

Consultation response - Brexit and our land: Securing the future of Welsh farming

October 2018

Since the EU Referendum in 2016 the RSPCA had been working to explore the implications and opportunities for animal welfare post-2019 and we are therefore grateful for the opportunity to respond to this consultation. Clearly one of the main opportunities ahead is a reform of the Common Agricultural Payments (CAP) system to benefit the welfare of livestock and create a unique selling point for Welsh produce.

RSPCA Cymru believes that CAP has failed at improving farm animal welfare. Existing livestock breeding and production practices supported - or in some cases incentivised - by CAP payments have generally had a significant, negative impact on farm animals through the implementation of intensive housing systems, management practices and breeding practices that focus on productivity at the expense of animal health and welfare.

Poor animal welfare and endemic disease currently costs millions of pounds each year in lost productivity for the livestock industry. For example, reducing the number of mastitis cases in the dairy industry in Wales by 10% could save the industry around £7 million per year¹. We believe that these negative effects do not reflect the motivations of farmers but rather the flawed system under which they currently operate. It is clear that improvement is required.

Meaningful, measurable action that tangibly improves farm animal welfare and provides the opportunity for farmers to operate to higher welfare standards will help create a more productive, resilient and self-reliant livestock sector, and also one that is much more aligned with the values of the public in Wales with regards to farm animals and wildlife. A YouGov Poll for RSPCA Cymru found that 80 percent of adults in Wales, say that the welfare standards of the animals reared is important in their purchasing decisions². The purchasing power of consumers can be extremely powerful in effecting change, with the shift in the practices of keeping laying hens in cages to free-range and the move now to higher welfare standards with RSPCA Assured eggs being available in majority of supermarkets.

QUESTION 1: WE PROPOSE A NEW LAND MANAGEMENT PROGRAMME CONSISTING OF AN ECONOMIC RESILIENCE SCHEME AND A PUBLIC GOODS SCHEME. DO YOU AGREE THESE SCHEMES ARE THE BEST WAY TO DELIVER AGAINST THE PRINCIPLES? IF NOT, WHAT ALTERNATIVES WOULD BE BEST?

¹ https://businesswales.gov.wales/farmingconnect/sites/farming/files/1705-nantgoch-focussite-mastitisreview-final.completepdf_1.pdf

² YouGov Plc. Total sample size was 1,001 Welsh adults (aged 18+). Fieldwork was undertaken between 4th - 8th September 2014. The survey was carried out online. The figures have been weighted and are representative of all Welsh adults (aged 18+).

The RSPCA is disappointed that the welfare and health of animals for food production is not being classed as a public good in the Welsh Government proposals for a reformed agricultural payment system. We are concerned that as the UK Government has classed animal welfare for food production as a public good for England that there may be confusion by farmers and members of the public as to the value placed by the UK and Welsh Governments and the impact this classification may have on a joint UK-wide framework on agriculture.

For the last 18 months, RSPCA Cymru has been calling for improvements in animal health and welfare in farming using our proposals for a new CAP system to create a unique selling point for Welsh produce and to sell the high welfare products to the world. However, we understand that within these proposals, the Welsh Government is proposing that animal welfare is not a public good due to the existence of a market for the produce. Animal welfare is one of the most important public goods that the Government can support. Members of the public want improvements in the food chain. For example, a Eurobarometer survey reported that 62 percent of the British respondents felt animal welfare did not receive enough importance in the UK's food policy and 72 percent would be willing to pay more to buy products from animal welfare friendly production systems³. There is only an existence of a market for the product if the market is transparent and therefore mandatory labelling is required to show the consumer a choice in production method. The consumer also needs to understand the welfare issues in the market. At present only eggs have a mandatory method of production labelling system and so can be said to be operating as a market for the produce. In all other sectors, and in particular in sectors such as milk and dairy, lamb, and beef, there is no mandatory method of production labelling and so the market is not operating properly. A farmer may be producing the product under higher welfare conditions compared to their neighbour who is farming at baseline standards, but these additional costs such as for bedding, enrichment, space or labour are not reflected in the product's market price and so are not recouped by the farmer. It is this cost differential that should be rewarded as a public good by the provision of funding to incentivise farmers to produce products at higher welfare standards.

