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Consultation Document

A Strategic Framework for Welsh Agriculture



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Action required: Responses by **27 August 2015**

Overview

This consultation presents proposals for a strategic framework for Welsh Agriculture. The proposals have been developed jointly between the Welsh Government, Farmers Union of Wales, National Farmers Union Cymru, Country Landowners Association Cymru, the Agriculture and Horticulture Development Board, the Dairy Development Centre, Hybu Cig Cymru, Wales Young Farmers Club and the Tenant Farmers Association Cymru. Other industry bodies have also contributed. The framework sets a vision for a prosperous, resilient industry and describes in outline how joint working to provide strong, collective leadership might be achieved bringing together policies, plans and reviews to move the industry forward in a unified manner.

How to respond

Please send your responses to the questions to the address under the contact details.

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

For further information:

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Data protection

How the views and information you give us will be used

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about. It may also be seen by other Welsh Government staff to help them plan future consultations.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.

Contents

Foreword - Deputy Minister for Farming and Food	1
Introduction	3
Our vision	5
The wider context – challenges, opportunities and threats	6
How will the strategic framework be progressed?	9
Consultation response form	10
Annex 1 - Core Reports and Industry Reviews	12
Annex 2 – ‘Principles paper’	13



Rebecca Evans, AM
Deputy Minister for Farming and Food

Foreword

I am delighted to start consultation on a 'Strategic Framework for Welsh Agriculture'. I am launching the consultation at the Wales Farming Conference 2015 in conjunction with Emyr Jones, President of the FUW, and Stephen James, President of the NFU-Cymru. The framework proposals have been developed jointly with both farming unions, CLA Cymru and other stakeholders. These and other industry bodies have already developed principles for how the industry can work together to use the Rural Development Programme to best effect. That work, alongside other important work including Working Smarter, is a springboard for the proposals presented in this consultation. Several other industry bodies have contributed to this consultation which sets out our shared vision and how we will work together. This is very much a joint initiative, with leadership from across the industry.

At the heart of our shared vision is a prosperous, sustainable industry. Modern, professional and profitable farm businesses which have long term futures are fundamental to success. We want an industry that is forward looking; uses best practice; works to safeguard and enhance soil, water and the natural environment – the bedrock of farm production; strong farm businesses able to withstand setbacks; an industry that offers a wide variety of quality 'products'; an industry that creates skilled jobs - in short a sustainable, resilient industry that contributes to Wales' prosperity and well-being.

We are proposing a long term vision, a case for it, and initial proposals about how to achieve it. Integral to it is how we need to work together – the Welsh Government, stakeholders and individual farmers. We propose a partnership approach, very much led by the industry, with detailed action planning to be undertaken by working groups. We have deliberately not set timescales because the framework is about a way of working to realise a vision. Detailed action planning will set goals and timescales and will take account of and ensure delivery of the many policies and importantly, the many recommendations from the key independent reviews that have taken place over recent years.

Our guiding principles are that we will achieve much more by working together and that farming must become a sustainable industry in the widest sense. The Welsh Government and its partners look forward to your response about how you want to take our industry forward.

