



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

Y Pwyllgor Amgylchedd a Chynaliadwyedd **The Environment and Sustainability Committee**

Dydd Iau, 24 Hydref 2013
Thursday, 24 October 2013

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Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Llyr Gruffydd	Plaid Cymru The Party of Wales
Julie Morgan	Llafur Labour
William Powell	Democratiaid Rhyddfrydol Cymru (Cadeirydd Dros Dro) Welsh Liberal Democrats (Temporary Chair)
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Ed Bailey	Llywydd, Undeb Cenedlaethol yr Amaethwyr Cymru President, NFU Cymru
Ceri Davies	Is-gadeirydd, Materion Gwledig, Clybiau Ffermwyr Ifanc Cymru Vice-chair, Rural Affairs, Wales Young Farmers Clubs
Keri Davies	Grŵp Organig Cymru Organic Group of Wales
Dylan Morgan	Pennaeth Polisi/Dirprwy Gyfarwyddwr, Undeb Cenedlaethol yr Amaethwyr Cymru Head of Policy/Deputy Director, NFU Cymru
Rhian Nowell-Phillips	Dirprwy Gyfarwyddwr Polisi Amaethyddol, Undeb Amaethwyr Cymru Deputy Director Agricultural Policy, Farmers Union of Wales
Sarah Price	Swyddog Datblygu Gwledig, Clybiau Ffermwyr Ifanc Cymru Rural Development Officer, Wales Young Farmers Clubs
Ben Underwood	Cyfarwyddwr Cymru, Cymdeithas Tir a Busnes Cefn Gwlad Director Wales, Country Land and Business Association
Gavin Williams	Cadeirydd, Pwyllgor Defnydd Tir a Materion Seneddol, Undeb Amaethwyr Cymru Chair, Land Use and Parliamentary Committee, Farmers Union of Wales

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

Alun Davidson	Clerc Clerk
Elfyn Henderson	Y Gwasanaeth Ymchwil Research Service
Catherine Hunt	Dirprwy Glerc Deputy Clerk

Dechreuodd y cyfarfod am 13:13.
The meeting began at 13:13.

Ethol Cadeirydd Dros Dro Election of Temporary Chair

[1] **Mr Davidson:** Good afternoon, everybody. I have to open the meeting today because, unfortunately, Dafydd Elis-Thomas has had to send his apologies, and so the first item of business must be the election of a temporary Chair under Standing Order 17.22. William Powell has been nominated for election as temporary Chair. Are there any objections to this nomination? There are no objections, so William Powell is duly elected temporary Chair.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[2] **William Powell:** Diolch yn fawr, **William Powell:** Thank you, Alun. Good Alun. Prynhawn da a chroeso cynnes iawn i afternoon and a warm welcome to everyone. bawb.

[3] It is great to welcome you here, but, in fact, some of you are close to being on home turf—or closer than you normally are when we meet. I regret the circumstances of my taking the Chair this morning, but we send our best wishes to Dafydd, who is not so well today. We have received apologies from Russell George and also our colleague Julie James.

13.14

Rheoli Tir yn Gynaliadwy: Tystiolaeth Lafar Sustainable Land Management: Oral evidence

[4] **William Powell:** I welcome, all of you, to this first evidence session—the National Farmers Union Cymru and the Farmers Union of Wales. I ask witnesses to introduce themselves briefly from the point of view of the sound levels, and then we will get straight under way.

[5] **Mr Morgan:** I am Dylan Morgan, deputy director of NFU Cymru.

[6] **Mr Bailey:** I am Ed Bailey, president of NFU Cymru.

[7] **Mr Williams:** Gavin Williams wyf i **Mr Williams:** I am Gavin Williams and I am ac rwy'n gadeirydd pwyllgor defnydd tir a chair of Farmers Union of Wales's land use materion seneddol Undeb Amaethwyr and parliamentary committee. Cymru.

[8] **Ms Nowell-Phillips:** I am Rhian Nowell-Phillips, deputy director of policy for the FUW.

[9] **William Powell:** Thank you very much. Ed, I wonder whether you would like to start with some opening remarks to set some context for committee members.

13:15

[10] **Mr Bailey:** Thank you, Chair. I am very grateful for the opportunity to present evidence to you and your committee on a subject that is of ever-increasing importance to all of us. Sustainable land management will mean different things to different people. To us, as farmers and land managers, sustainability comes in three guises, I would suggest. First, there

is the economic side. Food production to a world-leading standard has to be rewarded. We have a £3 billion food and drink industry in Wales, of which farming is the cornerstone. It is a sizable part of the Welsh economy, and the survivability of the agriculture industry now and in the future will depend on the profitable production of food. However, we cannot ignore the need to maintain that food production and to increase it as the population of the world continues to grow. This can be achieved by embracing technological innovations from research facilities such as the excellent Institute of Biological, Environmental and Rural Sciences in Aberystwyth, so that we do not impact on what I would suggest is the second guise, which is the environmental issues.

[11] These are very well commented on these days. While I feel that farmers are often used as scapegoats for failing environmental standards, that does not diminish our aim of continuing to improve our surroundings, to maintain our soils, to protect our landscapes and to defend our water quality. We are fully aware that the splendour of the Welsh countryside draws visitors from far and wide. To achieve our aims, we have embraced agri-environment schemes and will continue to do so as long as they remain accessible and practical to implement, and as long as they reward farmers for the contribution that they make. We are also keeping an eye on possible carbon trading schemes that may be there in the future for hill farmers, in particular, to be able to take advantage of.

[12] The third guise is the social aspect of sustainability. To my mind, this is perhaps the key role. To ensure a safe supply of food and to maintain the countryside as we know it, we need to keep people on the land. I took your Chairman, Dafydd Elis-Thomas, with me to a farm in north Wales at a time when we had very difficult lambing. He and I were both able to see how tenuous farm businesses were at that particular time. That was obviously exacerbated by the weather, but it was certainly brought to breaking point by the change in Welsh Government policy, so as not to pay that particular less-favoured area scheme, which had been paid for a number of years and continues to be paid for our competitors in Northern Ireland, Scotland and England. I still have to come to terms with why a Labour Government that came to power saying in its manifesto that it would support hill farms has failed to do so. It has patently failed to do so. Needless to say, it is in these areas that the Welsh language and culture thrive so well.

[13] I am, fortunately, and optimistic person. However, as we go through the problems and difficulties in the short to mid-term, I know that my industry is irreplaceable. Consequently, I am aware that there is a good future for the industry. We have the opportunity to ease those difficulties, which I mentioned, but they must not be squandered. Already, we have seen some excellent work with the dairy voluntary code, but more needs to be done. I am pleased to say that that was done down the road in the NFU building at the Royal Welsh Show last year. We also have the supermarkets code adjudicator, Christine Tacon, speaking to us. I have no doubt that her impact could well return some profit to farming businesses.

[14] Our vision is that all farmers should have the opportunity to be net exporters of energy. I am now talking about other opportunities to be able to make sympathetic use of the fantastic natural resources of the Welsh countryside. However, to do this, current barriers to do with planning and licensing, and some of the problems with grid connection, have to be overcome. It saddens me that the vast majority of the feed-in tariff for hydro and wind energy has gone north to Scotland. Of course, the opportunity for jobs has gone with it. We must develop a system of facilitation rather than of refusal and over-regulation. I am pleased, Chairman, that you have decided to hold this inquiry. It is very timely, due to the challenges faced by my industry over the last 18 months. I hope that you realise that the recommendations that you make, whatever they are, will impact mostly and first on farmers.

[15] **William Powell:** Thank you for that comprehensive opening presentation. Gavin, could I ask you to lead on this for FUW?

[16] **Mr Williams:** I ddechrau, croesawaf y cyfle i roi tystiolaeth o flaen y Pwyllgor Amgylchedd a Chynaliadwyedd. Rwy'n falch o weld y pwyllgor yn gwneud rhywbeth o ran ei enw, sef dod allan i'r amgylchedd o Gaerdydd i weld beth sy'n mynd ymlaen. Ond cofiwch, nid ydych wedi cyrraedd y gogledd eto.

Mr Williams: First of all, I welcome the opportunity to give evidence before the Environment and Sustainability Committee. I am pleased to see that the committee is doing something to live up to its name, coming out to the environment from Cardiff to see what is going on. However, remember, you have not yet reached north Wales.

