

The Proposal for a Sustainable Farming Scheme (SFS) Inquiry – Climate Change, Environment, and Infrastructure Committee of the Senedd

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General comments

The amount of required land allocated for environmental purposes appears to be problematic as the proposed Sustainable Farming Scheme imposes on all farms that want to receive financial support to allocate at least 10% of their land to tree planting and an additional 10% of land to semi-natural habitats. Farmers are concerned about the impact of this requirement on food production (including food security of the UK) and their livelihoods/incomes.

The idea with Brexit was to do things and take decisions more locally that would be in line with the local and rural context. And yet, such blanket decisions, such as the Scheme's rule on 10% tree cover and a further 10% managed as habitat are not adaptable to all local conditions across Wales. These matters recall the 'land sparing' versus 'land sharing' argument.¹

Issues with the Proposal bring us back to the quality, loopholes and issues included in the Agriculture (Wales) Act. In particular the fact the entire Act is underpinned by an international concept without any link back to Wales and its cultural, geographical specificities. This is an argument that Mary Dobbs and I raised in front of this Committee during the Inquiry on the Bill in November 2022 and also something mentioned in our blogposts on the matter.²

The two scheme rules are generally positive to help improve the environment and enhance biodiversity. But, and in relation to both, no consideration is given to the type of farming undertaken or the geographical or topographical situation of the farm. For example, can hill farmers plant the amount of trees required by the Scheme especially where it is very steep, windy and the ground does not enable them to do so?

The Proposal states that it supports farmers to go beyond regulatory requirements. Here the aim is to apply the polluter pays principle. However, this is not always the case as demonstrated for example with UA3 on Soil Health Planning – an action that clearly enables farmers to meet regulatory requirements.

Various issues face by the Sustainable Farming Scheme and more generally agricultural policy could be lessened by relying on different approaches – two of which are of particular importance: resilience in agriculture and agri-food democracy.

Utilising resilience as a clear overarching and ambitious objective provides an encompassing lens that reflects the multifunctional nature of farming and its interconnectedness with ecosystems and society to transform towards improved social-

¹ <https://royalsociety.org/blog/2014/12/land-sharing-vs-land-sparing-can-we-feed-the-world-without-destroying-it/>.

² <https://www.brexitenvironment.co.uk/2023/02/22/the-agriculture-wales-bill-part1/> and <https://www.brexitenvironment.co.uk/2023/02/23/the-agriculture-wales-bill-getting-support-right-part-2/>.

ecological services functioning.³ More importantly, it aims to tackle the vulnerabilities posed to and by agriculture, enabling it to withstand future shocks.⁴

Four essential components of an agri-food democracy model (that builds upon traditional concepts of democracy) would strengthen agricultural policy and resilience in agriculture: (i) true information, genuine choice and alternative products being offered to consumers; (ii) upstream engagement and bottom up approach in the decision-making process; (iii) improvement of the rights of farmers and agricultural workers and their opportunities; and, (iv) restoration of faith and trust in the food system, its institutions and in farmers.⁵

Issues with a ‘one size fits all’ approach

In the eligibility criteria, Wales is unfortunately keeping farmers below 3 hectares out unless they can demonstrate 550 standard labour hours – potentially including small farmers. This does not fully deliver on opening financial support all that produce food. Further, the Scheme does not include any measures on facilitating the help and support of small farmers/producers and their specific needs.

The main issue is with the Proposal is that it adopts a ‘one size fits all’ approach rather than looking at the different types of farming, sizes and location. For example, hill, organic, young/new entrant farmers. The most vocal in the protests have tended to be dairy producers and/or big farmers as they appear the most affected by the Sustainable Farming Scheme. Yet, it does not have to mean that those who are not vocal are necessarily unhappy with the Proposal.

It is also important to note that organic or environmentally-friendly farmers would struggle to meet some of the requirements of the scheme.

Major gaps and issues with the current Proposals

There is no requirement link to (i) the type of tree that should be (or not) planted or (ii) the location of these trees, i.e. where they should be planted. Further, hedgerows are not included in the rule. This seems rather odd as they constitute woodland edge area and contain in majority woodland species. Perhaps this was decided to avoid double funding between the two rules. But if this is the case, this should have been explained.

