



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Newid Hinsawdd, Amgylchedd a
Materion Gwledig](#)

[The Climate Change, Environment and Rural
Affairs Committee](#)

28/09/2016

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Inquiry into the Future of Agricultural and Rural policies in Wales

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Jayne Bryant Bywgraffiad Biography	Llafur Labour
Sian Gwenllian Bywgraffiad Biography	Plaid Cymru The Party of Wales
Vikki Howells Bywgraffiad Biography	Llafur Labour
Huw Irranca–Davies Bywgraffiad Biography	Llafur Labour
David Melding Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Jenny Rathbone Bywgraffiad Biography	Llafur Labour
Mark Reckless Bywgraffiad Biography	UKIP Cymru (Cadeirydd y Pwyllgor) UKIP Wales (Committee Chair)
Simon Thomas Bywgraffiad Biography	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Stephen Devlin	Sefydliad Economeg Newydd New Economics Foundation
Yr Athro/Professor Janet Dwyer	Athro mewn polisi Gwledig a Chyfarwyddwr y Sefydliad Ymchwil Newid Hinsawdd Professor of Rural policy and Director of the Climate Change Research Institute
Miss Katharine Foot	Uwch-ddarlithydd mewn Polisi a Chynllunio Gwledig, Ysgol Rheolaeth Tir ac Eiddo, y Brifysgol Amaethyddol Frenhinol

Senior Lecturer in Rural Policy & Planning, School of Real Estate & Land Management, Royal Agricultural University

Dr Ian Grange
Uwch-ddarlithydd mewn Rheolaeth Cefn Gwlad a'r Amgylchedd, y Brifysgol Amaethyddol Frenhinol
Senior Lecturer in Environment and Countryside Management, Royal Agricultural University

Yr Athro/Professor
Tim Lang
Athro Polisi Bwyd, Canolfan ar gyfer Polisi Bwyd, Prifysgol City
Professor of Food Policy, Centre for Food Policy, City University

Yr Athro/Professor
Peter Midmore
Athro Economeg, Ysgol Fusnes Aberystwyth
Professor of Economics, Aberystwyth Business School

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

Martha da Gama
Howells
Clerc
Clerk

Elfyn Henderson
Y Gwasanaeth Ymchwil
Research Service

Rhys Morgan
Dirprwy Clerc
Deputy Clerk

Katie Wyatt
Cynghorydd Cyfreithiol
Legal Adviser

*Dechreuodd y cyfarfod am 09:30.
The meeting began at 09:30.*

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introductions, Apologies, Substitutions and Declarations of Interest**

[1] Mark Reckless: Good morning.

Ymchwiliad i Ddyfodol Polisiâu Amaethyddol a Gwledig yng Nghymru Inquiry into the Future of Agricultural and Rural Policies in Wales

[2] **Mark Reckless:** Thank you very much for coming in to join us this morning. We've three academic panels of which you're the first. We are keen to explore some of the more underlying issues about our agricultural support and the relationship with rural development. Whatever people may think as individuals about the decision, there's going to be major change with Brexit, and the extent to which that is a change or a through train from what we now have is open for discussion and I think one of the elements we would be very keen to explore. So, I wonder, Peter and Janet, whether I could ask you both what you see as the priorities for agricultural support in Wales and how that system may or may not change in the post-Brexit environment.

[3] **Professor Midmore:** Do you want to go first, Janet? You're first in alphabetical order.

[4] **Professor Dwyer:** Okay, thank you. I would say two priorities. I think, in the years ahead, it's going to be a very uncertain situation, because we have a lot to sort out in respect of the exit process and the negotiation of the trading arrangements with the European Union. Welsh agriculture is at the moment quite heavily dependent upon the subsidies that it receives from the common agricultural policy, particularly farms in marginal areas on less productive land, but, to an extent, the sector as a whole has become dependent after a long history of support.

[5] As such, I would say two priorities. One is to maintain a degree of stability through this period of uncertainty in order to ensure that we don't see major collapse of parts of the sector across Wales, which could be a risk if changes were made too quickly with insufficient planning, and the other would be really a call for investing in the future. In that, I would say investing in resilience, investing in supporting the very wide range of assets and resources that Welsh farming and other rural land management provides for the people of Wales and for others beyond these boundaries. And, in investing, I'm talking about human capital—ensuring that the people who manage the land have the best possible knowledge, the best possible advice, and the best possible insights from research and development, focused particularly on sustainability, resilience and successful production and marketing—social capital, because it's very important when communities are facing periods of uncertainty that they can come together and plan and think together about how to best manage their future, and then, thinking about

the sector as a whole across Wales, making the linkages and trying to increase the resilience of the sector through a more diverse resource base and a more diverse set of linkages to the people up the food chain and down the food chain to create that sense of a positive future.

[6] **Mark Reckless:** Do you see more scope for pursuing those policy objectives in a more devolved and localised system? Are those areas that we've been able to pursue within the CAP to a degree? Is this going to be a through-train development of themes that have been within the system or would it be a new departure to move in the direction that you describe?

[7] **Professor Dwyer:** I would say it's probably a development of themes that are currently within the system, but I think the system at the moment is very complicated and overly heavy in the way in which it addresses some of these issues. That's partly because of the multiple layers in the hierarchy of funding where everything comes from the centre, down through Brussels and then the national Government and then the devolved Government and then the delivery people on the ground. So, we ought to have scope for freeing up some of that process. But I would say that a lot of the goals and objectives that are currently represented within the scope of rural development programmes—what we call the second pillar of the CAP—provide many positive options for the future. My feeling is really that it's about freeing up the mechanisms and about making things more locally appropriate and more flexible. The other thing, I think, is, if policy comes from above, it tends to be divided into different sectors and different purposes of funding. In a small principality, it's much more possible for people to work across those boundaries, and to work together and to combine resources to achieve more, and I think that's something that maybe ought to be the biggest opportunity that arises as a result of the Brexit process.

[8] **Mark Reckless:** Professor Midmore.

[9] **Professor Midmore:** Thank you, and thanks for inviting me. Well, I don't need to speak as long as Janet, because I agree with pretty much everything she says, but there are a few things that I'd like to emphasise. So, the first is that change is desirable, but, while it's desirable, it's also fraught with perils, not least that we won't be able to blame those Brussels bureaucrats for imposing things upon Wales that we don't like. So, actually the responsibility rests in this building now. But, from an economic point of view, the reasons why Governments don't want a free market in agriculture are because of externalities—both external costs and external benefits—

about which there's a lot written in all of the papers that you've had for this morning's session. And also there's the argument about efficiency and equity. Now, you might smile if I say, you know, that farmers suffer an equity problem. They're stinking rich, they sit on piles of land worth millions of pounds, but, actually, they've always been asset-rich but cash-poor, and that is, essentially, their problem. It's a problem because past support payments have tended to be capitalised in the value of land, and that's been even more of a problem since we've had direct payments rather than production support. Of course, as the value of land rises, then for anybody from outside wanting to come into the sector to bring new ideas and new approaches to the management of land, they either have to inherit a farm, marry a farmer's daughter or son, or they have to make a big pile of money in the City and spend that on hobby farming in their retirement. So, that probably isn't the most desirable pool of talent from which to draw.

[10] With regard to the equity versus efficiency question, we have had, historically, experience of one country unilaterally withdrawing subsidies more or less overnight. It caused massive disruption, and there are still arguments today as to whether the New Zealand agricultural system is actually technically bankrupt and only kept alive because of the forbearance of the banking system. The importance of agriculture in the New Zealand economy is quite different to that in the UK, but, essentially, there was significant rapid change in the New Zealand farming sector. The whole system became more market-driven, but at the cost of a lot of throwing everything up in the air and seeing where the pieces landed. So, I think that, essentially, the policy choice is how quickly to move away from the current system and how to address these twin problems that economics has always focused on with regard to agriculture: the externality problem and the equity problem.

[11] **Mark Reckless:** Huw.

[12] **Huw Irranca-Davies:** Thank you, Mark. Can I turn directly to that? Because both of you, in your written submissions and now, are urging caution, at least for this period, stability, certainty—'it's a difficult time; we don't want to rush things'. And yet many others are saying, 'Well, here is the opportunity, if ever, to actually look at new freedoms, new ways of doing it, new ways of aligning what, in essence, is public money and will now be directly UK public money post 2020, and so on, into this'. So, what would your advice be to Government? If your first piece of advice is, 'Be cautious now. Don't inject any uncertainty into it', what's your second piece of advice

about the fundamentals of how we should alter this? Obviously, you'd want to do it in consultation, but have you got any idea now what you would significantly change?

[13] **Professor Dwyer:** Two things. This issue about the capitalisation of the existing support into land values is one that I think is worth considering. Having said that, you have to be aware that, if you were to suddenly change the distribution of support, it would have knock-on effects on the profitability of the sector. So, you have to be always aware that, if you're shifting money around between beneficiaries, it will affect the relative production costs of those different businesses and it will affect the sector as a whole. So, if you were to think, for example, that you should be giving money more perhaps on equity grounds, you should be capping the amount of money that you give to larger scale businesses. Now, I know, to an extent, that already happens a little in Wales: certainly, under the pillar 2 programmes, you cap some of the aid to the largest holdings. You could have a similar system for pillar 1 and, in fact, it's been discussed in previous rounds of CAP reform as an option. But what that does do is it affects the relative costs and competitiveness of the sector as a whole, which then affects your trading position.

[14] **Huw Irranca-Davies:** But that's a political and policy choice.

[15] **Professor Dwyer:** Yes, but, at the moment, we have a combination of policy support and market conditions that keep the sector as it is. So, if you affect one, you're going to affect the other, and you need to have a very clear idea of how they interrelate.

[16] **Huw Irranca-Davies:** But if you were to say, for example—even within the current EU framework, the French application of CAP funding is quite different from what we do here, and they have an element that is designed to support the rural economy and small- and medium-scale farming. We could make that choice now, actually, but we could certainly make it going forward. It would have implications wider, but if Ministers said, 'Well, actually, one of our headline imperatives is to sustain rural economies, particularly marginal, more rural, peripheral economies where farming is even more important,' then they could say, 'We want a particular type of farming.' That could be done.

[17] **Professor Dwyer:** Yes. I agree. I think the French have a much more social element in their support policies, which is reflected in the way that

they apply their discretion under the existing CAP. You could do much more in Wales in that direction. I think there's been a problem in the past in the way in which we approach rewarding environmental management and that that thinking has too much influence—this move towards always hectare payments and the basis being that the bigger you are, you have more land and therefore you have more environmental management responsibilities. But, actually, the costs of delivering, of managing that land effectively, are subject to a certain amount of economies of scale.

[18] I think the other thing is that you have to think about what is a basic level of support for, and it's probably for a number of different objectives, some environmental and some social. Getting the balance between those two appropriate for the people of Wales and the Welsh view is clearly an important starting point.

[19] **Huw Irranca-Davies:** Sorry, my final point, Chair, is it's very interesting that—I think both of you touched on the thing—we cannot ignore what England will do in going forward, not just the EU, not just other countries, but what England is doing, our nearest neighbour, or what Ireland is doing, for that matter. Could you expand on that, why that is the case?

[20] **Professor Midmore:** Yes, because we will be sort of in 'EU scaled down by one dimension', I guess, so that what happens in England will affect the market conditions for Welsh farmers. Already, there's a lot of discontent amongst the farming community about extra modulation that was made to pillar 1 payments, and what's the level playing field then for farmers, especially because Welsh farmers traditionally feel underprivileged.

[21] To address your point more broadly about what should we be doing and what should the pace of change be like, I hope it's all right if I tell a joke, the old Irish joke, which is about the stranded tourist who asks the way to Dublin and, after lengthy thought, the farmhand says, 'Well, if I were you, I wouldn't start from here.' Now, there's a serious point in this, which is that it would be much better to be starting from a different position, but we are where we are, so we've got to travel to somewhere else in order to start our journey. If you live in Aberystwyth, as I do, then that's a fact of daily life, of course.

[22] So, I think it—. The issue of equity cuts both ways. If you wanted to cap payments, as Janet suggests, as a sort of opening gambit, then what kind of signal does that send to somebody who's worked very hard all their life,

who's accumulated a certain amount of business capital and is then penalised for having done so? So, I think we have to think very carefully about the consequences of the policy choices we make.

[23] **Mark Reckless:** Simon.

[24] **Simon Thomas:** Yes. Thank you. Apologies for this question, because, in a way, it should have come before Huw's question, I think—or questioning—but surely one of the things that we have to be cognisant of is the purpose of CAP.

9:45

[25] Why did we have CAP in the first place? Of course, there are political arguments around it, but at its heart—and I think Mr Midmore has touched on this—there are reasons why, in a socially constructed European Union, we intervened and did not have a free market in food and farming. Later on, we looked at the environmental costs, but there were externalities right from the start. There was also, as you mentioned, the social element, which, to my mind, has never been explicitly set out, particularly in the UK context and the Welsh context, but has lain behind all the decisions, since devolution, that Wales has made, I think, around farming: the language; the maintenance of rural communities; the maintenance of upland and small villages and farms, and family ties. The family farm has this significance and salience in Wales that it doesn't seem to have in other policy-making institutions. So, given that—. First of all, do you accept that? Is that a reasonable kind of very quick summary of where we've come so far? If you do, could you say to the committee what you think—? For example, to make it straightforward, if we can, is there one really good example of where CAP has delivered on trying to meet those political objectives—the reason why we're using public money—and perhaps one reason why it hasn't been so effective, particularly in the Welsh context and what we've tried to achieve? Does that approach to looking at this problem help us at all in planning a future when we leave the European Union?