[17] Mae gan bawb yr un bwriad, o weld cymdeithas ac ardaloedd cefn gwlad yn cael eu cynnal. Ond, rwy'n meddwl bod angen mynd un cam ymhellach, sef y gair Cymraeg 'ffynnu' neu 'ffyniant'. Rydym eisiau cynnal beth sydd gennym yn barod, ond rydym hefyd eisiau datblygu. Mae angen rheswm ar bobl ifanc i aros mewn ardaloedd cefn gwlad. Mae angen cyfleoedd iddynt wneud bywoliaeth yn ogystal â chynnal y gymdeithas. Os nad oes bywoliaeth i blant yng nghefn gwlad mae'n anodd iawn cynnal pethau. O'r ochr honno rwy'n dod at hyn. Nid oes gair tebyg i 'ffyniant', neu nid oes gair sy'n dweud yr un peth, yn Saesneg. Hoffwn weld cefn gwlad yn ffynnu. Mae rheoli tir ac amaethu yn ganolbwynt i'r cyfan.

We all have the same aim of seeing rural areas and communities being maintained. However, I think that we need to go a step further; there is another Welsh word 'ffynnu' or 'ffyniant', which means prosperity. We need to maintain what we already have, but we also need to develop so that there is a reason for our young people to stay in rural areas. We need opportunities for them to make a living, as well as maintaining our communities. Unless there is an opportunity for our young people to make a living, it is very difficult to maintain things. That is my approach. I am not sure if there is a word that directly corresponds to 'ffyniant' in English. I would like to see rural Wales prosper. Land management and farming are at the heart of it all.

[18] **William Powell:** As you may know, colleagues on the committee had the opportunity this morning to undertake two farm visits, which were very informative and also quite poignant in some of the messages that were heard and shared. I believe that dates have just been published for a forthcoming visit to north Wales.

[19] **Mr Davidson:** Yes. That is right.

[20] **William Powell:** Just to reassure you.

[21] **Mr Davidson:** We are hoping to visit two national trust farms on the twentieth.

[22] **Mr Williams:** As long as you do not think that Builth is in north Wales. [*Laughter.*]

[23] **William Powell:** Excellent. I give your colleagues the opportunity to add at this stage. I know that my colleagues on the committee have a range of questions that they would like to kick off with, but is there anything that you would like to say initially, Dylan?

[24] **Mr Morgan:** No, Ed has covered it.

[25] **William Powell:** What about you, Rhian?

[26] **Ms Nowell-Phillips:** No, I will take questions.

[27] **William Powell:** That is fine. I will kick off with a question about the term 'sustainable intensification', which comes up in NFU Cymru's evidence, in particular. Can you expand on the contribution you feel that that could potentially make to sustainable land

management in Wales?

[28] **Mr Morgan:** That is why we are here, to try to get a definition of what you want out of this inquiry. ‘Sustainable intensification’ was first coined in a Royal Society report in 2009. Basically, it is looking at the challenge that we have going forward. With the increase in domestic and global population, there is no doubt that we need to produce an awful lot more food to feed this expanding population. At the same time, we have to recognise that we need to care for and improve the natural environment. Put simply, we are talking about producing more food but impacting less. That is where we are coming from in our submission. To do that, you need to look at it from a number of angles. We need to look at scientific advancement, technical improvement and genetic improvement of crops or animals. We also need to look at ways of funding in terms of the environment, whether it is the current mechanisms that we have under rural development regulations or, looking to the future, schemes such as carbon trading. Most importantly from our point of view, to ensure a viable and profitable agriculture industry, we need sustainable supply chains, so that we get a fair price for our product.

[29] **William Powell:** Colleagues could hardly have failed to notice, back in the summer, that 14 August was identified as the day when all the food would have run out in terms of home production. That was a powerful message that was not lost on us. That underscores the point that you have just been making.

[30] **Antoinette Sandbach:** I would like to take things forward on carbon trading. A number of the papers recognise that there are pressures on the subsidy system, but there is an option for farmers who have land to potentially pull in income from private sources that recognise the environmental goods and services that they deliver. Looking at the role of sustainability, what practical steps can Welsh Government take to try to make sure that we leverage that possibility into Wales? That is what is going to help secure on-farm support and diversification that is not reliant on what happens in Europe or in the wider economy, if I can put it that way.

[31] **Ms Nowell-Phillips:** Carbon trading is a great idea for the future, but the value of carbon at the moment is quite low; it is £30 a tonne. At the moment, there is no market, but it will become a market. A number of organisations, including private organisations, insurance companies and water companies, are now starting to look at whether you can draw private money into agri-environment schemes, for example, so that you make the environment a tradable commodity. At that stage, it becomes something that farmers will look at actively, because if it is not economic to produce sheep in an area, it might be that environment management is more lucrative. However, in other areas, where food production is more economic, they will concentrate on that, on the sustainable intensification model—taking it through that. Research and development is absolutely vital, but the market is not necessarily there, yet. I welcome the work that Welsh Government has been doing in trying to bring some of the players around the table to look at these things, but we are a while away yet.

[32] **Mr Bailey:** I think that you mentioned the option in your opening question, but I do not think that it is an option as yet, but, as I said in my opening remarks, we feel that it would be of benefit to predominantly upland farms, as possibly would the similar situation with the water companies and the quality of water. We see that it has possibilities in the future, but it is not an option as yet, obviously. While we recognise the points that you make about diminishing agricultural subsidies as we go ahead to the next financial budget within the EU and having to get support from our own country and from the Europeans, it may be more difficult, particularly on the production side, but not quite so much on the rural development, environmental side. If there is any possibility of it benefiting some upland farms, in particular, and maybe some of the lowland farms—I imagine that they are probably more concentrated on food production—I think that we should grasp it with both hands. Opportunities are there,

and, quite often, they are not there very long. That is why I referred to the feed-in tariffs. That was an opportunity that we could have grasped, but, because of over-regulation and the cautionary principle, we did not do so.

[33] **Antoinette Sandbach:** Do you have any concrete examples of over-regulation and problems in the planning system?

[34] **Mr Bailey:** Yes, I could provide you with quite a few, in fact. It is for this committee to investigate, but there is a company called Gilkes engineering based in Cumbria—in Kendal—which was contemplating setting up a factory in north Wales, because it saw the potential of hydro-electric schemes there. You may know more about that, being representatives from north Wales. I understand that the company looked at the progress of applications through the planning process and decided instead that it would set one up in Scotland. That, to my mind, is an opportunity lost, not just for farmers but for associated industries and work. It is an old and well established company. I heard that on the grapevine, but it is up to this committee to find out whether that is a fact or not.

[35] **William Powell:** Recently, on our visit to Vyrnwy, we met a farmer from not very far from you, called Mr Gwyn Thomas, who has experienced significant difficulties with a diversification scheme with the national park authority. That is just another example of stifling activity. It has been a cause célèbre and is ongoing. There are a number of issues of this kind.

[36] **Mr Bailey:** I could give you several examples—I will not now—because several people have suffered the same problems. That is a pity. You have to do it with regard to the environment—there is no question about that—but it takes away the possible independence in the future of farmers to deal with the diminishing returns and subsidies on farms.

13:30

[37] **Antoinette Sandbach:** I can give the committee one example of high connection costs. That would be useful as well, because it was something that we raised with the Intergovernmental Panel on Climate Change when it came to give evidence to us about the connection costs being a barrier to entry. Do you think, for example, that permitted development rights would help rural economies to diversify? In other words, should the Welsh Government look in the forthcoming planning Bill to increase the number of permitted development rights, so that farmers—and not just farmers, but others living in the rural community as well—can take advantage of schemes when they come online?

[38] **Mr Bailey:** Yes, I very much think that that is a good idea. Obviously, there have to be guidelines in there. I understand that some of these wind turbines, for instance, are not popular, and you have to bear that in mind with everyone in the community—and there is the visual aspect as well. However, there are possibilities there that we should pursue, as they could give us a degree of confidence. In saying that—and I am aware that I am speaking to you when I say this, Antoinette—the Prime Minister's comments yesterday on green taxes were not helpful. An agent I was speaking to this morning said that he had three phone calls last night from people wondering whether their schemes were worth going ahead with because of what the Prime Minister said. It only needs a word from such a high place to throw doubt, and the doubt is what we do not want. We do not want insecurity and we do not want doubt. If the farming industry is to go ahead as we know it and develop these other opportunities, we want the confidence to do so. Confidence is sadly lacking in the industry at the moment.

[39] **Ms Nowell-Phillips:** It is important that everyone sings from the same hymn sheet and has a holistic view. Planning needs to reflect where the policy drivers are. Wales and the

UK have signed up to targets on emissions and carbon efficiencies. Yet, on the other hand, the planning process can be terribly turgid, and there is the precautionary principle, as Ed has pointed out. It needs to be joined up and a bit more positive. We totally recognise that there have to be regulations, guidance and safeguards for the environment, but at the moment, farmers who take an entrepreneurial approach to energy generation—small-scale energy generation—often hit massive barriers rather quickly. If we could just break those barriers a bit, that would be of great benefit.

