

Written evidence submitted by the Welsh Local Government Association (HIL0012)

Background

The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities and three fire and rescue authorities are associate members.

The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA also appoints senior members as Spokespersons and Deputy Spokespersons to provide a national lead on policy matters on behalf of local government.

The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.

This response has been developed with input from the 9 Rural Local Authority Members of the WLGA's Rural Forum. The Forum brings together Elected Leaders and Senior Officers from the 9 Rural Local Authorities to consider the challenges and opportunities of providing services in rural areas. It also plays a key role in considering the impact of national legislation, policies and funding programmes on rural areas, both UK and Welsh Governments, and seeks to lobby both Governments for a more favourable outcome for rural communities from national interventions.

To inform its lobbying activities, the Rural Forum published a Manifesto for Rural Wales with Key Asks and a Vision for Rural Wales document, in January 2021. The work was informed by a comprehensive Evidence Report, also published. All documents are available on the WLGA's website via the following link:

[WLGA Rural Wales Manifesto - WLGA](#)

The WLGA recognises the vitally important role the agricultural industry plays within the rural economy and in sustaining rural communities, including the role of small family farms in maintaining the Welsh language and managing the rural landscape. The WLGA supports agricultural policies that safeguard an economically resilient industry, producing affordable food to high standards of environmental management and animal welfare. The WLGA Rural Forum continue to lobby as appropriate on all those matters.

We welcome the opportunity to respond to this important and timely inquiry by the Committee and look forward to the deliberations, outcomes and recommendations.

Introduction

The UK's exit from the European Union (EU) represents the most significant challenge for rural communities across Wales in generations. Support from the EU's Common Agricultural Policy (CAP) has provided a safety net and lifeline to rural communities over generations. The loss of funding from both Pillars of the CAP

presents major challenges for rural communities across Wales. It remains to be seen whether both UK and Welsh Governments proposed replacement strategies, schemes and funding programmes will address the scale of the loss of support for rural communities.

The loss of membership of the EU's Single Market, with its free movement of goods, services and people, is also a major challenge for rural communities. It has resulted in the end of frictionless trade (due to non-tariff barriers), and the loss of migrant workers from across the EU. These are proving to be major challenges for both the supply of goods and workers across key sectors of the Rural Economy across Wales. It remains to be seen whether any new trade deals (which are generally on a far smaller scale) can compensate for the unique access businesses across rural Wales benefited from previously, when the UK was in a single market with our closest and largest trading partner.

How unique are family farms and how significant is their contribution to Wales' cultural life?

Family farms are the backbone of rural communities across Wales. They contribute significantly to their local economies and play a vital role in sustaining the Welsh language, culture and heritage across Rural Wales. Research has shown that the proportion of Welsh speakers in the farming industry is 43%, a figure which is more than twice the level of Welsh speakers in the population as a whole (19%). There is therefore an undeniable connection between the future of Welsh farming and the future of the Welsh language.

Family farms sustain the vibrancy of rural communities, with young and old family members playing an active part in their wider communities, from young farmers organisations to numerous societies, choirs and activities such as volunteering, providing a key supporting network and sustaining key services.

What are the main challenges facing family farms specifically, and farming communities more generally, in Wales?

The majority of family farms in Wales are based in upland areas. During our membership of the EU the challenges of farming in these areas were formally recognised via the classification of Less Favoured Areas status with specific support being made available. It remains unclear what support structures will be made available to such areas once delivery of the current CAP comes to an end in Wales in 2023.

Wider challenges (especially following Brexit) include marketplace volatility, the lack of facilities and labour in key services such as abattoirs and veterinary practices, wider uncertainty regarding future support payments, the impact of future trade deals, succession planning and the need to support young entrants.

There are a plethora of challenges facing the wider farming and rural communities across Wales, many of which have become even more evident during the COVID-19 pandemic, including the housing crisis and the lack of adequate broadband provision which is making it extremely challenging for young people to live and work in their communities.

What are the potential implications of free trade agreements for farmers in Wales?

It remains to be seen whether future free trade agreements will compensate for the loss of frictionless trade with the EU.

There are major concerns that future free trade agreements will, over time, prove to be detrimental to farmers in Wales with the potential for imports of goods from countries with lower animal health standards and lower quality products making it very challenging for farmers in Wales to compete.

We share the grave concerns expressed by farming unions that the trade agreements the UK Government has agreed to date, in particular those with Australia and New Zealand, undermine UK farming and food security in return for negligible benefits to the economy.

We strongly endorse the Welsh Affairs Committee's recommendations following its inquiry into the UK/Australia trade deal that the UK Government should publish a Wales specific impact assessment for all new and future trade agreements.

We also share the concerns previously expressed by the Welsh Affairs Committee that the new statutory Trade and Agriculture Commission to be set up by the UK Government is yet to be established. It is vital that this is established as soon as possible to enable the appropriate reporting of developments to the UK Parliament in relation to the impact of new and future trade deals on key issues such as animal welfare and farming to enable Parliament to execute effective scrutiny of new and future trade deals.

How, if at all, is the UK Government's climate change policy agenda impacting on family farms, including the future generations of farmers, and rural communities in Wales?

One of the main detrimental impacts of the UK Government's climate change policy agenda on family farms, including future generations of farmers and wider rural communities, is the alarming trend of large corporations buy-up farming land to take advantage of carbon management grant funding and carbon credits. These credits are subsequently used to justify carbon emissions elsewhere by means of 'offsetting'.

