling licences by agreement**

209. Section 38(1) inserts new subsections (3A) and (3B) into section 10 of the Forestry Act 1967 to enable NRW (as the appropriate forestry authority for Wales under that Act) and the “person responsible” to agree (at any time) to amend a felling licence.
210. New subsection (3B) makes it clear that the “person responsible” is the applicant for the licence if the applicant still has an estate or interest in the land that would enable him/her, with or without consent of any other person, to fell the trees that are the subject of the licence. If the applicant no longer has such an interest, the “person responsible” is a person who has such an estate or interest.
211. The ability to amend a felling licence by mutual agreement is intended to help address or reflect changes in circumstances, for example where boundaries have changed or a need to replant with a different tree species or other sensitivities which may come to light after the licence has been granted, or alternatively where a breach of a condition of the felling licence has occurred.
212. Section 38(2) inserts a new section 10A after section 10 of the Forestry Act 1967. New section 10A only applies if the trees that are subject to the felling licence are subject to a tree preservation order (a “TPO”), and NRW and the person responsible are proposing to amend a felling licence under section 10(3A).
213. In those circumstances, NRW must give the authority by whom the TPO was made written notice of the proposed amendment, unless the exception set out in section 10A(1)(b) applies. The effect of section 10A(1)(b) is that, if NRW considers that the amendment to the licence is necessary to respond to an imminent and serious risk of harm to natural beauty, or to flora, fauna, geological or physiographical features, or natural habitats, the requirements set out in section 10A do not apply. This enables amendments that are necessary to prevent an imminent and serious risk of environmental harm to be made without delay.
214. Section 10A(3) gives the TPO authority, once it has been informed about a proposed amendment, an opportunity to object to the amendment within a prescribed period (to be set out in regulations). If the TPO authority do not withdraw their objection, NRW must refer the matter to the Welsh Ministers. The Welsh Ministers must then grant consent to the amendment or refuse to grant consent, and must consult those set out in 10A(6) before making their decision.

### **Section 39 - Varying, suspending or revoking tree felling licences**

215. Section 39 inserts three new sections (sections 24C, 24D and 24E) into the Forestry Act 1967 to enable NRW, as the appropriate forestry authority for Wales, to vary, amend, suspend or revoke a tree felling licence in certain circumstances (without agreement).

#### *Section 24C*

216. NRW can give “the person responsible” a notice under section 24C(3) if it considers that a condition of the licence (other than a condition that requires works to be carried out) has not been complied with, or is not being complied with.
217. A notice given under section 24C(3) is able to suspend the licence (either in full or partially), vary or remove a condition of the licence, or impose a new licence condition. In addition, where the condition that has been, or is being, breached has been imposed for the purpose of conserving or enhancing natural beauty, or for conserving flora, fauna, geological or physiographical features or natural habitats, a notice given under section 24C(3) may revoke the licence.
218. A notice given under section 24C(3) may also specify steps that must be taken (within a period specified in the notice) by the person to whom the notice has been given.
219. If the steps required by a notice given under section 24C(3) are not taken within the time specified in the notice, NRW may take enforcement action in accordance with section 24C(9), (10) and (11). NRW may enter onto the land and take the steps itself (under section 24C(9)), or it may bring proceedings against the person who has failed to take steps (in accordance with section 24C(10) and (11)). It is an offence for a person not to take the steps required by a notice given under section 24C(3) unless they have a reasonable excuse. This offence is summary only and is punishable by a fine.
220. Where a notice given under section 24C(3) suspends a felling licence, the suspension comes to an end when the period set out in the notice expires, unless NRW gives a further notice lifting the suspension on an earlier date.
221. “The person responsible”, for the purposes of section 24C, is defined in section 24C(13).

#### *Section 24D*

222. NRW can give a notice under section 24D(2) if a notice has been given under section 24C(3) requiring steps to be taken, but before those steps have been taken, the person to whom the notice was given ceases to have the relevant estate or interest in the land.
223. This situation could arise, for example, if the land that is the subject of a section 24C(3) notice changes hands before steps set out in the notice have been taken.
224. In those circumstances, section 24D provides that NRW, as the appropriate forestry authority, can serve a notice on a person who has the relevant estate



or interest in the land, requiring that person to take the steps that were previously set out in the section 24C(3) notice (within a period specified in the notice).

225. Section 24D(5) provides that it is an offence for a person not to take the steps required by a section 24D(2) notice unless they have a reasonable excuse. This offence is summary only and is punishable by a fine. As with section 24C(3) notices, if the steps required by a section 24D(2) notice have not been taken within the specified period, NRW may enter onto the land to take the steps itself (under section 24D(4)).

#### *Section 24E*

226. NRW can give “the person responsible” a notice under section 24E(2) if it considers that tree felling in accordance with a licence is causing, or is likely to cause, significant harm to (i) natural beauty, or (ii) flora, fauna, geological or physiographical features, or natural habitats.
227. The circumstances in which a section 24E(2) notice can be given are, therefore, different from the circumstances that give rise to notices being given under sections 24C and 24D: NRW’s power to give a notice under section 24E(2) is not dependent on a licence condition having been breached, and can arise even where a licence holder is not at fault.
228. Under section 24E(2), NRW may give a notice to “the person responsible” to suspend or amend a felling licence or, if NRW considers that suspending or amending the licence would not prevent the harm in question, to revoke the licence.
229. The person responsible, for the purposes of section 24E, is defined in section 24E(6).
230. As with section 24C(3) notices, where a notice given under section 24E(2) suspends a felling licence, the licence may be suspended in full or partially, and the suspension comes to an end when the suspension period set out in the notice expires (unless NRW gives a further notice lifting the suspension on an earlier date).
231. If a notice given under section 24C(3) or 24E(2) makes provision to vary or amend a felling licence, or to suspend or revoke a felling licence, and a person fells trees in contravention of those provisions, that person is likely to be felling trees without the authority of a felling licence.
232. In those circumstances, enforcement action can be taken via section 17 of the Forestry Act 1967 Act. Section 17 provides that it is an offence to fell without the authority of a felling licence, and a person found guilty of the offence will be liable on summary conviction to an unlimited fine (see commentary below on section 42 of the Act, which amends section 17 of the Forestry Act 1967).

#### **Section 40 – Tree Preservation Orders**

233. Section 40 inserts a new section 24F (Tree Preservation Orders) into the Forestry Act 1967. It applies if NRW proposes to give a notice under section 24C(3) or 24E(2), and the notice would affect trees that are the subject of a tree preservation order (a “TPO”).
234. The section requires NRW, as the appropriate forestry authority, to notify the authority who made the TPO of the proposal unless the emergency criteria are met. The emergency criteria are met if NRW considers that it is necessary to give the section 24C(3) or section 24E(2) notice in order to respond to an imminent and serious risk of harm to natural beauty or to flora, fauna, geological or physiographical features, or natural habitats. This exception is designed to enable NRW to address any imminent and serious risk of environmental harm without delay.
235. Once the TPO authority has been notified of a proposal to give a notice under section 24C(3) or 24E(2), it may object to the giving of the notice within a prescribed period (to be set out in regulations). Where the TPO authority do not withdraw its objection, NRW must refer the matter to the Welsh Ministers. The Welsh Ministers must consult those set out in 24F(7) before deciding whether to grant or refuse consent for the giving of the notice.

#### **Section 41 – Appeals and Compensation**

236. Section 41 inserts seven new sections into the Forestry Act 1967 setting out rights to bring an appeal and rights to claim compensation following the giving of notices under sections 24C(3), 24D(2) and 24E(2).
237. New sections 26A and 26B set out who may bring an appeal against a notice given under section 24C(3), 24D(2) and 24E(2), and specify the grounds on which those appeals may be brought. Section 26A(2) sets out the grounds under which an appeal may be brought against a section 24C(3) notice, and section 26A(3) sets out the ground under which an appeal may be brought against a section 24D(2) notice. Section 26B(2) sets out the grounds under which an appeal may be brought against a section 24E(2) notice.
238. An appeal under section 26A or 26B must be brought by serving a notice on the Welsh Ministers requesting the matter be referred to a Committee appointed in accordance with section 27 of the Forestry Act 1967.
239. New section 26C makes further provisions in relation to appeals. Amongst other things, it allows the Welsh Ministers to set out in regulations the prescribed manner and prescribed period for bringing appeals against notices given under section 24C(3), 24D(2) and 24E(2).
240. As a general rule, notices given under sections 24C(3), 24D(2) and 24E(2) do not take effect until after a person has been given an opportunity to bring an appeal or (in circumstances where an appeal has been brought) until the appeal has been concluded. However, a notice given under those sections can take effect immediately to the extent that (i) the notice suspends a felling licence, or

- (ii) the notice amends or revokes a felling licence, and NRW considers that the action is necessary in order to respond to an imminent and serious risk of harm to the environmental features described in section 26C(3)(a).
241. Section 41 also inserts new sections 26D, 26E and 26F into the Forestry Act 1967 to provide an entitlement to compensation in certain circumstances following the receipt of a notice given under section 24C(3), 24D(2) or 24E(2). These new sections are to be read alongside the provisions in new section 26G.
242. Sections 26D, 26E and 26F specify who can make a claim for compensation where a notice has been given under section 24C(3), 24D(2) or 24E(2).
243. Section 26D provides an entitlement to compensation where a notice has been given under section 24C(3). An entitlement to compensation arises where the notice has either been cancelled by the Welsh Ministers following an appeal or (if a notice is one that suspends a licence), where the Welsh Ministers have directed NRW to end the suspension.
244. If a section 24C(3) notice is cancelled following an appeal, compensation is payable for any expenses reasonably incurred in connection with the giving of the notice, and for any depreciation in the value of the trees that is attributable to deterioration in the quality of the timber arising as a result of the giving of the notice.
245. If the Welsh Ministers have directed NRW to end a suspension, compensation is payable for any expenses reasonably incurred in connection with the suspension, and for any depreciation in the value of the trees that is attributable to deterioration in the quality of the timber arising as a result of the suspension.
246. Section 26E provides an entitlement to compensation where a notice has been given under section 24D(2). Notices under section 24D(2) are only able to require a person to take steps (and are not able to vary, amend, suspend or revoke licences), so compensation rights under section 26E are more limited. The entitlement arises if a section 24D(2) notice has been cancelled by the Welsh Ministers following an appeal, and compensation is payable for any expenses reasonably incurred in connection with the giving of the notice.
247. Section 26F provides an entitlement to compensation where a notice has been given under section 24E(2). Notices given under section 24E(2) are able to amend, suspend or revoke licences where there has been no breach of a licence condition (if the requirements set out in section 24E have been met), so the compensation rights under section 26F are broader.
248. There is an automatic right to compensation for any depreciation in the value of the trees that is attributable to deterioration in the quality of the timber arising as a result of the giving of a notice under section 26E(2), regardless of whether an appeal has been brought. This is similar to the compensation rights that arise under section 10 and 11 of the Forestry 1967 Act where an application for a felling licence is refused.
249. An entitlement to compensation also arises under section 26F where a notice given under section 24E(2) has either been cancelled by the Welsh Ministers

following an appeal or (if a notice is one that suspends a licence), where the Welsh Ministers have directed NRW to end the suspension.