Introduction

Why we need a strategic framework for Welsh agriculture

1. Welsh agriculture is important for Wales and we want it to thrive. We have strengths but we can do more to realise agriculture's potential. There are opportunities for the industry, and there are challenges and threats we must address. The strategic framework is our proposal for taking united action to do this. The agriculture industry manages 80% of the land surface of Wales, contributes £244¹ million per annum in Gross Value Added (GVA), and is instrumental in shaping and maintaining Wales' landscape and natural environment. Farming is a key employer in our rural areas with strong linkages with the food and drink sector which generated a turnover of £5.7 billion² in 2013. Total employment in the Food and Farming subsector was 44,600³ in 2013. Recent research indicates that family farms in Wales procure over 80% of goods and services from within a 25 mile radius of the holding⁴, making a wider contribution to local economies and communities. Unlike some other parts of the UK, cultural connections with farming across Wales remain comparatively strong, and agriculture continues to play a major role in attracting tourism and sustaining the Welsh language. The industry has striking advantages with a benign climate, ample water supply, a very large UK and EU market, recognised quality products and close relationships between the Welsh Government and industry bodies.
2. Nevertheless, Wales' farming industry has unrealised potential, its GVA could grow boosting the £52.1 billion⁵ GVA (2013) total for Wales as a whole, it faces significant immediate and longer term challenges in terms of market conditions, environmental and animal health issues and wider resource use. It is heavily reliant on CAP direct subsidy and standards of technical and business performance are varied. Reviews and episodic crises have pointed to the need for change, and yet, although there are many successful farm businesses and inspirational individuals across Wales, the industry and the Welsh Government working together can go much further to fulfil agriculture's potential to benefit Wales as a whole. To make lasting improvements we need joined up focus on the industry's long term future that takes account of its potential to contribute greatly to the well-being of Wales as a whole. We also need to raise the public's understanding of the industry's importance to Wales.

¹ <http://gov.wales/statistics-and-research/priority-sector-statistics/?lang=en>

² Inter-Departmental Business Register (IDBR), ONS

³ Annual Population Survey, ONS

⁴ Wales Rural Observatory (2013) An Analysis of the Socio-Economic Impact of CAP Reforms on Rural Wales Phase 3, 4, and 5 Report: Impact on Rural Society and Economy. The full report can be found at: <http://www.walesruralobservatory.org.uk/sites/default/files/An%20Analysis%20of%20the%20Socio-Economic%20Impact%20of%20CAP%20Reformson%20Rural%20Wales%20Phase%203%2C%204%20and%205%20Report.pdf>

⁵ Office for National Statistics (December 2014) Workplace based GVA (I) for Wales' figure

3. To achieve these goals we need to have a strong, clear and shared vision of what we want. We need to organise our efforts and pull together – in other words we need a strategic framework which we use to bring shape and order to our efforts.

What is this consultation about?

4. This document takes up the challenge – it proposes a vision and it makes proposals about how we might work together. It asks for your response to this new approach.
5. We are proposing a ‘framework’, not a strategy. Our proposals are about what we want to work towards – the ‘vision’ - and how we think we can work together to achieve it. We are not proposing the detail or setting plans and targets. That detail is important – some of it is already in place – and where it’s not already in place it needs to be created, agreed and put into action, but it is not for this document. This consultation document is about setting the direction and the principles of how we take up the challenge. At its heart is the principle that no one organisation, neither the Welsh Government nor any industry body, can on its own secure a profitable and prosperous future for agriculture in Wales.
6. The proposals are the product of work by the Welsh Government, the farming unions and industry bodies to develop a shared vision and way of working for the industry’s and Wales’ long-term benefit. This journey started with Working Smarter; it developed further with a number of key industry bodies coming together to propose principles for working together to maximise benefit from the Rural Development Programme (**Annex 2**), this consultation is a further important step. It is our view of how we might move forward informed by Working Smarter and the principles work in particular.

Our vision

7. Our vision is simple. We want:

'A prosperous, resilient agriculture industry promoting Wales' present and future well-being.'

8. By prosperous we mean farm and related businesses are profitable, creating skilled employment and bringing widespread economic benefit. By resilient we mean businesses that are robust and therefore able to withstand setbacks – economic or from natural causes – and that are better able to manage with the anticipated decline in direct support from the Common Agricultural Policy. Welsh Agriculture must be market focussed, alive to current demands and future opportunities. Production must be sustainable in the widest sense – economically and environmentally – with these outcomes being mutually compatible. While some farm businesses focus on one product, others may be well placed to produce several products, or to develop a wider range of 'products' such as renewable energy or managing the natural environment and water.
9. Businesses which do these things well will thrive and, importantly, will contribute to Wales' present and future well-being.