[40] **William Powell:** One other factor—before we move away from planning issues—that was greeted with great fanfare when Elin Jones announced it in 2009 or 2010 was the advent of technical advice note 6, in terms of rural housing. Obviously, the sustainability of farming has everything to do with people in the industry having somewhere affordable to live. Could you share some comments briefly about your feeling as to how that policy is working on the ground? At the moment, there is a feeling that there needs to be significant additional energy put into that, and that local planning authorities have been fairly precautionary in their approach and have not taken full advantage of the potential that it has.

[41] **Ms Nowell-Phillips:** We totally welcomed TAN 6. The FUW had been fighting for something similar for many years. We totally welcomed it and thought that it was great. Then it disappeared, because there was no guidance, and it took over 18 months to produce any guidance. The guidance that came out was so restrictive as to make it more or less ineffective, which is such a disappointment. It was something that we felt was quite proactive and had started the process of recognising where farming was going—the diversification and the need for sustainable development within rural areas. However, the reality on the ground, and the way in which the guidance has been interpreted, means that, as far as we are concerned, it has not worked at all.

[42] **William Powell:** It needs revisiting as a matter of urgency.

[43] **Ms Nowell-Phillips:** Yes, totally.

[44] **Mr Bailey:** Chairman, the big problem is that the Governments, with the best will in the world, are not communicating their wishes to the planning authorities. Or, they may well be doing that, but it seems to me that they are being ignored. Speaking as someone who lives in a national park and is involved in farming and understands the requirements of young farmers, it might be worth asking a question in the next session about the building of secondary houses on farms to maintain the labour force on the farm. I am not interested in selling them off afterwards—I could agree with all those constraints. The difficulty there is that they have to be built to what are referred to as affordable housing standards, which generally mean fairly small houses with fairly small rooms. Young farmers, as I know them, tend—fortunately, as far as we are concerned—to breed fairly well, if I can put it in farming terms. So, we are not short of young farmers, but we are short of places for them to live on the farm. More than that, we need places for the elder farmers to go, keeping it in the business.

[45] **William Powell:** It is part of the succession planning, is it not?

[46] **Mr Bailey:** I fully agree with the condition not to sell them off to make money afterwards. I think that that is right, but the succession thing needs to be seen as part of it.

[47] **Mr Williams:** Byddwn i'n licio rhoi gair ar hynny hefyd. Mae'r defnydd hwn o dai fforddiadwy yn cael ei ddefnyddio i danseilio ceisiadau gan ffermwyr lle nad oes arnynt ond eisiau un tŷ unigol i blentyn neu i weithiwr ar y ffarm. Ni ddylai tŷ fforddiadwy **Mr Williams:** I would like to add a word on that. This use of affordable housing is being used to undermine applications by farmers where they just want one individual house for a child or a farm worker. An affordable home should not be a poor house or one that is not

fod yn dŷ anaddas nac yn dŷ gwael. Nid yw'r ddau beth hynny yn gwrthddweud ei gilydd—medr tŷ fforddiadwy fod yn dŷ da yn ogystal â rhyw dŷ dau lofft.

suitable. The two things are not contradictory—an affordable house can be a good house as well as a two-bedroomed house.

[48] Hefyd, a gaf i fynd yn ôl at y pwynt ar garbon? Pan fo gennyh rywbeth newydd, lle mae, o bosibl, incwm yn mynd i ddod i fferm o ran rhyw ffynhonnell newydd o arian, mae gofyn bod rhyw fath o rwydwaith ymarferol i ffermwyr gael *access* i'r ffynhonnell honno o arian. Byddwn i'n licio gwneud y *comment* hwnnw.

Also, may I return to the point on carbon? When you have some new idea where income might come to a farm in terms of some new source of money, you will need some kind of practical network for farmers to be able to access that source of money. I would just like to make that comment.

[49] **William Powell:** Julie Morgan, you have been very patient.

[50] **Julie Morgan:** Thank you very much. I would like to echo what the Chair said earlier about how valuable the visits were to the two farms that we went to this morning, because you did tell us that we had to go out and see things as they were. Well, we did see things as they were this morning, so that was very good. I wondered whether you could tell us of positive examples of sustainable land management that you know of. Could you give us examples of things that are happening that you could tell us about?

[51] **Mr Morgan:** I think that there are positive examples all over Wales. You saw on the farm this morning the way a farmer marries everything that he does in terms of producing food with looking after the environment. I think that he mentioned this morning that he was looking after 12 miles of hedgerow. We have got a very positive story to tell. Only a couple of years ago, two thirds of the land area of Wales was in some sort of agri-environment scheme. Farmers have embraced them, since they began under the environmentally sensitive area scheme, followed on through Tir Cynnal and Tir Gofal, and they will again in the future, but what you have got to make sure of, which I think is where we failed at the beginning of Glastir, is that what you ask farmers to do is practical and achievable for them. There has been some improvement with the stock-take, but there is more that needs to be done. I think that we have got a positive story to tell throughout Wales on virtually all farms.

[52] **Mr Bailey:** Could I just make a point on Glastir? One thing that has raised its head several times recently is the grazing regime within Glastir, and if we want to maintain the traditional farms, often enough, reducing the sheep count is one thing that could be seen to be benefiting the countryside or not, but the grazing period is something that we could look at. I know, for instance, within the Glastir advanced scheme, there are six months on and six months off on a lot of these upland areas, and that takes October out. Up in the hills, October is a particularly important month, because sheep are usually on the mountain until the middle to the end of October, at which point they are brought down and put on fresh pasture on the *ffriddoedd* and then they are put to the ram there. The fact is that, often enough, the mountains are empty for November and December and you perhaps get some filtration of sheep back on in the beginning of year, but to exclude October altogether is a great pity and it is something that has been raised with the Minister through the farming and wildlife advisory group, which is, obviously, involved in this, but it is something that I, coming from a hill farming county, have had several complaints about. There have been difficulties in accessing the scheme because of that. So, I would just make that point; I know that it is a particularly mooted point, but those are the sorts of things that would make this scheme more accessible.

[53] **Ms Nowell-Phillips:** I totally agree with what has been said about sustainable farming. Wales is not like some of the areas of England where you have a lot of monoculture arable. Over 80% of Wales's landscape has some conservation designation, and the landscape

has been formed by farmers. The important thing in future is to remember that the landscape is developing and that, in trying to look for sustainable farm systems, we should not stifle development, because someone's view now of what a landscape should look like is just taking an arbitrary picture and not necessarily reflecting what that landscape has gone through and how it has been shaped.

[54] **William Powell:** By human intervention over the centuries.

[55] **Ms Nowell-Phillips:** Yes. You have an urban landscape, which has changed, and you have the rural landscape, and our plea is that sustainable development, as far as farming, the environment and the social aspect are concerned, should be a developing process and should not be stifled.

[56] **Llyr Gruffydd:** Rwyf am ddod yn ôl at y cyfeiriadau cynharach ynglŷn â dwysau cynaliadwy—*sustainable intensification*. Mi ymwelais ag IBERS bythefnos yn ôl, ac mae'r gwaith sy'n digwydd yno yn ysbrydoledig. Mae potensial aruthrol i rai o'r meysydd sy'n cael eu datblygu yn y maes hwnnw. Fodd bynnag, mae gwneud yr ymchwil a'r datblygu yn un peth, ond mae trosglwyddo hynny i'r cyd-destun ymarferol, lle mae pobl yn gweithredu'r dechnoleg newydd, yn fater arall. Mae cwestiwn ynghylch cael y trosglwyddo i hynny ddigwydd. Mae perygl o gyffredinolli yn hyn o beth, ond mae angen parodrwydd o safbwynt y diwydiant i fabwysiadu'r dulliau a'r technolegau newydd hyn. Byddwn i'n licio clywed rhai o'ch sylwadau chi ynglŷn â pha mor anodd neu hawdd byddai cael hynny i ddigwydd, neu am beth fyddai'n hwyluso hynny i ddigwydd yn gynt. Un canfyddiad sydd gan rywun yw bod y diwydiant, ar y cyfan, o safbwynt demograffeg, yn hŷn nag y byddai rhywun yn ei licio, ac wedyn rydych chi'n clywed am y ffermwyr ifanc awyddus hyn yn dod i mewn â syniadau newydd cyffrous. A fydd e'n cymryd rhyw newid *generational* i gael y newid agwedd hwnnw, neu a ydych chi'n meddwl bod modd annog hynny yn y diwydiant fel y mae yn awr?