250. If a section 24E(2) notice is cancelled following an appeal, compensation is payable for any expenses reasonably incurred in connection with the giving of the notice.
251. If the Welsh Ministers have directed NRW to end a suspension made by a section 24E(2) notice, compensation is payable for any expenses reasonably incurred in connection with the suspension.
252. New Section 26G makes further provision in relation to compensation claims. Amongst other things, it allows the Welsh Ministers to set out in regulations the prescribed manner and prescribed period for claiming compensation and provides further details about claiming compensation for deterioration in the quality of timber.

#### **Section 42 - Penalty for felling without licence**

253. Section 42 amends section 17 of the Forestry Act 1967 to provide that, in respect of land in Wales, the penalty for felling a tree without the authority of a felling licence is an unlimited fine. Trees are felled without the authority of a felling licence if there is no licence in place (for instance because a licence has not been granted, or because a licence has been suspended or revoked by a notice given under section 24C(3) or 24E(2)), or if trees are felled in contravention of a felling licence (including in contravention of terms or conditions of a licence that have been varied, amended or inserted by a notice given under section 24C(3) or 24E(2)).

#### **Section 43 - Service of documents**

254. Section 43 inserts a new subsection (6) into section 30 of the Forestry Act 1967 to provide that any references in Part 2 of that Act to the giving of a notice or document by NRW are to be treated as if they were references to the serving of a notice or document. This ensures that the criteria in section 30 of the Forestry Act 1967 (about when notices or documents are deemed to have been served) apply consistently to all notices and documents given by NRW under Part 2 of the Forestry Act 1967.

#### **Section 44 - Consequential amendments to the Forestry Act 1967**

255. Section 44 makes a series of amendments to the Forestry Act 1967. These amendments are needed as a result of the changes made to that Act by sections 36 to 43.

### **PART 5 - WILDLIFE**

#### **Section 45 - Overview of Part**

256. Section 45 sets out the purposes for which this Part of the Act amends the Wildlife and Countryside Act 1981 (c.69).

### **Section 46 - Prohibition on use of snares and glue traps**

257. Section 46 amends section 11(1) of the Wildlife and Countryside Act 1981 so as to make it an offence to use certain devices in order to kill or take certain animals, or to use those devices where it is likely that they will catch certain animals or cause injury to them.

258. The amendment to section 11(1) of the 1981 Act makes it an offence:
- to set a snare or other cable restraint in position in Wales, if the snare or restraint is of a type, and is placed, so as to be likely to cause injury to any wild animal that comes into contact with it;
  - to use a snare or other cable restraint in Wales for the purpose of killing or taking any wild animal;
  - to set a glue trap in position in Wales, if the trap is of a type, and is placed, so as to be likely to catch any (non-human) vertebrate animal that comes into contact with it;
  - to use a glue trap in Wales for the purpose of killing any or taking any (non-human) vertebrate animal.

### **Section 47 - Modification of prohibitions on use of other methods to kill or take wild animals**

259. Section 47 amends section 11(2) of the Wildlife and Countryside Act 1981 so as to modify the prohibitions on setting in position any trap or snare, or any electrical device for killing or stunning, or any poisonous, poisoned or stupefying substance. The effect of the modifications is that the prohibitions will apply where the use of those things is “likely” to cause injury to a wild animal of the type specified in those provisions (rather than where the use is “calculated to cause” injury to a wild animal of that type).

### **Section 48 – Consequential amendments to the Wildlife and Countryside Act 1981**

260. Section 48 makes a series of amendments to the Wildlife and Countryside Act 1981. These amendments are connected to the changes made to that Act by sections 46 and 47.

261. For example, the prohibition imposed by section 11(1) (be) of the 1981 Act (inserted by section 48(2)(c)) was previously imposed, both in relation to England and in relation to Wales, by section 11(1)(b) of the 1981 Act. Section 48(2)(b) amends section 11(1)(b) of the 1981 Act so that it no longer applies in relation to Wales, and section 48(2)(c) inserts a new section 11(1) (be) that applies in relation to Wales. This has been done in order to enable the prohibitions that apply in relation to England to be grouped together, followed by the prohibitions that apply in relation to Wales (including those inserted by section 46).

## **PART 6 - GENERAL**

### **Section 49 – Power to make consequential, transitional etc. provision**

262. Section 49 provides that the Welsh Ministers may, by regulations, make such supplemental, incidental, consequential, transitional, transitory or saving provision as they think necessary or appropriate for the purpose of, in

consequence of, or for giving full effect to any provision of the Act. Such regulations may modify any enactment (as defined in Schedule 1 to the Legislation (Wales) Act 2019), including the provisions contained in this Act.

### **Section 50 – Regulations under this Act**

263. Section 50 makes general provision about regulations made under this Act and sets out the Senedd Cymru procedure applicable to those regulations.
264. Subsection (3) provides that a power to make regulations under the Act includes power to modify retained direct EU legislation.
265. Subsection (4) provides that a power to make regulations under the Act includes power to make supplemental, incidental, consequential, transitional, transitory, or saving provision.
266. Subsection (7) sets out the provisions of the Act to which the affirmative procedure applies, ie under which regulations may not be made unless a draft of the instrument containing them has been laid before, and approved by resolution of, Senedd Cymru. Subsection (8) provides that the affirmative procedure is also applicable where regulations modify any provision of primary legislation.

### **Section 51 – Meaning of “agriculture” and related references**

267. The meaning of “agriculture” is central to certain provisions of the Act, particularly the SLM duty (section 2) and the power of support (section 8). Section 51 defines “agriculture” for the purposes of the Act. The definition is wide in scope. This is intended to reflect the broad range of farming activities currently undertaken in Wales, and to capture activities that are commonly considered to be traditional farming activities, e.g. the growing of crops for food, as well as more modern farming activities, e.g. controlled environment agriculture which captures more recent developments such as vertical farming.
268. “Livestock” forms a component part of the definition of “agriculture”, and for clarity, subsection (2) provides a definition of what is meant by this term. Similarly, the definition of “agriculture” includes a reference to “controlled environment agriculture”, which is a relatively new, evolving practice. Subsection (2) provides a definition of this term.
269. Subsection (3) clarifies that certain terms are to be construed in accordance with the definition of “agriculture”, including “agricultural businesses”.

### **Section 52 – Meaning of “ancillary activity”**

270. Section 52 defines “ancillary activity” for the purposes of the Act.
271. In the definition, paragraph (a) specifies certain activities carried out on land used for agriculture (as defined in section 51), while paragraph (b) refers to other listed activities, which need not take place on land used for agriculture, but which must relate to products derived from agriculture.

272. The definition is intended to recognise the activities the agricultural sector undertakes, alongside its core actions, in support of its business and environmental outcomes.

### **Section 53 - Power to amend sections 51 and 52**

273. Section 50 confers power on the Welsh Ministers to amend the definitions of “agriculture” and “ancillary activity” by regulations.
274. Subsections (2) to (7) detail the procedure that must be followed when exercising the power to amend sections 51 and 52. This procedure requires consultation before the regulations are made, and a statement to be laid before the Senedd.
275. The availability of this power is intended to ensure that the Act is able to adapt to, for instance, any future changes in agricultural or farming practices that might result from land management or technological advances in the future.

### **Section 54 - Other interpretation**

276. Section 54 defines further words and terms used in the Act.

### **Section 55 - Consequential amendments and repeals etc.**

277. Subsection (1) gives effect to Schedule 2, which makes minor and consequential amendments, relating to Parts 1 to 3, to existing primary legislation.
278. Subsection (2) gives effect to Schedule 3, which makes amendments to the CMO Regulation.

### **Section 56 - Coming into force**

279. Section 56 brings the provisions of the Act into force.
280. Subsection (1) brings the following provisions of the Act into force on the day after the day of Royal Assent: Part 4 (but only for the purpose of making regulations under section 32 of the Forestry Act 1967) and Part 6 (except section 55, and Schedules 2 and 3).
281. Subsection (2) brings the following provisions into force at the end of the period of two months beginning with the day of Royal Assent: Part 1 (SLM); Chapter 1 of Part 2 (Welsh Ministers’ power to provide support); Chapter 2 of Part 2 (power to modify legislation relating to financial and other support); and Part 5 (wildlife)
282. Subsection (3) brings certain provisions of Schedule 2 into force at the end of the period of two months beginning with the day of Royal Assent, and section 55 to the extent that it relates to those provisions. (In the case of the provisions specified in paragraphs (a) and (b), they are commenced only for specified purposes.) This is to ensure that, to the extent that consequential amendments and repeals in Schedule 2 relate to the provisions of the Act commenced by subsection (2), those amendments and repeals themselves come into force at the end of the two-month period.

283. Subsection (4) provides that all other provisions of the Act come into force on a day appointed in an order made by the Welsh Ministers.
284. Subsection (5) allows an order under subsection (4) to appoint different days for different purposes and to make transitory, transitional and saving provision.

**Section 57 – Short title**

285. This section gives the short title of the Act as the “Agriculture (Wales) Act 2023”.



## **SCHEDULE 1 - AGRICULTURAL PRODUCTS RELEVANT TO MARKETING STANDARDS PROVISIONS**

286. Schedule 1 is introduced by section 34. It contains the list of agricultural products in respect of which the Welsh Ministers may make regulations under section 34.
287. Paragraphs 1 to 9 operate by reference to the CMO Regulation (defined in section 54); paragraph 10 operates by reference to the Aromatised Wine Regulation as defined in paragraph 11.

## **SCHEDULE 2 - MINOR AND CONSEQUENTIAL AMENDMENTS ETC RELATING TO PARTS 1 TO 3**

288. Schedule 2 is introduced by section 55.

### **Part 1: Amendments, Repeals and Savings Relating to the Agriculture Act 2020**

289. Paragraph 1 makes the amendments to the 2020 Act.
290. Paragraph 1(2) repeals the section of the 2020 Act that introduces Schedule 5 to that Act. Schedule 5 to the 2020 Act makes provision for Wales only and is repealed by this Act (see paragraph 1(9)).
291. Paragraph 1(3) repeals the section of the 2020 Act that provides that certain provisions of the Act relating to Wales expire at the end of 2024, as the provisions in question are repealed by this Act.
292. Paragraph 1(4) omits certain paragraphs from section 52 of the 2020 Act, which introduces Schedule 7 to that Act. Schedule 7 of the 2020 Act amends the CMO Regulation (defined in section 54) in consequence of certain provisions in that Act; since , some of those are repealed by this Act, paragraph 1(4) repeals the references to the repealed provisions.
293. Paragraph 1(5) amends section 53 of the 2020 Act, which confers power on the Welsh Ministers' to make supplementary, incidental or consequential provision in connection with provisions of that Act. The effect is to remove references to those provisions that are repealed by this Act. The effect is also that the Secretary of State cannot make any supplementary, incidental or consequential provision that the Welsh Ministers would have been able to make if those provisions had not been repealed by this Act.
294. Paragraph 1(6) amends the Welsh Ministers' power under the 2020 Act to make transitional, transitory or saving provision in connection with the coming into force of provisions of that Act, so as to remove references to provisions that are repealed by this Act.
295. Paragraphs 1(7) and 1(8) amends two further sections of the 2020 Act to remove references to provisions of that Act that are repealed by this Act..
296. Paragraph 1(9) repeals Schedule 5 of the 2020 Act, which applies in relation to Wales only.