[26] **Professor Dwyer:** On the issue of the social aspects of policy, I agree that the UK is always very silent on the social aspects of agricultural policy, and I think that it's a credit to the Welsh and the Scottish and the Northern Irish, who make a more explicit commitment to the social aspects of agriculture in the way in which they've designed and implemented policy in this sector. Interestingly, the French actually start their policy by saying, 'We

don't want to lose any more farmers'. So, that's their view. They want as many people in the sector in future as they have now. It comes from a particular philosophical perspective, I guess. It can be argued both ways, and an economist would say that's inefficient because it means you're retaining people in a sector that perhaps, if you were producing at the most efficient scale, would have fewer people in it. The general received wisdom is that if you reduce the level of support that currently goes into agriculture, there would be fewer people in farming, because the markets at the moment don't give a sufficient return to support the number of people in the sector at the moment.

[27] So, that's always been one of the arguments, I guess—perhaps even more so in recent years in some other European countries. So, it would be possible for the Welsh policy to have a more explicit social focus, but you have to recognise that there could be a trade-off in respect of efficiency and, therefore, competitiveness, depending on how you decide to pursue those goals.

[28] If we were thinking about areas where previous policy has been successful or not, you could say, therefore, if you've got a social goal, the previous policy has been more successful, perhaps, in retaining people in the sector than a more free market or a more liberal policy would have been. But I would also emphasise, actually, the investment within the CAP in human capital, and I think Wales stands out for me in the respect in which it has supported, through a period when a lot of these things were being privatised elsewhere in the UK, that infrastructure of research and development and extension and business thinking, and entrepreneurial activity in the Welsh farm sector, which I think is laudable and is definitely a strength that you should continue to pride yourselves on. Where it's not been successful: I think it hasn't done a lot to increase the value added returned to the primary producer in the food chain. I think it's still the case that a lot of farmers feel that they are price takers, not price makers, in markets. They take their stock to market and they don't know what price they're going to get from it, and yet they're very wedded to the continuance of markets for their social and their other functions, but I don't think they get a very good deal from the food chain, and that's really a big problem, and something that's worthy of policy attention.

[29] **Professor Midmore:** A chink is opening up between me and Janet on this issue. I think economists do struggle with the concept of social capital, but at least they do recognise it and are starting to explore it. I think if you

take in the round all of the five capitals, as they're traditionally defined, then the social is one, which is an important part of the fabric of the ecosystem in which Welsh agriculture exists.

[30] The other thing that I think we're edging towards is maybe trying to unify farming and rural development policy, because I think they have been treated far too much as separate things. Yet it would be possible, I think, in the context of a devolved administration outside of the EU, to make significant progress on uniting the two.

[31] **Simon Thomas:** Just to follow up on that, have there been many clear examples in the current—either pillar 1 or pillar 2 or the overall CAP—of real perverse intentions of things that we were trying to do with public money—well, I know we failed to do some of them—but it's even been worse than that? What kind of lessons of perverse intentions can we take from designing a new scheme—particularly, I think, of interest in trying to meet the agri-environment and the farming and bringing them together as much as possible? It looks like you have some examples.

[32] **Professor Dwyer:** I was going to say something that isn't particularly agri-environment, but it's a lesson more generally. I could never understand why, in the current rural development programme, LEADER groups were told that they couldn't fund private business. There was an assumption made for various administrative reasons that their money was best spent on community projects, but actually when you're working at the local level and you're trying to stimulate local development for both social and economic purposes, putting in hard and fast rules and saying you can only give money to non-profits and you can't give money to private businesses just seems a nonsense to me. That's the sort of thing that happens when you have these very heavy bureaucratic processes built into the design of policy.

[33] I think if you looked at the change between the various successive agri-environment schemes in Wales, you see something similar happening in some places. There's been a huge emphasis on the need to verify any management prescriptions that are built into agri-environment schemes. So, if the most important thing in a particular farm situation is actually to reduce the nutrient loading on the land, that's a very difficult thing to do because you can't verify it very easily, because you can't actually monitor—

[34] **Simon Thomas:** You can verify the process, of course.

[35] **Professor Dwyer:** You can verify the process to an extent, but it's very difficult, and I think as a result what you see is a narrowing of the focus of payments in some of the schemes towards things that are easy to measure and easy to see, but may actually not be the fundamental things that need to change. It is things like that, really, where you get perverse incentives at the local level, or perverse actions.

[36] **Professor Midmore:** Yes, but if you don't take risks you don't get any innovation; I think that one of the problems is that there's a search for risk-free policies. It's all right to fail in policy terms as well as business, I think.

[37] **Mark Reckless:** Can I bring in Jenny, and then Sian?

[38] **Jenny Rathbone:** I just want to look at it down the other end of the telescope, which is that the original reason for the agricultural policy was to enable us to have a secure supply of food for our populations. How much do you think that ought to be a core objective of both the UK and Welsh Governments?

[39] **Professor Dwyer:** I think it's very important. The extent to which it needs to be achieved through a domestic agriculture policy is an area for debate. I tend to favour producing as much as we can from our own resources, but only to the point where it's within sustainability criteria. So, we shouldn't be exploiting or undermining our natural capital in order to produce more. But I think we could do more. I think it's an important purpose to have an eye to the food production element within an agriculture policy. I think that's important and I think it needs to link very closely to policies on consumer health, nutrition and the wider food system and food policy.

[40] **Jenny Rathbone:** Because there is quite a substantial disconnect here at the moment, isn't there, because most of what we currently produce is exported, obviously with a big question mark about the future at the moment. But we only produce 3 per cent of our fruit and veg, which is the foundation of our nutrition.

[41] **Professor Midmore:** We produce about 1,000 per cent of our lamb. So, if we were forced to be self-sufficient then we'd be eating it at every meal. *[Laughter.]* We'd be sending hampers across the border. The WTO view, of course, is that it's through trade that we actually best achieve food security by developing diverse trade relationships—that is, if once source of supply

fails, then the others may very well continue. So, it's about having a portfolio of sources of food.

[42] However, having said that, that doesn't take into account the social and environmental dimension. An awful lot of carbon emissions, for example, are due to the movement of food around the globe. And, also, we see locally disruptive changes as a result of free trade, which are important to consider and have real costs, and, actually, real costs that you should be concerned about, because the people that elect you are affected fundamentally by them. So, I think those are issues that need to be taken into account in achieving the balance between how much is it desirable to produce domestically, and how much reliance we can have on other sources.

[43] **Jenny Rathbone:** Okay. You very clearly described, at the beginning of your remarks, the five-tier system we currently have, from Brussels to UK to Welsh Government. But the LEADER projects are looking at the whole thing from the other way up—bottom up. Is there mileage in putting much more emphasis on that bottom-up approach in the future?

[44] **Professor Dwyer:** I think I hinted on that in my written response. I think we're at a point in time now where knowledge about the environment is much more widespread than it was when I began working in this area 35 years ago. As a result, I think it's much more possible to work at the local level on complicated issues, where you do need to balance conflicting interests over the use and management of land. I don't think any more that it is the most efficient way to deliver the environment to have people in Cardiff design a scheme and roll it out across the country. I think it is much more efficient these days, given the increased level of awareness we have, and also the increased diversity of findings from environmental research, to actually focus more on local mechanisms for governance and design of environmental support. But what you have to ensure is that you have all the right stakeholders round the table. So, it's not just farming expertise; it's environmental expertise and it's community knowledge, and those things need to be brought together in an effective way. I think there have been some very interesting experiments across the UK in the last decade or so in just this kind of landscape-scale management. But, at the moment, that kind of initiative—those are short-term projects, operating on top of the existing national policies. I think we could turn things around by giving them more power and influence in the process.

[45] **Jenny Rathbone:** What do you think have been the barriers to

developing this more bottom-up approach in the current system? Do you think it's been anxiety that the LEADER projects couldn't be controlled, or that you wouldn't be able to count them?

[46] **Professor Dwyer:** I think the reasons are many and varied. Some of it's to do with risks of devolving, because when you devolve, you do lose a certain element of control. Another has been about worries that the local capacity to manage this process of decision making is insufficient, so that's about education and information and awareness, and, also, maturity in governance. We have lots of debates on my side of the border about whether the local enterprise partnerships, which are now charged with delivering economic development at the county level, can possibly be effective. My county, I should say, is pretty effective, I think, in Gloucestershire, but there are others that are really struggling to try and deliver their duties. So, local capacity is an issue, which I think has limited this sort of thing in the past.

[47] **Jenny Rathbone:** Except that, in Wales, we have very good examples of successful LEADER projects, but we don't seem to have rolled them out—you know, we don't seem to have shared this good practice. So, it's difficult to understand why we've been so averse to doing that.

[48] **Professor Dwyer:** Yes.

[49] **Mark Reckless:** Can I bring in Sian?

[50] **Sian Gwenllian:** I'm going to speak in Welsh.

[51] Rwy'n mynd yn ôl at y I wanted to return to the debate on drafodaeth ynglŷn â phwrpas y the purpose of the support provided gefnogaeth y mae'r sector to the agricultural sector. I think we amaethyddol yn ei chael. Rwy'n understand the social and meddwl ein bod ni'n deall y pwrpas environmental purposes, but I do cymdeithasol a'r pwrpas think that we need to have greater amgylcheddol, ond rwy'n meddwl clarity as we discuss with the public, bod angen i ni fod yn fwy eglur wrth i certainly, the issue of the economic ni drafod efo'r cyhoedd, yn sicr, purpose of the support provided to ynglŷn â phwrpas economaidd, farmers. hefyd, y gefnogaeth sydd yn cael ei rhoi.

[52] Roeddech chi'n sôn yn y fan You mentioned, Janet, that farmers

hono, Janet, nad ydy ffermwyr yn cael dêl dda iawn yn y gadwyn fwyd, ac rwy'n meddwl efallai y buasech chi'n gallu egluro beth ydych chi'n ei feddwl efo hynny. A ydym ni angen bod yn fwy eglur yn y ffordd rydym ni'n disgrifio beth ydy pwrpas y gefnogaeth yma o ran cadw prisiau lawr i'r cwsmer, er enghraifft? A ydym ni angen bod yn llawer cliriach yn yr agwedd benodol yna? Rwy'n meddwl ein bod ni'n reit glir ar yr ochr gymdeithasol ac amgylcheddol, ond efallai fod y ddadl—o ran beth fyddai fo'n ei olygu i'r cwsmer petai ni'n tynnu'r gefnogaeth yn ôl—ddim yn cael ei hegluro mor glir efallai. Nid wyf i'n gwybod os ydych chi'n cytuno.

10:00

[53] **Professor Dwyer:** I think there's been a lot written on the relatively weak bargaining power of farmers in supply chains and the ways in which policies and farmers themselves can try and address that by coming together and increasing their bargaining power. In other member states of Europe, Government actually gets involved in that process much more extensively than it has traditionally in this country. I think that consumer education is very important in the whole food and agriculture arena because so little, I think, is understood by people about the cost of producing food. I think we've separated a lot this idea that, yes, we need to pay for the environment, but we shouldn't need to pay for the food, when, actually, the two things are inextricably linked and even if you offer completely decoupled payments for the environment, they will have an impact on the food production process and the cost of production.

[54] Having said that, it's very clear that the food sector in the UK, which is a relatively strong sector, and employs a lot of people, draws some of its strength from its ability to buy ingredients from all over the world to provide what consumers want. So, I think the food sector needs to be involved in discussions about this whole process of improving returns to producers and

providing good value for money for consumers. Perhaps we haven't very effectively had those discussions in the past.

[55] **Professor Midmore:** Food is really cheap in the UK, Sian, and that's the result of a number of interacting factors: one is the fierce competitive battle between grocers, which, at one stage, it looked as though Tesco would win and we would all be subject to a quasi-monopoly and have to pay higher prices, but it hasn't happened yet; then there's a food-producing distribution system; and then there's the farmers. Effectively, the downward pressure on prices, as a result of the competitive battle in retailing, is actually squeezing farmers' incomes, and then we, as taxpayers, give money back to the farmers. It's a crazy deal, if you view it in those terms. So, it would be nice to try and move away from that in policy terms.

[56] I think there are indications in the Westminster Government longer term that they'd like to move away from income-based support payments to a more Canadian-style crop insurance system. That's certainly what George Eustice has been saying lately. That would involve a very radical change, but it would mean that, somehow, we'd have to extricate ourselves from this situation of the money merry-go-round that we've created in farming. Whilst food is cheap, we also have to recognise that increasing polarisation in terms of economic inequality means, even so, very poor people can't actually afford to feed themselves, especially considering the things they must do, like pay their rent and electricity bills and so on, and food is the thing that is squeezed at the end of their particular process of decision making. So, I think those are also important issues to take into account. We need to conceive of this not just as agricultural policy, but as food policy and consumer welfare.

[57] In the context of Wales and devolved decision making, I think there's a really good opportunity to start to move towards uniting all of those factors in policy-development terms. As long as we keep getting the money, it would be interesting to see how policy makers manage to address those questions.

[58] **Professor Dwyer:** If I could, I'd like to add to that. You read a lot about what is and isn't possible, in a kind of open-market system, to achieve, but I see everywhere, when I travel around the globe, examples of things that buck the trend in respect of the norms of consumer behaviour and market development.

[59] In the county in which I live, which is a relatively wealthy county and

that might be part of the reason why it works, on not very good land in the village next to mine, someone is running an extremely successful fruit and vegetable business. Those products on the shelves in the farm shops near us are the same prices you would pay for a supermarket product, and they're vastly better because they're fresh and they're locally produced. They may not be better for the environment in the long run, but it's great to have that choice, which a lot of people wouldn't have.

[60] I went to a conference in Northern Ireland at the end of August about livestock production, and this was on my hotel table at breakfast. I just think it's wonderful because it says 'Who made my breakfast?' and every page in this booklet tells you where they're sourcing every ingredient in your breakfast from, and it's all from Northern Ireland. I don't know if this was produced as part of a special promotion—it was in a week where they were promoting local food—but they were saying, basically, that everything in their hotel food supply chain was sourced locally, and they could do that because they're in a particular market niche.

