

Environment and Sustainability Committee

E&S(4)-03-11 paper 1

Paper from the Deputy Minister for Agriculture, Food, Fisheries and European Programmes

1. The new Welsh Government has moved agriculture and food into the mainstream of economic policy – and recognised the contribution of agriculture and food to Wales’ economic output, particularly in the context of the rural economy. Sustaining the agriculture industry means treating it on the same basis as other key sectors in the economy – profit and prosperity is the way forward for the industry. A successful industry will also deliver food for all parts of Wales and beyond, provide social stability across rural Wales, present an obvious contribution to protecting the countryside so-loved by our urban communities and visitors to Wales and benefit in sustaining our culture and language.
2. I have set out briefly in this paper my priorities for this Assembly term and have included, where appropriate, my response to the comments made by the Rural Affairs Development Sub Committee in its legacy report.

CAP reform

3. A strong CAP is essential to the future of rural Wales. Farming needs the CAP which makes up 80 to 90% of farm income in Wales. Of course we must work towards an industry with a greatly reduced dependency on subsidy and many of the support mechanisms already in place through the Rural Development programme are doing just that. Radically changing the CAP would pull the rug from under farming and would place the viability of businesses in jeopardy. I believe firmly in the more gradual change, or evolution, of CAP. CAP must change because the world has changed, farming has changed and the challenges that all of society face have changed, it is right therefore to reform the CAP but these reforms must ensure that the necessary changes are made without undermining its foundations and compromising the future of rural Wales.
4. In addition, it is not realistic to expect land managers to undertake environmental enhancement when it will cost them money. Farming in an environmentally responsible way is not too much to ask and indeed this is why cross compliance is a condition of Single Payment. The environmental challenges are mounting with the need to improve water quality; to reduce flooding; to reduce carbon dioxide and nitrous oxide emissions and to sink carbon in our soils. We will not make progress unless we can work with farmers to undertake the necessary action and to do so we have to compensate them for the sometimes significant costs involved.

5. The rural economy cannot be sustained for the long term simply by investing in food production or through supporting the sensitive management of our countryside because we have to take into account how we can support the broader rural economy within which the farming sector sits. Farming does not operate in isolation. Increases in farm output contributes to much larger increases in output among local purchasers and consumers of that output. Especially strong forward linkages exist with food processing, hotels and catering, all sectors that in turn have further linkages with the rest of the rural economy. One key consideration is how to maximise value-added processing of primary products and find new uses for what otherwise could be waste products. Pillar 2 of CAP, the Rural Development Programme, provides for such interventions without which the rural economy would struggle to develop. A vibrant rural economy attracts inward investment and in-migration, all of which contributes to the strength and sustainability of rural communities
6. I have outlined the case for a strong CAP in Wales in the future and it is on this basis that I will be negotiating both within the UK at with the European Commission.

Red Tape Review/Macdonald report – Working Smarter

7. I am committed to reducing bureaucracy and providing better regulation within the farming industry in Wales, reflecting on the work already done on reducing red tape and on the recently published Macdonald report in England.
8. My officials will work closely with their Defra counterparts to ensure that farmers in Wales benefit from changes made to regulation as a result of Macdonald Report recommendations accepted by the UK Government.
9. I welcome the suggestion by the Rural Development Sub Committee that this issue should be looked at by the new Committee.

Glastir

10. I am fully committed to the delivery of Glastir. Glastir has been designed with the key aim of maintaining and building upon the environmental benefits delivered through the considerable investment by farmers and Government in our existing agri-environment schemes. Scheme extensions to the end of 2013 for Tir Gofal and Tir Cynnal agreement holders will facilitate a smooth transition to Glastir.
11. Our existing agri-environment schemes were appropriate at the time of their design but they no longer meet the more complex challenges of climate change. legislative changes (Water Framework Directive, Habitats and Birds Directive) . In addition, the CAP ‘health check’ meant that

Wales had little choice but to bring about change and develop a new scheme. Glastir represents that change and will be making available some £90 million per year to farmers in Wales who in return will deliver on behalf of the taxpayer a range of farm-based actions to address issues such as carbon, soil, water and habitat management as well as bio-diversity. Glastir is our primary defence against infringement under the Water Framework and Habitats Directives. Previous schemes simply did not provide the necessary cover on these important matters.

12. While the Legacy report states that the initial number of applications to the Glastir All Wales Element was disappointing (applications for the first round of Glastir's All Wales Element starting in 2012 totalled 2940 and some 8,000 or so expressions of interest have been received for contracts commencing in 2013), The year-one number of applications comfortably exceeds the annual applications received for previous agri-environment schemes in Wales. In addition, over 300 commons grazing associations have indicated an interest in entering Glastir this year. Only 6 commons entered Tir Gofal during of the lifetime of that scheme. Glastir represents a substantial change in the relationship between the Welsh Government and farmers. Change always takes time to bed in but the level of interest now being shown in Glastir suggests that farmers now have a much better understanding of what the scheme offers and will deliver.

Meat hygiene charges

13. The Welsh Government responded to the FSA consultation in January 2011. Now that the results of the consultation have been published and a decision made by the FSA Board on the new definition for "low throughput" abattoirs, a greater proportion of low throughput businesses in Wales will receive some level of support.
14. During a recent meeting with Lord Rooker, Chair of the Food Standards Agency, I took the opportunity to ensure that the FSA remains aware of its statutory obligations to consider the interests of businesses with a low throughput, and the action incumbent on it in the Welsh Government *Food, Farming and Countryside* strategy to work with my Department and Hybu Cig Cymru to devise a charging regime that is fair for small abattoirs in Wales.
15. My officials will work closely with the FSA and with small abattoirs in Wales in order to help them identify changes – in compliance and/or in working practices – which allow them to reduce the cost of meat hygiene controls in their premises and so reduce this aspect of their operating costs. In addition I will continue to work with the FSA to develop a basis for a more risk-based, modernised set of official controls..
16. I welcome the suggestion made by the Rural Development Sub Committee that this should be looked at by the new Committee.

Areas the Rural Development Committee were unable to reach

Farm Advisory Services

17. The CAP reforms agreed in June 2003 shifted the focus of support away from production based subsidy schemes to a Single Payment Scheme which encourages farmers to respond to market and consumer needs. Claimants of the Single Payment must comply with environmental, food safety, animal and plant health and animal welfare standards. I am committed to Farming Connect which supports farm and forestry businesses to develop, remain viable and meet future challenges in a sustainable and innovative way. The service provides a support structure to encourage farm and forestry owners make the most of their business and investigate opportunities to diversify and create a more sustainable future.

18. The new Farming Connect contracts to commence from September 2011 will deliver a first class knowledge transfer programme to the industry in Wales. Farming Connect encourages collaboration and a number of farmer groups have already been established to negotiate direct supply contracts. The mentoring service, delivered within a Whole Farm Plan, allows the farmer the flexibility to choose those services relevant to their business. Options include finance and business, technical, environmental, animal welfare and diversification and innovation. My officials – and I would expect our partner organisations and stakeholders to play their part - will ensure that awareness of the business benefits to be gained from the Farming Connect service continue to be communicated to the industry in order to maximise take-up of this valuable service

Supermarket Ombudsman

19. The establishment of a Groceries Code Adjudicator that will enforce the Groceries Supply Code of Practice will work along the supply chain. The Draft Bill was published on the 24 May and we are currently working with the UK Government to ensure that Welsh interests are fully considered. Even though competition policy is not devolved to the Welsh Government, the role of the Adjudicator has the potential to impact upon devolved functions in relation to farming and food development.

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