297. Paragraph 1(10) repeals the consequential amendments made to the CMO Regulation (defined in section 54) by Parts 2 and 4 of Schedule 7 to the 2020 Act. This provision is replaced by the provision in Schedule 3 of this Act.
298. Paragraph 2 provides that regulations made by the Welsh Ministers under paragraph 2 of Schedule 5 of the 2020 Act remain in force despite the repeal of those provisions and have effect as if they were made under section 16 of this Act.

#### **Part 2: Amendments to other Acts**

299. Part 2 amends four other Acts to require the SLM report(s) (published under section 6) to be taken into account in the exercise of certain functions (which include functions relating to the preparation, adoption and review of other plans and reports.)

### **SCHEDULE 3 - CONSEQUENTIAL AMENDMENTS ETC. TO THE CMO REGULATION**

300. Schedule 3 is introduced by section 55. It makes amendments to the CMO Regulation, (defined in section 54), which relates to markets in agricultural products.

#### **Part 1: Amendments relating to Chapter 3 of Part 2 (intervention in markets)**

301. Part 2 of Schedule 7 to the 2020 Act disapplies certain provisions of the CMO Regulation, in relation to Wales, for the duration of existing time limited provision about exceptional market conditions in Schedule 5 to the 2020 Act. (The disapplied provisions relate to exceptional market conditions.)
302. Since the Act is replacing the time limited provision in Schedule 5 to the 2020 Act, Part 1 of Schedule 3 amends the CMO Regulation in consequence in relation to intervention in markets (in that the amendment made to the CMO Regulation by Schedule 7 to the 2020 Act will cease to be appropriate). But since the amendment made by Schedule 7 to the 2020 Act to the CMO Regulation is not yet in force, Schedule 3 provides (in Part 1) alternative consequential amendments to the CMO Regulation.
303. The amendment at paragraph 1 makes provision that applies if paragraph 2 of Schedule 7 to the 2020 Act has been brought into force before paragraph 1 of Schedule 3 (and has amended the CMO Regulation for Wales in order to disapply Article 219, 220, 221 and 222 of Part V of the CMO Regulation for Wales).
304. The effect of the paragraph 1 amendment is to amend the amendment made to the CMO Regulation by paragraph 2 of Schedule 7 to the 2020 Act, by removing the time limited element of that amendment (the time limited element is no longer appropriate since the provision made by the Act for exceptional market conditions is not time limited). The end result is that Articles 219, 220, 221 and 222 of Part V of the CMO Regulation are disapplied in relation to agricultural producers in Wales, on an open-ended basis.
305. The effect of paragraph 2 is the same: to disapply Articles 219, 220, 221 and 222 of Part V of the CMO Regulation in relation to agricultural producers in Wales,

on an open-ended basis. However, the amendment in this paragraph is structured differently and will have effect only if the amendment at paragraph 2 of Schedule 7 to the 2020 Act has not been commenced before Part 1 of Schedule 3 is commenced.

**Parts 2 and 3: Amendments relating to section 34 (marketing standards) and section 35 (carcass classification)**

306. Part 4 of Schedule 7 to the 2020 Act amends articles of the CMO Regulation in relation to marketing standards and carcass classification in Wales.
307. The effect of the amendments in paragraphs 4 to 16, and, of Schedule 3 is to substitute, in the relevant articles of the CMO Regulation, references to the 2020 Act with references to the Act.

**Part 4: Saving provision**

308. Paragraphs 17 and 18 preserve existing regulations made by the European Commission under the CMO Regulation, which regulate carcass classification and marketing standards in relation to agricultural products marketed in Wales. The effect is that these regulations will continue to apply even though the powers under which they were made have been disapplied in Wales.

## RECORD OF PROCEEDINGS IN SENEDD CYMRU

310. The following table sets out the dates for each stage of the Act's passage through the Senedd. The Record of Proceedings and further information on the passage of this Act can be found on the Senedd website at:

[Agriculture \(Wales\) Act \(senedd.wales\)](https://www.senedd.wales)

Stage	Date
Introduced	26 September 2022
Stage 1 - Debate	7 February 2023
Stage 2 Scrutiny Committee - consideration of amendments	8 February 2023 - 21 April 2023
Stage 3 Plenary - consideration of amendments	16 May 2023
Report Stage - consideration of amendments	20 June 2023
Stage 4 Approved by the Senedd	27 June 2023
Royal Assent	17 August 2023

## Annex 2

### Index of Standing Order requirements

Standing order		Section	pages/ paragraphs
26.6(i)	Statement the provisions of the Act would be within the legislative competence of the Senedd	Member's declaration	Page 1
26.6(ii)	Set out the policy objectives of the Act	Chapter 3 - Purpose and intended effect of the legislation	Pages 12-90
26.6(iii)	Set out whether alternative ways of achieving the policy objectives were considered and, if so, why the approach taken in the Act was adopted	Part 2 – Regulatory Impact Assessment	Costs and options set out across pages 113-448
26.6(iv)	Set out the consultation, if any, which was undertaken on: <ul style="list-style-type: none"> <li>(a) the policy objectives of the Act and the ways of meeting them;</li> <li>(b) the detail of the Act, and</li> <li>(c) a draft Act, either in full or in part (and if in part, which parts)</li> </ul>	Chapter 4 – Consultation	Pages 91-101
26.6(v)	Set out a summary of the outcome of that consultation, including how and why any draft Act has been amended	Chapter 4 – Consultation	Pages 91-101

Standing order		Section	pages/ paragraphs
26.6(vi)	If the Act, or part of the Act, was not previously published as a draft, state the reasons for that decision	Chapter 4 – Consultation	Pages 91-101
26.6(vii)	Summarise objectively what each of the provisions of the Act is intended to do (to the extent that it requires explanation or comment) and give other information necessary to explain the effect of the Act	Annex 1 – Explanatory Notes	Pages 452-490
26.6(viii)	<p>Set out the best estimates of:</p> <p>(a) the gross administrative, compliance and other costs to which the provisions of the Act would give rise;</p> <p>(b) the administrative savings arising from the Act;</p> <p>(c) net administrative costs of the Act’s provisions;</p> <p>(d) the timescales over which such costs and savings would be expected to arise; and</p> <p>(e) on whom the costs would fall</p>	Part 2 – Regulatory Impact Assessment	<p>Pages 113 – 127 for summary.</p> <p>Pages 127 – 448 for detailed options and costs and benefits.</p>
26.6(ix)	Any environmental and social benefits and dis-benefits arising from the Act that cannot be quantified financially	Part 2 – Regulatory Impact Assessment	Pages 113 – 127 for summary.

Standing order		Section	pages/ paragraphs
			Pages 127 – 448 for detailed options, environmental, social benefits and dis-benefits.
26.6(x)	<p>Where the Act contains any provision conferring power to make subordinate legislation, set out, in relation to each such provision:</p> <ul style="list-style-type: none"> <li>(a) the person upon whom, or the body upon which, the power is conferred and the form in which the power is to be exercised;</li> <li>(b) why it is considered appropriate to delegate the power; and</li> <li>(c) the Senedd procedure (if any) to which the subordinate legislation made or to be made in the exercise of the power is to be subject, and why it was considered appropriate to make it subject to that procedure (and not to make it subject to any other procedure);</li> </ul>	Chapter 5 - Power to make subordinate legislation	Pages 103 - 112

Standing order		Section	pages/ paragraphs
26.6(xi)	Where the Act contains any provision charging expenditure on the Welsh Consolidated Fund, incorporate a report of the Auditor General setting out his or her views on whether the charge is appropriate	Chapter 6 – Regulatory Impact Assessment summary	Pages 113 - 126
26.6(xii)	Set out the potential impact (if any) on the justice system in England and Wales of the provisions of the Act (a “justice impact assessment”), in accordance with section 110A of the Act.	Part 2 – Regulatory Impact Assessment	<p>RIA Summary – Compliance costs see page 113</p> <p><b>Chapter 7</b> Pages 377 paragraphs 7.831 and 7.832 in relation to forestry</p> <p>Page 403 paragraphs 7.928 and 7.929 in relation to snares</p> <p>Page 411 paragraphs 7.957 and 7.958 in relation to glue traps</p>



Standing order		Section	pages/ paragraphs
			<b>Chapter 8</b> Page 437 paragraphs 8.22 in relation to snares and glue traps and 8.23 in relation to forestry.
26.6B	Where provisions of the Act are derived from existing primary legislation, whether for the purposes of amendment or consolidation, the Explanatory Memorandum must be accompanied by a table of derivations that explain clearly how the Act relates to the existing legal framework.	Annex 3 –Table of Derivations	Pages 496 - 497
26.6C	Where the Act proposes to significantly amend existing primary legislation, the Explanatory Memorandum must be accompanied by a schedule setting out the wording of existing legislation amended by the Act, and setting out clearly how that wording is amended by the Act.	Annex 4 – Schedule of Amendments	Pages 498-530

## Annex 3

### Table of Derivations

The table below is intended to provide information on the derivation of the provisions of the Agriculture (Wales) Act. The table does not provide definitive or exhaustive guidance, and should be read in conjunction with the Act and with the explanatory notes to the Act. While care has been taken to ensure that the document is as accurate as reasonably practicable, it does not purport to be, and should not be relied on as, authoritative.