[61] I do think that in a country the scale of Wales, where people ought to be able to work together, it should be much more possible for these sorts of things to happen. We know it does already in certain places—the organic sector in Wales developed much more strongly and successfully than in other parts of the UK because of this ability for things to work at the local level. I think there's more that could be done.

[62] **Mark Reckless:** I have David, then Vikki, then Jenny.

[63] **David Melding:** Can I just talk about trade? It's not devolved, of course, but it's really critical for Welsh agriculture and you do both refer to it substantially. So, in your emphasis, there has got to be a level of quite strong co-ordination across the UK in what Governments do. Presumably, that will have to play into how we see trade negotiations develop, and the three devolved Governments will need to be involved in that. And I just wonder: are there particular risks that we face around our emphasis on livestock and the export of lamb, for instance? Beef export might get clobbered if people start to quote TB as being such a risk that they don't want to take our products at the moment. Obviously, the EU gives us a level of protection there. And that may have spill-over effects on lamb if people don't see Wales as a good place to source meat products.

[64] Also, we're probably going to end up relying on the WTO, it seems to

me—that's my working assumption now. So, our products will have a tariff applied to them, but they may also have a quota applied, and that seems to me a particular vulnerability for us. I'd just like your assessment on those issues.

[65] **Professor Midmore:** Right, okay. Yes, interesting your point about quota; it's actually a tariff-rate quota. It's a device frequently used to try to assist emerging or developing economies in getting access to rich markets like the EU. But it doesn't exclude its use elsewhere, and what it means is that, within the quota, you get a lower tariff, and then beyond that there's a higher tariff. It's exercised almost as an emergency brake mechanism on floods of cheap imports. But that, actually, is a device negotiated through trade agreements within the GATT rules. So, the base situation to a new member of the GATT, effectively—during the 40 years of EU membership we've passed over that responsibility to the Commission to negotiate on our behalf—we now have to exercise it ourselves as the United Kingdom.

[66] So, I sincerely hope—. I think it would be a disaster for upland Wales if we had to sell our lamb to Europe under World Trade Organization rules because, in effect, it more than reverses the dividend that Welsh farmers have had in terms of exchange rate movement after the referendum result. On top of that, until the UK actually re-accedes or resumes full membership of the WTO, we're in a sort of limbo position—we're not actually a part of it or not, so we don't have to be treated with most-favoured-nation status.

[67] It seems to me that there's an element of advanced game theory here, which I have the pleasure of teaching to final year undergraduates, in terms of, 'What do you do if somebody cheats on you, then you cheat back?' There are two strategies: there's the tit-for-tat strategy, which is you follow what somebody else does in your next play of the game; or there's the grim strategy, which is that once somebody cheats on you, then you cheat back and you do it forever thereafter. Now, which situation are we in with regard to negotiating with EU-27? If it were the grim strategy, well, we'd be in serious trouble, I think, with regard to—. It's not something we couldn't recover from. I don't think that is a question at all, but it is something that would impose very serious short to medium-term costs on us. So, it's really in the interests of the devolved administrations to engage and make their voices heard and be able to assess the consequences of any interim proposals, which may, of course, have to be conducted outside of the public gaze, because, otherwise, you know—we don't want to give away all our best arguments to the opponents.

[68] **Professor Dwyer:** If I could add, in respect of the sheep sector in particular, if you look at what happened after we joined the EU, basically our products in sheep meat were more competitive than those of France or Spain, and their production declined significantly as a result of our accession into the single market. The question comes, therefore, when we're negotiating a trade deal with the EU: do they decide to make sheep meat a sensitive product? If they do, that's really bad news for us because, then, we have to find markets elsewhere, because, as Pete says, it will erode the relative advantage that we've had. And that depends a little bit on whether the French or the Spanish want to reinvigorate their sheep sectors, or whether they take the view that, actually, it's gone too far, and they wouldn't be able to get them back and they're doing other things that they're quite happy with now anyway. But I think it is a serious issue that we need to be aware of.

[69] **David Melding:** And the point about our TB status aggravating the risks when it comes to trade, or do you not think that we're at that level at the moment?

[70] **Professor Midmore:** Well, I think failure to control TB in the medium term is also a serious risk from the point of view of cattle and beef exports. And it's one of the few exceptions that the WTO in general allows countries to make to free trade arrangements. So, yes, it is a serious concern.

[71] **David Melding:** Thank you.

[72] **Mark Reckless:** Vikki.

[73] **Vikki Howells:** Thank you, Chair. As we move forward now towards our exit of the EU, clearly this presents us with both challenges and opportunities. And while it's important for us to look at a bespoke kind of package for Welsh agriculture, I just wanted to come back to the idea of looking at perhaps best practice that you could maybe enlighten us a little bit more about in other countries, and, also, some potential pitfalls of other countries' policies. You referred earlier to New Zealand as well. What sort of things should we be looking at in terms of other countries' policies where we can learn as we start to draw together these strands to develop our response to the challenges ahead?

[74] **Professor Dwyer:** I would talk about something that I was—. The reason I was in Belfast was to participate in a session with the Ulster Farmers

Union on succession planning in Northern Irish agriculture. And that's a common concern across many countries in Europe—the notion that, if you look at the data, it seems like our farmers get older and older every year, and also a feeling that there are things in the system that make it advantageous, particularly from a taxation point of view, for farmers to end up being in their 60s or 70s—the principal farmers of holdings—and for there to be a problem about succession. Part of that's influenced by what Pete was saying earlier about the asset value issue, but I think there are things that we can learn from things that have been going on elsewhere in Europe in respect of more careful and clever succession planning. This is interesting because it's not about money; it's about creating the right kinds of structure.

[75] The French have created two different types of farming partnership, which enjoy many of the tax advantages of single ownership of farms, which are specifically designed to facilitate inter-generational transfer, without exposing anybody to risks or sudden tax bills. I understand you can do that through the existing farming partnerships that you're able to form in the UK, but they're not much used, and I wonder if there are reasons behind that, and that whether, by looking at some of these other models for enterprises, you could find something that would suit the situation in Wales and would help to address this problem of generational renewal and helping young farmers start up. Because I know you had a long debate, didn't you, about whether or not to have aid for young farmers in Wales, but the European model that was offered was rather clunky, shall we say; it didn't necessarily fit the situation here. I think an initiative to look at better legal arrangements and fiscal arrangements to encourage transfer would be a good idea.

10:15

[76] **Professor Midmore:** Yes. Looking around other countries' agricultural policies, it's a question of identifying the least bad that we could adopt, rather than the best. The ones that are often used in discussions on this subject would be countries like Norway or Switzerland, which are outside of the common agricultural policy, but have access to the single market. They're more expensive and we don't have the resources to fund such styles of policy. So, I don't think there are any really good examples that we would want to draw on from elsewhere; I think that we would want to try to refine what we have at the moment and make that more appropriate to our own circumstances.

[77] **Mark Reckless:** Jenny.

[78] **Jenny Rathbone:** What role could public procurement of food play in helping to shift some of the desirables that we've identified around innovation, diversification and cutting the supermarkets out of this monopoly stranglehold?

[79] **Professor Dwyer:** I'm not an expert on this subject, but I have colleagues within the Countryside and Community Research Institute, where I work, who do work on it and I know that they're extremely positive about the way in which you can use public procurement to encourage more sustainable and more rewarding outlets for food production in local areas.

[80] I don't think it's a question of cutting out supermarkets, though, I think it's a question of helping to show by example, perhaps. I think a lot can also be achieved through supply chains working with retailers. I think you have to have a multifaceted approach to this issue, because it is a really thorny issue that deserves attention.

[81] **Mark Reckless:** Just before I move to Jayne Bryant, I wonder whether, on that point, I could ask something. I believe that the Morrisons supermarket has a different model to the others and is more vertically integrated and owns a number of farms itself and takes the production process all the way through. I wonder what you think of that model and why they're able to do it and yet it isn't more widespread in our system.

[82] **Professor Dwyer:** Vertical integration is something that people have been saying for quite a while is the trend. I think it offers efficiency benefits for some of the retailers and that's why some of them do it. It doesn't always work, because you need a wide diversity of products to offer to the consumer and vertical integration across a great portfolio can be quite difficult to manage.

[83] We did a study on the UK wine market, actually, for the European Commission a couple of years ago. We see the process in that market, which began to be a very vertically integrated business, with Tesco employing people to range all over France and sign contracts with producers directly, to supply only to Tesco. That's actually changed now, because Tesco has discovered it's more effective to allow people in the middle to do that for them, and they've withdrawn from that direct relationship. So, there are pros and cons depending on the sort of market you're dealing with, the level of market development and the range of niches that consumers are going for.

[84] I don't think vertical integration is necessarily the best way for producers; it all depends on who is making the bargain and who has most weight in the argument. Sometimes, it can work very well and that's usually when there's a sense of equity between all those involved in the chain, about who gets what and why. Other times, it can be exploitative. So, it isn't a model, necessarily, for improved returns to primary producers.

[85] **Professor Midmore:** Just very briefly to add to that, there are lots of models of good supply-chain governance, which involve collaboration between the different parts of the supply chain, but the supermarket and food supply chain is not one of them, I'm afraid.

[86] **Mark Reckless:** Jayne.

[87] **Jayne Bryant:** I just find it particularly worrying to think that there are no good examples around the world of what's happening, but perhaps there's a lesson for us in that, really. I was just wondering, going back to your evidence and what you've said today about a measured approach, how we make sure that we're all pulling in the same direction in terms of the environment and animal welfare. As you said, it cuts across so many issues, but I do think it's important that we get this right. How do you think we can practically do this?

[88] **Professor Dwyer:** It sounds glib, but I think the answer is partnership. It is much more building partnerships that are cross-sectoral that involve the whole of this nexus of food, farming, environment and community, and to find ways of doing that such that you're thinking long term and you're thinking about being able to withstand uncertainty, because, I think, within Europe or outside Europe, uncertainty and instability in global trading conditions is likely. We seem to be in a low-growth phase in respect of, you know, we can't grow ourselves out of economic challenges. So, I think, in Wales, it should be possible for a much more joined-up policy than has happened in the past, by getting people around the table and talking together.

[89] **Professor Midmore:** I recommend the partnership dimension, but I think it, by itself, is not enough. You need bold and visionary leaders to drag the partnership forward.

[90] **Mark Reckless:** In which case, can I bring in Huw Irranca-Davies?

[91] **Huw Irranca-Davies:** Yes, I'm trying to maintain my optimism at this moment, having been shocked by what you just said, but not surprised, in some ways, that there are no models that we can lift off the shelf that are less costly and, in some respects, I suspect, less bureaucratic, because the way we shape environmental, as well as food-production support, necessitates some complexity, but it can minimise it as well. What I wanted to ask you was, you touched on the feeling that the UK Government has started to explore an alternative model—not a Norway, not that sort of model, but the other extreme, the one based on insurance. That is wholly different. I touched earlier on the fact that we can't disengage entirely from what's going on in England. Could you just explain what that approach might look like and what would be the implications for Wales if the UK Government were to go for an insurance-based model?

[92] **Professor Midmore:** Okay, I see Janet turning pale, so I might take on this question. [*Laughter.*]

[93] **Professor Dwyer:** You start, but I might come back.

[94] **Professor Midmore:** The two main economic problems with farming are low incomes, but also unstable incomes. That's due to natural processes. Also, in the United States, there are elements of this, although the United States model is thought of as providing subsidies by stealth. But, in Canada, there's revenue insurance. So, farmers' average returns over a number of years are measured and then if their returns fall below that level in a particular year, they get a payment from the insurance company. It's a part payment to cover the gap between what they were expecting and what they actually got. In the Canadian model, there are subsidy arrangements from the federal and the provincial Governments to support both the administrative costs and the costs of taking on the risk. So, half of the risk is borne by the farming community and half by the public sector. It's much less expensive than providing traditional methods of income support through area-based payments, for example. One of the reasons why it's important to look at what's going on in England, of course, is the Barnett consequential. So, if England spends much less on agricultural support measures, by adopting a scheme like this, then less money comes to the Welsh Government to spend. Obviously, it has discretion, but I think that, in the tightening circumstances of the next five or 10 years, there won't be a lot of extra money to throw at farming.

[95] **Simon Thomas:** Just one tiny little thing, which is that you've made an assumption there that Barnett would be the formula used to allocate the resources coming back from the EU to the UK level.

[96] **Mark Reckless:** Which is very controversial.

[97] **Professor Midmore:** Yes, of course, that is controversial. The whole picture will have to change post Brexit. And, there may not be a Barnett formula, there may be a much more rational means of allocating expenditure to devolved administrations.

[98] **Simon Thomas:** We've been in Barnett formula as long as we've been in the EU, so I expect it'll be quite a long period of time.

[99] **Professor Midmore:** I think so, yes.

[100] **Professor Dwyer:** I was going to say something to add to that. That concerns the budget for the pillar 1 support, which is the budget that is most vulnerable. Reading the runes, there is clearly quite strong public support—there are very strong environmental NGOs—for the largest part of the pillar 2 across the UK, which is the environmental schemes. The rationale for the environmental schemes would suggest that if you're apportioning a pot of money between the four regions of the UK on environmental grounds, as opposed to on income-support grounds or sector-productivity grounds, which actually underlie the pillar 1 division of resources, a higher proportion would probably come to Wales.

[101] What I mean by saying that is that at the moment, I think it's more than 80 per cent of total CAP budget in the UK goes on pillar 1, but a lot of NGOs and others in the UK are now pushing for more of that money to move into pillar 2. If more of it moves into pillar 2, and the main purpose of that is environmental and you then think about dividing up resource according to need, the Welsh environment is very high quality and—

[102] **Professor Midmore:** Needs more money.

[103] **Professor Dwyer:** Yes.

