

# **Go Green, not Go Broke**

## **Welsh Liberal Democrat Agriculture Policy**

### **Key messages**

- The Basic Payments Scheme (BPS) should be replaced by a system based on public money for public goods. This includes sustainable land management for biodiversity gain, to meet our climate change obligations and for improvements in water quality and pollution. Quality food production is also to be considered a public good.
- The transition from the Basic Payments Scheme to the Sustainable Farming Scheme needs to be managed carefully and must ensure that no farmer is left without financial support during the process.
- The UK Government should only enter into trade agreements under which imported goods meet the high environmental, food quality and animal welfare standards expected of home-produced food.

### **Introduction**

Farming in Wales is facing huge change over the next ten years. Change is necessary, both to protect the long-term future of food production in Wales and to protect our environment and tackle climate change. How it is done though, will affect the livelihoods of thousands of farmers and the viability of many rural communities. We must go green, not go broke.

For many years, average net farm income in Wales has been below the level of subsidy. 59% of farms made a significant loss in some or all of the last three years. Post-Brexit, Welsh livestock farmers may not lose their main market in the EU and face financial ruin, but they may find the regulatory barriers to trade difficult and expensive. They are not guaranteed continued financial support from the Government.

Wales produces food to some of the highest standards in the world for animal welfare, food quality and environmental protection. These standards should have been included in the Agriculture Bill currently going through Parliament, and their omission may lead to cheap imports of sub-standard food. The Liberal Democrats tried to get these standards included. The UK government has already indicated consent for neonicotinoid insecticides on sugar beet – a retrograde step. We need higher standards not lower standards.

Biodiversity loss in Wales has been dramatic, with most mammals, farmland birds, invertebrates, and flower-rich unimproved grasslands having suffered drastic declines in the last 70 years. Much of this loss was encouraged and subsidised by successive governments in the past, so moving financial support to a 'public money for public goods' basis, with payments for gains in biodiversity and other ecosystem services such

as flood prevention and carbon retention, is essential. The Liberal Democrats acknowledge the substantial change in direction this requires of farmers.

The climate crisis, and the need to move to net zero greenhouse gas emissions, is a huge hurdle for farmers, but is necessary if the UK is to meet its obligations. 14% of total greenhouse gas emissions in Wales have been attributed to agriculture. Pollution, flooding, and soil degradation have all been the unintended consequence of previous policy frameworks. A complex food distribution network has added to the carbon footprint of our diets and created a vulnerable food supply chain.

Previous Agri-environment schemes in Wales have been overly bureaucratic with too much of the money being wasted on administration. They have failed to pay the entire cost of capital items and failed to make a significant impact on biodiversity loss. Paying public money for public goods is sound in principle but it presupposes a viable agricultural sector, and an abrupt transition may result in many farmers going out of business.

Although agricultural policy is a devolved matter, the Welsh Government will be constrained by post-Brexit arrangements with the EU and other countries, along with UK-wide policies such as road pricing and taxation.

## **Our Objectives**

### **The Liberal Democrats seek:**

- Thriving rural communities where people can continue to earn their living from the land, using sustainable methods to produce affordable, healthy, and nutritious food.
- A reversal of biodiversity decline in Wales and a move to more sustainable farming methods resulting in a nature-rich landscape that will boost tourism.
- Peat bog restoration and other schemes in the uplands directed at increasing carbon sequestration and reducing costly flooding downstream.
- A large increase in woodland cover in Wales to benefit biodiversity and carbon capture. The 2,000 hectares of new woodland a year promised in the recent Senedd white paper is extremely unambitious. We need to ensure that native deciduous trees will form the majority of the newly planted woodland.

## **The new funding framework for farming**

As the Welsh Government introduces a new funding framework, based on public money for public goods, to replace the Basic Payments Scheme (BPS), we need to ensure that it delivers the objectives set out above.

The payment framework should alleviate the burden of debt that farmers face and reduce the pressure to continually increase production, often through the use of imported concentrates like soya that are directly implicated in rainforest destruction. Intensive livestock husbandry using imported feed often only uses farmland as a depository for faecal waste which has implications for water quality.