Llyr Gruffydd: I want to return to the earlier references to sustainable intensification. I visited IBERS a fortnight ago, and the work that is happening there is inspired. There is great potential for some of those areas that are being developed in that field. However, doing that research and development is one thing, but transferring that to a practical context, where people implement the new technology, is another issue. There is a question about having that transfer to make it happen. There is a risk of generalising here, but there is a need for the industry to adopt these new methods and technologies. I would like to hear some of your comments about how difficult or easy that would be to do, or about what would facilitate that to happen more quickly. A perception that one has is that the industry, on the whole, in terms of demographics, is older than one would like, and then you hear about these young, eager farmers coming in with new and exciting ideas. Will it take some kind of generational shift to have this change of attitude, or do you think that it would be possible for that to be encouraged in the industry as it stands now?

[57] **Ms Nowell-Phillips:** I believe that farmers have always embraced change and new technologies. Unfortunately, the process of farming is quite long term, and the policy makers sometimes forget that. It is not something that you can change quickly; you cannot turn the ship around very quickly. However, historically, farmers tend to be technology embracers. They used to have ADAS, and it was there to help by going on the farm, to show them the changes and to help people to take on new technology. We have Farming Connect, and the technology transfer aspect of that has been extremely popular and extremely well received by the industry. Look at the open days, for example, and how well attended they have been. To be honest, the best way to get a farmer to take on something is to show him that his neighbour's farm has embraced that new technology and to see how easy it is, and then he will want it. That process has been extremely successful, and farmers are taking it on. The

important thing is to make sure that the R&D remains there and that there is still investment in new technologies in farming. I do not think that the uptake is the problem; it is about making sure that we still have the investment in the technology transfer—and in the way technology is transferred down to farmers—and in the R&D.

13:45

[58] **Mr Bailey:** I think that you have hit the nail on the head to a certain extent. I have a little bit of experience of this because I chair one of the scientific committees in the IBERS—it is called the PROSOIL committee. The beauty of it is that they are researching ways of improving soil quality and fertility without using the normal fertilisers. There is some excellent work going on, and testing. The beauty of what they are doing is that they are not doing it on their own farms; they have picked several farms—I think it is nine altogether—from around Wales. They are geographically spaced and there are different types and sizes of farms and different types of soil. As Rhian said, by having them near somebody else, and by having open days on these farms, as they do three or four times a year, it becomes a very useful experience. That is the way to do it, by taking the research out into the countryside so that people get a feel for it, rather than it being within the confines of IBERS's boundaries, as such. Saying that, they are doing some excellent work, such as the work on phonemics in that large glasshouse structure. That is really interesting and it could be of massive benefit, but we need to make sure that these people are funded correctly to do so.

[59] **Mr Williams:** Hoffwn ddweud ei bod yn amlwg bod parodrwydd ar ran amaethwyr i gymryd technoleg a dulliau newydd ymlaen—byddem i gyd yn dal i amaethu â cheffyl pe na baem wedi gwneud hynny dros y blynyddoedd. Hefyd, rhaid i chi gofio bod pob fferm yn unigol; mae'n anodd iawn cyffredinoli. Nid yw rhywbeth sy'n iawn ac yn dda i un ffarm o reidrwydd yn gweddu i fferm arall. Mae'n anodd cyffredinoli am y peth. Ar y cyfan, mae ffermwyr yn dda iawn am afael mewn dulliau newydd.

Mr Williams: I would like to say that there is a clear willingness on the part of farmers to take on new technology and methods—we would all still be working with horses if we had not been adopting new technology over the years. Also, you must bear in mind that every farm is unique; it is very difficult to generalise. Something that is effective and efficient form one farm is perhaps not appropriate for another. It is difficult to generalise. On the whole, farmers are very apt at taking up new techniques.

[60] **Llyr Gruffydd:** Felly, nid ydych yn teimlo o reidrwydd y byddai angen *incentivise* rhai o'r datblygiadau hyn, gan y byddent yn gwerthu eu hunain i ffermwyr pe byddent yn gwneud synnwyr o ran busnes.

Llyr Gruffydd: So, you do not think that these would necessarily need to be incentivised because they would sell themselves to farmers if make good business sense.

[61] **Mr Williams:** Os oes rhai pethau sy'n dangos eu bod yn gweithio, ni fydd gennych lawer o waith cael ffermwyr i ymgymryd â'r dulliau hynny. Ond, pan fo rhywbeth yn ofnadwy o newydd ac mae amheuaeth yn ei gylch, bydd gennych yr adeg honno fwy o broblem, a hwyrach y byddai *incentive* ariannol yn eu helpu o leiaf i sbïo i mewn i'r peth, hyd yn oed os nad ydynt yn gafael ynddo wedyn.

Mr Williams: If things have been shown to work, you will not have to do a lot of work to persuade farmers to undertake those approaches. However, when something is very new and there is some doubt about it, then you would have more of a problem. Financial incentives would help them to look into it, even if they do not take it up afterwards.

[62] **Mr Bailey:** Y ffordd orau o roi perswâd ar ffermwyr yw dangos sut y bydd

Mr Bailey: The best way to persuade farmers is to show how it affects their bottom line, so

yn effeithio ar y *bottom line*, fel petai, ac i helpu gyda hynny, o ran y gwaith ar y pridd, mae ffordd o'i wella heb orfod gwario gormod arno yn rhywbeth sy'n denu diddordeb ffermwyr ledled Cymru. to speak, and help with that. For example, if soil can be improved without having to spend too much, then that is something that will attract interest from farmers across Wales.

[63] **Mr Morgan:** The other point that Llyr mentioned was the generation thing and the age of farmers. Going to IBERS, it was very positive to see the college bursting with students, and that is reflected throughout England and Wales. That is because more emphasis is now put on research. We went through a pretty dark 20 years with falling budgets and a lack of opportunities. However, now we are seeing the sort of investment made in Aberystwyth and full universities as well. If we can get a fair price for our product, it will encourage the younger generation and the next generation. The average age of the principal business partner on a farm is 58, but there is a lot of young blood and talent out there and we need to highlight and push that.

[64] **Mick Antoniw:** That takes me on to one of the issues raised this morning that most impressed me, and we have heard of in some of the other discussions we have had, and that is the succession planning in the farming industry and its sustainability in the future. It was not just that, though, as I have heard the comment on other occasions that the way incentive systems and tax systems work means that they are not opening up to the new generation of younger farmers who want to come in and cannot get access to farms. There is a distinction for tenant farmers as opposed to those where it is the family business and so on. I did not quite understand everything that was being said, but it seems to me there is a growing issue for people in terms of access, and that there is a whole generation wanting to come through, but the system is almost stacked against that change. Therefore, succession planning is not taking place in a way that allows that growing openness. Is that a fair sense of it—I mean; is it right? Perhaps you can explain to me what some of the issues with regard to future sustainability are.

[65] **Mr Bailey:** That is very correct. Dylan pointed out the age being 58, but that, as Dylan rightly said, indicates the principal partner. However, as you rightly say, there are plenty of young farmers coming in and wanting to take over. The big problem that we have, unfortunately, is for the older farmers to be able to get out of the way to let them do so. This is why we are bringing planning and suchlike for houses, and also to be able to afford to do so. I am not sure what depth of conversation you had with the farmers you saw this morning, but I often think that a good question to ask is: what plans do you have and what investments have you made for your future? If you ask those farmers, they will probably tell you that they have not made something out of everything that they have made. They have lived, yes, but it has gone back into the farm. Of course, they have to be able to get out. So, while the farm can support one family—and I am not being down about that—to support two families might be slightly different, particularly when children come along in a younger family and it becomes quite an onerous burden on the farm to do so.

[66] I am interested in your views on taxation. I know that agricultural property relief does not apply, for instance, on death. I did mention this to one person at the Royal Welsh Show who was the adviser for HSBC bank—I think that it was Michael Jack—knowing that he was a tax adviser as well. There could be possibilities to look at the tax system for young farmers to be able to get on to the farm, to allow the old ones to leave, and to give some sort of tax benefit in that respect, or perhaps for them not to be penalised as hard as they are at present. That is an interesting concept, certainly.