[104] **Sian Gwenllian:** Needs more protecting.

[105] **Mark Reckless:** On which note, Professor Midmore and Professor

Dwyer, thank you very much for coming in. I think you've given us much food for thought. We'll take a five-minute break before the next panel.

*Gohiriwyd y cyfarfod rhwng 10:26 a 10:31.
The meeting adjourned between 10:26 and 10:31.*

Ymchwiliad i Ddyfodol Polisiâu Amaethyddol a Gwledig yng Nghymru Inquiry into the Future of Agricultural and Rural Policies in Wales

[106] **Mark Reckless:** I'd like to welcome our second panel to this meeting of the Climate Change, Environment and Rural Affairs Committee. We're very grateful for you coming. Should it be required, there's a translation from Welsh to English on channel 1 of the headsets.

[107] We have Stephen Devlin from the New Economics Foundation and Professor Tim Lang from City, University of London. We understand you're also feeding into, I think, the UK committee and some of the discussions at that level, and we're delighted to have you here in Wales to discuss food policy and the UK perspective on agricultural and rural development post Brexit. I wonder if I could just start off by saying that, too often, I think, members of the committee wonder, 'Do we look at this from the wrong end, just as being a system of agriculture support?' What is it that we want to achieve in food policy when we have greater discretion as to what our policy might be? What would your priorities be? Mr Devlin.

[108] **Mr Devlin:** Okay. Yes, I think that's absolutely right. For too long, agriculture has been siphoned off as something sort of in isolation from the food system, almost, which is very bizarre—I'm sure Tim has a lot to say about this. So, I think you're absolutely right—I would certainly advocate that if you're starting from a clean slate, and I understand that the point of these sessions is to think from very basic and fresh principles, I would certainly be thinking about a national food policy rather than a national agriculture policy.

[109] **Mark Reckless:** When you say 'national', do you mean Wales or the UK?

[110] **Mr Devlin:** Wales—a Welsh food policy, sure. I think, you know, there are very good reasons for that—obviously, as you're mentioning, the interlinkages between health and environment and agriculture. I mean, you always have to draw a boundary around it somewhere, so it is very difficult, I think, but there could be far more integration than there currently is at the

UK level, I think. Possibly a good example of that is that Scotland at the moment are looking at what they're calling a 'good food nation' Bill, which is attempting to do something like this. It's unclear what it's going to look like at the moment, but they're putting in train a lot of discussions and I've been advising them on some of that, about looking across a very broad range of indicators on health and well-being, environment, economy, as well as farming-specific indicators.

[111] So, they're doing a lot of consultation, and I think what's interesting about that, actually, is that what they're trying to do in Scotland is very much to involve citizens and ask them, you know, 'What do you think the objectives of this policy should be?' Because it's all very well us sitting around and saying, 'This is what the objectives of food policy should be', but there is a question of who really should get to decide that. Politicians are the representatives of the people, but I think there is value in going to the people and really starting—. I think we need more of a national conversation about how to bring this all together. It should be so easy. I mean, it's a nation obsessed by food, and there's just really not that much public debate about this—certainly in the run-up to the referendum and even afterwards—about what food policy in the UK should be about. So, I really think there is a role for—. I think, especially, that works well at a Welsh level as well, because it's a bit more contained and meaningful. I think there's a big job to do about just starting a public conversation about it, and eliciting from citizens what they think a food policy should do. I think that's something that you could really think about.

[112] **Mark Reckless:** Professor Lang.

[113] **Professor Lang:** Well, I agree with all of that—surprise, surprise. We're well matched together, and we know each other, as you will find out. I will add to that merely by saying I think the evidence for the unsustainability of the current food system is now overwhelming. I look ordinary, but I've just spent the last two years reviewing mind-numbingly complex data across environment—ecosystems, in other words—public health, food and culture, the economy, Stephen's area, and cultural issues like taste, choice—you know, complicated, very personal things—and then the politics of it all.

[114] The current pattern of how we eat in the UK, in the west, in Wales, in Cardiff, whichever level you look at it, is just not appropriate for the twenty-first century. And yet we've got a policy framework that was essentially designed in the 1930s—I kid you not—modified in the 40s, and rolled out in

the 50s and 60s, which said that the problems with food will be resolved if we just produce more food. Now we have the legacy of that policy framework—what we in the academic world call the productionist paradigm.

[115] There are many things we could talk about, and I'm sure you want to ask Stephen and me about Brexit and the minutiae, and I'm very happy—I've been working a lot on that—if you want to talk about that. But one of the reasons I got up at 5.30 a.m. this morning to come here—

[116] **Mark Reckless:** Thank you.

[117] **Professor Lang:** Well, no, I'm not saying that, you know, for your sympathy. I used to be a farmer, and I still wake up at 5.30 a.m. thinking I'm going to milk cows and then go back to sleep and think, 'Thank God I'm not', and also, what a disaster it would be if I was. But that's by the by.

[118] The issue is that this is a really astonishing opportunity for Wales to actually reshape your food policy, exactly for the reasons that Stephen said. But I just want you to know that the evidence for doing so is overwhelming. What we've got is a mismatch between the food supply system, which is pouring out the sources of ill health for Wales, and pouring out the climate-change-inducing gases that are adding to other ecosystems' damage—you know, waste, water destruction. Here we are in Wales—I'm partly Welsh, by the way—and we don't think of Wales as having a water deficit. Actually, the embedded water consumption of the UK, which Wales contributes to, is immense.

[119] We have to think in a very different way about the criteria by which we judge, and I will now conclude by saying that I think the goal for the twenty-first century is, essentially: sustainable diets from sustainable food systems. That's it, in five words. The problem is how to get that, but what we've got now with Brexit is the chance to gently walk away from productionist policy thinking and to start thinking about what would be good production from Welsh land. What does Wales not produce that it should be producing? I will say one word—I've been not just to this building, but to all the predecessors for 35 years, and it's been the same message, and it's horticulture. Wales has a problem of horticulture. You don't have enough, you're going to need more, and you should, and the whole of the UK needs to do that.

[120] So, the common agricultural policy is a really, really good chance to think very fundamentally, but not, sort of, dramatically—I mean

fundamentally in the best sense, in exactly the way that Stephen was saying. So, sustainable diets from sustainable food systems. Six words, not five—forgive me. I just quickly added up. Brexit is a chance to think about what you would want—what a new food law would look like. On my screen here is the fifth briefing paper from our centre at City university in London on Brexit—because we expected Brexit to happen. I think we were the only academic unit that expected it to happen, so we took it very seriously. So, we've done a lot of preparatory work on it. We now have that paper, which is shortly going to come out, where we're looking at the minutiae of it. The minutiae of it are immensely important, but one of the key things from our paper will be that there is going to have to be new laws, because the entire body of European Union food legislation is going to have to be replaced. How is that going to be done? This is an opportunity for the sort of preamble that Stephen was talking about that the Scots are thinking about, and that you've done with the Well-being of Future Generations (Wales) Act 2015. Here's a chance to dovetail all of that together.

[121] **Mark Reckless:** If I can bring in Simon Thomas.

[122] **Simon Thomas:** Just before we start to discuss some of those exciting ideas, and a vision that I certainly would welcome in Wales, I just want to challenge one thing, which is the idea that Wales could do this, because—

[123] **Professor Lang:** Why couldn't it?

[124] **Simon Thomas:** Because—and this is the question—are we not going to replicate or in danger of replicating a mini EU at the UK level? Our biggest neighbour is a dominant neighbour. We have a very porous border. There's much more cross-border flow than even in the Scottish example. And how realistic would it be, within a single market within the UK, for us to have this very different food culture and producer culture and environmental culture? Now, you know as well as I do that we've driven our CAP policies, to a certain extent, along those lines, but not as much as you would want us to take them. But there is a signal difference between Wales and England. The producers in my region take their cattle to markets in England. They take their sheep—90 per cent is exported. So, there's a real challenge as to whether this is a realistic thing for Wales to achieve on its own.

[125] **Professor Lang:** I don't think—well, you can tell from Stephen's accent his Scottish origins and allegiances, but I don't think Stephen and I would disagree at all that the likelihood of Wales being a hermetically sealed, self-

sufficient food system is zero, certainly in the short term. We're not talking about that. We're talking about directions of travel. We're talking about aspirations. With great respect—you know, I'm partly English—I think you're going to have to have a very important negotiation. The reason Stephen and I, I'm sure—. We don't even talk about this, but I think I know his general outlook, and he knows mine, but we're interested in getting the multilevel governance of the food system better. At the moment, a level of the European Union is going to be weeded out—possibly; I still think there's a likelihood that changes might happen—but the multilevel governance will remain and just become something different. You'll have to negotiate with the English, you'll have to negotiate with the Irish, you'll have to negotiate with the French. Irish produce comes through to Wales, just as an example. My family roots are in north Wales. That's why the railway's there from Holyhead—you know, bringing cattle. Why was the Menai strait forded endlessly? It was to stop cattle drowning when being walked and swum across the Menai strait. It's not a new problem. Stephen?

[126] **Mr Devlin:** Yes, I think that's right. I think you're right to be concerned about that, and, certainly, it would be a problem. It would be unrealistic to have completely different policies in England and Wales. That is going to cause some problems. But, you know, at the same time—

[127] **Professor Lang:** [*Inaudible.*]

[128] **Mr Devlin:** No, but as well, though, Wales and England are different, and their farming sectors are different. Wales's farms are much smaller, with much more sheep in pasture and more reliance on tourism in certain places. So, at the same time, the same policy isn't appropriate for Wales and England. So, there's something in between, you know. So, I think a Welsh policy should be aiming to enhance the best things about what's good about Wales at the moment—and there are very interesting things happening in Wales—and also minimising some of the worst things about it.

10:45

[129] So, I think that it's right. There's no perfect answer to that. There is—and this is the way the World Trade Organization rules work—a distinction between support and subsidies that are going to have cross-border effects and support that doesn't. That's why the CAP is allowed under World Trade Organization rules, because it's deemed to be in one or the other. So, there are types of policies that can be different and don't affect the trade between

us. So, I think you're right to keep that in mind, but I do agree with Tim that now is the time to be ambitious, and I think Wales has opportunities that England doesn't have politically to do something interesting in the same way that Scotland does and really lead the way to maybe take England with it in its own sense of this, perhaps.

[130] **Professor Lang:** Can I just add a quick rider? I ought to have said this, and what Stephen said leads me to definitely say it: this is an institutional problem. We're so fixated—the discourse has all been fixated on Brussels, whether you like it or hate it. Actually, here is a chance to set up inter-governmental liaison in a different way. That's my point.

[131] **Mark Reckless:** David.

[132] **David Melding:** It's challenging and very interesting to hear such a difference from the second set of witnesses. The first set told us that we should be very cautious indeed about moving away from current EU CAP policies, that those policies are not likely to change that much—even in the next round after 2020, there'll still be a real focus on direct payments—we need maximum integration with the rest of the UK, and that our sectors are particularly vulnerable. I think this challenge is important. So, my direct question is: what would sustainable food systems do to Welsh lamb?

[133] **Professor Lang:** In one sentence: it puts it back into its ecological niche. I'm an ex sheep breeder, by the way. We've got too many sheep—too many sheep, too many cows, emitting too many gases and contributing too much dairy fat—not sheep, particularly, but dairy cattle—to the national diet. The first time I came to the Wales wing of the British Government in 1976—so, this is 40 years ago—was to try and address Wales's, and particularly south Wales's, disastrous coronary heart disease rate. We still have a terrible problem in Wales. Do we have joined-up Government or don't we? Do we have joined-up policy or don't we? It's hard. That's why I told you I was a farmer. I bred pedigree Welsh black cattle and, indeed, Welsh sheep in Lancashire, believe it or not.

[134] **Mark Reckless:** Can I bring in Huw just very quickly just on this point?

[135] **Huw Irranca-Davies:** It's a very quick one to follow up on what David was saying about—

[136] **Professor Lang:** This is an issue of scale.

[137] **Huw Irranca-Davies:** I understand the argument you're putting, but, actually, those fluffy white little beings on our hills are actually part of our balance of payments issue as well, as we export the majority of them.

[138] **Professor Lang:** They are. That's the main issue.

[139] **Huw Irranca-Davies:** So, I do understand the argument that's being advanced in terms of carbon emissions, methane and so on and so forth with cattle and that, but, on the other hand, for our balance of payments, this is critical. They are one of our great success stories. So, how do you reconcile that with what you're saying?

[140] **Professor Lang:** The issue, Huw, is who gets the money. This is an economic—. This is something—. I bow before Stephen on this, he's the economist. But where the money goes in the food system has to be part of the discussion that you now need to have. The money goes, generally, in the British system—indeed, the western-European system—off the land. Farmers get the subsidy and have become reliant upon the subsidy precisely because they're paid such a pittance and everyone else makes their money off it. That is the fundamental political economy issue that I think—this gradual shift that we've got to make is going to happen. It's happening already. Think New Zealand—zero subsidy. Zero subsidy. Zero subsidy.

[141] **David Melding:** We've heard about Canada—*[Inaudible.]*

[142] **Mr Devlin:** I think this is really interesting. It's interesting that the previous witnesses had very different views. I suspect part of that is down to the fact that Tim and I probably think very long term and perhaps the previous people were talking about very short-term issues. In the short term, of course, I agree that we should be cautious and not do anything crazy and put the whole sector out of livelihood. But I think that the perspective that we do bring is long term, so that's what I'm going to talk about.

[143] In the case of lamb, I think actually the conclusion is quite uncomfortable for Wales. When you're thinking about the environmental challenges that we have to face up to, basically the biggest thing that we have to overcome to bring down the environmental impact of farming is to reduce how much meat we eat. So, what we produce is going to have to change in the long run, in the UK and everywhere. So, I don't know about the short run of what's the best thing to do for the Welsh lamb sector—I'm not

an expert on that at all— but I do know that, in the long run, if we want to preserve the integrity of our environment, there is going to have to be a transition away from producing so much meat.

