

## **Evidence to the Economy, Trade and Rural Affairs Committee enquiry into the Sustainable Farming Scheme**

**April 2024**

### ***The Welsh Organic Forum***

The Welsh Organic Forum was established in 2017 to represent the interests of organic farmers and the post farm-gate supply chain dependent on the primary production of Wales' organic farms. It includes representatives from Wales' certification, growing, marketing, processing and retail sectors for the horticulture, arable, dairy and red meat supply chains. It is attended and addressed regularly by stakeholders in the sector including HCC, the Organic Trade Board and Welsh Government. It is the only dedicated representative organisation for the Welsh organic supply chain and functions on a voluntary basis with support from the certification bodies.

## **1. The Forum's engagement with Welsh Government and involvement in SFS co-design**

### ***1.1 SFS Consultations***

1.2 The Welsh Organic Forum responded to the full series of SFS consultations:

- Brexit and our Land (2018)
- Sustainable Farming and our Land (2019)
- Agriculture (Wales) White Paper (2020)
- Sustainable Farming Scheme: Outline Proposals for 2025 (2022)
- Sustainable Farming Scheme: Keeping Farmers Farming (2023)

1.3 The Forum also produced a report on the 'Potential contribution of organic farming and growing to Sustainable Farming in Wales' in 2020 and shared this with Welsh Government officials.

### ***1.4 SFS co-design: engagement with organisations***

1.5 Prior to 2023 organic bodies were not represented on the various SFS stakeholder groups that Welsh Government originally established in 2017 to inform the development of its post-CAP policy and provide a platform for stakeholder communications. Whilst no SFS working group for organic farming was established, the Forum engaged directly with officials within the Land Management Reform unit through bilateral meetings, farm visits and as part of a SFS consultation webinar for organic farmers in February 2024. The Minister for Rural Affairs and North Wales, and Trefnydd visited Rhug Estate (Forum members) in August 2023, and the Cabinet Secretary for Climate Change and Rural Affairs visited the Forum chair's organic farm in April 2024.

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1.6 It should be noted the bulk of the Forum’s contact with Welsh Government has been through the Agriculture - Sustainable Development Division and the Food Division. An official from the Agriculture - Sustainable Development Division attends Forum meetings.

### **1.7 SFS co-design: direct engagement with farmers**

1.8 Welsh Government’s online survey of farmers within the second phase of SFS co-design (2022) generated responses from 145 organic farmers, representing 10% of the total sample. The “Sustainable Farming Scheme Co-design Final Report” (2023)<sup>1</sup> noted that the survey had an over-representation of organic compared to non-organic producers. Many of the proposed SFS actions were already practised by organic farmers, and organic farmers were more likely to be willing to undertake a proposed action than non-organic (although the small sample size for organic farmers relative to non-organic may have impacted on the strength of these findings).

### **1.9 Welsh Government’s response to the Forum’s feedback**

1.10 Since 2018 the Forum has welcomed the commitment from Welsh Government to supporting farming and rural areas in Wales and to communicating the benefits of Sustainable Land Management (SLM).

1.11 The Forum consistently advocated to Welsh Government that

- organic farming systems deliver SLM objectives across the whole-farm and this brings additional public benefits – the organic system offering more benefit than the sum of its parts, given that
  - land managed organically in Wales exceeds regulatory requirements for soils, water and biodiversity
  - organic certification offers significant guarantees to the public purse that are delivered without need for additional monitoring
  - the high proportion of Welsh farmland under organic management underpins the ‘green’ brand credentials of the Welsh food sector
  
- there is a need to support organic farming directly

1.12 Prior to the publication of the “Sustainable Farming Scheme: Outline Proposals for 2025” (2022) Welsh Government officials indicated to the Forum that certified organic farms would be well placed to access support payments under the SFS. The outline SFS proposals (2022) contained a set of broadly agroecological proposed scheme actions and requirements that would to some extent be ‘organic-friendly’. The outline SFS also proposed to explore how farmers could use

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<sup>1</sup> <https://www.gov.wales/sites/default/files/publications/2023-07/sustainable-farming-scheme-co-design-final-report.pdf>

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‘earned recognition’ through membership of farm assurance and certification Schemes that included organic certification.