[67] **Mr Williams:** I ehangu ar hynny, y gris cyntaf i lot o ffermwyr ifanc yw daliad fferm cyngor lleol, ond mae'r cynghorau lleol **Mr Williams:** To expand on that, the first rung for a lot of young farmers is a local council farmholding, but local councils are

yn gwerthu'r ffermydd hyn. Onid yw o fewn pwerau'r Cynulliad i allu rhoi stop ar hynny? Y Cynulliad yw'r lefel o lywodraeth uwchben y cyngorau lleol. Ar ben hynny, rwy'n siŵr bod y Cynulliad ei hun yn perchen ar dipyn o dir. Oni fyddai'n bosibl rhyddhau tipyn o'r tir hwnnw i ffermwyr ifanc?

selling these farms off. Is it not in the Assembly's powers to put a stop to that? The Assembly is the level of government above the local councils. On addition to that, I am sure that the Assembly itself owns a lot of land. Would it not be possible to release some of that land to young farmers?

[68] **William Powell:** On that point, I know that there is a piece of work that the Welsh Government has commissioned—I think that Powys County Council is leading on it—reviewing the issue of local authority holdings. However, I am not clear as to whether or not—

[69] **Mick Antoniw:** It in some ways goes a bit further. It was interesting to hear the point you made about the extent to which people are planning themselves. One person we saw this morning—I think it was Darren—was, very clearly, at a particular age, at 40, and was saying, 'Right, I am now starting to prepare for 65, when I retire and have a house and so on.' So, it was very much worked out, but I got the impression that this guy was rather exceptional in terms of thinking, foresight and acumen. It seems to me that there are obvious elements to consider. Tax is not a devolved matter, or certainly not in those areas at the moment, but there are potentially other areas. It seems to me that, if we are looking at the future of an industry, and we are talking about education, training and so on, at the end of the day, if you cannot access it, and the people get demoralised and therefore drop out, disappear or do not stay, et cetera, then, you are undermining that whole sustainability itself. Is it correct that this is a particular issue that needs a specific focus and examination, in itself? It seems to me that, in looking at these things, they are a bit dysfunctional.

[70] **Mr Morgan:** As was discussed this morning, land price and access to land is a big issue, because it does not bear much relation to the returns that you can get off there. Ed mentioned meetings with the banks and so forth at the Royal Welsh. We have had a number of discussions over the summer, and there are a lot of good examples of young farmers having started off, in terms of contract farming and share farming, or having put their foot on the ladder through a small tenancy and then building up. Maybe we have all got a role to play in trying to highlight those examples, and in helping to facilitate and show that there are opportunities there, to give people some confidence that there is a way in. However, clearly, this is a big issue at the moment.

[71] **Ms Nowell-Phillips:** I totally agree. We are still waiting for the report that the Minister asked for on the review of the young entrants support scheme. There are two types of new entrant: there are those who are looking to set up, but they have their parents' support behind them, so that, for loans and things, they can act as a guarantee, and then you have the new entrants who are coming in with nothing. Darren was relying on a tenancy. He does not have the ability to lever in large amounts of capital. So, he is quite different. As I said, there are two things that we need to look at: how we facilitate succession and how we get new entrants in who do not have a lot of capital behind them. Historically, that would have been the role of the county council holdings, which we do not have now. However, certainly, there is work that is done elsewhere in world, as Dylan mentioned, on contract and share farming, and even now in England, under its rural development plan, they are matching farmers up with skills and younger people, and I think that there are huge opportunities for us in Wales, perhaps under the next programme, to be looking at what happens elsewhere. However, it is a subject that needs drilling down into and it is worth the committee doing an inquiry into that entirely.

[72] **Joyce Watson:** Good afternoon, all. I want to ask two questions. The first is on

sustainable intensification and to have your views on looking towards the future. I am thinking here about larger scale farming, particularly in the dairy industry and very large scale production, and the impact that that might have on the sustainability of the communities within. What are your views on that? That is the first question that I have. I would also like your views on any likely impacts the Welsh Government's proposal for implementing the new direct-payment system may have on sustainable land management in Wales. Might that impact on the move towards a distribution of payments on a land-category basis? Those are the two questions.

[73] **Mr Bailey:** I will kick off with the second question with regard to the Welsh Government's and the Ministers' sufficient flexibility now to deal with the problems that are arising regarding the reform of the common agricultural policy and quite how we move away from what is known as historic-based payments to an area-based payment. We cannot do anything but acknowledge our gratitude to the Welsh Government for the amount of work that it has done, and certainly for the amount of research it has done and the modelling that it has been able to do to give us some idea, because it is only the Welsh Government that could do that. Certainly, the unions do not have that sort of knowledge to do so. As you can understand, it is causing a massive amount of concern among farmers, because farmers know exactly what they are getting into their business through the brown envelope, as we used to call it, and I think that the problem is the fear that that support may not come in the next few years, or that it will be diminishing until the end of this next financial period. So, land classification within the CAP reform in Wales in particular is a difficult subject, because there will be winners and losers. As representatives of all farmers, it is difficult for us to comment on the way it should be done. However, I would just reiterate our thanks to the Government for producing as much research and modelling as it has already taken on.

[74] **Mr Morgan:** On the first element, it is like a lot of the things we have discussed in this inquiry, in terms of definition of 'sustainable' and 'eco-systems' and various things—it is difficult to discuss what is large or small-scale. We do not look at farming in that shape or form. I think that there is room for all systems of production in Wales. What is most important of all, when we are talking about food production, is the welfare of the animals and the food safety aspects. In terms of farming in Wales, we are talking about the wider community—farmers play a huge role in keeping the rural community going, not just through the normal things that we expect, in terms of feed merchants and veterinary services, but also through the employment of builders, plumbers, electricians and the like. So, I think that welfare and food safety are always paramount in terms of food production and there is room for all sizes and types of farms within Wales.

14:00

[75] **William Powell:** Is there any perspective from the FUW on that at all?

[76] **Ms Nowell-Phillips:** I believe that the union's policy is to oppose the megadairies. However, if you look at the matter purely on the basis of sustainability, from NRW's point of view, you will see that a megadairy makes far more environmental sense from an impact point of view. On welfare, again, if you have your own vet on-site, you tick the welfare box. So, it is the displacement—how many small businesses does it displace is where the FUW's view came from, not the efficiency, the environmental impact or the welfare of animals. We have differing policies on the megadairies; however, that is probably basically down to displacement.

[77] **William Powell:** We all await the Minister's ruling on the high-profile case just outside Welshpool, which is still being deliberated upon, I believe. I am conscious that time is somewhat against us, but I wanted to ask briefly what contribution you feel that an area of natural constraints scheme could make to help secure the future of farming?

[78] **Mr Bailey:** Shall I kick off? It is certainly something that we have suggested that the Minister keeps in his toolbox, because it could be a very useful way of evening out the process, for example if the moorland line—and, obviously, as Ms Watson mentioned, there are different land classifications—is adopted and if it proves that hill farmers who have had a pretty torrid 18 months need that top-up in one form or another, whether that comes from pillar 1 or pillar 2. In our view, the support for the LFAs should come out of the rural development programme and be in pillar 2 for the sake of not impacting on food production. However, the ANC—area of natural constraint—is something that I mentioned in my opening remarks, when I talked about the demise of the LFA payment—Tir Mynydd, as it was called. That finished last year, as you will be aware, in 2012, and I am slightly concerned that by the time that they decide on the ANC line, not just within England and Wales, but within Europe, it could be several years hence. While it could be a useful opportunity, I feel that, again, time is slipping through our fingers. I have grave concerns for the uplands industry in that period when that money, which I think relates to between 18% and 25% off the bottom line of farm businesses, has gone. Unfortunately, it has been taken off in probably the very worst possible year, with the benefit of hindsight. However, the ANC is something that should and will hopefully put something back into those areas, if it is needed. A lot of whether it will be needed or not depends on the way that the Minister decides on what payments to make in which particular areas. I think that we would probably rather that it would not be needed as opposed to it being needed.

[79] **Mr Williams:** I think that we would be supportive of an ANC scheme, but the definition of ANC, especially as someone coming from Anglesey—[*Interruption.*]

[80] Mae yna leoedd anodd i ffermio yn There are some difficult areas to farm on
sir Fôn, yn ogystal ag mewn rhannau eraill o Anglesey, as well as in other parts of Wales,
Gymru, felly byddai gennyf ddiddordeb so I would be very interested to see what the
mawr i weld beth fyddai'r ardal â definition of the ANC would be.
chyfyngiadau naturiol.

[81] **William Powell:** On this occasion, we have given Ynys Môn the last word.

[82] Diolch yn fawr iawn am y sesiwn Thank you very much for this session.
hwn.

[83] Thank you so much for all that you have contributed today and also for facilitating the visits this morning, which my colleagues, I know, particularly enjoyed. I am sorry for having made a slightly late start and for detaining you for that little bit longer.