[144] In terms of the balance of payments, absolutely. On the other hand, there's two sides to that equation and the other is what we're importing, and that comes back to the horticulture question that Tim brought up earlier, which is that probably the best thing that we could do for our balance of payments is to produce more fruit and vegetables in the UK. That's by far the biggest contributor to that deficit.

[145] **David Melding:** Can I just follow up the—?

[146] **Professor Lang:** £8 billion.

[147] **David Melding:** There's an internal coherence to what you're saying, but one has to accept the premises and the premise of a lot of farm support since the second world war has been to make upland farming feasible, so we should shift away from that basically, I think, is the justifiable inference from what you're saying.

[148] **Mr Devlin:** In the long run.

[149] **Professor Lang:** I think in the long run that, again, across the whole of the UK, it has actually been happening. Don't let's get romantic; there's been a shedding of labour, an amalgamation of farms and a rising of the size of land holdings. That's actually restructuring. It's not like we're talking about a situation where there's stasis and suddenly we're about to have a revolution. Actually, there's been gentle restructuring of astonishing implications all the time we've been members of the European Union and indeed before that. You've got to remember one element of the argument about the EU, and that has demonised the EU, but Britain was doing exactly the same in a different way before that. That's why, in academic terms, we talk about the production as paradigm, because Britain's method of subsidising and funding its farmers was slightly different to the European Union's. Actually—no big deal. So, what we've got to do is think about how we can get more money to the owners and producers and growers directly and squeeze the amount of money that is taken off the land from feeding people unhealthily. That's actually a really big shift. So, I repeat—I think Stephen and I both agree—this is a chance for you to make rational choices about policy change, looking at the evidence of today, not fantasising about something left over from the

past.

[150] **Mark Reckless:** Sian.

[151] **Sian Gwenllian:** I'm going to speak in Welsh.

[152] Rydw i'n rhannu eich awydd chi i gael cynllun tymor hir ac rydw i hefyd yn meddwl bod yna gyfle i fod yn uchelgeisiol ac rwy'n falch iawn eich bod chi'n cyfleu hynny'n frwd iawn yma'r bore yma. Rwy'n meddwl ei fod yn bwysig iawn inni beidio â meddwl am yr heriau a'r problemau drwy'r amser ond mynd i feddwl, tymor hir, lle yr ydym ni eisiau bod. Rwy'n hoff iawn o'r syniad yma o gael polisi bwyd cenedlaethol i Gymru. Rydych chi'n sôn efallai bod angen sgwrs genedlaethol ynghylch hynny, ond, pe buasech chi'n rhan o'r sgwrs honno, beth fyddai'r prif elfennau mewn polisi o'r fath? Efallai y medrwch chi egluro hefyd beth sydd yn y polisi y mae'r Alban yn edrych arno fo. I do share your desire to have a long-term plan and I also think that there is an opportunity to be ambitious here and I'm very pleased that that's what you're also very keen on here this morning. I think it's very important for us not to think about the challenges and the problems all the time but to think in the long term where we want to be. I'm very keen on the idea of having a national food policy for Wales. You mentioned that maybe a national discussion has to take place in relation to that, but, if you were part of that discussion, what would the main aspects be within a policy of that type? Maybe you could also explain what's in the policy that Scotland is looking at.

[153] **Mr Devlin:** Sure, yes. The Scottish policy is nowhere near finalised, I think, so we don't know what will be in that, but, in my discussions with them, they have been talking about basically focusing on, I think, three key objectives. Again, I think none of this is set in stone, but I think these are quite good headline things to focus on, which are environment, well-being and social justice, basically. And, within that, there's the question of economic prosperity, which I think sits under well-being, basically. So, that's the type of really high-level, blue-sky thinking that they're doing, and I think is—. It seems wishy-washy, but, actually, there's not going to be that many opportunities to really do that properly, if any opportunities to do that properly, and for that to have an effect or an impact on the long-term vision of the country. So, I think it sounds a bit fluffy, but I do think it's important, and I do think it's a chance to bring people on board and actually start a bit of culture change as well among people and get them thinking about—you

know, getting them closer to what agriculture means in this country, and what it means for what they eat and the environment and things like that.

[154] In terms of the sort of objectives that I would prioritise personally in a national food policy, I can mention a few, but, again, I think there's lots of valid responses to that. One is obviously the environment. I'm not going to go on about that because Tim has really emphasised it, but it's worth looking at the Royal Society for the Protection of Birds' 'The State of Nature 2016' report, which was published a few weeks ago. The main conclusion of that was, basically, intensive farming is the main cause of biodiversity loss in the UK. So, that's an objective I would prioritise. I would also prioritise—. I would think explicitly around diversity as a principle. That speaks to the idea of the environment, but also to questions about the trade deficit, as we were saying. The reason why we have such a large trade deficit is, in part, because what we grow doesn't match what we eat, and what we eat is a lot more diverse than what we grow. So, moving towards more diversity is good for the environment and I think it would be good for our trade deficit as well.

[155] There's a few other things. I think the last thing to really mention would be thinking about the role of workers and labour in this system. I think, in the context of Brexit, it's especially important to think about agricultural labour markets, and labour markets throughout the food system more generally. Personally, I think it's very important that there is no race to the bottom, and, in fact, that what we try to do is strengthen workers' rights. I think there are a couple of reasons for that. One is because, actually, it's pretty likely to bolster the economy. Workers that have good conditions are more productive; workers with more pay in their pockets spend more money and contribute to growing the economy. NEF has done some research on this, in the context of trade unions, and we did some modelling, and it's pretty clear to us that strengthening workers' rights is good for the economy. And since, in the UK, something like 11 per cent of the workforce is in the food system, that's a good place to start. The other thing about strengthening workers' rights is that I think it's really important that we undermine this resentment of migrants that has emerged up to, and subsequent to, Brexit. I think everyone agrees that the vilification is not helpful for anyone, and I think the way to overcome that is to strengthen workers' rights. That's a large part of the reason why there's these vicious debates. People perceive, especially in the food system actually, in supermarkets, fruit pickers and things like that—. It's the fact that people have bad jobs and they blame that on migrants. So, I think strengthening workers' rights is some way to get around that.

[156] The last thing I would mention is thinking about technology. As I was saying, we're thinking very long term, and, if you picture the food and farming system in 20 years or 30 years or 50 years, potentially, it's going to look completely different. There is a whole range of people and organisations that really believe that we're on the cusp of some major technological transformation across lots of sectors, but certainly including agriculture—far more optimisation and far more use of robotics. And as soon as that becomes cheap enough to use instead of a worker, there are going to be very few people left on the land. I mean, already there are very few people left on the land, but it's going to go even further.

11:00

[157] So, I think you need to think about any policy that we put in place now—does that work in a system maybe in 30 years' time where there are not really any workers, or there are machines running most of our food production facilities? There are all sorts of arguments about whether we should move towards that technology or not. You can have that debate but, clearly, that's the direction of travel. So, I think you need to futureproof what you're thinking about and be clear that what you're putting in place now, although it could be changed—policies can be changed, but, in general, I would say policies are more likely to not be changed than to be changed. And so, whatever you put in place now, if that's going to last 30 years, I think you have to think about how that fits with a futuristic farming system. So, those are a few things.

[158] **Mark Reckless:** Thank you. Could I bring in Vikki now, then Jayne and then Jenny?

[159] **Vikki Howells:** Thank you, Chair. I'd like to really home in on the issue of horticulture and drill down a bit deeper there with you both, because as you've alluded to yourself, and I think the committee ourselves agree, horticulture really should be one of the founding principles of any new policy that we embrace moving forward. We were on a stakeholder visit last week and horticulture was an issue that kept coming back to the fore.

[160] **Professor Lang:** Good.

[161] **Vikki Howells:** I've got two questions for you there. The first one is based around the particular problems that we have in Wales with upland

farming and the quality of our soils. Do you see that hydroponics could have a role to play there in helping us to increase our use of horticulture, and try and really make up the gap in the food and drink trade deficit that we've got?

[162] And then the second question, and I think you've started alluding to this already, Stephen—I was reading this morning your article in the New Economics Foundation blog from July, and I was particularly interested in what you said there regarding the use of migrant labour currently within the horticulture sector and particular issues we could have moving forward there. So, you know, if there's a problem already attracting people to work in horticulture but yet we need to increase our level of horticulture in Wales, how could we look to try and address that problem moving forward?

[163] **Professor Lang:** Shall I start? This is good. I don't think—. Well, I've thought a lot about horticulture—I've never been a horticulturist, but I was a Government commissioner on the Sustainable Development Commission. I used to come to Wales a lot as part of that process in the 2000s, and I helped to move and create the fruit and vegetable taskforce at DEFRA. Your neighbour on the right was a Minister. I think Wales should set up a process something like that here. I don't think any of us have got quick answers, let me be very honest. Wales used to have more horticulture than it has at present, so we know there's no shortage of good soils in Wales. If you just look at Anglesey, for example, a place I'm very familiar with, it used to produce—. Well, it was the bread basket for north Wales, as you probably know, and now it's not. Grain land is firstly producing half of the grain that is being fed to animals to try and bolster the profits of an unsustainable food system, and secondly it's not actually using land in a good way. Stephen and I would say that new criteria are needed, such as how many people are fed per hectare has to be the No. 1 criterion for the future of the food system. We have totally different metrics to the current—. The productionist paradigm's metrics. And that's something that needs to be talked through very definitely in horticulture. That's my first point.

[164] So, I see no problem of shortage of soil; it's about soil management. I see no shortage of labour; I think it's about the pay and conditions—the kinds of issues that Stephen mentioned. I see it is also—I repeat one of my earlier points—about where the money goes. Supermarkets make huge profits out of fruit and vegetables, but when you translate it back to the horticulture sector, they're squeezed and squeezed badly. We have to restructure that relationship.

[165] There are lots of very interesting experiments in horticulture, where more money is going to primary producers. There's a very interesting 1,000-person system in London called Growing Communities in Hackney. Technically, this is 1,000 families who, basically, have trebled and quadrupled the incomes of the growers by having direct systems—they're getting the money that consumers are spending, consumers are getting better, quicker, cheaper and fresher fruit and vegetables and, actually, it's better. Now, could you scale that up for Cardiff? We don't know. But we know enough to know that the horticulture doesn't need to be as it is.

[166] I just want to echo what Stephen wisely said: horticulture and the reason you're right to focus on horticulture is because it's a key factor in the food trade gap—Wales's food trade gap and the UK's food trade gap.

[167] On the issue of migrant labour, which I will end with, this is not just a matter of migrant labour and horticulture. Although you're interested and I'm interested and Stephen's interested in production, actually, the biggest use of migrant labour is in food manufacturing and even bigger, but worse figures, so no-one gets excited about it, is in the food service sector. The single growth of the food economy of the last 30 years has been food service, actually. It's food service you should concentrate upon, because that shows where the money is going, where the profits are going, where the added value is going. I don't know the Welsh figures, but I know by heart the UK figures. Britain as a whole—I mean, UK as a whole, forgive me, not Britain—spends £201 billion a year on food and drink and farming gets precisely £9.6 billion—worth of that income—£9.6 billion. So, it's less than 5 per cent of the money. If you think I'm talking nonsense, just go and look at the figures. The issue is: where does the money go? And that's going to be critical. It's why you've got to have a separate inquiry on horticulture. How can you grow it? It's skills, it's training, it's infrastructure and it's also about thinking differently. It's about rebuilding market systems and shading down and constraining the hypermarket system. All the things that have, on one level, given progress—it's been part of the productionist paradigm and it's been really, really effective—are actually, now, in the problem; it's part of the problem.

[168] So, I'm with Stephen and his wise words earlier. We sound like radicals—we are—but that's because we know the way the evidence is going. What you've got to do is begin those steps and that means thinking bigger about it. With horticulture, the problem is simple things. Let me just quote you one example: grafters. You think of the word as being about work; it's

not. Grafting is about pruning and the skills of managing orchards. There is a deficit. If it wasn't for Polish and eastern European workers, there would be no grafting and pruning going on in British food. Who trains the pruners? We have to have a big investment.

[169] I've never tried this out on Stephen, but one of the things I think we need—I think I once said it to Huw when he was a Minister—Huw Irranca-Davies, forgive me—I think we need a new generation of food colleges. If you look at what you had in Wales, they've basically abandoned the role they had in productionism, which was actually inherited from the 1880s when Britain first started thinking it had to resurrect its agriculture again. So, you have a very big task on training and skills. And don't think the high-level PhDs in biotechnology and hydroponics; think really practical things like horticulture. Yesterday, I spent the whole day—I will end with this—going around an extraordinary garden on the edges of London, a big, 19 acres, and actually the skill of the two head gardeners who were walking me and my wife around was just palpable. They were old; they weren't young people. Yet, in my centre, when we held the first of our now annual symposia on the food system—this was six and a half years ago—it was on skills. It was absolutely clear that the deficit out in the countryside is not feeding into the real interest in working in the food system in the cities and towns. And the cities and towns don't go to work in the countryside because of housing and wages and conditions—back to what Stephen was saying.

[170] So, your question is beautifully elegant and deceptively simple, but it's actually a very, very complicated one. But does there have to be—and you'd think about horticulture. Yes. To answer your question on hydroponics, yes, it has a great role. How we do the hydroponics is a moot point. There's huge embedded carbon in putting up the buildings and putting up the glass. If you've ever been to see how glass is made, it's pretty energy-intensive, let me tell you that. But is it a good way? Can we have an ecosystem of horticulture? Yes, and we have to start investing in that. You've got, in Wales, no problem about soil and no problem about labour. There's just a mismatch.

[171] **Mark Reckless:** Thank you. Jayne.