World Trade Organisation (WTO) rules in the Agreement on Agriculture allow unlimited funding for public goods, such as for animal welfare, as long as they are not linked directly to incentivising production. Once a government issues funds for anything linked to production, it becomes an Amber Box payment and so subject to funding caps. Wales will be limited by the amount that it can pay farmers under the new scheme that is classified as Amber Box payments. We therefore do not feel that food production should be included within Principle Two of the economic resilience aspect of these proposals as it would be classified as Amber Box and is also not coupled with any incentive to farm at a higher welfare standard or have any welfare outcomes such as being a member of a farm assurance scheme. We believe these payments should be reallocated to Green Box payments for animal welfare payments.

QUESTION 2: DOES THE WELSH GOVERNMENT NEED TO TAKE ACTION TO ENSURE TENANTS CAN ACCESS NEW SCHEMES? IF SO, WHAT ACTION WOULD BE BEST?

The conditions of some tenancy agreements may have an indirect detrimental impact on welfare. For example, many tenancy agreements for pigs require the land to be returned in the same condition in which the land was leased, meaning some tenancy agreements have a clause requiring sows to be nose ringed to reduce the amount of rooting activity they will carry out. Whilst nose ringing is legally a permitted procedure under certain circumstances, it is a painful, lifelong mutilation which frustrates the naturally high motivation pigs have to root and manipulate their surroundings with their nose. The Welsh Government's own advice is to avoid nose ringing pigs⁴. It is the RSPCA's view that tenancy laws should be required to embrace best practice principles with regard to animal welfare and should not be allowed

³ Special Eurobarometer 442, Attitudes of Europeans towards Animal Welfare, November - December 2015, <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Survey/getSurveyDetail/search/animal%20welfare/surveyKy/2096>

⁴ https://beta.gov.wales/sites/default/files/publications/2017-11/pig-welfare-code-of-practice_0.pdf

to require mutilations, such as nose ringing, as a prerequisite for tenancy, given that the sow's duration on tenanted land might be for a comparatively short period of time.

QUESTION 3: FROM YOUR EXPERIENCE OF CURRENT PROGRAMMES, WHAT DO YOU FEEL WOULD WORK WELL FOR THE FUTURE?

There is a strong case for government funding a scheme that incentivises and delivers improved farm animal welfare. We propose a two tiered approach for such funding. The RSPCA believes the new support system should reward farmers with public money only if they go beyond current standard industry practice, i.e. neither rewarding producers for 'business as usual', nor for just being legally compliant. Wales has run schemes such as Tir Mynydd that has rewarded farmers that farm extensively and we would support such schemes if they fit with the framework above being promoted.

The RSPCA proposes that in order to rectify the shortcomings of the existing conditions for direct payments, all payments should come under cross compliance rules and that those rules need to be extended to all farm animal welfare legislation.

Previous schemes in Wales have also funded capital costs. The Welsh Government can help support farmers in making capital investments to improve animal welfare by ensuring there is a funding stream available for farmers to make capital investments in improving farm buildings, infrastructure and cover additional costs, if any, for producing to a higher welfare standards.

QUESTION 6: OF THE FIVE PROPOSED AREAS FOR SUPPORT, WHICH ARE THE PRIORITIES, BOTH IN TERMS OF FUNDING, AND THE SEQUENCE OF DELIVERY? FOR EXAMPLE, ARE CERTAIN MEASURES NEEDED IN ADVANCE OF OTHERS?

Section 5.26 looks at potential areas for support under Area 1: increasing market potential. As part of our work in preparing for Brexit, the RSPCA has developed proposals for reformed CAP payments which are consistent with the Welsh Government's proposals - although RSPCA Cymru would like to see one singular payment and not two. The RSPCA's proposals would help to meet the Welsh Government's objectives of having sustainable brand values, improving market competitiveness, improving routes to international markets and help to build on the existing high standards of animal welfare.