#### KEY TO ABBREVIATIONS

AA 2020

Agriculture Act 2020

SECTION/ PARAGRAPH	CORRESPONDING REFERENCE IN EXISTING LEGISLATION	SUBSTANTIVE CHANGE
<b>Part 1: Sustainable Land Management</b>		
1-7	New	N/A
<b>Part 2: Support for Agriculture etc.</b>		
8-15	New	N/A
10-15	New	N/A
16	Paragraph 2 & 3, Schedule 5 to the AA 2020	Yes
17	Paragraph 4, Schedule 5 to the AA 2020	Yes
18	Paragraph 5, Schedule 5 to AA 2020	No
19	Paragraph 6, Schedule 5 to AA 2020	No
20	New	N/A
21	Paragraph 7, Schedule 5 to AA 2020	No
22	Paragraph 8, Schedule 5 to AA 2020	No
23	Paragraph 9, Schedule 5 to AA 2020	No
24(2)(a)	Paragraph 7, Schedule 3 to AA 2020	
24(2)(c)	New except for the insertion of subsection (j) (Exceptional market conditions) which derives from Paragraph 7, Schedule 3 of the AA 2020.	No

<b>Part 3: Matters relating to Agriculture and Agricultural Products</b>		
25	Paragraph 10, Schedule 5 to AA 2020	No
26	Paragraph 11, Schedule 5 to AA 2020	No
27-28	New	N/A
29	Paragraph 12, Schedule 5 to AA 2020	No
30	Paragraph 13, Schedule 5 to AA 2020	No
31	Paragraph 14, Schedule 5 to AA 2020	No
32	Paragraph 15, Schedule 5 to AA 2020	No
33	New	N/A
34	Paragraph 16, Schedule 5 to AA 2020	No
35	Paragraph 18, Schedule 5 to AA 2020	
<b>Part 4: Forestry</b>		
36-44	New	N/A
<b>Part 5: Wildlife</b>		
45-48	New	N/A
<b>Part 6: General</b>		
49	Sections 53(2) and 54(2) AA 2020	No
50	Section 50 AA 2020	No
51-57	New	N/A
<b>Schedule 1: Agricultural Products relevant to marketing standards provisions</b>		
Whole Schedule	Paragraph 17, Schedule 5 to AA 2020	No
<b>Schedule 2: Minor and consequential amendments relating to parts 1 and 3</b>		
Whole Schedule	New	N/A
<b>Schedule 3: Consequential amendments etc. to the CMO</b>		
Whole Schedule	New/ Schedule 7 to the AA 2020	TBC (dependant on commencement of AA2020 schedule 7)

Please note: this document has been prepared solely to assist people in understanding the Agriculture (Wales) Act. It should not be relied on for any other purpose.

## Annex 4

### Schedule of amendments

#### AMENDMENTS TO BE MADE BY THE AGRICULTURE (WALES) ACT

This document is intended to show how the provisions of the following legislation as they applied in relation to Wales on 13 June 2023 would look as amended by the Agriculture (Wales) Act (if enacted as amended at Stage 3 on 16 May 2023).

- The Forestry Act 1967
- The Wildlife and Countryside Act 1981
- The Agricultural Holdings Act 1986
- The Environment Act 1995
- The Countryside and Rights of Way Act 2000
- The Planning and Compulsory Purchase Act 2004
- The Agriculture Act 2020
- The Environment (Wales) Act 2016
- The Environment Act 2021
- REUL 1308/2013 Establishment of Common Organisation of the Market

Material to be deleted by the Agriculture (Wales) Act is in strikethrough, e.g. ~~omitted material looks like this~~. Material to be added by the Agriculture (Wales) Act is underlined, e.g. added material looks like this. References to the relevant amending provisions of the Act are provided in the right-hand column on each page.

A number of related provisions from the Act, although not being amended, are included to aid understanding of the proposed amendments.

#### **Warning**

This text has been prepared by officials of the Climate Change and Rural Affairs department of the Welsh Government. Although efforts have been taken to ensure that it is accurate, it should not be relied on as a definitive text of the Act or the Act.

It has been produced solely to help people understand the effect of the Agriculture (Wales) Act. It is not intended for use in any other context.

<b>The Forestry Act 1967</b>	<b>Amended by</b>
<p><b>Section 10 Application for felling licence and decision of appropriate authority forestry authority thereon</b></p> <p>(2) Subject to the provisions of this Act (and, in particular, to their duty to take advice under section 37(3)), the appropriate forestry authority may on any such application grant the licence, or grant it subject to conditions, or refuse it, but shall grant it unconditionally except in a case where it appears to them to be expedient to do otherwise—</p> <p>(a) in the interests of good forestry or agriculture or of the amenities of the district; <del>or</del></p> <p>(b) for the purpose of complying with their duty of promoting the establishment and maintenance of adequate reserves of growing trees; <u>or</u></p> <p><u>(c) in relation to land in Wales, after consultation with the applicant for the licence, for the purpose of -</u></p> <p><u>(i) conserving or enhancing natural beauty;</u></p> <p><u>(ii) conserving flora, fauna, geological or physiographical features, or natural habitats.”</u></p> <p>(3) A felling licence shall continue in force for such period (not being less than one year from the date on which it is granted) as may be specified therein.</p> <p><u>(3A) The Natural Resources Body for Wales, and the person responsible, may agree to amend the licence at any time (but see section 10A, which imposes further requirements in relation to amendments in respect of 30 trees to which a tree preservation order relates).</u></p> <p><u>(3B) For the purposes of subsection (3A) of this section, and section 10A, the person responsible is—</u></p> <p><u>(a) the applicant for the licence, if the applicant has such estate or interest in the land as is referred to in subsection (1), or</u></p> <p><u>(b) if the applicant no longer has such estate or interest, a person who has such estate or interest.</u></p> <p><b><u>10A Amendments made under section 10(3A) that affect tree preservation orders</u></b></p> <p><u>(1) The provisions of this section apply if—</u></p> <p><u>(a) an amendment to a licence under section 10(3A) is proposed in respect of any trees to which a tree preservation order relates, and</u></p> <p><u>(b) the Natural Resources Body for Wales does not consider that the amendment is necessary to respond to an imminent and serious risk of harm to</u></p> <p><u>(i) natural beauty, or</u></p> <p><u>(ii) flora, fauna, geological or physiographical features, or natural habitats.</u></p>	<p>Act Part 4 Section 44(2)</p> <p>Section 37</p> <p>Section 38</p> <p>Section 38(1)</p>

<p><u>(2) Before amending the licence, the Natural Resources Body for Wales must give notice in writing of the proposal to the authority by whom the tree preservation order was made.</u></p> <p><u>(3) If, within the prescribed period, the authority by whom the tree preservation order was made objects to the amendment in so far as it affects trees to which the tree preservation order relates, and does not withdraw its objection, the Natural Resources Body for Wales must refer the matter to the Welsh Ministers.</u></p> <p><u>(4) If a matter is referred to the Welsh Ministers under subsection (3), the Welsh Ministers may decide to—</u></p> <p><u>(a) grant consent to the amendment, or</u></p> <p><u>(b) refuse to grant consent (in which case the amendment cannot be made).</u></p> <p><u>(5) Where the Natural Resources Body for Wales has given notice in writing under subsection (1) to an authority in respect of a proposed amendment, the proposed amendment cannot be made until—</u></p> <p><u>(a) the period prescribed under subsection (3) has ended without the authority having objected (or, if the authority has objected, that objection has been withdrawn), or</u></p> <p><u>(b) if the Natural Resources Body for Wales has referred the matter to the Welsh Ministers, the Welsh Ministers have given their decision on the matter.</u></p> <p><u>(6) Before deciding whether to grant or refuse consent under subsection (4), the Welsh Ministers must consult—</u></p> <p><u>(a) the person responsible (see section 10(3B));</u></p> <p><u>(b) the Natural Resources Body for Wales;</u></p> <p><u>(c) the authority by whom the tree preservation order was made.</u></p>	<p>Part 4 Section 44(3)</p>
<p><b>Section 12 conditional licences</b></p> <p>(1) The conditions which may under section 10(2)(a) or (b) above be attached to a felling licence are such as the [appropriate forestry authority] after consultation with the applicant for the licence, determine to be expedient for securing—</p> <p>(a) the restocking or stocking with trees of the land on which the felling is to take place, or of such other land as may be agreed between the [appropriate forestry authority] and the applicant; and</p> <p>(b) the maintenance of those trees in accordance with the rules and practice of good forestry for a period not exceeding ten years.</p>	<p>Part 4 Section 42</p>
<p><b>Section 17 Penalty for felling without licence</b></p> <p>(1) Anyone who fells a tree without the authority of a felling licence, the case being one in which section 9(1) of this Act applies so as to require such a licence, shall be guilty of an offence and</p> <p>(a) in relation to an offence committed in Wales, liable on summary conviction to a fine <del>not exceeding level 4 on the</del></p>	

<p><del>standard scale or twice the sum which appears to the court to be the value of the tree, whichever is the higher, or</del>          (b) in relation to an offence committed in England, liable on summary conviction to a fine.</p>	
<p><b><u>24C Variation of conditions or suspension or revocation of licence after breach: Wales</u></b></p> <p><u>(1) The provisions of this section apply if, in relation to a felling licence granted in relation to land in Wales, the Natural Resources Body for Wales considers that any condition of the licence—</u>  <u>(a) has not been complied with, or</u>  <u>(b) is not being complied with.</u></p> <p><u>(2) But this section does not apply if the condition is one that requires works to be carried out (as to which see section 24).</u></p> <p><u>(3) The Natural Resources Body for Wales may give to the person responsible a notice which makes provision for one or more of the following—</u>  <u>(a) a suspension of the felling licence, either in full or in part;</u>  <u>(b) a variation or removal of any existing condition of the felling licence or an imposition of a new condition;</u>  <u>(c) where the circumstances referred to in subsection (4) apply, a revocation of the felling licence.</u></p> <p><u>(4) The circumstances are that the condition that has not been complied with, is not being complied with was imposed for the purpose mentioned in section 10(2)(c).</u></p> <p><u>(5) A notice given under subsection (3) may also make provision—</u>  <u>(a) requiring the person responsible to take such steps as may be specified in the notice, and</u>  <u>(b) specifying the period (not being less than the prescribed period after the notice has become operative) within which those steps must be taken.</u></p> <p><u>(6) A notice given under subsection (3) must</u>  <u>(a) set out the reasons for giving the notice;</u>  <u>(b) specify the condition that has not been or is not being complied with;</u>  <u>(c) if the notice suspends the felling licence, specify the period for which the licence is to be suspended;</u>  <u>(d) if the notice varies conditions or revokes the felling licence, specify the date upon which the variation or revocation takes effect;</u></p>	<p>Part 4 Section 39</p>

(e) if the notice suspends the felling licence in part, specify the felling that may continue.

(7) Where a notice given under subsection (3) suspends a felling licence, either in full or in part, the suspension ends with the earlier of—

(a) the expiry of the period specified in the notice under subsection (6)(c), and

(b) the date specified in any further notice given to the person responsible by the Natural Resources Body for Wales under this paragraph.

(8) The Natural Resources Body for Wales may give a further notice under subsection (7)(b) if it considers that the suspension should be lifted sooner than the end of the period specified in the notice given under subsection (3).

(9) If—

(a) a notice given under subsection (3) requires a person to take steps in accordance with subsection (5)(a), and

(b) those steps have not been taken before the end of the period specified in that notice in accordance with subsection (5)(b),

the Natural Resources Body for Wales may enter on the land and take those steps.