[172] **Jayne Bryant:** Hearing an evidence-based approach is really music to my ears, to be honest, so that was a good start. I think diet has been the biggest cause of death globally. I think that's something we have to face now, bigger than tobacco recently. I think there's a general need to nourish

rather than feed, and I think, in Wales, we need to take steps to do that. So, I'd be interested to hear more of your expert advice on how we change food culture and how we go about doing that. How do we change attitudes, not just of people who are producing, but us as a society? You mentioned Scotland earlier. I just wonder whether there are any global examples of that and, seeing how the patterns of that are, globally, whether the evidence fits with it.

[173] **Mr Devlin:** Okay. I can't claim to be an expert on culture change—certainly not. I look at dry economics most of the time. But one thing I would say is that I think you do have to be honest about how much agriculture or food policy can achieve on its own. The culture around food in the UK is determined by huge forces. We're talking about changes to the labour market over hundreds of years, we're talking about changes in where people live, and we're talking about very deep cultural things. I honestly think it will be very difficult to move against that grain. That doesn't mean that we shouldn't, but that's partly why I think it's so important to create this integration across policy areas. The culture of food in Wales is probably even more related to the culture in the rest of the UK than the actual markets are. I think that crossover is enormous. So, it's probably not something that Wales can even completely achieve on its own. So, I think there is a sort of cross-UK project that has to be done.

[174] There's no easy answer, basically. I don't think I can really answer that question, except that it's going to take a lot of engagement with people—ordinarily people—and not be seen to be something that's done by technocrats. I think it's going to take a lot of time and a lot of collaboration across different policy departments, across different administrations and institutions in the UK. It is going to come back to a wider process of economic change. Economics is seen as being divorced from culture in some ways but, actually, is very tightly related. The neo-liberal revolution that we had through the 1970s and 1980s was very much about economics, but just as much about culture and moving towards individualisation and seeing yourself as a consumer over citizen and things like that. So, those are the types of things that need to go back if we want to change food culture and things. It's very difficult, and I think it's a multi-decade project, but if there's any time to start, it's now. Sorry, there were not many answers in there.

[175] **Professor Lang:** I can chip in on that. Forgive me, I'm scrolling through—I realised I'd actually—. The reason I came down on the very early train today was because I was at a riveting discussion under Chatham House

rules, so I can't say who was there or certainly not what they said, about exactly your question about horticulture and the labour market. It's huge, basically, the reliance upon migrant labour. So, the people who are saying 'eat British', have to be very careful. What's British? What's Welsh? What's the embedded labour—not just embedded carbon and embedded water? I don't want to give you the figures because I can't find them without running, but it's very, very high and, indeed, very fragile too, in horticulture. So, you know, have that inquiry.

11:15

[176] To answer your question: I do work on culture. I'm a social scientist and that is what interests me. The first thing you have to say is the food culture in Britain, in Wales, is not static. It's changed dramatically. You can walk down main streets in every town in Wales, even villages, and there are cafes where there weren't before. There are foods chosen by Welsh children that, actually, are European. They think, you know, British children's favourite food is pizza—where do they think pizza comes from? Well, it comes from a factory down the A1, actually, mostly frozen, but you take my point: culture is malleable and has changed dramatically.

[177] I would really suggest, recommend, that you as a committee, in whatever you do—whatever you come up with at the end—deal with the complexity that people like Stephen and me are adding to. I can imagine what you're thinking. You're thinking, 'This is all too complicated, we can't do it.' We think that, actually, you don't have to retreat to the neo-liberal model and say, 'Let the economists and market forces determine it.' What the evidence says is that you can model and shape your new food policy under six headings. Food quality, under which all the cultural issues you're asking me about—taste, seasonality, the cosmetic things, choice, all of that stuff—come. Social values—pleasure, identity, ethical issues like animal welfare, cultural appropriateness, you know. Environment—not just climate change but ecosystems, land use, soil, biodiversity, waste reduction and circular economies. Health issues—not just nutrition, which you're asking me about, but safety, the availability of the information. Economy, in the broad sense that Stephen is such a great champion of. And then, the governance issues. So, I think those six headings—quality, social values, environment, health, economy and governance—are the template that you can apply to whatever you come up with.

[178] Can we change culture? Yes. Because it's changing all the time. The

issue you have to say is, ‘What’s changes it at the present?’ Well, let me just give you one bit of evidence from my new book, out in a few months’ time. One company, Coca Cola, spends £4 billion a year on marketing basically sugary foods and drinks and salty snacks. That is double the entire budget of the World Health Organization per year. It is 12 times the amount that the World Health Organization has to spend on health promotion. There is a totally unequal imbalance of forces. One of the things you have to address is where the messages come from. One of the things you could do is pass Welsh laws that constrain advertising, that constrain marketing, that reshape the cultural messages, that reinforce the good news about diet and health and constrain the added value ultra-processed elements of the diet that add to Wales’s health burden, which becomes a taxpayer problem. Whether we’re in or out of the European Union is irrelevant. That is just the drift.

[179] So, you’re right to ask the question—it’s a big one, it’s a big philosophical one—but there is a huge amount—. I stood down as director of our centre and my replacement, Professor Corinna Hawkes, is a world expert on this, on marketing at children, for example. In the name of that, we can begin to shape Welsh food culture in a way that accepts the environment as a given and health as a given. But, don’t think that it’s unstoppable. We’ve already shown that it is changing and we’ve shown that there are things that we can do, but food is more complicated than tobacco, by the way. It’s much harder. I’m a social scientist; I think the culture is about the mind, it’s about the consciousness, it’s about the values that people—how mothers and fathers induct their children into a way of eating. Choice culture, you know?

[180] **Mark Reckless:** Thank you, Professor Lang. Could we move to Jenny?

[181] **Professor Lang:** You keep asking these huge questions—

[182] **Mark Reckless:** Yes, but may we have slightly more succinct answers? We have to wrap up by 11:30. I’ll go to Jenny and then perhaps, Simon, you.

[183] **Jenny Rathbone:** I just wanted to pick up a point you were making earlier about the restructuring of agriculture that has already gone on. Professor Midmore, who was one of our previous witnesses, told us that if we were to cap the amount of money that we gave in agricultural payments, we’d be punishing success. I just wondered how you think we could persuade the current UK Government that a cap might be one of the ways in which we start to restructure our agriculture.

[184] **Mr Devlin:** I think the first thing to say on that is: what's the rationale for Government intervention in the first place? It is that there's some public good that you think won't be provided or won't happen unless the Government intervenes. Actually, economists tend to take that as quite a restrictive condition, but actually I think it's very broad. If you think that maintaining a lot of smallholdings in Wales is a part of heritage and culture in the country, then that's a public good and it's perfectly valid for the Government to intervene to preserve it, if it so chooses. There's no objective answer to these questions. These are value judgments that people cloak in economic evidence. So, I think that you can be clear that it's legitimate for the Government to want to place a limit on excessive farm size, if you so choose.

[185] In terms of implementing a cap, again, there's no objective answer to what that does. In terms of punishing success, a subsidy is a reward; it's not like you'll be taxing someone out of their success. If anything, the farms that have done so well and have consolidated and are the most successful ones, arguably, are the ones that need to be subsidised the least. So, from that perspective, there's a strong rationale for a cap on the total amount of subsidies.

[186] Personally, I think there's a strong case for putting a maximum limit on it, not just because there are economies of scale in farming, so it doesn't really make sense to just add the same subsidy for each additional bit of land. Economically, if there are economies of scale, that's excessively rewarding them, if anything, I would say. That's not to mention the social justice elements to it. If a huge amount of money is going to people with very large amounts of land, who probably tend to be wealthy already, I think there are ethical questions about that as well. So, I don't really accept the argument that you'd be unfairly punishing success by implementing a cap on subsidies.

[187] **Professor Lang:** I think that was very elegantly put. The only thing I would say is that I think you have a choice about whether you want to subsidise the rich. That's what it becomes.

[188] **Jenny Rathbone:** What would be the consequence though, if the UK Government decided to go down a different road for English agriculture?

[189] **Professor Lang:** That's why I think Stephen and I would say that you need to have very good institutional, bilateral negotiations with the English

Government. That's exactly the sort of thing you want to sort out. Your question is a very good one; we can't answer that because it's all up in the air. We blame Mr Reckless for this—in the nicest of senses. [*Laughter.*]

[190] **Mark Reckless:** Thank you. I'll happily take credit for the outcome.

[191] **Simon Thomas:** I'll certainly agree with that point. [*Laughter.*] We can start there.

[192] **Professor Lang:** The record won't show that he was smiling—

[193] **Simon Thomas:** I've got two questions that I'd like to put to you. They're kind of related, but they're distinct in a way. Let's go back to sheep for a second.

[194] **Professor Lang:** Which breed?

[195] **Simon Thomas:** We overproduce in Wales by 1,000 per cent for our own need. Ninety per cent of our sheep is exported. What we do is we produce too many sheep and then we buy in fresh fruit and vegetables. That's what we basically do. What you propose, in returning sheep to their natural niche environment, if that isn't quite Anatolia, means in effect wiping out upland Wales and mid-to-upland farming in Wales, and would have the same effect as Margaret Thatcher had on the coal mines, and would break the back and the spine of the Welsh language in Wales. So, politically, there are huge risks.

[196] **Professor Lang:** It's a no-no, yes.

[197] **Simon Thomas:** The reason I came in on this point—and Mr Devlin has just mentioned this—is because we have other considerations around why we use public resources, and those are social considerations. So, the size of what farming we support, a move towards less meat eating has been talked about for at least 30 years. I've been hearing that for at least 30 years; we haven't achieved it. And one of the reasons we haven't achieved it is that meat is cheap, and meat is cheap not just because of subsidies, but because we have imports as well. So, there's always a competition. New Zealand lamb is a damn sight cheaper than Welsh lamb. Where you put that in the environmental box, I'm not 100 per cent sure.

[198] So, the first question at this stage is: given those sorts of

considerations, and given that I would not want to be party to a Margaret Thatcher kind of attack on Welsh upland farming, is there another way of addressing this issue, which would enable some kind of land management to continue for that range of ecology, if you like, though a lot of farmers—well, you know yourself—are very dedicated to their sheep and spend a lot of time breeding and understanding how they can get the best from their animals?

[199] **Professor Lang:** They're clever animals.

[200] **Simon Thomas:** But if we do that, how can we marry the vision you've given with a stronger social explicit support for this? It's implicit—we've had evidence about how the French approach this—in the CAP payments now. It's a little more explicit in Wales, but it's not explicit in England at all. Do we need to go down that route?

[201] **Professor Lang:** My view is, 'yes'. I think, for exactly the reasons that Huw was saying, and if you go back to my six-cell approach to sustainable diets from sustainable food systems, what you're saying is that you'll pay for the social values. Why not? Be explicit about that.

[202] **Simon Thomas:** That's what I'm—.

[203] **Professor Lang:** Be explicit about that. The great studies done by Gareth Edwards-Jones—the greatest agricultural economist and thinker about this, alas dead, a wonderful, wonderful man, but his studies, which are getting on towards 10 years old, showed—. And he was a boy from north Wales, and he always talked about—. If ever he was talking about in this sort of circumstance, he thought about his dad, and his dad running sheep. If you want cheap lamb, you get it from New Zealand actually. It's low-carbon, you can get it there cheaper, but you're losing the values, you're losing the culture, and all the reasons you've said. In which case, pay for it.

[204] **Simon Thomas:** The other question I wanted to ask was about horticulture. Certainly, in the past—

[205] **Professor Lang:** But be explicit about it.

[206] **Simon Thomas:** Yes, but be explicit. Well, I'm very happy to be explicit about it; we'll see how far we get. Just to return to the other point about horticulture, just to sweep up a little bit about that. Certainly in the past Welsh farming has been more mixed, and we've had more market gardens in

Wales. We've had a different experience in the fairly recent past. But one story I do remember is that when we entered the EU, we basically wiped out the tomato industry in the Channel Islands. And the reason for that is that straight away you had a single market, it comes in from Spain and Italy; it's now Holland of course, which is—*Inaudible.*—but never mind. It was Spain and Italy that completely wiped out the tomato-growing industry, glass-house industry, in the Channel Islands, and I'm old enough to remember Channel Island tomatoes, but they disappeared. If we're going to be part of a UK single market, which I assume will continue, and if that UK single market then, through the WTO and general trade agreements and so forth, is part of the wider market, how on earth can we make Welsh horticulture compete against Kenyan green beans?

[207] **Professor Lang:** I think you need us back for another session. It's a great question. Do you want to go first, or shall I go first?

[208] **Mr Devlin:** You can go first if you want.

[209] **Simon Thomas:** You've got a minute, I think.

[210] **Professor Lang:** I was going to say that I'm conscious of the 32 seconds left. The short answer is that that's again an issue about values, and it's about tariffs, and it's about trade and conditions, and it's about re-educating the consumer. One of the most interesting things is that all the Kantar data, the food industry and the retailers tell us that people want British food and Wales wants Welsh food. Actually, the reverse is happening; there's less and less British food. It's going down from the heyday of the European Union when we had big fat subsidies for farmers; it was 82 per cent home production.

11:30

[211] **Simon Thomas:** It's about 61 per cent now.

[212] **Professor Lang:** Well, 61 per cent is the optimistic DEFRA figure, but actually some of its own figures say 54 per cent. I can tell you what it is in horticulture—it's 10 per cent for fruit and 50 per cent for veg. We've got a big mountain to climb. So, you know, your question is a good one, but I can't answer it in minus 24 seconds.

[213] **Mark Reckless:** We have a final, final question from Huw Irranca-

Davies.