14:06

Rheoli Tir yn Gynaliadwy: Tystiolaeth Lafar Sustainable Land Management: Oral Evidence

[84] **William Powell:** I have just turned off my own second phone. I will ask colleagues to check that their devices are switched off, because there is evidence of an element of interference on the system.

[85] I welcome you all again to this session. I know that our next witnesses caught the general line of questioning that we had previously with both of the farming unions. It is great to see the future generations of farming represented here with the Young Farmers Clubs as well as other important stakeholders. We have a Ceri Davies and a Keri Davies, so we will need to be a little bit cautious in that respect. I will ask you to introduce yourselves to get the

sound levels and then I will make a brief opening statement before we kick off with our specific areas of questioning.

[86] **Mr K. Davies:** I am Keri Davies, representing the organic sector today. I give apologies from Emma Hockridge who, unfortunately, could not represent the Soil Association today. Thank you for giving me the privilege of speaking today. I am a beef and sheep farmer in the Brecon Beacons. I have given evidence before. Hopefully, I can talk about low-carbon farming today as well.

[87] **William Powell:** That is excellent. Thank you.

[88] **Mr Underwood:** I am Ben Underwood from the CLA, the Country Land and Business Association. What I want to emphasise today is that land managers and landowners have been performing sustainable land management for generations and, indeed, when you ask the question ‘What is most important to you?’, the first answer that people give is cash flow and the second, generally speaking, is the ability to be able to pass on land to the next generation in a way that is just as profitable economically and just as environmentally and socially sound as when they took it on. Therefore, I feel that sustainable land management is a principle that land managers, farmers and rural owners of businesses are very familiar with. Therefore it is how we parcel, discuss and portray sustainable land management that is important.

[89] **Ms Price:** I am Sarah Price, the rural development officer for Wales YFC. I support the rural affairs chairman and vice-chairman.

[90] **William Powell:** Excellent. It is good to see you.

[91] **Mr C. Davies:** I am Ceri Davies, the Wales YFC rural affairs vice-chair. I would like to apologise for Iwan, who could not be here today. I farm locally just on the outskirts of Brecon. I am sort of concerned about where the future is for us in farming, and I would like to thank you all for coming. It was nice to see how much talk there was coming through in the previous session about the young farmer. It was very encouraging. Thank you.

[92] **William Powell:** It is good to know that we are doing something right. That is excellent. I would just like to kick off briefly with a question around ecosystem services and payment for such services. Can you think of specific examples that come to mind where that is already taking place and would potentially be a good way of demonstrating the benefits that that has for the industry and for the future?

[93] **Mr Underwood:** I will kick off. The first thing to say is that my view is that we need to take this debate on to the next step now. I have sat in so many meetings discussing what a consistent service is. It has been defined in so many ways. I think that we all broadly know about food fibre, recreation in rural areas, carbon sequestration and all of these wonderful things, but I would like to see more discussion and drilling down as to the mechanisms that we could use for those and to take that debate further on. One thing that we are looking at very closely at the moment is biodiversity offsetting, which is basically leveraging in funds from developers without, for the first instance, I must say as a caveat, stifling development in any way. It is about effectively saying that if you are going to build—and the principle that we have run with is to have a threshold of 25 units or more—you would offset any impact on biodiversity by, effectively, bidding to a habitat bank, which would be provided by landowners and farmers from across Wales. They would, effectively, offer up areas of their land and say, ‘You pay me on a yearly basis, and that will allow you to continue with that planning application and get the planning that you need’. That is put in very simplistic terms. We do not think that that would be an agreement in perpetuity, but our ideas are looking at around 66 years or so. Therefore, effectively, a landowner could say, ‘I have a piece of my

farm or land that I actually want to offer up to this habitat or land bank, and Wimpey, Redrow or whoever could come along and say, 'Right, we are after some land to offset our biodiversity and environmental credentials. We want to make you an offer'. That begins to move us into very much an economic transaction and a business decision, rather than this limping on with dependence on EU handouts which, as we know, will decline as we move forward. So, that is just one idea that I threw out there.

[94] **Mr K. Davies:** In reference to this, I think, the Soil Association developed a booklet called 'Low Carbon Farming'. I do not know how widely it has been available. Has anyone seen this booklet?

[95] **William Powell:** Do we have a copy as a committee? It would be of interest, would it not?

[96] **Mr K. Davies:** Have you all received a copy?

[97] **William Powell:** I do not believe so.

[98] **Mr K. Davies:** With your permission, I will ask the Soil Association to forward them to you.

[99] **William Powell:** Yes please, that would be of interest.

[100] **Mr K. Davies:** We met with Mr Peter Davies and he was really struck, in terms of sustainable land management, by the effectiveness of working with the soils—starting with the soils, and working from there up. So, a lot of work has already been done on that. The booklet is easy to read, and I think that you will find it very useful. Obviously, promoting a scheme that is already there, and has somehow been pushed to the back, is organic farming. It may seem miniscule, but 8% of the land mass in Wales is involved in organic farming, which is a significant proportion of land. I am not an actual organic farmer, but I am amazed at how efficiencies have been driven in terms of our farm income from understanding what it means to get red clover lays working well and producing protein off-farm and driving down food miles. So, that is a major impact.

[101] Further to that, the old Tir Gofal scheme has gone, there is no point talking about it, but it had some great credentials. We understand where the targeted options of the Glastir are possibly making mistakes in today's world, for example by heavily pointing towards bat conservation and areas of flood risk, with very little impact on the farmer himself. The farmer does not understand why so much money is coming to the farm but that he is not directly in control of the project himself. I do not know whether we should be discussing this today, but we, as farmers, are concerned that, while broad and shallow and part-farm schemes will probably carry on—everyone is talking about the same thing—there is quite a massive number of projects being taken on, with a lot of heavy expenditure, taking commitments for the next five years under contracts. We will be going so quickly and fast, with Tir Gofal finishing in 2013, into the heavy impact funding implications. I think that it is going in the wrong direction. I do not think that it is driven by farmers, it has not been understood by farmers, and I think that it needs to be stopped as quickly as it started. I also think that it is a view within the Welsh Government. I strongly believe that it comes with a health warning.

[102] **William Powell:** Do you feel that there is inadequate representation of farmers in the development of policy?

14:15

[103] **Mr K. Davies:** Very much so. It is still a secret; it is still not understood by farmers.

It was not trialled in any shape or form by the industry. It is represented by environmentalists and they have the major input. I fear that those same people will criticise its demise in five years' time when they had the biggest handle in setting it up in the first place. It is high time that people understand that, if the farmer does not understand why he is getting £120,000 to his farm over the next five years and what habitats he is trying to protect, it has very little chance of succeeding in the first place. I am concerned about where we are going, quite quickly, with eye-watering commitments to funding, as the Minister described.

[104] **William Powell:** Is there a young farmer perspective that you would like to bring?

[105] **Mr C. Davies:** I agree with what Keri said. We have a long way to go to farm more efficiently, as an industry. I am not saying that we need support for that, but we need time to change. They say that you should be turning over 10% of your farm every year, but it takes time to be able to progress to that. You cannot, in year one, go in and plough 10% of your farm, because you will not have enough grass cover left to graze. You have to start off lower—2% or 3%—and build and build. With the hit that we could have over the next five years, that is not going to give farmers enough of a chance to be able to turn their system around in time. It is very expensive to farm efficiently. You do not see results in the first five years or so. We are setting down that road and have been doing it for six or seven years. It is only now that we are really starting to see that it is making a difference. I do not suppose that we have covered more than 30% or 40% of the farm, but the low inputs are already coming through. Keri touched on the red clover situation. The lays before that were getting 300 white fertilizer; we have managed to cut that down to 50 by injection with slurry for two cuts of silage, which is the best quality that we have made by far. Just to reduce the carbon footprint by that is huge, and that is over 10 acres. It would be nice if we could farm 70% of the farm at that sort of efficiency, but we will not get there overnight, by any means.

[106] **William Powell:** That echoes the points made by Rhian in the previous session. It is a big vessel to turn around. I am conscious that colleagues are keen to come in. Antoinette has indicated, and then Julie and Mick.

[107] **Antoinette Sandbach:** To Keri senior—or to both of you, really—one of the points that you made was that Glastir was not trialled in any way. With the ecosystem-services approach, we do not want to make the same mistakes again. So, what are your recommendations on trialling that? Ben, you gave some examples of how biodiversity might be measured or offset. What indicators could be used in those trials to start to put a value on the goods and services being provided? It seems to me that, if we are talking about ecosystem services and a holistic approach, there will have to be some form of payment or support for the services that you deliver.