(10) A person who, without reasonable excuse, fails to take any steps required by a notice given under subsection (3) commits an offence and is liable on summary conviction to a fine (but this does not affect the powers of the Natural Resources Body for Wales under subsection (9)).

(11) Proceedings in respect of an offence under subsection (10)—

(a) must be commenced within the period of six months starting on the day the person commencing the proceedings becomes aware of the offence;

(b) may not be commenced more than two years after the date of the offence.

(12) A person who is required by a notice under subsection (3) to take steps may take the steps notwithstanding any lease,



covenant or contract relating to the trees or land affected by the notice.

(13) For the purposes of this section “the person responsible” is—

(a) the applicant for the licence, if on the date the notice is given the applicant has such estate or interest in the land as is referred to in section 10(1);

(b) in any other case, a person who has such estate or interest in the land as is referred to in section 10(1) on that date.

#### **24D Notice to subsequent estate or interest holder requiring steps to be taken**

(1) Subsection (2) applies where—

(a) a notice has been given to a person under section 24C(3) requiring the person to take steps,

(b) steps required by the notice have not been taken, and

(c) before the time specified in the notice (within which those steps must be taken) has expired, the person ceases to have the estate or interest in the land by reference to which the notice was given.

(2) The Natural Resources Body for Wales may give to a person who has such estate or interest in the land as is referred to in section 10(1) a notice—

(a) requiring the steps that were not taken under the notice described in subsection (1) to be taken, and

(b) specifying the period (not being less than the prescribed period after the notice has become operative) within which those steps must be taken.

(3) A notice given under subsection (2) must set out the reasons for giving the notice.

(4) If steps required by a notice under subsection (2) have not been taken before the end of the period specified in the notice, the Natural Resources Body for Wales may enter on the land and take those steps.

(5) A person who, without reasonable excuse, fails to take any steps required by a notice under subsection (2) commits an offence and is liable on summary conviction to a fine (but this does not affect the powers of the Natural Resources Body for Wales under subsection (4)).

(6) Proceedings in respect of an offence under subsection (5)—

(a) must be commenced within the period of six months starting

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on the day the person commencing the proceedings becomes aware of the offence;

(b) may not be commenced more than two years after the date of the offence.

(7) A person who is required by a notice under subsection (2) to take steps may take the steps notwithstanding any lease, covenant or contract relating to the trees or land affected by the notice.

(8) The reference in subsection (1) to a notice under section 24C(3) includes a notice given under this section

**24E Suspension, amendment or revocation of tree felling licence where no breach: Wales**

(1) The provisions of this section apply if, in relation to a felling licence granted in relation to land in Wales, the Natural Resources Body for Wales considers that felling in accordance with the licence is causing, or is likely to cause, significant harm to—

(a) natural beauty, or

(b) flora, fauna or geological or physiographical features or natural habitats.

(2) The Natural Resources Body for Wales may give to the person responsible a notice which makes provision for one or more of the following—

(a) a suspension of the felling licence, either full or in part;

(b) an amendment of the felling licence

(c) if the Natural Resources Body for Wales considers that amending the felling licence would not prevent the harm that is being caused or is likely to be caused, a revocation of the felling licence.

(3) A notice given under subsection (2) must

(a) set out the reasons for giving the notice;

(b) specify the harm that felling in accordance with the licence is causing or is likely to cause;

(c) if the notice suspends the felling licence, specify the period for which the licence is to be suspended;

(d) if the notice amends or revokes the felling licence, specify the date upon which the amendment or revocation takes effect;

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<p><u>(e) if the notice suspends the felling licence in part, specify the felling that may continue.</u></p> <p><u>(4) Where a notice given under subsection (2) suspends a felling licence, either in full or in part, the suspension ends with the earlier of—</u></p> <p><u>(a) the expiry of the period specified in the notice in accordance with subsection (3)(c), and</u></p> <p><u>(b) the date specified in any further notice given to the person responsible by the Natural Resources Body for Wales under this paragraph.</u></p> <p><u>(5) The Natural Resources Body for Wales must give a further notice specifying a date under subsection (4)(b) (to bring the suspension to an end) if it considers that felling in accordance with the felling licence (as it would have effect after that date) would neither cause nor be likely to cause the harm specified in the notice that suspended the licence.</u></p> <p><u>(6) For the purposes of this section, “the person responsible” is—</u></p> <p><u>(a) the applicant for the licence, if on the date the notice is given the applicant has such estate or interest in the land as is referred to in section 10(1);</u></p> <p><u>(b) in any other case, a person who has such estate or interest in the land as is referred to in section 10(1) on that date.</u></p> <p><b><u>24F Notices under section 24C(3) or 24E(2) that affect tree preservation orders</u></b></p> <p><u>(1) The provisions of this section apply if—</u></p> <p><u>(a) the Natural Resources Body for Wales proposes to give a notice under section 24C(3) or 24E(2) in respect of any trees to which a tree preservation order relates, and</u></p> <p><u>(b) the proposed notice does not meet the emergency criteria.</u></p> <p><u>(2) The emergency criteria are met if the proposed notice makes no provision other than—</u></p> <p><u>(a) provision that the Natural Resources Body for Wales considers is necessary to respond to an imminent and serious risk of harm to—</u></p> <p><u>(i) natural beauty, or</u></p> <p><u>(ii) flora, fauna, geological or physiographical features, or natural habitats, or</u></p> <p><u>(b) provision that suspends a felling licence.</u></p>	<p>Part 4 Section 40</p>
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<p><u>(3) Before the Natural Resources Body for Wales gives the proposed notice it must give notice in writing of the proposal to the authority by whom the tree preservation order was made.</u></p> <p><u>(4) If, within the prescribed period, the authority by whom the tree preservation order was made objects to the notice in so far as it affects trees to which the tree preservation order relates, and does not withdraw its objection, the Natural Resources Body for Wales must refer the matter to the Welsh Ministers.</u></p> <p><u>(5) If a matter is referred to the Welsh Ministers under subsection (4), the Welsh Ministers may decide to—</u>  <u>(a) grant consent to the giving of the notice, or</u>  <u>(b) refuse to grant consent (in which case the notice cannot be given).</u></p> <p><u>(6) Where the Natural Resources Body for Wales has given notice in writing under subsection (3) to an authority in respect of a proposed notice, the proposed notice cannot be given until—</u>  <u>(a) the period prescribed under subsection (4) has ended without the authority having objected (or, if the authority has objected, that objection has been withdrawn), or</u>  <u>(b) if the Natural Resources for Wales has referred the matter to the Welsh Ministers, the Welsh Ministers have given their decision on the matter</u></p> <p><u>(7) Before deciding whether to grant or refuse consent under subsection (5), the Welsh Ministers must consult—</u>  <u>(a) the Natural Resources Body for Wales;</u>  <u>(b) the authority by whom the tree preservation order was made;</u>  <u>(c) the applicant for the licence if the applicant has such estate or interest in the land as is referred to in section 10(1) or, in any other case, a person who has such estate or interest in the land.</u></p>	
<p><b><u>26 Expenses etc. in connection with notices under s. 24, s.24C(3) or s.24D(2).</u></b></p> <p><u>(1) If the appropriate forestry authority, in the exercise of their powers under section 24, section 24C(9) or section 24D(4), enter</u></p>	

on land and take any steps required by a notice under either of those sections ~~that section~~, they may recover from the person to whom the notice was given any expenses reasonably incurred in connection therewith.

(2) The appropriate forestry authority may remove and either retain or dispose of trees felled by them in the exercise of their said powers, and shall, on a claim made in the prescribed manner by the owner of any trees so removed, pay to him a sum equal to the value of those trees after deducting any expenses reasonably incurred by them in connection with the removal or disposal.

(3) Subject to any express agreement to the contrary, any expenses incurred by a person for the purpose of complying with a notice under section 24, and any sums paid by a person in respect of expenses of the appropriate forestry authority under that section, shall be deemed to be incurred or paid by that person—

(a) where the notice relates to works required to be carried out in pursuance of conditions of a felling licence, for the use and at the request of the applicant for the licence;

(b) where the notice requires compliance with felling directions, for the use and at the request of the person to whom the directions were given.

(4) Any sums recoverable by or from the appropriate forestry authority under this section may be recovered as a simple contract debt.

#### **26A Appeals against notices given under section 24C(3) and 24D(2)**

(1) The following persons have a right to bring an appeal against a notice given under section 24C(3) if the person thinks that any of the grounds set out in subsection (2) applies—

(a) the person to whom the notice was given;

(b) a person who has such estate or interest in the land as is referred to in section 10(1);

(c) the owner of the trees.

(2) The grounds are—

(a) a condition referred to in the notice has been complied with or is being complied with;

(b) suspending or revoking the felling licence is unreasonable or disproportionate;

(c) the variation of a condition of the felling licence, or the imposition of a new condition, is unreasonable or disproportionate;

- (d) a step specified in the notice is unreasonable or disproportionate;  
(e) where the notice has suspended the felling licence, the suspension should have been brought to an end by a notice given under section 24C(7)(b).

(3) A person to whom a notice has been given under section 24D(2) has a right to bring an appeal against the notice if the person thinks that a step specified in the notice is unreasonable or disproportionate.

(4) An appeal under this section is brought by serving a notice on the Welsh Ministers requesting that they refer the matter to a committee appointed in accordance with section 27 (and see section 26C for further provision about such requests).

#### **26B Appeals against notice given under section 24E(2)**

(1) The following persons have a right to bring an appeal against a notice given under section 24E(2) if the person thinks that any of the grounds set out in subsection (2) applies—

- (a) the person to whom the notice was given;  
(b) a person who has such estate or interest in the land as is referred to in section 10(1);  
(c) the owner of the trees.

(2) The grounds are—

- (a) the felling is not causing the harm specified in the notice or is not likely to cause the harm;  
(b) suspending or revoking the felling licence is unreasonable or disproportionate;  
(c) an amendment to the felling licence is unreasonable or disproportionate;  
(d) where the notice has suspended the felling licence, the suspension should have been brought to an end by a notice given under section 24E(4)(b).

(3) An appeal under this section is brought by serving a notice on the Welsh Ministers requesting that they refer the matter to a committee appointed in accordance with section 27 (and see section 26C for further provision about such requests).

#### **26C Further provision about appeals brought under sections 26A and 26B**

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(2) If the notice given under section 24C(3) is cancelled under section 25 26C(6)(b), compensation is payable—  
(a) for any expenses reasonably incurred in connection with the giving of the notice;  
(b) for any depreciation in the value of the trees that is attributable to deterioration in the quality of the timber comprised in the trees as a result of the giving of the notice.

(3) If a direction is given to the Natural Resources Body for Wales under section 26C(6)(a)(i) to give a notice ending a suspension imposed by the notice given under section 24C(3), compensation is payable—  
(a) for any expenses reasonably incurred in connection with the suspension;  
(b) for any depreciation in the value of the trees that is attributable to deterioration in the quality of the timber comprised in the trees as a result of the suspension.

