

P-06-1378: We want farm subsidies to be extended to small scale and market gardeners

Y Pwyllgor Deisebau | 11 Rhagfyr 2023
Petitions Committee | 11 December 2023

Reference: SR23/7253-2

Petition Number: P-06-1378

Petition title: We want farm subsidies to be extended to small scale and market gardeners

Text of petition: Most farmers receive around 50% of their income from government subsidies. This means they have enough money to make a living from farming and they can continue to grow food. Most farms are large but small farms (1-5 hectare) are more productive and tend to grow fruits and vegetables for local markets. These currently are not eligible for subsidies, due to their size, which is unfair and shows a lack of support for local, seasonal food growing.

More details:

This petition is inspired by OurFood1200. They want to build farming that:

Is small-scale, highly productive and commercially viable.

Helps provide food security in South Wales.

Gives the asset poor, particularly our young people, a chance to access land and start a regenerative farming enterprise.

Promotes community through local trading and shared community ownership of our landscape – a “foundational economy”.



Is regenerative: purposefully building biodiversity, fixing carbon in the soil, and avoiding harmful chemicals and pollution.

Creates short local supply chains that keep profits local and at a scale that opens new opportunities to all local farmers.

Provides communities with opportunities for education, training and mental wellbeing support

Encourages healthy eating by making fresh, nutritious, locally grown fruit and veg available to everyone in our region.

Reduces the impact of our food and drink consumption on carbon emissions and deforestation across the world.

1. Background

Agricultural support in Wales has been designed under the rules of the EU's Common Agricultural Policy (CAP) for many years. The 2014-2020 CAP rules still largely apply in Wales under domestic legislation. Farmers receive direct payment support if they have a minimum of **five hectares** of eligible land. Farmers can receive funding under Glastir (the Welsh agri-environment scheme) if they have a minimum of **three hectares** of eligible land.

The continuation of the CAP system in Wales has been an interim measure ahead of a new agricultural policy, currently being developed by the Welsh Government (the Sustainable Farming Scheme - detailed below). The new scheme, including eligibility criteria such as holding size, is due for consultation at the end of this year.

2. Welsh Government action

2.1. Common Agricultural Policy system

EU Member States and regions had flexibility in implementing the 2014-2020 CAP. The Basic Payment Scheme rules (direct payments of the CAP) required administrations to set a minimum claim size of either €100 or one hectare, but governments could opt to set a minimum claim size above this threshold had they wished. Those minimum requirements were meant to avoid the excessive

administrative burden caused by managing small payments. The Welsh Government set a five hectare requirement.

The Welsh Government published [a decisions document](#) in 2014 setting out its rationale for the five hectare limit:

The Welsh Government will be applying a 5 ha limit. In European terms Welsh farms are large, with an average size of 83 ha. Our consultation suggested a minimum claim size of 3 ha to tie in with the Glastir minimum claim size but on further reflection it has been decided to increase it to 5 ha. This will allow more of the BPS to be distributed to larger farms which are generally more productive, and it will reduce administration. Farms with 3 ha or over are still eligible for the Glastir Scheme.

2.2. Horticulture schemes

The [Horticulture Start Up and Development schemes](#), launched in 2022, are designed to help growers with investment in new equipment and technology. The awarding of these grants has not been subject to a minimum cultivated area, so they have been available to small-scale and market gardeners. The Welsh Government's letter on this petition says they enable horticultural businesses to sustainably expand production, diversify into new crops, improve production efficiency and enhance product quality.

2.3. Sustainable Farming Scheme

The Welsh Government is developing a new agricultural policy to replace the CAP system of support. The proposed [Sustainable Farming Scheme](#) (SFS) will be subject to a final public consultation at the end of 2023. It has not been published at the time of writing this briefing. The SFS is expected to be introduced in 2025.