Further:

- 17 actions (if all applicable to a farm) to undertake appears like a lot of requirements for what may be very little money available.
- Focus on actions, so ‘does and don’ts’ towards outcomes rather than the outcomes themselves are not being targeted directly. Therefore, the Scheme does not fully deliver

³ L. Petetin and M. Dobbs, *Brexit and Agriculture* (Legal Perspectives on Brexit, Routledge 2022) Chapters 4 and 6.

⁴ L. Petetin and M. Dobbs, *Brexit and Agriculture* (Legal Perspectives on Brexit, Routledge 2022) Chapters 4 and 6.

⁵ L. Petetin, ‘The COVID-19 Crisis: An Opportunity to Integrate Food Democracy into Post-Pandemic Food Systems’ (2020) 11(S2) *European Journal of Risk Regulation* 326-336 <https://www.cambridge.org/core/journals/european-journal-of-risk-regulation/article/covid19-crisis-an-opportunity-to-integrate-food-democracy-into-postpandemic-food-systems/486D3CB338D1043228183A942E8CF8C9> (open access).

on public money for public goods. It appears that in order to deliver on the public promise of public money for public goods the middle ground found by the Welsh Government is to ensure trees and habitats on the farm hoping that the rest will follow. But due to the limitation of the rules mentioned above, this may be difficult to achieve.

- Payments based on acreage (rather than based on the delivery of outcomes as originally intended).
- A very siloed approach is used throughout especially without considering how synergies could be built with an agri-food strategy and an agri-food policy to build agri-food resilience (more on this below).
- Nothing on the type of food we want to encourage growing. For example, growing fruit and vegetables is not promoted.
- There is very little incentive (apart from agro-forestry) to move agricultural practices towards regenerative farming, i.e. organic, agroecology, low-input, permaculture or biodynamic.

Matters around the Universal Actions (UA)

UA1: Benchmarking: (i) this looks like self-regulation. However, care should be adopted when regulatees can self-assess and decide about their situation and business; (ii) Enabling comparisons within and across sectors. This is very positive so that farmers can have a better idea of where they are at/situated. It also gives farmers solutions to issues and offers support.

UA2: Continuous Personal Development: this is key to keep on top of developments, especially with new technologies always emerging and developing.

UA3: Soil Health Planning: this is very welcome as soil is often forgotten about in agricultural policies and schemes. The action is directly linked to the Carbon Calculator as well as the Nutrient Management Plan for nitrogen under The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021. Having clearer links with how to meet existing legal requirements is crucial for farmers, it makes it easier for them to comply with the law as well as making it more understandable. Soil testing is also undertaken incrementally, 20% each year over five years so that at the end of year 5 all the land has been tested enabling farmers to get access to information that is key for them to farm.

UA4: Multispecies cover crop: it provides another important way forward as bare soil leads to poor quality soil, soil erosion and degradation. It is critical to use catch crops or nitrogen fixing crops (at least two species) on areas that will have no cover for more than 6 weeks post-harvest over the winter months. It could be fodder crops, lentils or peas. However, use of chemicals is permitted to remove the crops, which could lead to pollution.

UA5: Integrated Pest management: with this action, this is very unclear how such actions could lead to more appropriate use of plant protection products. Having a record of use of such products does not necessarily lead to better/more targeted use. A clearer, incremental obligation to reduce the utilisation of plant protection products should be included.

UA6: Managing heavily modified peatland Habitat; UA7: Habitat maintenance; UA8: Create temporary habitat on improved land; UA9: Designated Site Management Plans; UA11: Hedgerow management; UA12: Woodland management; UA13: Create new woodland and agro-forestry; UA14: Historic environment - maintenance and enhancement Universal Code for Habitats: these actions are examples of the Welsh Government being keen to work with and give information to farmers as well as trying to accommodate the constraints placed on farmers and finding solutions together with farmers over a certain period of time, i.e. not all

requirements must be fulfilled straight away and as such this eases the burden placed on farmers.

UA16: Good Animal welfare: again, this looks like self-regulation and all the negative consequences that this could have.

The lack of just transition

Many requirements/components are incremental so not all actions have to be fully undertaken straight away, which gives farmers time to adjust to the new rules but they all need to be complied with by 2029, which is very quick. Further, the doubt around the budget for agricultural support is creating further uncertainty for farmers and how much they will be financially supported. If the Scheme is not financially viable for farmers, this could result in a low take-up, which would negatively impact the environment and reaching net zero.