1.13 However, the outline SFS (2022) lacked proposals for specific support for certified organic farms. The Forum’s feedback on the outline SFS proposals noted that ‘the existing actions outlined in the SFS do not explicitly recognise the benefits delivered by schemes that certify whole farm systems, particularly organic farming’.

1.14 Following the Forum’s campaign in 2023 to maintain continuity in organic support post-Glastir Organic, Welsh Government introduced the Organic Support scheme 2024. A written statement from the Minister for Rural Affairs and North Wales, and Trefnydd<sup>2</sup> (January 2024) acknowledged that the sustainable land management practices employed by organic farmers benefitted local ecology, often in areas vulnerable to biodiversity loss and that the viability of organic holdings is dependent on receiving a premium for the organic produce, which is not always available.

1.15 The “Sustainable Farming Scheme: Keeping Farmers Farming” (2023) consultation published in December 2023 contained proposals for a Stability Payment for organic farming and Optional actions for certified organic farming practices.

1.15 To conclude, Welsh Government have readily engaged with the Forum and with organic farmers. Whilst the Phase 2 co-design farmer interviews may not have allowed sufficient examination of the needs of organic farmers, the latest SFS proposals now reflect the Forum’s call for specific support for organic. The Forum would welcome a more cross-departmental approach to future engagement to ensure a smooth transition to the SFS.

## **2 Summary of the Welsh Organic Forum’s response to the ‘Sustainable Farming Scheme: Keeping Farmers Farming’ consultation (March 2024)**

2.1 A **Welsh Organic Action plan** is needed to provide a strategic, joined-up approach to organic food, farming and public procurement.

2.2 Welsh Government should provide stakeholders with a **clear strategic route map** for the SFS, setting out the interaction between current schemes and incoming SFS layers.

2.3 The **proposal that organic farmers in receipt of the Organic Support Payment 2024 and BPS should receive an equivalent income level within the SFS in 2025 is welcome.**

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<sup>2</sup> <https://www.gov.wales/written-statement-announcement-organic-support-payment-2024>

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2.4 However, **Optional actions for organic farming should be introduced at the earliest opportunity – by 2026** – to achieve a seamless transfer from Organic Support 2024 to the SFS.

2.5 The SFS economic modelling suggests that the proposed changes to a basic level of farm support may yet be insufficient to address all SLM objectives. This underscores the need to **reserve budget for Optional and Collaborative actions**.

2.6 Support for Optional/Collaborative actions should be reserved for those farmers within the Universal layer of the scheme as per the original concept of the SFS operating as one single scheme.

2.7 **Advisory services are crucial**, particularly those promoting agroecological practices.

2.8 **The annual organic certification process should be recognised as Continuous Personal Development** and equivalent to undertaking a training module within UA2: Continuous Personal Development

2.9 Organic farming is proven to fit well with the ambition for the 10% habitat requirement. Organic farms are more ecologically diverse and on average hold 50% more wildlife than non-organic. SFS payments to establish mixed swards if required to meet the 10% habitat rule should reflect the higher costs of organic seed.

2.10 The Universal Baseline payment should be informed by the social value of scheme actions. If area payments continue to be based on a costs-incurred and income foregone model, they are likely to be too low to support those farm systems that are already delivering or capable of delivering sustainable land management improvements for nature, water and soils.

2.11 SFS benchmarking should be for both biodiversity and carbon, not just for carbon as carbon alone as a climate health indicator would not meet the complex set of challenges everybody in Welsh food and farming are facing today.

2.12 The use of legumes to supplement/replace manufactured nitrogen should be a Universal action, not an Optional action.

2.13 A consolidated National Minimum Standards (NMS) framework, applicable to all farmers is overdue and required to provide a fair and effective regulatory baseline to protect natural resources.

2.14 A proportionate approach to scheme penalty should accommodate a wider range of Force Majeure scenarios, particular given the SFS proposals towards Collaborative actions.

2.15 This should not be the final consultation on the SFS. The Optional and Universal layers require further stakeholder input to their design.