Outcomes we want

10. We want the agriculture industry to develop so that it can reach its full potential to:
- Improve its sustainability – economically, socially and environmentally.
 - Be a producer of a diverse range of 'products' with increased value that meet current market demand and anticipate market trends and embrace opportunities.
 - Be an efficient producer - with high standards of animal health and welfare, efficient resource use, a lower carbon footprint and first class management of the environment (soil, water, natural organisms) that sustains and enhances both production and the natural environment for the long term.
 - Sustain production - not displace that production with the outcome of increased environmental and other problems in other countries where standards may be lower.
 - Be an active user of research where putting into practice the latest knowledge and techniques is commonplace.
 - Be an industry that generates wealth and a range of skilled employment opportunities across Wales.

The wider context – challenges, opportunities and threats

11. The following pages outline the main challenges, opportunities and threats we judge our agriculture industry faces and must address if we are to achieve the vision and outcomes we seek. We propose that a Partnership Group will consider these matters further in developing and implementing action plans, as well as taking account of the independent reviews that have been undertaken (**Annex 1** lists the main ones).
12. We must recognise that some important factors are beyond our control but can have a big impact. CAP income support payments are likely to fall further after 2020. They can be a safety net for farm businesses but they can also be reasons why farm businesses innovate and embrace change more slowly than they might. Commodity prices and currency exchange rates (e.g. euro vs sterling) can all weigh positively and negatively upon exports and input costs. We must recognise that Welsh agriculture is fully integrated with UK, EU and global markets and does not exist in isolation. In looking ahead Welsh agriculture needs to be well positioned to develop new markets and benefit from growing global demands.

Challenges

13. In order to advance towards realising the vision we collectively need to:
 - Drive improvements in the industry to raise efficiency, profitability and productivity.
 - Create thorough understanding that production, good farming practice and care of the environment go hand in hand.
 - Prepare for the opportunities and threats that climate change brings.
 - Grow and develop markets, raise awareness of forecast market trends, promote innovation and readiness to diversify and to view 'farm products' in the widest possible sense.
 - Strengthen capacity to withstand setbacks whatever the cause (eg market conditions, changes in levels of public support, weather and natural events, or animal and plant diseases).
 - Embed 'Better Regulation' and 'Working Smarter' principles to ensure implementation and interpretation of regulation is effective and appropriate.
 - Adapt to the change in financial support caused by CAP Reform, both direct income support payment and the new Rural Development Programme which must be viewed as two sides of the same coin.
 - Work together to promote better public understanding of the industry's considerable contribution to Wales' well-being.

Opportunities

14. Agriculture in Wales has many advantages and opportunities that if handled well can benefit individual businesses while contributing to Wales' well-being. We have:

- Favourable conditions for the production of high quality livestock, dairy, arable and horticulture.
 - Undeveloped market potential for 'products' such as carbon storage, renewable energy generation, forestry, and water management.
 - New market opportunities driven by climate change and global demographic change.
 - Recognised food products with large and well established UK and EU markets with potential for increased exports and improved added value.
 - A valued landscape important for the tourism industry but with potential for better functioning ecosystems and the services they provide.
 - Scope for improved succession planning that makes more of what willing young and new entrants to the industry, and well established farmers, with vision, drive, skills and knowledge, can collectively offer.
 - An established network of first class education and training establishments.
 - Potential for more co-operation within the agriculture industry and to strengthen supply chains.
 - Potential to exploit existing and new technologies and opportunities that arise as broad band access improves through on-going Welsh Government action.
15. Employment opportunities in Welsh agriculture and its supporting industries will be particularly important for the economy and helping address poverty in rural Wales. There are opportunities to champion healthy eating of food which is safe, readily available and affordable. The agriculture industry must take full account of the opportunities presented by the 'Action Plan for the Food and Drink Industry 2014-20'. With agriculture having a wide presence across Wales there is potential to service the industry beyond the farm gate and to better align food production with public sector demand including in respect of meals provided by schools, hospitals and social services departments; as well as working with community based growing initiatives and food banks.

Threats

16. We must recognise and address the implications of the known threats as well as prepare for the unexpected events that might threaten individual farm businesses and on an occasion the industry as a whole. These will include:
- The uncertainties associated with the UK's membership of the European Union.
 - Predictions for climate change and environmental change, including the prospects of new animal and plant diseases emerging.
 - Changes in consumer tastes.
 - Changes in the supply chain.
 - Failure to innovate and make best use of best practice.
 - Demand for land and imbalances in land supply and tenure security.