Another point to make is that farmers have historically been compliant with changes (box ticking) in the various CAP and schemes' regimes so if there is unrest then it means there is an issue. For example, when the CAP support system was overhauled in 1992, with the MacSharry reforms, from coupled production/support to area payments and headage payments, farmers felt that the new system was providing sufficient financial security for them to accept it. EU farmers did not protest despite the radical change to financial support the industry faced as the financial incentives made sense.

Further, to keep costs low and 'feeding the world' (as a rhetoric and burden placed on farmers albeit wrongly), increased intensification and livestock heads have often led to environmental degradation and possible pollution (air, water, soil)) whilst concomitantly forcing farmers to spend huge amounts of money on technology and infrastructure – often also to comply with rules.

To be fair to farmers, it is difficult to understand how and why farmers are being subject to such dramatic change so rapidly as per the proposed Sustainable Farming Scheme. Whilst other industries are neither subject to the same pressures to change or timescale. Various examples exist including the extractive industries, little development of electric trucks despite their negative consequences on climate change. The lack of a just transition towards net zero appears to apply more rigorously to farmers, which could affect agri-food supply chains and rural communities.

Issues around co-design/co-creation

The Sustainable Farming Scheme document repeatedly mentions co-design, stakeholder events and the good relationships with farmers to build the Sustainable Farming Scheme and yet the recent protests across Wales show otherwise. So, from a process perspective, the Welsh Government should re-work its approach to co-design as farmers do not feel that they are being listened to.

Further, the First minister and the Minister for Rural Affairs, at least at the start, refused to listen to farmers whilst governments in other European countries are and were. Dialogues and discussions are central to moving this issue forward.

Relationship between farming, environment and food production: The need for an agri-food policy

The interconnectedness of farming, the environment and food production is much stronger than in other proposals or regimes across the UK. This is essential to farm for the 21st century as these three components need to be seen as complementary due to the crucial role played by farming delivering on food production and both environmental and social outcomes over the long-term. Further, producing cheap food is an issue as it often results from intensive methods of production that can damage the environment. Also, closer links should be made with the production of healthy food and linked to tackling obesity and alcohol consumption issues more directly through the development of an agri-food policy.

Potential economic impact of the Sustainable Farming Scheme

The economic impact/modelling of the Scheme mentions the possibility of losing around 5,500 jobs. This information received very little attention from the media until the farmers started to protest. This tremendous change will have dramatic consequences for the countryside and rural communities. In contrast, the loss of so many jobs in other sectors of the economy (comparing for example with Tata Steel announcing the loss of around 2,800 jobs) is seen as outrageous and unacceptable.

It is important to note, however, that this modelling does not consider how many jobs could be created from modifying farming practices, developing shorter supply chains and diversification as such practices would likely relocalise jobs locally.

Uncertainty around the budget/funding

There is a lack of certainty regarding the level of future funding available for agricultural support as the budget is only guaranteed until 2024-2025 creating much uncertainty for farmers and their future.

Future support is set out in the Multi-annual Support Plan (MASP), which provides five years of planning for agricultural support schemes (page 76). However, with uncertainty around the budget/funding available how can this be undertaken by the Welsh Government. Further the Sustainable Farming Scheme document states that ‘The Welsh Government will pursue, at least, the same total level of funding for farmers and land managers from the UK Government as we will receive in 2024/25’ (page 64) but, and again, how can this be guaranteed when the level of funding from Treasury has not been confirmed after 2025.

Obligation of reporting but lack of evaluation

Various reports (annual report; impact report; Sustainable Land Management report), targets and indicators are going to be set up and written to assess the effectiveness of the financial support towards the purposes of the scheme and more widely to assess the progress towards the Sustainable Land Management objectives. However, there is nothing in the text mentioned about what would happen if the objectives are not met. So, what are the consequences if there is no or little progress? What if the schemes are not effective?

A perfect storm?

When assessing whether the Sustainable Farming Scheme will work for farmers and the environment, the national, UK and international context, parameters and challenges cannot be ignored.