(4) For the purposes of this section “the relevant person” is  
(a) where compensation is payable for expenses reasonably incurred, and those expenses have been incurred in connection with a requirement to take steps, the person to whom the notice was given;  
(b) where compensation is payable for expenses reasonably incurred, and those expenses have been incurred otherwise than in connection with a requirement to take steps, a person who had such estate or interest in the land as is referred to in section 10(1) at the time the expenses were incurred;  
(c) in the case of compensation for depreciation in the value of the trees, the owner of the trees.

**26E Compensation following receipt of a notice given under section 24D(2)**

(1) If in the case of any trees, the Natural Resources Body for Wales gives a person a notice under section 24D(2), the person to whom the notice was given is entitled to compensation in accordance with this section and section 26G.

(2) If the notice given under section 24D(2) is cancelled under section 26C(6)(b), compensation is payable for any expenses reasonably incurred in connection with the giving of the notice.

**26F Compensation following receipt of a notice given under section 24E(2)**

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<p><u>(1) If in the case of any trees, the Natural Resources Body for Wales gives a person a notice under section 24E(2), the relevant person is entitled to compensation in accordance with this section and section 26G.</u></p> <p><u>(2) Compensation is payable for any depreciation in the value of the trees that is attributable to deterioration in the quality of the timber comprised in the trees as a result of the giving of the notice under section 24E(2) (regardless of whether an appeal has been brought under section 26B).</u></p> <p><u>(3) If the notice given under section 24E(2) is cancelled under section 26C(6)(b), compensation is payable for any expenses reasonably incurred in connection with the giving of the notice.</u></p> <p><u>(4) If a direction is given to the Natural Resources Body for Wales under section 26C(6)(a)(i) to give a notice ending a suspension imposed by the notice given under section 24E(2), compensation is payable for any expenses reasonably incurred in connection with the suspension.</u></p> <p><u>(5) For the purposes of this section “the relevant person” is—</u> <u>(a) where compensation is payable for expenses reasonably incurred, a person who had such estate or interest in the land as is referred to in section 10(1) at the time the expenses were incurred;</u> <u>(b) in the case of compensation for depreciation in the value of the trees, the owner of the trees.</u></p> <p><b><u>26G Compensation under section 26D, 26E and 26F – further provision</u></b></p> <p><u>(1) Compensation under sections 26D, 26E and 26F is recoverable from the Natural Resources Body for Wales.</u></p> <p><u>(2) A claim for compensation under section 26D, 26E or 26F must be made in the prescribed manner and within the prescribed period.</u></p> <p><u>(3) Where a claim for compensation is made under section 26D or 26F for deterioration in the quality of the timber—</u> <u>(a) if the trees have been felled, no claim may be made after the expiration of one year from the date of the felling;</u> <u>(b) where a claim is made in reliance on section 26F(2) (depreciation in the value of the trees as a result of the giving of a notice under section 24E(2)), no claim may be made in respect of deterioration occurring more than ten years after the notice was given.</u></p>	<p>Part 4 Section 41</p> <p>Part 4</p>
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<p>(a) a chairman appointed by the Minister in relation to cases where the trees are, or the land is, in England or Wales; and</p> <p>(b) two other members selected by the Minister from a panel of persons appointed by him, after such consultation as is provided for below, for the conservancy in which the trees are growing:</p> <p><b>29 Provisions relating to mortgages, heritable securities and settled land.</b></p> <p>(1) Where the interest of the owner of trees in England or Wales is for the time being subject to a mortgage—</p> <p>(a) a claim for any compensation or sum payable under section 11, <del>or section 26</del> <u>26, 26D, 26E or 26F</u> of this Act in respect of the trees may be made either by the mortgagor or by the mortgagee;</p> <p>(b) in either case the compensation or sum shall be paid to the mortgagee or, if more than one, to the first mortgagee, and shall be applied by him as if it were proceeds of the sale of the trees.</p> <p><b>F2(2).</b> . . . . .</p> <p>(3) Subject to the foregoing provisions of this section, where the owner of trees comprised in a settlement within the meaning of the Settled Land Act 1925 is a tenant for life who is impeachable for waste in respect of the trees, any compensation or sum payable under section 11 <del>or section 26</del> <u>26, 26D, 26E or 26F</u> of this Act in respect of the trees shall be paid to the trustees of the settlement, and shall be applied by them in accordance with section 66(2) of the Settled Land Act 1925 as if it were proceeds of sale of timber cut and sold with the consent of the trustees under that section.</p>	<p>Part 4 Section 41</p>
<p><b>30 Service of documents.</b></p> <p>(5) The appropriate forestry authority may, for the purpose of enabling them to serve or give any document or direction under this Part of this Act, require the occupier of any land and any person who, either directly or indirectly, receives rent in respect of any land, and the owner of any land in England, to state in writing the nature of his interest therein and the name and address of any other person known to him as having an interest therein, whether as a freeholder or owner, mortgagee or creditor in a heritable security, lessee or otherwise; and anyone who, having been required in pursuance of this subsection to give any information, fails to give it, or knowingly makes any misstatement in respect thereof, shall be liable on summary conviction to a fine not exceeding level 1 on the standard scale.</p>	<p>Part 4 Section 41</p>

Please note: this document has been prepared solely to assist people in understanding the Agriculture (Wales) Act. It should not be relied on for any other purpose.

(6) For the purposes of this section, any reference in this Part to the giving of a notice or document by the Natural Resources Body for Wales is to be treated as if it were a reference to the serving of a document.

**31. Determination of matters arising under ss. 11, 14, 21, 22, 26D, 26E and 26F ~~and 22~~.**

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Section 44(5)

Please note: this document has been prepared solely to assist people in understanding the Agriculture (Wales) Act. It should not be relied on for any other purpose.

	<p>Part 4 Section 44(6)</p> <p>Part 4 Section 43</p>
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	<p>Part 4 Section 44(7)</p>
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<b>The Wildlife and Countryside Act 1981</b>	<b>Amended by</b>
<p><b>Section 11</b>            (1) Subject to the provisions of this Part, if any person—            (a) sets in position <u>in England</u> any self-locking snare which is of such a nature and so placed as to be calculated to cause bodily injury to any wild animal coming into contact therewith;            (b) uses for the purpose of killing or taking any wild animal any self-locking snare, whether or not of such a nature or so placed as aforesaid, any bow or cross-bow or any explosive other than ammunition for a firearm;  <u>(ba) sets in position in Wales any snare, or other cable restraint, which is of such a nature and so placed as to be likely to cause bodily injury to any wild animal coming into contact with it;</u>  <u>(bb) uses in Wales for the purpose of killing or taking any wild animal any snare, or other cable restraint, whether or not of such a nature or so placed as aforesaid;</u>  <u>(bc) sets in position in Wales any glue trap which is of such a nature and so placed as to be likely to catch any animal coming into contact with it;</u>  <u>(bd) uses in Wales for the purpose of killing or taking any animal any glue trap, whether or not of such a nature or so placed as aforesaid;</u></p>	<p>Section 43(a), Section 44 and 45</p>

(be) uses in Wales for the purpose of killing or taking any wild animal any bow or cross-bow or any explosive other than ammunition for a firearm;

(c) uses as a decoy, for the purpose of killing or taking any wild animal, any live mammal or bird whatever

(d) knowingly causes or permits to be done an act which is mentioned in the foregoing provisions of this section,

he shall be guilty of an offence.

(2) Subject to the provisions of this Part, a person shall be guilty of an offence if that person—

(a) uses, otherwise than in Wales, any trap or snare or in Wales, any trap other than a glue trap, for the purpose of killing or taking or restraining any wild animal included in Schedule 6 or 6ZA;

(b) sets in position, otherwise than in Wales, any trap or snare or in Wales, any trap other than a glue trap of such a nature and so placed as to be—

(i) in ~~England and Wales~~, calculated to cause bodily injury to any wild animal included in Schedule 6 or 6ZA;

(ii) in Scotland or Wales, likely to cause bodily injury to any such wild animal;

(c) sets in position any electrical device for killing or stunning, or any poisonous, poisoned or stupefying substance, of such a nature and so placed as to be—

(i) in ~~England and Wales~~, calculated to cause bodily injury to any wild animal included in Schedule 6;

(ii) in Scotland or Wales, likely to cause bodily injury to any such wild animal;

(d) uses for the purpose of killing or taking any wild animal included in Schedule 6—

(i) any electrical device for killing or stunning;

(ii) any poisonous, poisoned or stupefying substance;

(iii) any net;

(iv) any automatic or semi-automatic weapon;

(v) any device for illuminating a target or sighting device for night shooting;

(vi) any form of artificial light or any mirror or other dazzling device;

(vii) any gas or smoke not falling within sub-paragraph (ii);

(viii) any sound recording used as a decoy; or

(ix) any mechanically propelled vehicle in immediate pursuit of any such animal;

(e) uses any mechanically propelled vehicle for the purpose of driving any wild animal included in Schedule 6; or

(f) knowingly causes or permits to be done an act mentioned in paragraphs (a) to (e).

(3) Subject to the provisions of this Part, if any person—

(a) sets in position or knowingly causes or permits to be set in position, otherwise than in Wales, any snare which is of such a

<p>nature and so placed as to be calculated to cause bodily injury to any wild animal coming into contact therewith; and</p> <p>(b) while the snare remains in position fails, without reasonable excuse, to inspect it, or cause it to be inspected, at least once every day,</p> <p>he shall be guilty of an offence.</p> <p>(7) In any proceedings for an offence under subsection (2)(f) relating to an act which is mentioned in subsection (2)(b) or (c) it shall be a defence to show that the article was set in position for the purpose of killing or taking, in the interests of public health, agriculture, forestry, fisheries or nature conservation, any wild animals which could be lawfully killed or taken by those means and that he took or caused to be taken all reasonable precautions to prevent injury thereby to any wild animals included in the relevant Schedule</p> <p><u>(7ZA) For the purposes of paragraphs (bc) and (bd) of subsection (1), “animal” means a vertebrate (other than a human).</u></p>	
<p><b>Section 16: Power to grant licences</b></p> <p>(3) Sections 9(1), (2), (4) and (4A), 11(1) <u>( a), (b), (be), (c) and (d)</u> and (2) and 13(1) do not apply to anything done—</p> <p>(a) for scientific or educational purposes;</p> <p>(b) for the purpose of ringing or marking, or examining any ring or mark on, wild animals;</p> <p>(c) for the purpose of conserving wild animals or wild plants or introducing them to particular areas;</p> <p>(d) for the purpose of protecting any zoological or botanical collection;</p> <p>(e) for the purpose of photography;</p> <p>(f) for the purpose of preserving public health or public safety;</p> <p>(g) for the purpose of preventing the spread of disease; or</p> <p>(h) for the purpose of preventing serious damage to livestock, foodstuffs for livestock, crops, vegetables, fruit, growing timber or any other form of property or to fisheries,</p> <p>if it is done under and in accordance with the terms of a licence granted by the appropriate authority.</p> <p>(3ZA) A licence granted under subsection (3) may permit the use <u>in England</u> of a trap or snare <u>, or, in Wales, of a trap other than a glue trap,</u> for the purpose of killing, taking or restraining a wild animal included in Schedule 6ZA only if the trap or snare—</p> <p>(a) meets the conditions relating to certification (see subsections (3ZB) to (3ZF)); or</p> <p>(b) meets the approved design conditions (see subsections (3ZG to (3ZI)).</p> <p>This subsection is subject to (3ZJ).</p>	<p>Section 43(b)</p>