RSPCA Cymru proposals for reformed CAP would see one single payment with two payment levels to incentivise good farming practices. These levels would reward higher welfare standards and enable long term planning for sustainable land and animal management, whilst ensuring that improving animal standards does not leave Welsh farmers at a competitive disadvantage. Crucially, the RSPCA's proposals are in line with WTO regulations. This would see the payments being de-coupled and ensure that any subsidy payments do not distort trade.

By enabling a farming industry that has animal welfare at the heart of it, we can create a unique selling point for Welsh produce, especially with 55 percent of consumers looking for higher welfare labelling and 72 percent willing to pay more for higher welfare products⁵.

As outlined under Section 6 of the consultation document, disease control is considered a public good and the RSPCA's proposals for reformed CAP payments include conditions on improving disease control for the welfare of the animal and the wider rural community.

The first level of RSPCA Cymru's proposals would:

- Meet minimum legal standards

⁵ Special Eurobarometer 442, Attitudes of Europeans towards Animal Welfare, November - December 2015, <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Survey/getSurveyDetail/search/animal%20welfare/surveyKy/2096>

- Cap payments at £300,000 to encourage smaller producers
- Link back to the Good Agricultural and Environment Conditions (GAEC) and the Welfare of Farmed Animals regulations ensuring cross compliance
- Ensure the breeding or keeping of farm animals does not cause unnecessary suffering
- Contain annual inspections and a tiered system of fines for non-compliance
- De-coupled payments to comply with WTO regulations

The RSPCA sees the new support system as rewarding farmers with public money if they go beyond certain baseline minimum legislative requirements, providing enforcement through a cross compliance mechanism and giving a suite of measures for farmers to apply for above their basic payment. The RSPCA agrees that agriculture should be a sustainable industry and rewarded for its outputs by the taxpayer where these are producing societal benefits that cannot be delivered in the marketplace.

The suite of measures at Level 1 could include:

- Transitional assistance, to meet higher baseline standards or to assist in restructuring. These may require financial support, always on a clearly set out transitional basis, accompanied by adequate advice
- Payments, including capital ones to correct market failures such as the need for improvements to prepare the sector for changes in legislation. Existing economic studies have clearly shown the economic consequences to raising welfare standards for laying hens⁶, broilers⁷ and the pig sector⁸ and any agreed changes in tariffs in Free Trade Agreements could further decrease the competitiveness of industry. These measures would be permissible under the Green Box if they are non-trade distorting and being paid to correct market imbalances
- One-off payments for capital costs for farm modernisations, to encourage farmers to adapt and adopt higher or better health and welfare standards. These would be Green Box compatible
- Payments to link disease control and animal welfare such as farmers receiving a payment for the formulation of an Animal Health and Welfare Plan (AHWP)
- Marketing schemes to promote Welsh produce meeting higher welfare standards.

Level 2:

Farmers who are members of an assurance scheme that is supplying products at an agreed higher standard would be eligible for a payment. Such a payment would recognise the lower risk these farms pose to disease, environmental or welfare concerns and the value added to Wales' USP of high welfare standards⁹.

The RSPCA's proposals are consistent with Principle 3 of the reform plans as higher animal welfare produce will create a unique selling point for Welsh produce and continue to grow the positive Welsh food and drink reputation internationally. As the consultation document states 'high standards are a strong component of the Welsh brand' and having a reformed payment system aimed at higher animal welfare can only continue the Welsh Government's claim of 'globally leading standards of animal health and welfare'.

Level 2 of the proposed scheme would see farmers join an assurance scheme such as RSPCA Assured. RSPCA Assured's licensing conditions are developed by RSPCA science and policy specialists and

⁶ The Case against Cages 2005 RSPCA, Hard boiled Reality 2001 RSPCA

⁷ The economic consequences for the broiler industry of legislatively enforced reductions in maximum stocking density. Centre for Rural Research, Exeter University 2005

⁸ Effect of higher welfare standards on the costs of producing beef and pork in the EU. Bondt et al 2004 Agricultural Economics Research Institute The Hague.