Sustainable production from a progressive industry

17. Considering the challenges, opportunities and threats together has led us to believe that our vision will be delivered by aiming for *sustainable production* from a *progressive industry*.
18. *Sustainable production* means increasing the value of agriculture, raising its economic contribution, production levels and profit generated in ways which can be maintained for the long term while limiting any damaging side effects. Central to this is that a 'product' is something a farm produces which earns an income and is economically, environmentally and socially good. The protection and management of our natural resources should not conflict with production. Indeed production and the wider environment can and must be in harmony. Product means food for human or animal consumption but a broader concept of 'product' can mean managing the natural environment, renewable energy generation and actions to increase carbon storage. Production of all kinds must be efficient and sustainable in the widest sense i.e. targeted use of inputs, reducing waste and/or finding productive uses for it. It means putting businesses on a financially viable footing over the long term, recognising and responding to what the market wants now and future trends, raising input and energy efficiency, and improving animal health and welfare.
19. A *progressive industry* means having the best knowledge, skills, aptitude and a positive forward looking culture within the industry. It means investing in and using research and development, raising knowledge and skills through Continuous Professional Development (CPD) ideally, using market research, improving practice and adopting the best technologies. It means promoting leading practice, co-operation, thinking laterally and long-term. It means developing leadership within the industry and the capacity for self-help, entrepreneurship, innovation and co-operation.
20. Collectively sustainable production from a progressive industry means profitable farm businesses that generate employment and make a valuable economic, environmental, social and cultural contribution to Wales' well-being.

How will the Framework be progressed?

Partnership Group

21. We propose that the industry establishes a Partnership Group. The Group will select a chair from within the agriculture industry, agree its membership and terms of reference. The Welsh Government will be a member of that Group.
22. We propose that the Partnership Group's functions will be:
 - To own the vision and lead action to realise it for the industry's and Wales' well-being.
 - Act as an umbrella, over time integrating and streamlining various industry / Welsh Government groups working in this area.
 - To establish and manage action groups to develop and execute action plans necessary to achieve the vision, taking full account of existing industry reviews and recommendations.
 - Focus on actions that can deliver significant impact and progress.
 - To strengthen communication, co-operation and co-ordination within the industry and to raise its profile in Wales.
 - To champion a forward looking, innovative entrepreneurial spirit in the industry.
 - To consider and react to new issues that could impact on the agriculture industry, ensuring the industry responds well to both opportunities and challenges.
 - To advise the Welsh Government about progress made towards the realisation of the vision.
23. Much has been accomplished already. Leading industry bodies have already taken a major step forward in working together to develop and present to the Government key principles relating to the Rural Development Programme (**Annex 2**). This is a platform for establishing a Partnership Group. There are already a number of sectoral action plans in place and a number of reviews with action plans have been prepared. All of these will be brought together within the framework, overseen by the Partnership Group.
24. The Wales Rural Development Programme will be an important delivery mechanism for achieving our vision through a range of support delivered by the Welsh Government on behalf of the taxpayer and the agriculture industry.
25. The Welsh Government and industry bodies are committed to work together to make the vision a reality.

Consultation response form

Your name:

Organisation (if applicable):

e-mail/telephone number:

Your address:

Responses should be returned by **27 August 2015** to the:

Agriculture and Rural Affairs Division
Welsh Government
Ladywell House
Newtown
SY16 1JB

or completed electronically and sent to:

Email: ASRPEnquiries@wales.gsi.gov.uk

Question 1 Do you agree with our shared vision for agriculture? Would you suggest an alternative?

- | | | | | |
|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Strongly Agree | Agree | Neither agree nor disagree | Disagree | Strongly Disagree |

Reason:

Question 2 What is your reaction to our assessment of the opportunities, threats and challenges that the agriculture industry must address? Are there others?