<p>(3ZG) For the purposes of subsection (3ZA)(b) a trap or snare meets the approved design conditions if it—</p> <p>(a) has been constructed by the person using it; and</p> <p>(b) complies with a design approved for this purpose by or on behalf of the Secretary of State (where it is used in England or Scotland) or the Welsh Ministers <u>where a trap other than a glue trap is used in Wales</u>. <del>(where it is used in Wales)</del>.</p> <p>(3ZI) In subsection (3ZH), "<i>the relevant authority</i>" means—</p> <p>(a) the Secretary of State, for designs of traps or snares approved for use in England;</p> <p>(b) the Welsh Ministers, for designs of traps <del>or snares</del> approved for use in Wales;</p> <p>(c) the Scottish Ministers, for designs of traps or snares approved for use in Scotland.</p>	
<p><b>The Agricultural Holdings Act 1986</b></p>	<p><b>Amended by</b></p>
<p><b>Section 19A Disputes relating to requests for landlord's consent or variation of terms.</b></p> <p>(7) In this section—.....</p> <p><i>"relevant financial assistance"</i> means financial assistance under—</p> <p>(a) section 1 of the Agriculture Act 2020 (powers of Secretary of State to give financial assistance),</p> <p>(b) section 21 of <del>or paragraph 8 of Schedule 5 to, that Act</del> <u>(powers of Secretary of State and Welsh Ministers that Act</u> (powers of Secretary of State to give financial assistance in exceptional market conditions), <del>or</del></p> <p>(c) a scheme of the sort mentioned in section 2(4) of that Act (third party schemes);</p> <p><u>(d) section 8 of the Agriculture (Wales) Act 2023 ("the 2023 Act") (Welsh Ministers' power to provide support),</u></p> <p><u>(e) a scheme of the sort mentioned in section 9(7) of the 2023 Act (meaning of "third party scheme" for purposes of power to provide support),</u></p> <p><u>(f) the basic payment scheme, as defined in section 15 of the 2023 Act (power to modify legislation governing the basic payment scheme),</u></p> <p><u>(g) legislation relating to the financing, management and monitoring of the common agricultural policy, as defined in 16 of the 2023 Act (power to modify legislation relating to the common agricultural policy),</u></p> <p><u>(h) legislation relating to support for apiculture, as defined in section 17 of the 2023 Act (power to modify legislation relating to support for apiculture),</u></p> <p><u>(i) legislation relating to support for rural development, as defined in section 18 of the 2023 Act (support for rural development),</u></p>	<p>Part 2 Section 23</p>

Please note: this document has been prepared solely to assist people in understanding the Agriculture (Wales) Act. It should not be relied on for any other purpose.

<p><u>(j) section 21 of the 2023 Act (powers of Welsh Ministers to give financial assistance in exceptional market conditions);</u></p>	
<p><b>The Environment Act 1995</b></p>	<p><b>Amended by</b></p>
<p><b>Section 66 National Park Management Plans.</b>  (1) Subject to subsection (2) below, every National Park authority shall, within three years after its operational date, prepare and publish a plan, to be known as a National Park Management Plan, which formulates its policy for the management of the relevant Park and for the carrying out of its functions in relation to that Park.</p> <p>(7A) A National Park authority for a park in Wales which is proposing to publish, adopt or review any plan under this section must have regard to—</p> <p>(a) the state of natural resources report published under section 8 of the Environment (Wales) Act 2016, <del>and</del></p> <p>(b) any area statement published under section 11 of that Act for an area that includes all or part of the park <u>and</u></p> <p><u>c) the sustainable land management report published under section 6 of the Agriculture (Wales) Act 2023”</u></p>	<p>Schedule 2 Part 2</p>
<p><b>The Countryside and Rights of Way Act 2000</b></p>	<p><b>Amended by</b></p>
<p><b>Section 90: Supplementary provisions relating to management plans.</b>  (1A) In the case of an area of outstanding natural beauty in Wales, a conservation board or relevant local authority which is proposing to publish, adopt or review any plan under section 89 must have regard to—</p> <p>(a) the state of natural resources report published under section 8 of the Environment (Wales) Act 2016, <del>and</del></p> <p>(b) any area statement published under <a href="#">section 11</a> of that Act for an area that includes all or part of the area of outstanding natural beauty <u>and</u></p> <p><u>(c) the sustainable land management report published under section 6 of the Agriculture (Wales) Act 2023”.</u></p>	<p>Schedule 2 Part 2</p>
<p><b>The Planning and Compulsory Purchase Act 2004</b></p>	<p><b>Amended by</b></p>
<p><b>Section 60B: Procedure for preparation and publication of framework</b>  (1) Before publishing the National Development Framework for Wales, the Welsh Ministers must—</p> <p>(a) prepare a draft of the Framework,</p> <p>(b) carry out an appraisal of the sustainability of the policies set out in the draft, and</p>	<p>Schedule 2 Part 2</p>

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<p>(c) carry out consultation in accordance with the statement of public participation.  <u>(1A) In preparing the draft Framework under subsection (1)(a), the Welsh Ministers must have regard to the most recent sustainable land management report published under section 6 of the Agriculture (Wales) Act 2023.</u></p>	
<p><b>Environment Wales Act 2006</b></p>	<p><b>Amended by</b></p>
<p><b>Section 6:</b>  (1) A public authority must seek to maintain and enhance biodiversity in the exercise of functions in relation to Wales, and in so doing promote the resilience of ecosystems, so far as consistent with the proper exercise of those functions.  (5) In complying with subsection (1), a public authority other than a Minister of the Crown or government department must have regard to—  (a) the list published under section 7;  (b) the state of natural resources report published under section 8;  (c) any area statement published under section 11 for an area that includes all or part of an area in relation to which the authority exercises functions.  <u>d) the sustainable land management report published under section 6 of the Agriculture (Wales) Act 2023.</u></p>	<p>Schedule 2  Part 2</p>
<p><b>The Agriculture Act 2020</b></p>	<p><b>Amended by</b></p>
<p><b>Section 46 Wales</b>  [repealed]</p>	<p>Schedule 2</p>
<p><b>Section 47: Duration of provisions in relation to Wales</b>  [repealed]</p>	
<p><b>Section 52: Consequential amendments</b>  Schedule 7 amends the CMO Regulation in consequence of—  (a) <u>Chapter 2 of Part 2</u> (intervention in agricultural markets: England);  <del>(b) <u>Part 2 of Schedule 5</u> (intervention in agricultural markets: Wales);</del>  (c) <u>Part 5</u> (agricultural products);  <del>(d) <u>Part 4 of Schedule 5</u> (marketing standards and carcass classification: Wales);</del>  (e) <u>Part 4 of Schedule 6</u> (marketing standards and carcass classification: Northern Ireland).</p>	

### ***Section 53: Power to make consequential etc provision***

(1) The Secretary of State may, subject to subsections (5) and (6), by regulations make supplementary, incidental or consequential provision in connection with any provision of this Act.

(2) The Welsh Ministers may by regulations make supplementary, incidental or consequential provision in connection with—

- (a) sections 33 to 35, so far as relating to Wales,
- (b) section 36 and Schedule 3, so far as relating to Wales,
- (c) sections 38 and 39, so far as relating to Wales,
- ~~(d) section 46 and Schedule 5,~~
- ~~(e) section 47, and~~
- ~~(f) section 52 and Schedule 7 so far as they apply in relation to Wales.~~

(3) The Scottish Ministers may by regulations make supplementary, incidental or consequential provision in the law of Scotland in connection with—

- (a) sections 33 to 35, so far as relating to Scotland, and
- (b) sections 38 and 39, so far as relating to Scotland.

(4) DAERA may by regulations make supplementary, incidental or consequential provision in the law of Northern Ireland in connection with—

- (a) sections 33 and 34, so far as relating to Northern Ireland,
- (b) sections 38 and 39, so far as relating to Northern Ireland,
- (c) section 48 and Schedule 6, and
- (d) section 52 and Schedule 7 so far as they apply in relation to Northern Ireland.

(5) The Secretary of State may not make regulations under subsection (1) containing provision which could be made—

- (a) by the Welsh Ministers under subsection (2)(a) or (b) or under that subsection so far as it would have allowed the Welsh Ministers to make supplementary, incidental or consequential provision in connection with— (i) section 46 and Schedule 5, (ii) section 47, and (iii) section 52 and Schedule 7 so far as applying in relation to Wales, but for the repeal of those provisions by the Agriculture (Wales) Act 2023, ~~(d) to (f),~~
- (b) by the Scottish Ministers under subsection (3)(a), or
- (c) by DAERA under subsection (4)(a), (c) or (d).