⁹ Kilbride, A. L. (Amy L.), Mason, Sam (Sam A.), Honeyman, P. C., Pritchard, D. G., Hepple, S. and Green, Laura E.. (2012) Associations between membership of farm assurance and organic certification schemes and compliance with animal welfare legislation. Veterinary Record, Vol.170 (No.6). p. 152. ISSN 0042-4900

administered by RSPCA Assured inspectors. The scheme has higher standards than Red Tractor and FAWL.

QUESTION 7: SHOULD WE BE INVESTING IN PEOPLE, FOR EXAMPLE TO BRING IN NEW IDEAS, SKILLS AND PEOPLE INTO LAND MANAGEMENT AND THE SUPPLY CHAIN IN WALES? IF SO, HOW SHOULD WE LOOK TO DO THIS?

Adopting an agricultural payment scheme which encourages improvements in animal welfare could help to improve the reputation of the farming sector to people outside of traditional rural communities, helping to bring new people into agriculture and ensuring the resilience of the sector. Encouraging and supporting agricultural education and training sectors in ensuring they deliver up to date welfare-based knowledge transfer could also facilitate a more positive and well informed future workforce in the area of livestock production.

In order to have truly world class animal welfare standards across production, transport and slaughter Wales need standards that challenge producers positively and engage them in the work they do. In the slaughter industry, research has demonstrated that 'plants that have good handling and stunning practices have a top manager who 'cares' about animal welfare'¹⁰. If the government were to encourage/mandate higher welfare practices and standards, it would offer those who work in the livestock industry a chance to practice a more rewarding and fulfilling career. Also, support and encouragement for review/development of agriculture college courses and training programmes to reflect cutting edge 'best practice' and use of technology that enhances farm animal welfare would also be helpful.

QUESTION 10: ARE THERE ANY OTHER PUBLIC GOODS WHICH YOU THINK SHOULD BE SUPPORTED? IF SO, WHY?

Animal welfare is one of the most important public goods that the government can support. The RSPCA also believes that the public are also keenly interested in the welfare of wild animals. A recent survey conducted by the RSPCA¹¹ across England and Wales showed that 35 percent of those polled had concerns about the destruction of natural habitats for wildlife and the impacts this has on the welfare of species affected. A further 27 percent were concerned about litter, especially plastics and the impact this has on wild animals.

We therefore feel that, as well as developing environmental initiatives that promote habitat and species conservation and restoration, the Welsh Government should support initiatives that encourage farmers to take a more responsible approach to the way they manage their land so as to mitigate the impact they have on wild animal welfare. This could be demonstrated by farmers adopting a process such as the one described by Dubois *et al.*¹², where any management interventions against wild animals follow a clear, ethically-driven process, including the consideration of non-lethal methods of controlling wild animals, when control is deemed necessary.

One example is that many farmers will, at some point, take action to reduce the impacts of rats and mice on their business, usually by deploying poison baits. However, farmers could be rewarded for practising improved biosecurity and for taking responsibility for recycling plastics and other waste materials, such as silage wrappings and fertiliser bags. Maintaining a clean working environment around farm buildings and elsewhere can help to mitigate against perceived problems caused by rats and mice, which not only results in better farm animal health and a reduction in the loss of resources, but fewer wild animal interventions. In the case of rodents, this should lead to a reduction in the use of poison bait and the subsequent secondary poisoning of predatory species like barn owls.