Ymateb gan Fforwm Organig Cymru i ymgynghoriad Llywodraeth  
Cymru ynghylch y Cynllun Ffermio Cynaliadwy

Response from the Welsh Organic Forum to the Welsh  
Government consultation on the Sustainable Farming Scheme

## Consultation Questions

Confidentiality
<p>Responses to consultations may be made public on the internet or in a report. If you do not want your name and address to be shown on any documents we produce please indicate here</p>
<p>If you do not want your response to be shown in any document we produce please indicate here</p>

Demographic questions:

<b>Name</b>	Haydn Evans, Chair	
<b>Are you responding as an individual or as an organisation?</b>	On behalf of an organisation: Welsh Organic Forum	
<b>Are you or your organisation based in Wales?</b>	Yes	X
	No, but I or my organisation operates in Wales	
	No - not based in Wales and does not operate in Wales	
<b>If you are answering as an individual, do you identify as Welsh speaking?</b>	Yes	
	No	
<b>First half of postcode (4 digits)</b>		

<b>Please indicate which of these best represent you or your organisation (please select only one)</b>	Farming	X
	Forestry	
	Environmental	
	Veterinary	
	Tourism/Hospitality	
	Food and timber supply chains	
	Public Sector	
	Private Sector	
	Third Sector	
	Trade Union/Representative	
	Research/Academia	

	Other	
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<b>If you have indicated that you are a farmer, please identify your main farm activity (please select only one).</b>	Sheep	
	Beef	
	Dairy	
	Arable	
	Horticulture	
	Poultry	
	Mixed	
	Other	

<b>Do you currently have rights to graze stock on a common?</b>	Yes	
	No	

<b>Are you a tenant farmer?</b>	Yes	
	No	

<b>Are you a BPS recipient?</b>	Yes	
	No	

<b>If you are responding as an individual, what age bracket are you in?</b>	Under 18	
	18-34	
	35-49	
	50-64	
	65+	

<b>Are you currently a participant in any agri-environment schemes?</b>	Yes	
	No, but I have participated in agri-environment schemes in the past	
	No, I have never participated in any agri-environment schemes.	

## Framework

Q1. The Scheme will provide a long-term approach to support for our agricultural sector to respond to evolving challenges and changing needs, contributing to the Sustainable Land Management objectives. In your view, what may strengthen this support?

The success of the SFS hinges on the integration of the SFS in community food systems, long-term budget certainty, effective advisory services and a robust regulatory framework. These are key to a resilient and sustainable farming sector and to the delivery of Sustainable Land Management objectives.

Public procurement should play a critical role in achieving Sustainable Land Management through local agroecological supply chains. Support for organic farming should be delivered within a strategic, joined-up approach to food, farming and public procurement. **A Welsh Organic Action plan is needed to shape this approach**, given that the previous plan (2005-2010) pre-dated the introduction of legislation and policy tools that could now help to develop the supply and local consumption of sustainably produced food.

The shift from seven-year Common Agricultural Policy (CAP) cycles to shorter Welsh Government budget cycles poses a significant challenge to the success of the SFS. The SFS must provide long-term certainty to scheme applicants. Whilst the Forum understands the constraints of the budget cycle, we are concerned that stakeholder confidence has not been helped by the lack of a clear strategic route map for the SFS. A route map should set out the interaction between current schemes and incoming SFS layers. The Forum suggests that Scotland's Agricultural Reform Route Map (June 2023) provides a helpful template.

A consolidated National Minimum Standards (NMS) framework, applicable to all farmers is overdue and required to provide a fair and effective regulatory baseline to protect natural resources. It is a concern that the SFS consultation proposals refer only to scheme rules and not to the NMS framework. There are potential risks to soils, water, and biodiversity arising from further intensification of agriculture if farmers choose not to participate in the SFS. An effective regulatory baseline must be maintained for all farmers in Wales, not just those within the SFS.

**Advisory services are crucial** in this transition, particularly those promoting agroecological practices.

## Universal Actions

Q2. There will be Universal requirements in the SFS to have woodland cover at least 10% of suitable land, and to manage a minimum of 10% of your farm for biodiversity.



a) What are your views on these requirements?

The Forum recognises that the requirement for 10% tree cover is problematic for some farmers particularly those producing on areas of clean land. The impact of this could be disproportionately high and a barrier to entry for many, thus excluding farmers already delivering benefits the scheme is seeking to extend.

The Forum recognises that the 10% for 'semi natural' habitats will be problematic for some farmers for the reasons outlined in the previous point. The whole farm nature of organic certification will already be delivering environmental benefit. Incentives to encourage mixed farming of sheep, cattle and cropping would add to the delivery of scheme outcomes.

b) What support might you need to achieve them?