## **54 Power to make transitional etc provision**

- (1) The appropriate authority may by regulations make transitional, transitory or saving provision in connection with the coming into force of any provision of this Act.
- (2) The appropriate authority is—
- (a) the Welsh Ministers, for provision in connection with—
    - (i) sections 33 to 35, so far as relating to Wales,
    - (ii) section 36 and Schedule 3, so far as relating to Wales,
    - (iii) sections 38 and 39, so far as relating to Wales,
    - ~~(iv) section 46 and Schedule 5,~~
    - ~~(v) section 47, and~~
    - ~~(vi) section 52 and Schedule 7 so far as they apply in relation to Wales,~~

## **Section 56: Extent**

- (1) The following provisions of this Act extend to England and Wales only—
- (a) Part 1, apart from sections 17 and 18;
  - (b) Chapter 2 of Part 2;
  - (c) Chapter 1 of Part 3;
  - (d) section 36 and Schedule 3;
  - (e) section 37 and Schedule 4;
  - (f) section 40;
  - ~~(g) section 46 and Schedule 5.~~

## **Section 57: Commencement**

- (3) The following provisions, so far as not brought into force by subsection (1)(b) or (c), come into force on such day as the Welsh Ministers may by regulations made by statutory instrument appoint—
- (a) so far as relating to Wales—
    - (i) section 34(3) and (4),
    - (ii) paragraphs 10 to 16 and 18 of Schedule 3, and
    - (iii) section 36 so far as relating to those paragraphs,
    - ~~(b) Part 2 of Schedule 5, and section 46 so far as relating to that Part, and~~
    - ~~(c) Parts 2 and 4 of Schedule 7, and section 52 so far as relating to those Parts.~~

## **Schedule 5**

[repealed]

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<p><b>Schedule 7</b></p> <p><b>[omit Part 2]</b></p> <p><b>[omit Part 4]</b></p>	
<p><b>The Environment Act 2021</b></p>	<p><b>Amended by</b></p>
<p><b>Paragraph 2 of Schedule 16</b></p> <p><b>1 Introductory</b></p> <p>Part 2 of the Forestry Act 1967 (power to control felling of trees) is amended as follows.</p> <p><b>2 Penalty for felling without licence: increase of fine</b></p> <p>In section 17(1) (penalty for felling without a licence)—  in paragraph (b), omit the words after “fine” to the end  <del>(a) after “and” insert</del>  <del>“(a) in relation to an offence committed in Wales,”;</del>  <del>(b) at the end insert</del>  <del>“, or</del>  <del>(b) in relation to an offence committed in England, liable on summary conviction to a fine</del></p>	<p><i>Section 40(5)  (only if section  40(3) of this Act  applies)</i></p>

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<b>REUL 1308/2013 establishing a Common Organisation of the Market</b>	<b>Amended By</b>
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<p><b>Article 73 Scope</b></p> <p>Without prejudice to any other provisions applicable to agricultural products, as well as to the provisions adopted in the veterinary, phytosanitary and food sectors to ensure that products comply with hygiene and health standards and to protect animal, plant and human health, this Section lays down the rules concerning marketing standards. Those rules shall be divided between obligatory rules and optional reserved terms for agricultural products.</p> <p>References in this Section to marketing standards as they apply in relation to products marketed in Wales, include standards set in regulations <u>under section 32(1) of the Agriculture (Wales) Act 2023.</u> <del>under paragraph 16(1) of Schedule 5 to the Agriculture Act 2020.</del></p> <p><b>Article 75: Establishment and content</b></p> <p>A2. This Article does not apply in relation to products marketed in Wales (see <u>section 32(1) of the Agriculture (Wales) Act 2023</u>). <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020).</del></p>	<p>Schedule 3 Part 2</p>
<p><b>Article 78 Definitions, designations and sales descriptions for certain sectors and products</b></p> <p>3. The appropriate authority in England, Wales or Scotland may make regulations concerning the modifications, derogations or exemptions to the definitions and sales descriptions provided for in Annex VII. Those regulations shall be strictly limited to demonstrated needs resulting from evolving consumer demand, technical progress or the need for product innovation.</p> <p>4. In order to ensure that operators have a clear and proper understanding of the definitions and sales descriptions provided for in Annex VII, the appropriate authority in England, Wales or Scotland may make regulations concerning the rules on their specification and application.</p> <p>5. In order to take into account the expectations of consumers and the evolution of the milk products market, the [ appropriate authority [ in England, Wales or Scotland may make regulations to specify the milk products in respect of which the animal species from which the milk originates is to be stated, if it is not bovine, and to lay down the necessary rules.</p> <p>7. Paragraphs 3 to 5 do not apply in relation to products marketed in Wales (<u>see section 32(1) of the Agriculture (Wales) Act 2023</u>) <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020).</del></p>	<p>Schedule 3 Part 2</p>



<b>REUL 1308/2013 establishing a Common Organisation of the Market</b>	<b>Amended By</b>
<p><b><i>Article 80 Oenological practices and methods of analyses</i></b></p> <p>3. When authorising oenological practices for wine [under paragraph 2A , the [Secretary of State shall:</p> <p>(a) take into account the oenological practices and methods of analyses recommended and published by the OIV, as well as the results of experimental use of as-yet unauthorised oenological practices;</p> <p>(b) take into account the protection of human health;</p> <p>(c) take into account the possible risk of consumers being misled due to their well established perception of the product and their corresponding expectations, having regard to the availability and feasibility of informational means to exclude such risks;</p> <p>(d) allow the preservation of the natural and essential characteristics of the wine and not cause a substantial change in the composition of the product concerned;</p> <p>(e) ensure an acceptable minimum level of environmental care;</p> <p>(f) respect the general rules concerning oenological practices and the rules laid down in Annex VIII.</p> <p>4. In order to ensure the correct treatment of unmarketable wine products, the [ Secretary of State may [, with the consent of the relevant authorities in Wales and Scotland, make regulations concerning rules on the procedures referred to in the second subparagraph of paragraph 2 of this Article, and derogations therefrom concerning the withdrawal or destruction of wine products that do not comply with the requirements.</p> <p>5. The Secretary of State may make regulations laying down the methods referred to in point (d) of Article 75(5) for products listed in Part II of Annex VII. Those methods shall be based on any relevant methods recommended and published by the OIV, unless the relevant authorities in Wales and Scotland agree that they would be ineffective or inappropriate</p> <p>7. Paragraphs 3 to 5 do not apply in relation to products marketed in Wales (<u>see section 32(1) of the Agriculture (Wales) Act 2023</u>) <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020).</del></p>	<p>Schedule 3 Part 2</p>
<p><b>Article 86 Reservation, amendment and cancellation of optional reserved terms</b></p> <p>This Article and Articles 87 and 88 do not apply in relation to products marketed in Wales (<u>see section 32(1) of the Agriculture (Wales) Act 2023</u>). <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020).</del></p> <p><b>Article 91 Implementing powers in accordance with the examination procedure</b></p>	<p>Schedule 3 Part 2</p>

<p>This Article does not apply in relation to products marketed in Wales (see section 32(1) of the Agriculture (Wales) Act 2023) <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020)</del>. The appropriate authority in England, Wales or Scotland<sup>6</sup> may make regulations:</p> <ul style="list-style-type: none"> <li>(a) establishing the list of milk and milk products referred to in the second paragraph of point 5 of Part III of Annex VII and spreadable fats referred to in point (a) of the sixth paragraph of point I of Part VII of Annex VII;</li> <li>(b) laying down rules for the implementation of the marketing standards by sector or product;</li> <li>(c) laying down rules for determining whether products have undergone processes contrary to the authorised oenological practices;</li> <li>(d) laying down rules for the methods of analysis for determining the characteristics of products;</li> <li>(e) laying down rules for fixing the tolerance level;</li> <li>(f) laying down rules for the implementation of the measures referred to in Article 89;</li> <li>(g) laying down rules for the identification or registration of the producer and/or the industrial facilities in which the product has been prepared or processed, for the certification procedures and for the commercial documents, accompanying documents and records to be kept.</li> </ul>	
<p><b>Article 119 Compulsory particulars</b></p> <p>1. Labelling and presentation of the products referred to in points 1 to 11, 13, 15 and 16 of Part II of Annex VII marketed in [Great Britain]<sup>1</sup> or for export shall contain the following compulsory particulars:</p> <ul style="list-style-type: none"> <li>(a) the designation for the category of the grapevine product in accordance with Part II of Annex VII;</li> <li>(b) for wines with a protected designation of origin or a protected geographical indication: <ul style="list-style-type: none"> <li>(i) the term "protected designation of origin" or "protected geographical indication"; and</li> <li>(ii) the name of the protected designation of origin or the protected geographical indication;</li> </ul> </li> <li>(c) the actual alcoholic strength by volume;</li> <li>(d) an indication of provenance;</li> <li>(e) an indication of the bottler or, in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, the name of the producer or vendor;</li> <li>(f) an indication of the importer in the case of imported wines; and</li> <li>(g) in the case of sparkling wine, aerated sparkling wine, quality sparkling wine or quality aromatic sparkling wine, an indication of the sugar content.</li> </ul>	<p>Schedule 3 Part 2</p>

<p>2. By way of derogation from point (a) of paragraph 1, the reference to the category of the grapevine product may be omitted for wines whose labels include the name of a protected designation of origin or a protected geographical indication.</p> <p>3. By way of derogation from point (b) of paragraph 1, the reference to the terms "protected designation of origin" or "protected geographical indication" may be omitted in the following cases:</p> <p>(a) where a traditional term in accordance with point (a) of Article 112 is displayed on the label in accordance with the product specification referred to in Article 94(2);</p> <p>(b) in exceptional and duly justified circumstances specified in regulations made by the Secretary of State in order to ensure compliance with existing labelling practices.</p> <p>Sub-paragraph (b) of this paragraph does not apply in relation to products marketed in Wales <u>see section 32(1) of the Agriculture (Wales) Act 2023</u>. <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020)</del>.</p>	
<p><b>Article 122: Delegated powers</b></p> <p>A2. This Article does not apply in relation to products marketed in Wales <u>(see section 32(1) of the Agriculture (Wales) Act 2023)</u>. <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020)</del>.</p> <p>1. In order to take into account the specific characteristics of the wine sector, the appropriate authority in England, Wales or Scotland]6 may make regulations concerning rules and restrictions on:</p> <p>(a) the presentation and use of labelling particulars other than those provided for in this Section;</p> <p>(b) compulsory particulars concerning:</p> <p>(i) terms to be used to formulate the compulsory particulars and their conditions of use;</p> <p>(ii) terms referring to a holding and the conditions for their use;</p> <p>(iv) provisions allowing further derogations in addition to those referred to in Article 119(2) as regards the omission of the reference to the category of the grapevine product; and</p> <p>(v) provisions on the use of languages;</p> <p>(c) optional particulars concerning:</p> <p>(i) terms to be used to formulate the optional particulars and their conditions of use;</p> <p>(d) the presentation concerning:</p> <p>(i) the conditions of use of certain bottle shapes, and a list of certain specific bottle shapes;</p> <p>(ii) the conditions of use of "sparkling wine"-type bottles and closures;</p> <p>(iv) provisions on the use of languages.</p> <p>2. In order to ensure the protection of the legitimate interests of operators, the appropriate authority in England, Wales or Scotland may make regulations concerning rules as regards</p>	<p>Schedule 3 Part 2</p>

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<p>temporary labelling and presentation of wines bearing a designation of origin or a geographical indication, where that designation of origin or geographical indication fulfils the necessary requirements.</p> <p>4. In order to take account of the specific characteristics in trade between the United Kingdom and certain third countries, the appropriate authority in England, Wales or Scotland may make regulations concerning derogations from this Section as regards products to be exported where required by the law of the third country concerned.</p>	
<p><b>Article 123: Implementing powers in accordance with the examination procedure</b></p> <p>This Article does not apply in relation to products marketed in Wales (see section 32(1) of the Agriculture (Wales) Act 2023). <del>(see paragraph 16(1) of Schedule 5 to the Agriculture Act 2020).</del></p> <p>The appropriate authority in England, Wales or Scotland may make regulations laying down necessary measures concerning the procedures and technical criteria applicable to this Section, including the necessary measures for the certification, approval and verification procedures applicable to wines without a protected designation of origin or a protected geographical indication.</p>	<p>Schedule 3 Part 2</p>

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# Agenda Item 12

By virtue of paragraph(s) ix of Standing Order 17.42

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