The system should cut pollution associated with damaging agricultural practices. This includes a recognition that some agrochemicals damage wildlife and that organic farming does not use those chemicals. Organic farming is better for the environment in many ways.

There needs to be a transition to sustainable grazing by a reduction in sheep numbers and a moderate increase in extensively managed grass-fed cattle numbers, particularly in the uplands. The grazing behaviour of cattle benefits biodiversity and soil retention, and would also reduce the need to export lamb and import beef.

Farmers and land managers should be rewarded for schemes that reduce carbon emissions and increase carbon retention. This could make a major contribution to achieving net zero emissions in Wales. However, our climate change obligations need to be properly funded and not solely by robbing the agriculture budget.

There should be support for increased fruit and vegetable production to reduce reliance on imports, which currently account for 95% of the country's fruit and vegetable consumption, along with a development fund to encourage local food initiatives.

The proposed Sustainable Farming Payment will be available for both "maintenance" and "creation". For example, if a farmer already manages an area of semi-natural habitat, SFP can pay for this to continue. If a farmer wishes to create a new area of semi-natural habitat, Sustainable Farming Payments can be made to reward the farmer for delivering this.

Paying for the protection of existing semi – natural habitat, especially the best bits, should be the priority and they should be fast tracked into the scheme.

There should be payments for creating and maintaining hedgerows, especially strategic ones that link disconnected ecological features (woodlands, waterbodies, etc...).

## **Managing the Change**

The switch to a new way of farming has to be a gradual one. A sudden contraction in funding would have a huge impact on the economy of rural Wales, but farmers will need to be aware that the direction of travel is towards 'public money for public goods', and that changes in farming practices will be required to start immediately.

New sustainable food and farming schemes will take time to implement and require a considerable change in mind-set. Education of both landowners and consumers will be required to achieve healthier diets allied to local food production. Existing CAP area-based payments should be phased out over 10 years. The wider importance of agriculture socially and culturally in Wales is important and must be preserved.

A subsidy scheme needs to support farmers, including smaller producers, through their transition to sustainability by 2030. We propose dual funding streams on a sliding scale that reward land managers both for achieving and maintaining environmental targets, such as improved soil health and reduced artificial inputs. These will be identified by farmers with the support of environmental professionals.

For many intensive lowland farms in Wales, a radical increase in biodiversity will take many years to achieve, although some quick-fix management techniques are available, such as wider headlands, in-field herb-rich strips, mechanical weeding, spreading rotted farmyard manure instead of slurry, etc.

Creating new semi-natural grassland habitat takes years, is very difficult to do on grassland that has been 'improved' and could absorb too much of the money available for any Sustainable Land Management benefit. Options for seriously improved lowland grassland that are worth supporting are more arable – especially protein crops like field beans, water course tree planting, spring-sown cereal crops grown for wild birds (not pheasants), horticulture, orchards, new wetlands and green manure crops or biochar to increase soil organic matter. Arable field margins are often valuable habitat and can be sown with bee friendly flower mixes.

Entering the Sustainable Land Management scheme will be a process requiring first an Expression of Interest, then a Farm Sustainability Review and Plan followed by a multi-year contract. It will be open to all landowners, which is more than currently. There is likely to be a several year delay in getting into the scheme. There are concerns that the Welsh Government will be unlikely to have the trained staff or sufficient funds to introduce the scheme while the Basic Payments Scheme will be phased out quickly. This will need to be addressed by ensuring adequate funding, staffing, and phasing of the change.

Consideration could be given to capping payments of the Basic Payments Scheme to large landholdings immediately.

There needs to be a substantial education and outreach programme to equip farmers with the new skills needed to farm sustainably. The new payment scheme will provide new opportunities for landowners and will increase the scope for farm diversification.

## **Supporting food production**

The supply of affordable nutritious food is as much a public good as biodiversity and tackling climate change. Food security is one of the first duties of government. More can be done to meet our objectives by the Welsh Government working together with local authorities and all those involved in agriculture, the environment, and the wider rural economy.