[214] **Huw Irranca-Davies:** Very, very briefly, I'm very taken with your idea of a national discussion to develop a food policy, but it can't be done in isolation from what is going on in England entirely. But what I'd like to ask you is: in this period of stability that we need as we try and work out exactly what's going to happen in the post-Brexit scenario, there is an opportunity there for more joined-up thinking, not only within Wales, but at a UK level. Is it time right now to start with full engagement with devolved administrations on some sort of foresight futures plan on what post-Brexit food policy, agriculture and land use looks at, so that the policy makers across the UK can be better informed? That has to be something that is not driven by UK Ministers, but the whole of the UK tied up together. It seems to me we've got the time to do it. What do you think?

[215] **Professor Lang:** I think you're absolutely right. Sorry, Stephen, can I leap in first? I totally agree, but I'm going to push you, Huw. I think, actually, it's more than that. Let me really throw the cat among the pigeons in Wales. Wales is not Wales—it's three countries; three regions. Actually, this becomes a bioregional issue. If you're going to develop a Welsh food economy policy, you've got to think at the regional level within Wales, not just Wales in relation to England or Wales in relation to the rest of the UK. But I think your thinking is absolutely right, and it goes back to Stephen's very important first point: that we agree that this has to be a national conversation. This isn't something that can be done by politically elected representatives on their own—you've got to take the public with you. But, the public says it wants to eat more locally, but then does precisely the opposite.

[216] **Mark Reckless:** A final word, Stephen?

[217] **Mr Devlin:** Yes, basically, I think that would be absolutely wonderful, not least because there's lots of thinking happening in other departments that probably you can learn from. So, of course, yes.

[218] **Professor Lang:** And other countries and other regions. So, you know, before we sever from Europe, the Europe of the regions has magnificent experience of—. Britain has centralised; actually, we've demonised Brussels when, actually, we have centralised. One of the things I think you have to do in a food system, if you're addressing sustainable diets from sustainable food systems, is you have to decentralise. 'You have to think more bioregionally' is a thought I think we would agree upon. The future of

Wales's food policy has to take bioregionalism more seriously.

[219] **Mark Reckless:** Professor Lang, Mr Devlin, thank you very much indeed.

[220] **Professor Lang:** Thank you for inviting us.

[221] **Mark Reckless:** A pleasure. We have a final panel who we will constrain to 40 minutes in consequence, but we have enjoyed your contribution; thank you.

[222] **Professor Lang:** Thank you very much. It was a pleasure to come down the River Severn via Gloucester, actually.

[223] **Mark Reckless:** It's lovely, isn't it?

[224] **Professor Lang:** I've never done that before—I've always come on the main route. It's absolutely stunning. He did it in the dark last night, but I did it with the dawn rising; it was wonderful.

[225] **Mark Reckless:** Thank you.

11:34

Ymchwiliad i Ddyfodol Polisiâu Amaethyddol a Gwledig yng Nghymru Inquiry into the Future of Agricultural and Rural policies in Wales

[226] **Mark Reckless:** Welcome, Dr Foot and welcome, Dr Grange.

[227] **Miss Foot:** It's 'Miss', rather than 'Dr'. Thank you.

[228] **Mark Reckless:** Miss; apologies. So, it's Miss Foot and Dr Grange. Wonderful. Thank you for joining us. We're doing an inquiry on post-Brexit arrangements for agriculture and rural development—I'm insisting that that is always the full title, and that it mustn't be short-handed to 'agriculture'. We have been interested for some time in the balance of the pillar 1 and pillar 2 approach, and we've had a trend towards the more specific rural development projects. I wonder: how would you see that developing when we have the chance to set policy for ourselves, post Brexit?

[229] **Dr Grange:** First of all, thank you very much for inviting us along

today. It's a real honour to be here. It's quite a task that's been put forward, in terms of discussing this. Obviously, there are a lot of things that are still really quite up in the air, as no doubt you'll have been appreciating in a wider sense. In terms of the agricultural side of things, already it's going to be a complex area, inherently, not least with the common agricultural policy and the various different manifestations that's gone through, and not least for the Welsh situation as well.

[230] In terms of building rural developments, in a general sense, my focus would be to start to think a little bit more about—I think in the remit, it might have been a little bit on the thinking out of the box, if you like. Yes, there are the mainstream thoughts about how things are approached, and an emphasis on productive agriculture, but how much of that emphasis might be then placed on other aspects that might be delivered through the rural areas, and the countryside in a wider sense, that not only address the agricultural side of things—the economics, the production, et cetera—but also address the other elements of environment, not least social, as well? So, it's bringing those aspects together and finding ways that can pull those elements together in a cohesive way, achieving multi objectives, rather than focusing on key objectives that are focused around, I suppose, the traditional approaches that might have been taken.

[231] So, my take, albeit in a fairly narrow band, would be to think a little bit more about more of an ecosystem-type approach: looking at agriculture, yes, but agroecosystems. In doing that, you'd be taking on board that, yes, there's going to be provision in services—some of the terminology comes through with ecosystems services—but equally there's going to be regulating services that are coming more to the forefront of the agenda now, and cultural services, not least the supporting services that keep things going in a more fundamental way. I can extrapolate a little bit on some of the definitions and the like if needed.

[232] How then, recognising these things, and the complexity of these things, do we try then to fit these into the system, and try to fit them as comfortably as possible into the system—the existing system, and the agricultural policy, payments and those sorts of things—so that they can complement, if not play a larger role in these elements? It's not without challenges. Key challenges might be trying to value these ecosystems services and trying to put a monetary value onto them. Some are easier than others. But if you've got that as a starting point, then that could then potentially feed into the main stream.

[233] But then, managing it in a wider sense: again, traditionally the emphasis would be on engagement with a farmer, and getting the farmer to engage with the system, albeit with all the red tape and bureaucracy and all the usual sort of problems, but engaging with them in a more holistic way in as much as, yes, the farmer is one of the stakeholders, but there are also others who want something from that patch of ground. Yes, they want the products, but they also want the recreation, the space for cultural development, health, well-being and those sorts of things. Or it could be something more tangible such as, in a wider sense, climate change control, restoring organic matter into soils, peatlands and those sorts of things. Or it could be something—you know, in more recent years, flood control. So, it could be, well, what can the farmer do, albeit away from the areas where the problems occur? What opportunities might there be for the farmer to put in some management provision to hold back the water in the upper catchment so that it doesn't all come down into the lower catchments, where there are problems, where there is built environment, et cetera, and payment systems associated with that? It could be a little bit out of the box in terms of placing more emphasis on the terminology of payment for ecosystems services, and that could be going hand in hand, or in some way, with existing subsidies, such as the agri-environment schemes, or they could be quite discrete, separate systems.

[234] **Mark Reckless:** Thank you, Dr Grange, and thank you, also, for your diagram, which we've had distributed in colour round the table. Miss Foot, thank you, also, for the paper that you submitted before. I just wondered: have you anything to add to what Dr Grange said about ensuring it goes beyond agriculture to support rural development?

[235] **Miss Foot:** Yes. I can understand the nature of your question in terms of dividing it to pillar 1 and pillar 2, but I'm not sure whether, in a future system, you actually would want a specific division between pillar 1 and pillar 2, or whether the pillar 2 would be very much more integrated into pillar 1, moving, perhaps, away from a system that currently is, arguably, directly or indirectly linked to production to one that actually looks more broadly at the objectives in relation to environment and social underpinning any subsequent scheme that you had, in the round, in effect, rather than with the division that exists at the moment, notwithstanding, obviously, that the pillar 2 stuff supports community projects, et cetera. I think that would have to be woven in, outside the farming network as well. So, you couldn't do that entirely; there would still have to be some sort of division in any structural

support, but, I think, perhaps, to think outside the pillar 1 and pillar 2 divisions that we've currently got.

[236] **Mark Reckless:** Thank you. Simon Thomas.

[237] **Simon Thomas:** Just on that point, really. Particularly looking at Miss Foot's paper—and thank you for that—I've two things to pursue at this stage. One is: you outline how different Wales is to the rest of the United Kingdom, and particularly England in terms of the size of farming, the even greater rurality, in a sense, in terms of access to services, broadband and a range of issues like that. So, the first question is—to either of you—how realistic is it to envisage that we can have a very different set of policies in Wales, that are different to England? Because we'll be part of a single market, and that single market will now be the UK single market, and they will be negotiating on our behalf the access, with the WTO or whatever, to the rest of the markets. That's that, and the other related question then, I think, is: you also say in your paper that

[238] 'There is little doubt that farming and land-use issues will need to continue to form a core part of policy.'

[239] I just wonder, is there little doubt? I'm not quite sure, because we've had some witnesses who were challenging that that might happen. I suppose the specific question in that, as regards RDP or pillar 2 and how that might develop, is: is it conceivable that we can maintain our farming environment and, particularly, upland farming in Wales, by training or helping and supporting farmers to become the custodians, much more than the RDP did? Because the RDP tended to set up separate procedures and involve separate groups of people, rather than basing it so much around the farmer. So, is the farmer, he or she, going to be central to some of these new policies and how realistic is it that we can have very different policies in Wales to England?

[240] **Miss Foot:** I'll take that to start with. I think that, being realistic, agriculture is an international trading business. Obviously, you then run into issues like the World Trade Organization, et cetera, so there is going to have to be some degree of co-operation with the Westminster Government, because I think that's inevitable. You can't completely go it alone. I think, also, it would be wrong to look at farming outside the realistic notion that it is a business. They are trading businesses; they are subject to the fluctuations in the international trading market—sheep farming being an example of that. So, I think, yes, being realistic, there will have to be some

commonality between them. However, as I set out in my paper, there are many differences in the structure of farming within Wales; it's much more based on small family farms and, therefore, there's a big social component as well in terms of, particularly, small rural communities, in that farming is culturally, historically and, I would say, at a practical level, actually quite an intrinsic part of those. I think, therefore, that will need to be reflected, insofar as you're able to, within any policy structure that you develop subsequently. I think that actually recognising that there is a social element to any farming support system is important.

11:45

[241] With regard to your question about there being little doubt that farmers have to be a core part of it, I think the fact that they manage such substantial areas of land, and therefore that much of your tourist sector, for example, is directly or indirectly related to farmers and how they manage their land—. They form an intrinsic part of rural communities. They tend to employ their family as workers in a lot of cases, in small farms particularly, but they do make a contribution within local economies to economic activity et cetera. So, I think that, yes, it needs to be an integrated approach, looking more broadly at the other contributors to rural areas as well, beyond purely farming, but I think farming has to sit at the core of it, simply because farmers are responsible for managing such large areas of what makes up rural areas, as distinct from urban ones.

[242] In terms of going forward and actually looking at how you get farmers to, perhaps, deliver some of the objectives at a wider strategic policy level, I think I would advocate actually engaging as much on the ground with farmers and with their knowledge base and capitalising on that. Some of the mechanisms that you would use in order to do that is something that I think needs to be borne in mind in terms of the actual overall structure of them. So, whether that's more on-the-ground engagement with farmers—. I think the Welsh farming system has a strength in that it is probably strategically there and the engagement between farmers and the Government has been less call-centre-based than, say, for example, in England. I think, if anything, you can up that and actually get more on-the-ground engagement to deliver objectives. But I would say that farming is still a core part of your rural policy, but that's not to dismiss other issues such as housing and the issues of the older population et cetera. So, I would advocate an integrated approach to it, but still it has to have farming at its core.

[243] **Simon Thomas:** Can you think of a really good example, within the current pillar 1, pillar 2, rural development plan or whatever, where it has worked that the agri-environment objectives were obtained by the support of the farmers, in terms of a scheme that's really worked? Because, in the Welsh context, we've had a churn of different agri-environment schemes and farmers come in and come out of them. Are you able to perceive a global picture of how that's worked?

[244] **Miss Foot:** I think, probably, agri-environment schemes would be more Ian's area than mine, but you're right to highlight the change and that sort of destabilises farmers' confidence in some of these schemes. I can understand why that change happens, because if something's not meeting its objectives then people look to reform it. But it becomes difficult for a farming industry that tends to make decisions, often, in family farms, on an inter-generational basis almost, to actually have confidence in the long term. Ian may be better placed in terms of the sort of practicalities on the ground.

[245] **Dr Grange:** Yes. I entirely agree with the points that Katharine's just been making there in terms of the valuing of the farmers on the ground, albeit the average areas of farms are relatively small in comparison with other member states and the like. But that valuing and engagement with farmers is key, and also engaging them at the right sort of scales. But, again, there's a potential danger that there's too much focus on that direct engagement with the farmer alone, because, yes, the farmer is able to deliver certain things, but, at the same time, are they able to deliver some of the increasing other objectives or expectations from society in a wider sense? Yes, in many respects. The possible danger there is that there's a blanket recommendation, or a blanket policy, such as through the agri-environment schemes, that these are the options and, yes, they can be tailored to a certain extent to a particular area, but I would question whether they're being tailored sufficiently to enable that to work effectively and for those outcomes to be returned as a result of that. I'd probably argue, in some respects—I'm going from the experiences of our environmental stewardship systems in England—yes, there are questions as to whether these systems, the prescriptive, broad expanse of the implementation of these agri-environment schemes—have delivered.

[246] Picking up on Katharine's point in terms of the advice that farms are given, yes, from my understanding, it's been commendable in Wales. Hopefully, that will remain or, if not, be strengthened further, linking in with training and increasing skill sets and expertise, not least through facilitation,

i.e. somebody who is able to talk to farmers, yes, and have that knowledge, but also to engage other stakeholders within the system as well so that they're able to incorporate their knowledge and expertise. You did ask for an example. I'm thinking of one—and forgive my pronunciation—at Pumlumon.

[247] **Simon Thomas:** Pumlumon, yes.

[248] **Dr Grange:** In Montgomeryshire. Again, farmers have been engaged with that on quite a big scale—it's a catchment area—linked in with agri-environment support, but also linked in with the support from a broker who is an intermediary, if you like—the Wildlife Trusts, who've got an interest in wildlife as biodiversity—but, at the same time, the farmers are happy. They're achieving additional payments. They're also addressing the wildlife as a side issue. I believe that the red grouse numbers are the highest in the country, or something in that area. They're also addressing soil formation, additional peat formation, so the bigger picture of climate change.