¹⁰ <http://www.grandin.com/references/humane.slaughter.html>

¹¹ YouGov poll commissioned by RSPCA, March 2018

¹² Dubois, S., Fenwick, N., Ryan, E. A., Baker, L., Baker, S. E., Beausoleil, N. J., Carter, S., Cartwright, B., Costa, F., Draper, C., Griffin, J., Grogan, A., Howald, G., Jones, B., Littin, K. E., Lombard, A. T., Mellor, D. J., Ramp, D., Schuppli, C. A. and Fraser, D. (2017), International consensus principles for ethical wildlife control. *Conservation Biology*. doi:10.1111/cobi.12896

QUESTION 11: A NUMBER OF PUBLIC GOODS COULD POTENTIALLY TAKE SEVERAL YEARS, SOMETIMES DECADES, TO BE FULLY REALISED. E.G. CARBON SEQUESTRATION THROUGH BROAD LEAF TREES. TO DELIVER ON THESE, LAND MANAGERS MAY NEED TO ENTER INTO A LONG TERM CONTRACT. HOW DO YOU SEE SUCH AGREEMENTS WORKING? WHAT DO YOU SEE AS THE BENEFITS OR DISADVANTAGES TO SUCH AGREEMENTS?

We would agree that the present five year period for a scheme under the CAP delivers long term certainty for payments but also allows innovation when the scheme is reviewed should scientific developments require new schemes in the next funding period.

QUESTION 12: A COLLABORATIVE APPROACH TO DELIVERING PUBLIC GOODS MAY IN SOME INSTANCES PROVIDE BETTER VALUE FOR MONEY THAN ISOLATED ACTIVITY. HOW COULD THE SCHEME FACILITATE THIS APPROACH? HOW COULD PUBLIC AND PRIVATE BODIES CONTRIBUTE TO SUCH PARTNERSHIPS?

RSPCA Cymru works closely with the Welsh Government and other organisations within the sector on a regular basis to help raise standards of animal welfare. The licensing conditions for producers, transporters and slaughterhouses on the RSPCA Assured scheme are developed by RSPCA science and policy specialists, who ensure that the RSPCA is at the forefront of animal welfare thinking. In the development, promotion and enforcement of the standards for reformed CAP payments, the RSPCA is keen to work with the Welsh Government on developing these further.

QUESTION 14: GIVEN THAT SUPPORT FOR THE DELIVERY OF PUBLIC GOODS WILL BE A NEW APPROACH IN WALES, THERE WILL BE A REQUIREMENT FOR A SIGNIFICANT AMOUNT OF TRAINING AND ADVICE FOR THE SECTOR. HOW BEST COULD THIS TRAINING AND ADVICE BE DELIVERED? WHICH AREAS OF THE SECTOR NEED THE MOST ATTENTION?

Encouraging and supporting agricultural education and training sectors in ensuring they deliver up to date welfare-based knowledge transfer would also facilitate a more positive and well informed future workforce in the area of livestock production. Improving the uptake of knowledge and advice by farmers in relation to animal welfare could be achieved through broadening the remit of Welsh Government's Codes of Practice across all livestock species¹³.

The Codes are such an important reference document that there should be more focus on capitalising on the legislative requirement for all farmers to own and read them. Utilising the Codes in this way would help consolidate the Government's desire to reform agriculture and be responsible for maintaining the health and welfare of animals throughout their lives. The RSPCA believes that upgrading the dissemination of knowledge and advice to farmers would objectively improve through the provision of rigorous best practice recommendations for all systems of production.

QUESTION 16: WHAT ARE YOUR COMMENTS ON THE PHASED TRANSITION PERIOD AND OUR AMBITION TO COMPLETE THE CHANGES BY 2025?

We agree to the trialling of new programmes from 2019, with the ambition to complete the changes by 2025. This will give time to trial funding streams, assess outcomes and give farmers the time to change from the BPS to the new scheme.

QUESTION 17: WHAT IS THE MOST APPROPRIATE WAY TO PHASE OUT THE BASIC PAYMENT SCHEME TO FUND IMPLEMENTATION OF THE NEW SCHEMES?

¹³ The RSPCA was pleased to take part in several Welsh Government working groups to develop the Codes in 2016 and we hope to see the publication of these new and updated codes for all of the main farmed species in the near future.

We believe the most appropriate way is to trial schemes by removing monies from the BPS from 2019 and then remove a percentage of BPS payments each year until 2025 when all the payments in the BPS have stopped.