The Forum asks Welsh Government to recognise that organic farming is proven to fit well with the ambition for the 10% habitat requirement. Organic farms are more ecologically diverse and on average hold 50% more wildlife than non-organic. A threefold increase in the area of land farmed organically in Wales could boost biodiversity by up to 25% (Lampkin (2020)). Temporary diverse leys including red clover options as proposed under UA8: *Create temporary habitat on improved land* are achievable within organic farming systems and deliver multiple benefits for SLM, but costs of establishment can be greater for organic farms due to the higher costs of organic seed and restrictions on soil additives that may be required to achieve suitable soil status for sward establishment. We call for Welsh Government to provide additional support to help organic farmers establish these swards if required to meet the 10% habitat rule. The Forum is also concerned that UA8: *Create temporary habitat on improved land* could create situations where organic farms are required to establish temporary leys on permanent pastures that are not classed as habitat but hold valuable soil carbon stores that would be degraded by cultivation. Given that herbicide use is prohibited in organic farming we request that Welsh Government considers how the 10% rule could be fairly applied to organic grassland systems.

Q.3 Aside from the 10% woodland and habitat requirements, will the Universal Actions:

a) Provide benefit for your farm business?

B) Provide an achievable set of actions paid for through the Universal Baseline Payment?

Universal actions – these are effectively a recognition of existing farming practice and support farm income for existing good practice as followed by the majority of farmers. There will be minimal additional costs and any penalties applied for non-compliance will be limited to the scheme year in which they are identified.

**The annual organic certification process should be recognised as Continuous Personal Development** and equivalent to undertaking a training module within UA2: Continuous Personal Development.

Many of the individual practices of organic farming can be seen in the proposals but the specific support for certified organic farms is needed. This is addressed in our response to Q12.

Q4. On-farm data reporting allows the Welsh Government to confirm actions are being undertaken and help you to make decisions about your farm. In your view, is the reporting requirement for the Universal Actions appropriate?

All organic food and drink must go through an inspection and certification process. All organic farmers must be annually certified and must comply with UK organic regulations, which sit on the UK legislature and are legally binding. Organic therefore offers significant guarantees to the public purse that are delivered without need for additional monitoring. We would also call for benchmarking to be encouraged for both biodiversity and carbon, not just for carbon as carbon alone as a climate health indicator would not meet the complex set of challenges everybody in Welsh food and farming are facing today.

Q5. The Stability Payment will provide additional support during the Transition Period. In your view, is this appropriate whilst the Optional and Collaborative Actions are being introduced?

On the assumption that Optional actions for organic farming are available in 2026 the Forum supports the proposal that **organic farmers in receipt of the Organic Support Payment 2024 and BPS should receive an equivalent income level within the SFS in 2025**. Without a clear pathway for organic support in the SFS the SFS stability payment for organic would likely be insufficient to prevent further loss of organic farms from the sector and decline in the area of organic farmland in Wales.

### Scheme Operation

Q6. We have proposed that applicants should have sole management responsibility for the land for 10 months and ensure completion of the Universal Actions for the full scheme year (12 months). In your view, is the 10-month period sufficient?

No response

Q7. We are proposing the use of a single carbon calculator for everyone in the Scheme. Do you agree and how might we best support you to complete this?

This would be a highly provocative market intervention and it would be better to set a requirement to undertake a carbon calculator exercise to a generic standard. Carbon calculators should provide output by category, GHG and scope 1, 2 or 3. Furthermore an organic system, particularly for beef and lamb, will normally be carrying fewer livestock per Ha but may not receive any credit for it within the carbon calculation. Other carbon calculators may take this into account, any SFS standard required by the Welsh Government certainly should do.

A clearer case should also be made to farmers regarding the benefit of knowing their true worth in performance and natural capital terms as required to survive into the future.

Q8. To ensure continued high standards on our farms, we have outlined a proportionate approach to controls and sanctions, including compliance with additional legislation as a condition of Scheme payment. Do you have any views on this approach?