[249] So, there are all sorts of examples out there that are a little bit out of the box and might be supplementing existing payment schemes. Again, like I said earlier, they're not without their complexity and challenge in trying to define these aspects and put value to them, but doable, as lots of examples that have been put in place—. We have examples—and I'm giving full credit here to the Farming and Wildlife Advisory Group and the Countryside and Community Research Institute, which have done a lot of work into these things, looking at things and trying to harness resources, not doubling up on resource, identifying what's relevant, what elements of policy are relevant to a particular issue,, bringing those elements in with the right people and identifying the right people, and bringing in evidence. We are, hopefully, basing a lot of these decisions on an evidence base. The scale of it, whilst the spatial scale might be at catchment level, engaging many different farm units within that, it's also at the scale of bringing in the different organisations, their expertise, and also being more cost-effective in as much as not duplicating the work. It's all one central hub. It's a central area where there's a discussion group and transparent information is there. It's also a probable learning hub as well, in which it's been shown that farmers do engage with these processes. If there's engagement like that, there's engagement in the wider sense—you're taking on local knowledge and expertise from outside and you're building a strong element of sustainability into that process.

[250] **Mark Reckless:** Thank you. Can I bring in David Melding, followed by Jenny Rathbone?

[251] **David Melding:** Just quite a focused question, really. I think Dr Foot mentioned the well-being of future generations Act. I'd be interested to see how that could lead to more sustainable priorities. Then, secondly, on this bit of being much more focused on the environmental goals, by which, in this case, I would mean looking fundamentally—. Our woodland cover is well below the European average. Obviously, before the neolithic revolution, Wales was one of the great temperate rainforests. Is there potential there for some of the more marginal land to go back to that, and how would the rural economy get a return on that, you know, obviously to sustain its general economic health?

[252] **Dr Grange:** Again, that could be linked in—. Yes, okay, more woodlands—there are lots of commendable points with having more woodland—but it's how to introduce that support mechanism or policy that encourages more and how to introduce that in a strategic way so that it's not just planting trees in an area for the sake of planting trees, in an area where it might indeed have a negative effect on the environment, or on the ecosystems and the services that they provide. So, again, more of a strategic approach in terms of, 'Okay, well, where are they going to deliver the desirable outcomes most effectively?' Yes, trees, timber, biodiversity, wildlife and the provision in services—the sort of cultural resources, recreation and the like—but also, perhaps they could be linked in with being planted around the upper catchments and, you know, finding mechanisms. Again, there are examples of this that are in place in North Yorkshire and, indeed, in Gloucestershire, in Stroud, where we're coming from, using trees to slow the water down in the upper catchment. If there's an area where there's a flood risk downstream, they can then be strategically placed there and supported. There are examples of the woodland grants scheme in England, which has worked quite effectively, with the objective of, yes, delivering multiple outcomes, really.

[253] **Mark Reckless:** Jenny.

[254] **Jenny Rathbone:** Katharine, in your paper, you mention the need to give farmers support in dealing with the large number of large buildings on farms. In the context of the depopulation that's taken place over the last half century, what role is there for Government, both at local and national level, to help safeguard these buildings, which are a key part of our national heritage, to provide homes for the next generation, but also as workshops for businesses et cetera? The current policy seems to be to say 'no' and not

allow any sort of development. I just wondered what role that might play in repopulating rural areas and therefore improving the possibilities of having more transport and the other things that go with it.

[255] **Miss Foot:** I think certainly there is a role. The English planning system has moved much more to a more flexible approach to the reuse of rural buildings and agricultural buildings. I think there is a significantly larger area of protected landscape in Wales, and I think it's always going to present difficulties in terms of how you integrate the protection of that landscape with things like providing more homes et cetera. So, there may be moves to look at further reforms of the planning system, perhaps, in terms of actually facilitating the reuse of a greater number of buildings within rural areas, because there is an issue with affordability of housing in rural Wales, as there is, indeed, in England. There are opportunities, I think, certainly for England and Wales. Having stated that the farming system is very different, some of the underlying social issues within rural areas are actually fairly similar to those in England, so I think there is an opportunity for both England and Wales to learn from each other in respect of some of those issues.

[256] In respect of the large buildings, my point was very specifically in relation to fairly modern agricultural buildings and issues of asbestos, for example. Over time, buildings will need replacing and that will be a significant cost to farming businesses, which will crop up over the next 10, 15 or 20 years as they all come to the end of their age. To what degree you would permit the reuse of a very large livestock building for residential use—or would want to—is a moot point, but there is an extensive body of traditional buildings in Wales as well that is no longer suitable for modern agricultural purposes, and it is, potentially, something that could actually present you with more opportunities to address rural housing issues. However, quite possibly, they're unlikely to deliver significant amounts of conversion. Quite a number of them have already been converted for things like tourism uses.

[257] In terms of commercial uses, the sparsity of the settlements within certain areas of rural Wales is going to limit their usefulness, in some respects, for some commercial uses, because you haven't necessarily got the transport infrastructure or the market to do it. So, it's certainly not something that, within the structural system, is going to solve all problems, but it would certainly be something where a positive contribution could be made. I think it's just part of something that, as a responsible Government, should be continually under review. So, there is certainly some opportunity. I

suspect it's not going to be a sort of panacea that solves all problems, though.

12:00

[258] **Jenny Rathbone:** Okay, I wouldn't want to recommend anybody living in an asbestos-ridden barn. But I do think that the current policy on our built heritage seems to be just to say 'no' to every other use and just watch it fall down.

[259] **Miss Foot:** There is that risk that, when it no longer has an economic value, then it does, in effect—

[260] **Jenny Rathbone:** But it could have an economic value, it just—

[261] **Miss Foot:** It could do. It's how you balance the potential reuse and the preservation of those buildings with your wider landscape objectives, et cetera. And, actually, arguably, they can integrate very well together, but it needs to be looked at kind of in the round. It is certainly an opportunity for some farms, which would present another income stream to them, potentially.

[262] **Mark Reckless:** Huw.

[263] **Huw Irranca-Davies:** Thank you. A very practical question. In both of your papers, you look at drawing these complex issues together. One of the things in your paper, Dr Grange, is to do with an integrated local delivery model and it's a theme that's come out from earlier questions as well—more localism into the input. Okay. Nitrate vulnerable zones, how do they fit into a localism model? Would you do them? If you didn't do them, what would you do? And, if you came to a conclusion that there was something else, how would you do it in a way that actually works?

[264] **Dr Grange:** Right. Whatever scale—. The nitrate vulnerable zones, as you probably realise, in England—I must admit, I don't know the details in Wales—probably about 75 per cent or thereabouts of the farmed area is covered by them. So, there's a blanket recommendation there that there is an issue, and there are recommendations for good farming practice to address that issue. The assumption is that the database there is robust enough to assume that there is an issue there. It might be the farmer who's on the boundary of those two areas, which might be a little bit off-putting in as

much as there's restrictions on one half of the farm but not the other—or the equivalent to something like that. Looking at things in a spatially more confined—or more focused on a particular—area, you would then be taking on board the sort of expertise that does come forward to identify those nitrate vulnerable zones, for example. So, you'd be linking in with the organisation, the people who are doing the monitoring, evaluation, measurements, et cetera, in that discussion group or that strategic management—

[265] **Huw Irranca-Davies:** Stakeholder group or whatever. Yes, okay.

[266] **Dr Grange:** Yes. So, that would be one element, and, if that was a key element, a key issue within that area—if, for example, yes, the potable water was found to have higher than accepted nitrate levels—then that's an issue that should then be addressed within that forum.

[267] **Huw Irranca-Davies:** But what you're saying is it could be by something as hard edged as an NVZ, or it could be an alternative model that was agreed, based on the evidence, on a spatial—

[268] **Dr Grange:** It could well be—a little bit of speculation here—that some of the recommended practices might not be working as efficiently within that blanket area of 75 per cent, whereas, if there's more focus and more attention given to the focus, with facilitation of group discussion et cetera, with the relevant people in there to bring the robust information into the discussion forum, then more effective and more sustainable solutions are more likely to come from that—i.e., if a particular tillage method, for example, is used, or ground cover is maintained to maintain infiltration or build organic matter levels or reduce the need for fertilizer in the first place.

[269] **Huw Irranca-Davies:** Clearly, you would need independent scientific expertise on any such approach.

[270] **Dr Grange:** Yes, and I think transparency with that input of information as well, so that all the stakeholders did know that—

[271] **Huw Irranca-Davies:** So, one other question: would localism, in that respect, also determine things like local bye-laws? Would, for example, they be able to say, 'Within this valley water catchment system, there will be no vertical ploughing of fields'?

[272] **Dr Grange:** As and when the issues arise, they'd be addressed and given that attention. There could be single issues. It could be, like we were mentioning with the example earlier, about the retention of water in the upper catchments, and that's probably a fairly straightforward one, or it might be building up peat soils to sequester carbon. That's fairly straightforward—

[273] **Huw Irranca-Davies:** I guess what I'm coming to—my final point is—that there is a great attraction to more localism or regionalism or spatial land-management models that can achieve better the outcomes we want, but what is it that actually holds that together on a Wales basis, on a UK basis, so that we don't weaken what we're doing, but actually strengthen it? What is it that holds that together when you have all of this localism going on?

[274] **Dr Grange:** I suppose it's the need—well, people having accountability for what they have control over. People are engaged with their patch, basically, and they want to see that their patch is working effectively—their patch of ground—in whatever they want from that. And it's going to be different groups wanting different things from that. In terms of implementing this in an effective way, it would require some investment to, not least, train facilitators and probably put some money aside to keep them in place. But, at the same time, once those facilitators have helped to get a system in place, and people are feeling empowered, engaged, et cetera, then it's more than likely that that will continue on into the long term. It won't be that the funding's run out after three or five years and it basically fizzles out. You're trying to build that stronger element of sustainability into it through engagement with the community—the wider community.

[275] **Mark Reckless:** Could I ask a question around the sort of financing and policy framework? Wales gets substantial payments currently out of the CAP, and far above the amount we would if the spending was on the Barnett formula. It was suggested by one of our witnesses earlier that, actually, if we were to shift towards the rural development programme pillar 2 type sort of emphasis, there's perhaps even more of that type of land environmental management in Wales than our proportion of current CAP spending. But what would be your proposal for the link between the sort of financing of that, where Wales has a great need that we're looking to maintain and possibly maximise, versus localising the management of that? Do you see that as an intention? What sort of approach would you advise us to take in negotiations with counterparts elsewhere in the UK?

[276] **Miss Foot:** I think that a localist approach has many attractions, but it does also have some issues in terms of actually justifying what you're doing at a structural level in order to justify things like those payments. I think you'd clearly have to have an integrated model sitting at the top of a structure that delivers at a more local level, which is able to have clearly-defined objectives—and, actually, I would argue, not just purely environmental but social as well—built into that.

[277] **Mark Reckless:** When you say 'sitting at the top', do you mean in Cardiff for Wales or in London for the UK?

[278] **Miss Foot:** I think that the structure of agriculture is sufficiently different in Wales to justify, actually, a slightly different approach in Wales perhaps in terms of the delivery of funding, et cetera, but I think that you are clearly going to have to make that case well in terms of actually integrating with Westminster in terms of the sort of objectives that are coming through there. But I think that, actually, whilst arguing that there are some opportunities for joint working together, the characteristics of what is in Wales are sufficiently different enough. As you rightly identify, potentially there could be greater areas for environmental management or for justification in terms of social delivery of policy. I think that, structurally, in the hierarchy of your policy and your delivery, you will have to have strategic objectives for what you're trying to deliver, and then those people delivering them on the ground will have to feed into that, because, much as we may like to be able to tailor everything at an individual farm level, I think we are going to have to sit within an overall policy delivery mechanism that has the parameters to it that those people delivering on the ground are then actually looking to deliver in the best possible way on individual farms. At a very simplistic level, if you talk to a farmer who has been engaged in one of the current agri-environment schemes and they've got an option for something for which there was some change of land use in an area, there's nothing more frustrated than a farmer who says, 'Well, the scheme rules say that I need to put it in that bit of the map, but, actually, I know from my local knowledge of the land that it would have been more effective had it been delivered on x part of my farm'. So, it's really about adapting the overall structure, using both the local knowledge of those people who work with farmers, but also of the farmers themselves.

[279] **Mark Reckless:** Dr Grange.

[280] **Dr Grange:** Yes, I'd agree with what Katharine's saying there. And,

again, in a broader sense there's a danger of 'de-market Wales against England', and we're looking at this border that's essentially a people-made border. We really need to be looking in a bit more detail in terms of, 'Well, what's the nature of the land areas themselves and what areas lend themselves?' So, again, if there's a broad-brush implementation of policy, yes, it might work effectively in upland Wales, which is, presumably, a bigger proportion of farmed area in this country, but at the same time it might put aside the relevance to other patches. So, again, looking at these biogeographic-type areas, rather than the imposed boundaries, but at the same time we still want to look at the governance boundaries and who's actually on the ground in the administrative boundaries and the like, and who's directly responsible for these broader sort of areas. And—. Yes, that's probably all I need to say.

[281] **Mark Reckless:** Thank you. Does any Member have any final question? In which case, could I thank you, Dr Grange, and thank you, Miss Foot? We've been very grateful for all three panels we've had today, and we'll reflect on the evidence that we've taken and meet at nine o'clock on Thursday next week to discuss the future trajectory of our post-Brexit agriculture and rural development inquiry. Thank you.

[282] **Dr Grange:** Okay, thank you very much.

Daeth y cyfarfod i ben am 12:11.

The meeting ended at 12:11.