Local farmers understand their land and have traditionally planted trees on poor quality land retaining the quality land for food production. However, these large corporations are purchasing farms to be entirely planted with trees. This requires little land management and provides nothing in terms of employment or benefit to the local economy. It also has a deficit effect on the local community, as future generations will have to move away from these areas for employment and will be unable to afford to buy their own land to farm. Food will have to be imported if it can no longer be produced locally, and there will also be a significant increase in heavy logging machinery travelling on unsuitable rural roads, both of which will lead to an increase in carbon footprint, thus working against the climate change policy agenda of the UK Government.

There are major concerns about the impact of such developments on the sustainability of the Welsh Language and culture as the highest numbers of Welsh speakers live and work in rural communities.

It seems that the UK Government's emerging trade deals, such as those with Australia and New Zealand, will work against its climate change ambitions enabling a huge increase in food miles and making it easier and more attractive to import goods from very long distances and making it more challenging for local farmers in rural communities across Wales to compete.

Any future plans or targets which place Welsh producers at a disadvantage, or which are met at the expense of food production, will also inevitably offset the efforts being made by the agricultural sector to mitigate climate change. Importing more food, from long distances, will intensify environmental issues elsewhere whilst undermining the sustainability of farm businesses across Wales.

What practical steps can the UK Government take to support these communities and how should the UK and Welsh Governments work together to support these communities unique culture, including their contribution to the Welsh language, and heritage?

Sustaining the levels of financial support

In line with promises made during the Referendum campaign, the UK Government must, as a matter of urgency, confirm that it will replace all the funding that Wales received under the CAP to enable the continuation of vital support to farmers and the wider rural economy.

If the UK had remained in the EU Wales would now be benefiting from funding from the CAP under the new EU Programming Period of 2021-2027 in addition to delivering the funding it received under the previous EU Programming Period of 2014-2020 under the N&3 rule which enables spend for an additional three years following the end of the programming period.

By "netting off" the value of the EU unspent funds from the 2014-2020 programme and the Pillar transfer money, despite the fact that the rules for the 2014-2020 RDP and the EU withdrawal agreement allow for EU funds to be spent up to the end of 2023, farmers and rural communities in Wales are losing out on funding owed to them.

As a result, the UK Government must, as a matter of urgency, transfer the current shortfall of £137 million in the funding for agriculture and rural development support in Wales in this financial year to enable partners to deliver all existing commitments under the current programme. We sincerely hope that this money will be announced as part of the UK Government's Spending Review and Budget announcement on the 27th of October so that it honours previous commitments and promises made to the people of Wales.

Future Support Schemes

There are major concerns that UK Government policy favours large scale farming units and that future support schemes will focus entirely on achieving environmental outcomes without consideration of wider economic, cultural or societal outcomes.

There are concerns across rural communities in Wales that the Welsh Government, in contrast to the Scottish Government, for example, is also planning to prioritise environmental outcomes over wider economic, cultural or societal outcomes in future support schemes.

The Welsh Government's definition of 'public goods' excludes food production (as a marketable commodity) and focuses on environmental sustainability. WLGA has pointed out that this ignores public goods associated with agricultural and rural development activities, including the way they help sustain community life and the Welsh language. Welsh Government has proposed changes so that future agricultural support is in line with the requirements and policy direction of the Environment Act and the Wellbeing of Future Generations Act. It will be vitally important that these changes fully address how the new model of support will contribute to the social, economic and cultural well-being of rural communities.

WLGA is concerned that there has not been a specific Socio-Economic assessment done for the rural economy as part of the development of the Welsh Government's Agriculture (Wales) White Paper. Any change to the funding regime for farm businesses will have a direct impact on wider rural businesses and communities and this needs to be factored into the development of future support schemes.

Further modelling is required on the impact of these changes on the rural economy, which needs to consider the proposed changes in other countries, such as Scotland and the EU, to ensure that Welsh farmers are not put at a disadvantage within the marketplace.

Comparing Welsh Government proposals to Scotland and Northern Ireland, and countries within the European Union, Welsh farmers face a significant competitive disadvantage, as farmers in those countries will continue to receive some form of direct support which recognises their vital role in food production. The Welsh agricultural sector is heavily dependent on exports to the EU and further afield. Adding to this competitive disadvantage, the current prolonged friction in trade arising from added export certification and bureaucracy could adversely affect the economic resilience of Welsh farm businesses, which are so crucial to the well-being of rural communities.

Given the impact of Covid-19 on supply chains and the integrity of production standards, WLGA believes Welsh Government should recognise food security, food safety and maintenance of high animal health and welfare standards as key 'public goods' as part of the future farm support scheme.

Future support schemes, then, must recognise the key role of farmers in food production and food security and the vital role that they play in supporting local supply chains. Farmers across Wales are already operating and producing products

in a sustainable way and are already contributing to the decarbonisation agenda. They are also fully committed to playing their part in meeting the Net Zero targets.

Support for sustaining rural communities' unique culture, including their contribution to the Welsh language and heritage

Sustaining rural communities' unique culture, including their contribution to the Welsh language and heritage, requires a plethora of interventions. These include providing support to enable older farmers to retire, addressing succession planning issues and supporting young entrants into the industry. They also include the need for changes in planning and licencing regulations to address the housing crisis to enable young people to stay in their communities to live and work.

Both the UK and Welsh Governments must recognise the additional costs and challenges of delivering services in rural communities. Both must also ensure that national interventions, from legislation, policies and funding programmes, recognise the different needs and circumstances of delivering outcomes within rural areas.

The Welsh Government should undertake a robust language impact assessment as part of its planning for future support schemes to ensure that whatever is proposed has a positive impact on the Welsh language thus adhering to the Well Being of Future Generations Act goal of "a Wales of vibrant culture and thriving Welsh Language". Further, any threat to small family farms will undermine the Welsh Government's ambition for a million Welsh speakers by 2050.

October 2021