The Welsh Government is proposing to fundamentally change farm payments to support wider sustainable land management, moving away from payment for food production in its own right (which has been the case under the CAP). Farmers entering the SFS would be required to deliver the scheme's 'universal actions' which give predominantly environmental outcomes. This would qualify them for the most basic payment. 'Optional' and 'collaborative' actions would then be available for additional reward. The Welsh Government's letter on this petition highlights a proposed optional action "support for the start up of new

horticultural businesses or new horticultural enterprises within established farm businesses". It says this optional action is unlikely to be available immediately when the SFS commences in 2025, however it will be integrated in the scheme during the transition period. It goes on to say:

Anecdotal feedback from horticultural stakeholders suggest some would not be able to meet the SFS Universal Actions other businesses would be required to meet as it would not be feasible to deliver actions on habitat or woodland creation on small plots. We have advised the horticultural sector to respond to SFS consultation with suggestions of how their sector could be supported within the SFS model, or if there is potential for clusters of horticultural businesses to be supported via the Collaborative layer of the SFS.

The *Agriculture (Wales) Act 2023* provides the legal framework for the SFS. However the Act does not set out the minimum size of farms eligible for payments. This will be stipulated in the final SFS.

The last draft of the SFS (published for consultation in 2022) set out proposed eligibility criteria where applicants must:

- be a farmer undertaking agricultural activities;
- be able to actively perform, at least the applicable universal actions throughout the duration of the contract;
- apply actions to agricultural land in Wales; and
- farm a minimum of **three hectares** of eligible agricultural land.

The draft SFS includes reference to the horticultural sector, highlighting:

... the horticulture sector in Wales takes up a small area of agricultural land and contains a relatively small number of businesses. There is potential for us to grow more of the vegetables we eat here in Wales and the Scheme will support this with investment targeted at expanding and developing skills in this sector.

The analysis of consultation responses said:

Reducing land coverage requirement from 3ha to 1ha was a popular suggested change to eligibility requirements as the current minimum land area of 3ha excludes many horticultural businesses.

...

Overall, the general perspective was that the eligibility and contract requirements should be made flexible to enable as many farmers as possible to participate.

The Welsh Government carried out a co-design consultation exercise with farmers on the SFS. On eligibility criteria, the resulting co-design report stated:

Most participants did not understand the decision behind the 3ha criteria, particularly as it is set at 5ha in BPS and felt like this limit was too small as it would allow what they perceived as ‘hobby farmers’ to enter the scheme. There were thoughts from some participants that this should be raised to 5 or 10ha.

However, some participants suggested that for particular sectors, such as horticulture, there should be an exemption on this requirement. Additionally, some asked whether farmers under 3ha could combine together and join the scheme so that they could reach the 3ha requirement, as they were concerned that some vegetable farmers would be forgotten about if the 3ha minimum limit was set.

However, the report highlights under representation of small farms in the survey sample:

In the survey sample 14% of respondents indicated they had a farm of 20 Ha or less, and 63% respondents indicated a farm size of 50ha and above (Figure 2.4). However, the average farm size in Wales is 45 Ha with 54% of holdings under 20ha in size. This suggests there is an underrepresentation of smaller farms (20 Ha and below) and an overrepresentation of larger farms (50ha and above) in the survey sample.

3. Welsh Parliament action

The Economy, Trade and Rural Affairs Committee scrutinised the *Agriculture (Wales) Act 2023*. As discussed, eligibility criteria are not set in the Act, but will be detailed in the SFS. The Committee took evidence from the Land Workers’ Alliance Cymru (LWA Cymru) during Stage 1 of the legislative process. LWA Cymru was concerned about eligibility criteria for future support saying the three hectare requirement of the draft SFS would “exclude many excellent sustainable farms, particularly fruit and vegetable farms.” It said there is a misunderstanding about horticulture costs and turnover and said the “eligibility criteria appears to assume

that small farms are ‘hobby farms’, rather than commercial businesses providing rural employment”. The Committee recommended in its Stage 1 report:

The Minister is invited to consider the evidence from stakeholders for the Bill to be strengthened further to promote horticulture and maximise opportunities for diversification

The Minister for Rural Affairs, North Wales, and Trefnydd responded:

The Bill allows for support for horticulture and other forms of diversification through their inclusion in the definition of agriculture which means that supporting horticulture is possible under the power to provide support.

However this does not address the minimum farm size eligibility requirement.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.