The establishment of local food links and local brands would give consumers certainty that what they buy is locally produced. Local food supply can be more resilient, with reduced transport costs and pollution, and enable a closer relationship between the consumer and producer.

Food businesses need to be encouraged to invest in Wales, using local products and creating local jobs.

The farming workforce is mainly elderly and there are significant barriers for new entrants. There needs to be a scheme to help organise and finance succession, and support for new entrants to the sector. Where they exist, local authority owned starter farms should be retained.

Working with non-governmental organisations (NGO's) and others to create partnerships between landowners and wildlife enthusiasts to collect wildlife records on farms would not be expensive and could collect baseline data that would inform environmentally friendly management.

Organic farming is already monitored for quality assurance and has aims very similar to Sustainable Land Management. Conversion to and continuation of organic farming should be supported. All organic farms in Wales should be able to enter the Sustainable Farming Payment scheme at the outset.

Additional funds will be required for this scheme. These could be raised by taxing harmful practices such as fertiliser production, single-use packaging (900,000 tonnes alone used annually by supermarkets), or food miles, which would not only reduce waste and pollution but would also favour small local producers. That tax revenue could be ring-fenced to pay for positive environmental benefits.

## **Working across the UK**

Brexit has placed new challenges and threats to agriculture throughout the UK, and the Welsh Government cannot operate in isolation. The UK Government must legislate to ensure that imported food meets the same environmental, welfare and quality standards that UK producers are required to meet.

The aspirations of all the devolved governments and England are broadly in agreement on tackling biodiversity loss and climate change, but differences undoubtedly will occur and these need to be mitigated.

The Welsh Government should strive to ensure that Welsh farmers are not disadvantaged compared to other parts of the UK. This means working closely with our partners in Scotland, Wales, England and Northern Ireland and ensuring that any new constitutional arrangements, including independence for any part of the UK, does not create new tensions.

The retention of responsibility for environmental, welfare and quality standards by a federal UK parliament is important to ensure free trade and fair competition.

## **Supporting diversification**

Agriculture is central to thriving rural communities, particularly in upland Wales. As agriculture changes, we need to ensure that the rural economy changes with it to support a stable rural economy in which young people can find employment and affordable homes.

Relaxing planning constraints for new homes where substantial net environmental gain could be assured as part of the built project could provide opportunities for new housebuilding and a new source of revenue for landowners. The tourism industry is very dependent on the farmed landscape and new homes could be beneficial to new

entrant farmers and tourists alike. The COVID experience has changed our priorities and working patterns. We work more from home, appreciate our local natural environment more, need good broadband, with children and adults working from home. Ambitious schemes to provide new green rural homes with a massive obligation to promote biodiversity might be very popular. Planning consent that raises land values from agricultural values would soften the pain of a changing agricultural industry.

There is considerable synergy between agriculture and tourism. There should be an increased obligation to provide and proper compensation for new rights of way including cycle tracks and bridleways.

More research is needed on bovine TB. Culling badgers is not the answer and compensation is expensive. It is still a big problem. An oral vaccine for badgers would probably solve it and needs government-funded research. Alternatively, a way of testing cattle for TB that can distinguish TB infection in cattle from a bovine TB vaccine might offer a way out.

## **Summary**

Welsh agriculture faces massive challenges as the Single Farm Payment is phased out and replaced with a Sustainable Farming Scheme. The change provides tremendous opportunities to improve biodiversity and cut carbon emissions, but if the transition is mismanaged it could lead to the destruction of livelihoods and a further decline in rural communities.

Our farms are already diversifying, particularly in upland areas, away from a monoculture of sheep farming to other types of food production and tourism. That is going to continue. Wales can use this moment to ensure more of the food we eat is produced in Wales, as close to the consumer as possible.

This paper shows how that can be done in a way which retains the tradition of successful family farms at the heart of thriving Welsh rural communities. We must go green, not go broke.