National context

There are combined pressures from the Welsh Government through its intervention or lack thereof in terms of:

- Water regulations: ie the designation of Nitrate Vulnerable Zones and the limit imposed to farmers for storing and spreading manure and slurry (which is effectively imposed to all farmers across Wales as the whole of Wales is under the NVZ designation).
- Bovine TB management issues: some argue that increasing habitat for wildlife without controlling TB carriers such as badgers exacerbates the problem of increasing habitats for wildlife. The on-site slaughter of animals, who carry the disease, is also problematic.
- There is also too much red tape and bureaucracy (which has highly increased since Brexit whilst a key goal of Brexit was to reduce red tape in agriculture).

UK context

Northern Ireland and Scotland keep direct payments (whilst farming conditions tend to be similar to those in Wales). This means that Northern Irish and Scottish farmers will receive support to meet the minimum regulatory baseline. This situation does not soften the burden placed on Welsh farmers. Such differences could lead to unfair competition in the medium term, i.e. when the new programmes/schemes are in place and putting Welsh farmers at a disadvantage.

Further, matters around fairness in the agri-food supply chain are not being addressed whilst farmers are paid very little money for their produce by distributors and retailers. They are stuck between powerful distributors and retailers and agrochemical companies. When the cost of fully grown fruit and vegetables is cheaper to buy in the supermarket than buying a pack of seeds (despite the time, energy, resources used to grow the fruit or vegetables) then it is dispiriting and unfair for farmers.

Rural communities also feel left behind, are not catching or listened to. This is also demonstrated in the lack of funds available under the Levelling Up programme as well as how little of those funds have come to Wales. The lack of such funds is also impacting on the lack of just transition.

Combination with a changing context on the international scene

UK farmers have been faced with increased food prices and price pressures (energy and input prices), cost of production and inflation.

Trade is also at the centre of farmers discontent/dissatisfaction. The recent FTAs signed by the UK especially those with Australia and the CPTPP do not support the high environmental and animal welfare standards of the UK. Over the next 10 years, agri-food products, especially meat and eggs, will be fully liberalised, which means that products from these countries will enter the UK tariff-free. For example, Mexico, a country party to the

CPTPP, is the fourth largest producer of eggs in the world almost entirely coming from caged systems whilst this is a production method that has been banned in the UK since 2012. Wales is particularly at risk when it comes to imported eggs as around 89% of Welsh hens are free range.⁶

Further, the lack of coherent behaviour between signing trade deals not beneficial to our farmers whilst the Prime Minister supports farmers protests create further uncertainty and misunderstanding amongst the industry.

Policy coherence is needed across policies and sectors as well as governments across the four UK nations.

Further and problematically, that EU has first dropped its environmental commitments included in the ongoing CAP reform, the European Green Deal rather than looking at issues affecting farmers and farming holistically. Issues of international trade (talks on a possible EU/MERCOSUR trade agreement) and fairness in the agri-food supply chain have largely been neglected by the EU. This has sent the wrong signal to farmers in the EU and the UK that environmental requirements could be scrapped if persistent.

Leading to the end of agri-food exceptionalism

UK trade policy constitutes a big departure from the EU approach to agri-food exceptionalism (market access protection), which aims at exporting as much as possible whilst maintaining high tariffs for imports to protect the agri-food industry. The end of this agri-food exceptionalism in UK trade policy can also be seen in the changes to financial support given to farmers with the end of direct payments. These tremendous changes will impact farmers and agriculture for decades to come.

The temporality of decisions and policies

A key aspect to bear in mind is that farming and rural policy should be thought over the long-term rather than short-termism. It is key to think what the consequences of choices made now will look like over the next 10, 20 and 30 years. Some of the content of Sustainable Farming Scheme does not always reflect such an approach especially in relation to tree planting and how there is no obligation to plant native trees or where to plant them.

A similar approach should also be utilised for trade and signing new FTAs, especially when full liberalisation of certain products, like agri-food products, is on the cards.

Assessing how the landscape (including economic and financial) and the environment will look like not just over the next few months but over the next few decades is key.

Overall, one key discontent is the lack of future prospects which is directly facing farmers whether they will still be there in the next 10 to 20 years and whether they can pass on their legacy to the next generation. Such concerns cannot be left to rot, they need to be addressed. We need farmers on the land to both produce food and protect the environment. Both go hand in hand.

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⁶ <https://businesswales.gov.wales/foodanddrink/food-sectors/poultry-and-eggs>.