[108] **Mr K. Davies:** The absence of a project officer is an issue. If it is not measured at the start, how can you measure it at the end? That is where you really need to hold the environmentalists to account in some form. How can they criticise how badly we have done when it was not measured at the start? If we do not measure it now, before going into the next scheme, we will never know how well we did. There needs to be a firm gathering of information on farms, to understand where the habitats are. Farmers will obviously try to protect what they feel most proud of. If you work with farmers on a farm level, they will understand which areas are most agreeable for added value. They will be quite happy to do so and you will have success. It should be done holistically, rather than part-farm. It is about joined-up thinking.

[109] We represent the upper Usk reaches and we cannot understand why we are not talking about carbon secretion in the valley and acid rain. Why are we not introducing a liming capacity to reduce the pH in the river so that we increase fishing stocks and create tourism? That comes from an approach of looking at showers of rain rather than a part-farm

area boundary. It does not understand that. We are surrounded by forestry. Unless we look at it as an area with potentially high rainfall, we are never going to achieve the ultimate goals that we are looking for here.

[110] **Mr C. Davies:** Touching on the Glastir element, I think that it is a very good scheme, and the people involved need to learn from the previous schemes. I think that we have, hopefully, just been selected as one of the farms in Wales for the all-woodland element scheme for Glastir. There are two in north Wales and one in south Wales, and I think that we have been selected as the one in the south. However, when officials asked us to go for it, I think that they wanted 80% of your woodland area to be fenced off, and we have a lot of open grazing woodland and we were going to lose about 60 acres of grazing, so I said that we could not opt for that. They have come back with a revised proposal, which is a lot more accessible to us as farmers.

[111] However, some of the negative things that I have picked up from what we are finding is that they will quite happily let you manage the woodlands by means of topping and stuff like that, which still have carbon footprints going into managing it, while they will not let you open the gate for a month for temporary grazing for control. That has far less input and is less work. That is my opinion on the woodland element of the scheme. However, it is going in the right direction.

[112] **Antoinette Sandbach:** Ceri, may I just ask you whether you farm on your own or are you part of—

[113] **Mr C. Davies:** No, I farm under my parents. We are not in partnership or anything, but they are very supportive and let me have a good go.

[114] Touching on the young entrants support scheme, I think that 51% is a very big ask. We are in a position at home where we have not long finished paying off the one block of ground that we bought. We bought an additional unit about six or seven years ago. I am 28 and I am in no position to ask them to give me majority control of that sort of thing. So, perhaps work needs to be done looking at a third or 40% and progression into the industry. You talk about getting young people in, so perhaps you could start off at 10% and then build, perhaps over a five-year period or something like that, to get a partnership.

[115] **Antoinette Sandbach:** One of the things suggested to us was a sliding scale for the older farmers, from 65 to 75 years old, so that they would not be able to claim the single farm payment. Starting at the age of 65, they would have a 10% penalty and, by the age of 75, it would be zero, if you see what I mean. So, every year, a claim would reduce by 10%. What do you think about that as an idea to try to encourage succession planning?

[116] **Mr C. Davies:** I understand where it is coming from. You need to try to get the younger generation onto the farming ladder, but there will be farmers out there who are perhaps still paying off holdings at that age. They should have the confidence in their offspring coming through to take the reins and to have a good go at it. Perhaps if there were a shareholder situation, where they were not in full control, but as long as they had a majority in the business, and someone else got their foot in the door. By the age of 65 to 67, you are coming to the end of your hard-working career; it is a point in time when you need to give somebody else a chance to have a go.

[117] **Mr K. Davies:** I think that Welsh Government has been looking at this and it is fearful of the age discrimination Act once you start mentioning any penalties for over-65s. So, what we have been looking at is the active farmer test. We feel quite strongly that, if one partner is not within the 65 age bracket, possibly we can bring some impact to the single farm payment. If one farmer is within the 65 age bracket, they still potentially have an active role

to play in farming. However, we are also looking at a higher hurdle, to create an active farmer test to stop land banking. There is potential with the May 2014-15 integrated administration and control systems forms. If we do not cure this land banking problem, we are looking at a minimum stocking density to be able to make sure that the National Trusts of this world do not pull the land back to own the entitlements in this round. It is quite a crucial period, when people could land bank the entitlements. So, we are looking for an active farmer test that is workable, and it seems like a minimum stocking density of 0.4 or something like that—you would have to show stock on your IACS form, and if you are an arable farmer, maybe a contract. We do not have too many problems with arable or whole arable farms with no stock, but there are a few. There could be some sort of contract-type share so that they were active partners in a business.

[118] In all the emphasis on young farmers, I think that there are many aspects to young farmers, and we are looking at incentivising subsidies or grants in the future. We have a 25% uplift to the national reserve for the youngsters. However, there comes a point in life when you are 40, you have three children, you are very much in control of your business and you are the farmer who most needs that help. So, there is a big problem with that cut-off point of 40, and we think that it possibly should be tapered into some sort of stimulation in grants, even in that period, if they are showing a big commitment to agriculture. So, there are a lot of aspects to the young farmers in an age bracket that is possibly not defined as under-40.

[119] **Julie Morgan:** I wanted to ask about young farmers and, generally, how easy or difficult it is for a young farmer to get into the farming business if they were not working with their family. For example, we went to a farm this morning where the person we saw said that 60 people had applied to run that farm and only one got it. Could you comment on that?

[120] **Mr C. Davies:** I have tried for a tenancy farm and have failed to get it. There were a lot of applicants for it. They do not come up very often, and when they do, the market is flooded. The first option is that it should go to a family—husband, wife and kids; give them the opportunity to get on the ladder. However, when there are so few options coming up and with the price of land today, trying to get started is nigh on impossible. We were speaking about this the other night, and we were thinking that there could, perhaps, be some sort of low interest rate scheme for young farmers trying to get out there. The YESS scheme is very good, and we appreciate the hand out that we get, but we do not mind working as well. We just want a little bit of help when we are trying to get started. We do not want everything handed to us on a plate. We are quite happy to work, but if we could have a little bit of comfort support—a guarantor, or something like that—that would be good.

[121] **Ms Price:** We have a new project that was launched last year, which is called the Llyndy Isaf scholarship, which we run in partnership with the National Trust. It is a scholarship for a year, and one of our members can apply to be farm manager at Llyndy farm in Snowdonia for a 12-month period. Obviously, it is only a short-term thing, but it is about getting into the industry and having that experience to go on. If you are applying for a tenancy, you will have that 12-months' experience of managing that, and, of course, they are transferable skills to any other industry, if the member would prefer to go into that. So, just to let you know, we do have something.

[122] **William Powell:** That is really interesting, because the committee will be going there later in this term.

[123] **Julie Morgan:** So, will that sort of scheme help you compete in order to get a tenancy?

[124] **Mr C. Davies:** Yes. Everybody looks for experience in work. If you had something like that on your recommendation, going in for a tenancy, it would put you one step in front

of somebody else.

[125] **Llyr Gruffydd:** It gives you a better opportunity, but not more of an opportunity.

[126] **Julie Morgan:** No, because there are not enough tenancies.

[127] **Joyce Watson:** I do not know how many local authorities still run tenancies, but I remember a discussion when I was a Pembrokeshire county councillor about the length of those tenancies and the succession of those tenancies. They never really were tenancies; they were just opportunities for people to keep the rent of those landholdings within the same family. If local authorities still have tenancies available within their own holdings—I do not know how many still have them—do you think that it might help if they were time limited so that they became real opportunities in the way that you just described, letting people prove themselves so that they, in turn, have an opportunity to gain a long-term tenancy in the marketplace and to convince bank managers and others to invest in their futures?

[128] **Mr C. Davies:** I could give examples where council tenancies have already worked out. A local farmer who started off at a 70-acre smallholding progressed up the ladder and now has a 300-acre unit. So, they do work. On the issue of a timescale, you have to be careful because so few farms come up for tenancy now. Would you be evicting them before they had a chance for another holding to come up?

[129] **William Powell:** It would be helpful if the YFC, in particular, was able to contribute to this current piece of work that Welsh Government is doing and which Powys County Council is facilitating. So, as a committee, we can find out more details and maybe share them with you.

14:30

[130] **Mick Antoniw:** A lot of the points that I wanted to ask about have been covered. There are just two points that I am not very clear about. The first is the shortage of available land for farming. Is it the case that there is sufficient land and that it is just not being used or is not available or is it basically that we have not got enough land for the demand that exists? The second is the interaction between the availability of housing and the impact that that has on having the capacity to farm, because you said that for some, those whose parents are in farming already, there is a certain reserve, but people do not want to live with their parents forever—they want to develop an independent life. So, that sort of thing can be restricting as well. People may then move away et cetera and choose other options. So, it is land and housing that I am quite interested in and how they interplay.