- | | | | | |
|--------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Strongly Agree | Agree | Neither agree nor disagree | Disagree | Strongly Disagree |

Reason:

Question 3 Do you have other comments and views, including on how the partnership approach should work?

- | | |
|--------------------------|--------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> |
| Yes | No |

Reason:

Responses to consultations are likely to be made public, on the internet or in a report and shared with stakeholder bodies. If you would prefer your response to remain anonymous, please tick here:

Core reports and industry reviews

The strategic framework for Welsh Agriculture provides an opportunity to organise collective efforts and ambitions for Welsh agriculture setting out clear aims and goals for the industry to meet. It will help align resources and draw together a number of existing policies, programmes, initiatives and reviews across the Welsh Government that will help deliver a profitable and sustainable agricultural industry in Wales.

Examples include:

- Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014-2020
- Wales Animal Health and Welfare Framework
- Working Smarter Review: A report of recommendations to the Welsh Government on Better Regulation in Farming
- Strategic Action Plan for the Welsh Red Meat Industry (to be launched June / July 2015)
- Environment Strategy for Wales

In addition there are several industry reviews and other developments which have already (or will in future) influence the future direction of Welsh agriculture. These are and will continue to be taken into account and include:

- Independent Review into the resilience of farming in Wales
- Unlocking the Potential of the Uplands
- Farming Connect Review – Improving and increasing support to Welsh farmers and foresters
- Independent Review of Learning delivered by Further Education Colleges and the relevance of that delivery in supporting Farm Businesses in Wales
- A review of the Beef Sector in Wales
- Independent Review of the Dairy Sector in Wales
- Review of Land Use Climate Change
- Next Generation into Farming Report
- Shaping a more Prosperous and Resilient future : Natural Resources and Food Statement

Dear Deputy Minister

As an industry we recognise the need for farming in Wales to adapt to the challenges of reducing support and the increased volatility of global and domestic markets.

As industry representatives and levy bodies we recently met and there was unanimous agreement of the need for a clear, focussed strategy for delivering positive change whilst improving the competitiveness and profitability of the industry in a sustainable way.

As such, we have agreed a set of overarching principles which should form the basis of an agricultural strategy, developed in partnership with Government and industry and from which Rural Development Programme measures and schemes should be developed.

We would welcome the opportunity to meet with you to discuss these ideas in more detail and to see how we can work with Government to ensure the most effective use of Rural Development and other funding opportunities to deliver the actions which will improve the competitiveness and profitability of farming in Wales.

Yours sincerely



WALES RURAL DEVELOPMENT PLAN (RDP) 2014-2020

Principles Paper

The Rural Development Programme is a key enabler of the industry's vision of a productive, profitable and progressive Welsh agriculture which can embrace future opportunities as a food producing nation and adapt to the challenges of reducing support and increasingly volatile global and domestic markets.

The Industry-led Group puts forward the following overarching principles for Rural Development Programme design and implementation:

- Competitiveness and enhancing farm viability should be the overarching objective of the RDP and its driving aim.
- The RDP should deliver positive, transformational change at farm level in line with the priorities identified in a focussed strategy for agriculture.
- RDP measures should be sector specific, market-driven and deliver the key actions that will contribute to improved industry competitiveness. Measures that bring about production efficiencies will also deliver climate change benefits.
- Efforts should be co-ordinated and integrated across all RDP measures to ensure value for money and to avoid duplication.
- Partnership working is crucial and industry must be involved, in a full co-production role.
- RDP measures and schemes should have a measurable impact on farm viability, they should be outcome-focussed, with performance measured against key short, medium and long-term milestones.
- To deliver transformational change, RDP schemes and projects must be adequately resourced to encourage high levels of uptake and engagement.
- They should deliver benefit at farm level and facilitate change through sustained on-farm incentivisation and advanced knowledge transfer provision.
- A strategic board jointly made up of industry and Government representatives should be established to ensure all projects deliver against agreed sector specific, market led priorities.

Key focus areas for transformational change:

- Genetic improvement
- Animal Health and Welfare
- Grassland management and utilisation
- Farm business and supply chain infrastructure, equipment and technologies
- Timely capture of physical and financial data