We believe the current regulatory framework across Wales is too fragmented and therefore support the Agriculture White Paper (2020) proposals to consolidate existing legislation under a set of National Minimum Standards (NMS), applicable to all farmers in Wales. It is a concern that the latest SFS consultation refers only to scheme rules and not to the NMS framework. There are potential risks to soils, water, and biodiversity arising from further intensification of agriculture if farmers choose not to participate in the scheme. An effective regulatory baseline must be maintained for all farmers in Wales, not just those within the SFS.

Q9. Adopting the Welsh Government appeals process will provide an effective and efficient mechanism. Is there any reason we should deviate from this?

There is currently an appeals mechanism for farmers who have been penalised but believe regulations have not been applied correctly to their business. Overall the mechanism works well but is inflexible in that even a business with a demonstrable record of historic compliance can be penalised heavily for a technical infringement when the matrix currently used to allocate penalties is applied. This inflexibility extends to events outside the businesses control where the current strict definition of Force Majeure cannot be applied, including illness and sudden death. A proportionate approach should accommodate a wider range of Force Majeure scenarios, particular given the SFS proposals towards Collaborative actions. Penalties should be applied dependent on non-delivery of the outcome at the end of the scheme period, and not according to breach of interim deadlines or detailed rules where an equivalent or superior option has been implemented. Adaptation of detailed actions should be achievable by liaison with a transparent hierarchy of decision makers within Welsh Government with reference to the existing Independent Appeals Panel should a Ministerial decision be required.

### Payment Methodology

Q10. We would like to know your views on the proposed approach to:

- a) the SFS universal baseline payment
- b) the SFS stability payment

On the assumption that Optional actions for organic farming are available in 2026 the Forum supports the proposal that organic farmers in receipt of the Organic Support Payment 2024 and BPS should receive an equivalent income level within the SFS in 2025. Without a **clear pathway for organic support in the SFS** the SFS stability

payment for organic would likely be insufficient to prevent further loss of organic farms from the sector and decline in the area of organic farmland in Wales.

The Forum believes that the Universal Baseline payment should reflect the social value of scheme actions. If area payments continue to be based on a costs incurred and income foregone model, they are likely to be too low to support those farm systems that are already delivering or capable of delivering sustainable land management improvements for nature, water and soils. We support a move to paying for social value underpinned by a natural capital approach. The SFS provides a critical opportunity to impart true financial value to elements of farming that have not received support through direct payments, for example trees, hedges and habitats.

### **Transition Period**

Q.11. Farmers outside the Scheme may wish to access support for actions similar to those offered in the Optional and Collaborative Layers. In your view, should farmers within the Scheme receive priority support to undertake these actions?

The Forum believes that support for Optional/Collaborative types of action should be reserved for those farmers within the Universal layer of the scheme as per the original concept of the SFS operating as one single scheme. Unless National Minimum Standards mirror the SFS Universal rules (UA actions) the consultation proposal could enable some farmers to bypass the Universal layer, creating a two-tier approach to scheme standards and support and weakening the delivery of SLM objectives.

Q12. What actions and support within the Optional and Collaborative layers do you believe should be prioritised?

- Optional actions – farmers will be incentivised to undertake these additional actions if the payments adequately recognise the costs involved according to the benefit to the farm and the social benefit or public goods value of the actions. The payments must recognise the additional time input required to deliver the outcome at the national minimum wage

The Forum supports the optional actions but in our response to the 2022 Outline SFS Proposals we presented the case for the inclusion of an element that specifically supports organic farming and growing, as this would aid the delivery of scheme outcomes.

While many of the individual practices of organic farming can be seen in the proposals, the scheme insufficiently acknowledges and rewards the systems approach that is at the heart of organic farming and growing: non-organic growers can pick and choose which practices they implement. Certified organic producers are required by the organic regulation to implement all of the practices all of the time, and this brings additional benefits – the system is more than the sum of its parts. The benefits of the systems approach has been long recognised by Welsh Government and rewarded through various support schemes dating back to 1999, and most recently through the organic conversion scheme earlier this year.