[131] **Mr C. Davies:** Land is now being used, in my opinion, for investment purposes. A lot of land is being bought up now that is not being farmed by those who have bought it. It is just initially bought and then rented straight out, and that is flooding the market for us. We are getting priced out of competition, and we really cannot afford to compete. You are talking about a 150-acre farm at over £1 million. I think that the public has a poor perception of how the taxpayer's money gets spent on the farming industry. It looks like we have a lot of money coming in, and everyone says, 'Oh, you never see a poor farmer'. It is a high turnover, low-profit business. You are asked, 'What's your average minimum wage, about £25,000 a year?' To pull out something like that is not possible in the business at the moment. We run around 600 or 700 acres, 200 acres is rented. I have three brothers and not one of us is fully employed on the farm, because there just is not enough money. The workload is there to keep us, but the money is not in the business to hold us there. There will be a lot of other young farmers out there who are holding down multiple jobs. In effect, you are supporting the farm. It cannot afford to pay us, so we have got to go out and get additional work to support the farm. That is surely the wrong way around.

[132] I think that better links need to be made with the supermarkets, as 21.5% is the top deadweight for their payments. Perhaps more work needs to be done there, looking at getting a better market so that we can produce a heavier lamb without getting penalty payments on it. You can farm only so efficiently. Stocking numbers can get only so high. The beef industry is already going down the right path with producing heavier carcasses. If we could go down the same sort of path on the lamb side, perhaps that would give us a better margin on our end product.

[133] On the housing side, I guess that I can speak first-hand about that as well. My two brothers and I have applied for affordable homes—we have lived in the same village since we were born. We got advised to apply for two affordable homes together, because that is what they like to see. We were rejected immediately, so we have now put in for one. We have just had planning—we have not started any ground work yet, but it has taken in the region of about three years to get planning for this. I thought that the systems that we hear about should be supporting local people to work in their local area. It does seem very hard work with the planning authorities—it is very time-consuming and long-winded to get a result.

[134] **William Powell:** It can seem very adversarial as well.

[135] **Mr Underwood:** I have, quickly, two points on housing, which is an area that I can speak on. First, technical advice note 6 was put up on a pedestal as a tool in Wales to help deliver the housing that we have just heard about. It is not being implemented as it should be on the ground. You will have heard me say this many times before, but you speak to senior civil servants in the Welsh Government about it, and they still promote it, saying, ‘We’ve dealt with that issue’, but, actually, it is not being implemented on the ground by the local planning authorities. So, I make that point.

[136] Secondly, while I do not like to make comparisons, over the other side of Offa’s Dyke, they can cross-subsidise affordable housing with market-rate rented housing, which brings forward small organic growth in affordable housing from farmers and landowners on the periphery of small urban areas and villages. You cannot cross-subsidise in Wales and, therefore, that is without doubt holding people back from coming forward to try to build affordable housing units on the edges of villages and areas with small populations.

[137] **Mr K. Davies:** It is about understanding profitability. If you are going to encourage the young entrants to come forward into farming, it has to be profitable, otherwise, they are never going to feel passionate about following in their father’s footsteps when they see him struggle all of his life. In terms of profitability, what is achievable in the small timescale that we are looking at in this meeting today? There is a need to understand the cohesion between different departments. Natural Resources Wales is a new body. I was so hopeful that NRW would have blue-sky thinking, understanding that it is away from the Department for Environment, Food and Rural Affairs, a clean sheet and could make a difference for Wales. Unfortunately, we seem to be thinking—. For example, the last quarter of this book on low-carbon farming is about renewable energies. In order to get a hydro scheme through these days, we were hoping that NRW would reduce the red tape. However, in fact, as the Brecon hydro scheme, or whatever it calls itself in the Brecon Beacons—

[138] **William Powell:** Green Valleys.

[139] **Mr K. Davies:** Yes; thank you. The Green Valleys initiative is up in arms that the length of time needed to get an abstraction licence has made it doubly difficult. That is just one example. I have another, which is a composting business for Powys County Council. We take the leaf litter off the road and it is used as compost on farms and turned into valuable food for the soils. We have land permits, which have taken us two years to achieve. However,

last month it was decided, after the end of the 12-month trial, that it was no longer fit for purpose for land use. All this must now go to landfill in the whole of England and the whole of Wales. The cost implications of that have gone from £20 a tonne to £100 a tonne. In Powys County Council, unlike every other council, every sweeper is right now parked up in the yard and cannot move. The council cannot afford to pick up the leaf litter, so it stays on the road. There will be horrendous deaths on roads in Wales due to the fact that they have found a heavy metal in there. We have not been given the results of our trial, and I do not understand that, when I have asked for the information of my composting results, I am not allowed to see them. I have asked to have a discussion at a high level to understand the cost implications of a simple thing being taken away—the licences to compost the leaf litter. Nobody can move in the whole of England and Wales. We are five or six weeks away from the leaf fall and we are going to have a major problem. Nobody is listening. Nobody understands it. I do not understand where NRW is taking this. Is it trying to find jobs for the organisation itself? What is the reason for it? When I ask for the information, I do not get it. So, my next request is to go to the Minister to understand what is happening from the top down. I have tried from the bottom up, but I want to try from the top down now to see whether I can find that out.

[140] **Antoinette Sandbach:** You need to write to it under a subject access request under the Data Protection Act 1998. It is not allowed to refuse you the information, but you need to specifically do that. It will probably charge you £10 for the pleasure.

[141] **Mr K. Davies:** I can only ask for my test results. Powys County Council paid £12,000 just for its composting results.

[142] **Antoinette Sandbach:** Yes, just for yours.

[143] **Mr K. Davies:** I do not want that to become the issue today. I am asking you to generally look at how well NRW is behaving. If we are going to talk about the profitability of renewable energies when it is making it three times as difficult—it was always taking two years before. Glasnant Morgan was a case in point. He has a £160,000 hydro scheme going up. He wants to put it in his three sons' names to create profitability for his farming, and there are 20 different tick-boxes for which each environmental scheme could ask for impact studies to be done. He is just holding up his hands and saying, 'How much more of this do I have to take at £800 a shot before I can even think about spending £160,000?' Why are we causing these problems to the very thing that will create profitability? It is there for us. We have the regime and we have actual natural resources here in Wales. We are not allowed to implement these things because of red tape and bureaucracy. Please help us.

[144] **William Powell:** Thank you. We have heard what you are saying. In our different ways, we will take that forward. Thank you.

[145] **Mr K. Davies:** Thank you.

[146] **William Powell:** I now call on Llyr Huws Gruffydd.

[147] **Llyr Gruffydd:** My issues have been addressed. I was going to ask about renewable energy, but you put it much better than anyone else.

[148] **William Powell:** What are your views in terms of the forthcoming RDP and the elements that could be further introduced and refined that would actually serve to increase environmentally friendly farming, but in a way that does not impact adversely on food security?

[149] **Mr Underwood:** I have two clear points on that. First, we still bang the table about the need for a commercial forestry grant element in there, even more so at the moment in the

light of disease outbreaks and everything else going on. That is my first point. The second thing—as you have already heard it mentioned today—is a part-farm scheme and the fact that one could choose to put considerable time resource into certain areas of a landholding to produce environmental goods and also be open to farm for the market elsewhere.

[150] **William Powell:** Excellent.

[151] **Mr Underwood:** However, it would be anti-15% modulation.

[152] **William Powell:** Okay. We will give the last words of today's session to our YFC representatives. If there is something that you would like us to take away from today's session—one final nugget—could you please share that with us?

[153] **Mr C Davies:** That is a big question to ask. We just need support and time to get us to where we need to be. We appreciate that cuts are going to come, and that there will probably be more of them in the future. The farmers will step up, and there are a lot of very young farmers out there who are keen. We can change with the market times, but we need time to do it.

[154] **William Powell:** So, it is about help with adaptations.

[155] **Mr C Davies:** Yes.

[156] **William Powell:** Excellent. Well, thank you very much for what has been a concentrated session. We have taken some very salient points on board, and there is clearly quite a lot of further work that we need to do to take these issues forward. Thank you for the time that you have shared with us today and for the insights that you have given us. Diolch yn fawr iawn.

14:42

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**

**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[157] **William Powell:** I move that

the committee resolves to exclude the public from the remainder of the meeting, in accordance with Standing Order 17.42(vi), so that we may discuss some internal business of the committee.

[158] Are there any objections? I see that there are none.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 14:43.
The public part of the meeting ended at 14:43.*