If instead the SFS policy is to offer support for specific farming practices rather than a whole system reward, a set of **Optional actions required for organic farming** can be identified in the consultation proposals, as per the Forum's analysis of the 2023 outline scheme:

- \* Farming without use of manufactured nitrogen and with a reliance on organic matter from crops and livestock, crop rotation standards, legumes, nutrient cycling, crop rotations and avoidance of bare soil
- \* Farming without use of herbicides or growth regulators, and with a reliance on cultural controls and natural predators
- \* Restrictions on non-organic inputs
- \* Limited use of a number of permitted pesticides derived from natural sources
- \* Requirement to use breeds suited to local conditions
- \* At least 60% of livestock diet derived from the farm holding
- \* Stocking density limit
- \* Farming to promote biodiversity across whole farm area, guided by a conservation plan for all habitats, including non-designated sites
- \* System-level approach to disease risk, achieved through:
  - \* Animal health plan with annual review
  - \* No chemical allopathic vet meds for preventative use
  - \* Restrictions on number of treatments
  - \* No hormones, embryos and cloning
  - \* No growth promoters and synthetic amino acids
- \* Conversion to organic farming system
- \* History of continuous organic farming

The Forum suggests that the robust, external inspection and certification process that organic producers undergo would provide a guarantee to Welsh Government that any of these Optional actions are being delivered on the ground.

The Forum urges the Welsh Government to **introduce Optional actions for organic farming at the earliest opportunity – by 2026** – to achieve a seamless transfer from the Organic Support Payment 2024 to the SFS.

The Forum believes that the use of legumes to supplement/replace manufactured nitrogen should be a Universal action, not an Optional action. Reducing the use of manufactured nitrogen is critical to reducing farm greenhouse gas emissions and in helping to improve soil health and we believe the evidence base is strong.

- Collaborative actions – The Forum supports the development of actions on an extended scale including catchments and landscape level. There are already examples of farmers co-operating on an extended scale and existing contributions should be recognised where they provide an effective foundation for further development. The time input required to encourage engagement, develop a plan and resolve differences must be recognised in the payments.

## BPS

Q13. Do you agree with the proposed changes to BPS from 2025? This includes:

- a) The rate at which BPS payments are reduced.
- b) Closing the National Reserve to new entrants.
- c) Thresholds for capping.
- d) Restricting the transfer and lease of entitlements.

No response

### Regulations

Q14. We would like to know your views on our proposed approach to secondary legislation, which will support BPS and the introduction of support schemes under the powers in the Agriculture (Wales) Act 2023.

No response

### Evidence

Q15. Economic analysis and modelling will conclude in 2024 and will provide evidence to inform the final decision on Scheme implementation by Welsh Ministers. We would like to know your views on the existing analysis and evidence required.

The Forum notes that the economic impact assessment figures for the number of hours worked are not necessarily themselves indicative of likely changes in the number of farm based workers and should be viewed alongside income / livelihood indicators. Furthermore, 'dynamic responses' are not modelled eg changes to grazing practices to maintain stocking, farm business diversification responses, and long term productivity responses from soil health improvement and agroforestry are not modelled. All of these factors are driven by and impacted upon by intensifying climate impacts which are also not modelled.

Nevertheless, the modelling suggests that the proposed changes to a basic level of farm support may yet be insufficient to address all SLM objectives. This underscores the need to **reserve budget for the Optional and Collaborative layers.**

### Monitoring & Evaluation

Q16. We would like to know your views on which information and evidence should be used to monitor and evaluate the Scheme.

No response

### Other

Q17. What, in your opinion, would be the likely effects of the SFS on the Welsh language? We are particularly interested in any likely effects on opportunities to use

the Welsh language and on not treating the Welsh language less favourably than English.

Do you think that there are opportunities to promote any positive effects?

Do you think that there are opportunities to mitigate any adverse effects?

Welsh language is widely spoken in rural communities and many of our licensees are Welsh speaking. We think that by reinforcing the viability and vitality of rural businesses the proposals could make a significant contribution to maintaining the Welsh language, and could further encourage the adoption of Welsh through locally focussed food and supply chain industries such as farm shops and holiday accommodation. This would be in line with the stated objectives in the Well-being of Future Generations Act.

**Q18.** In your opinion, could the SFS be formulated or changed so as to:

- have positive effects or more positive effects on using the Welsh language and on not treating the Welsh language less favourably than English; or
- mitigate any negative effects on using the Welsh language and on not treating the Welsh language less favourably than English?

Q19. Do you have any additional comments on any aspect of the consultation document?

The Forum feels that this should not be the final consultation on the SFS. The Optional and Universal layers require further stakeholder input to their design.