

# European and External Affairs Committee

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## EU Common Agricultural Policy 2008 Health Check

### Response to Welsh Assembly Government Consultation

Wales Environment Link (WEL) is a network for voluntary environmental and countryside organisations in Wales, most of whom have an all-Wales remit. WEL is officially designated the intermediary body between the government and the voluntary environmental sector in Wales. Our vision is to increase the effectiveness of the environmental sector in its ability to protect and improve the environment through facilitating and articulating the voice of the sector.

### How WEL has come to agree this response

The production of consultation responses within the WEL network is an inclusive and comprehensive process. Whilst WEL recognises that all consultation responses must be given equal treatment, we would ask the Committee to note WEL's protocol for writing consultation responses, as well as the number of organisations that have signed up to this response.

1. WEL's Land Use Working Group met to discuss and agree common positions within the group.
2. Attendees were asked to contribute to drafting the response.
3. Co-ordinator circulated first draft around WEL members via email, members provided comments and suggested improvements to wording.
4. Any point over which there was disagreement was further discussed via email.
5. The final draft was circulated, inviting sign-up.

Wales Environment Link values the opportunity to take part in this important consultation process, and trusts the following response will be taken into consideration by the Welsh Assembly Government.

### General Comments

WEL sees the Health Check as part of the long term process of moving towards a Common Agricultural Policy (CAP) where the receipt of public money is clearly linked to delivery of public and environmental benefits.

There is a great deal of uncertainty in the agricultural sector at present as we await finalisation of the Wales Rural Development Plan and the outcome of the Axis 2 review. There is also uncertainty regarding the future of the LFA boundary. This makes it difficult to predict the impacts of the changes proposed in the Health Check, and therefore to advocate a preferred option. It will be essential to monitor the impact of each policy change and to take steps to minimise negative impacts.

Any significant change to the payment system in Wales should be accompanied by transitional arrangements to minimise adverse impacts and manage risks.

### Consultation Questions

**Question 1- Why should Wales retain the historic model for the SPS? What benefit would Wales derive in moving to a flatter payment rate under the SPS from 2009?**

**If such a move was made, on what basis should the area payment be calculated i.e. should it be paid as an all-Wales average or should there a pattern of differential payment as is the position in England? What criteria might determine a differential payment regime?**

**Do you have a different proposal?**

We do not believe there is justification for retaining the historic model for the SPS in Wales. The historic basis for payments is not a justifiable use of public money and its reliance on past activity is unsustainable. It retains an advantage for farmers who employed

intensive methods in the past when the advantage should be with those who practice environmentally sustainable farming. It also places new farm entrants at a disadvantage.

WEL favour a move to an area based payment system in Wales. At this stage we do not propose a particular alternative to the historic system - it is necessary to evaluate each of the options. This evidence would allow an informed decision on what would be a fair alternative to the historic model whilst setting the course to the long-term goal of linking payments closely to delivery of public benefits.

Any change in payment model would require transitional arrangements particularly to manage associated risk and crisis, and to support the most vulnerable.

A new payment system would need to take account of the difficulties an area based payment can create for upland farms. Experience from England shows that an area based payment leaves upland farms vulnerable and does not address the disadvantages they face. This has been exacerbated by difficulties for upland farms in accessing agri-environment schemes.

In particular, cattle enterprises in the uplands are not economic under the Single Farm Payment system. This has the potential to create negative environmental impacts as mixed grazing is beneficial for upland habitats, and is desirable as part of a conservation grazing regime.

**Question 2 - What aspects of RDP activity might benefit from increasing the rate of compulsory modulation? How might this be delivered if there was a requirement to reduce national modulation?**

WEL believes that modulation should be increased to divert funds to rural development measures, and enable more activity to be supported under Axis 2.

We were very disappointed with the low levels of national modulation set in Wales and believe they do not send the right messages to farmers about future financial support. With more funds to support Axis 2 it would be possible to meet current demand for Tir Gofal agreements, reduce waiting lists for agreements and expand the availability of agri-environment schemes.

Ongoing discussions regarding the review of Axis 2 leave us in no doubt that there is huge potential to secure greater environmental benefits through land management schemes, but without increased funding this will not be possible. In particular WEL would like to see a comprehensive Catchment Sensitive Farming scheme; measures targeted at common land management; action to protect and restore land based carbon stores; and measures targeted at reversing the loss of biodiversity. Support could also be dedicated to action on mitigation and adaptation of climate change. All such activity can help deliver the aims of the "Environment Strategy for Wales."

**Question 3- Do you consider that there is a link between farm profitability and size?**

**What benefit would there be to Welsh farming from the proposed reductions to the higher receipts under the SPS? What obstacles might such reductions generate to the development of farm businesses?**

**Where should the Assembly Government invest the resources made available from the reduction?**

We do not see farm size as an essential determinant of subsidy level, rather the amount of public funds a farm receives should be relative to the level of public benefit it delivers.

Capping Single Payments for large farms would be expensive and difficult to administer. We do not see it as a priority and believe the necessary cost and effort of operating it could be better invested.

**How would a minimum financial and /or minimum qualifying area benefit Welsh farming? What would you consider to be the relevant minimum thresholds that might apply?**

We are concerned that a minimum payment threshold would remove the incentive for the smallest farms to comply with the non-statutory requirements of cross compliance. This could have negative environmental impacts.

**Question 4 - What changes would you suggest might be made to the existing cross compliance regime?**

**Of the existing Statutory Management Requirements, which ones do you consider to be less relevant and why?**

**If new SMRs were to be considered, what areas would you suggest e.g. those relating to climate change issues?**

We would support an assessment of the effectiveness of cross compliance in delivering environmental outcomes to date. If it proved necessary, based on this assessment, to revise the requirements to better deliver the objectives of cross compliance we would be supportive.

Protection of water should be a requirement on all those receiving public money and therefore incorporated into cross compliance, in line with the objectives of the Water Framework Directive.

In addition to refinement of the cross compliance regime we see a need for efforts to improve awareness of the requirements.

## **Question 5 - Apart from quota increases, what other measures would you want to see to help the milk sector move smoothly to a quota free regime?**

The relatively low coverage of NVZs in Wales could act as an incentive for intensive dairy operations to re-locate from England. We would be concerned about any change in the quota system which encouraged this to the extent that there were impacts on water quality.

### **Comment on other Commission proposals**

WEL recognise that set-aside has undesirable market effects; its original purpose no longer exists and in the long term we do not see it as part of CAP. However, set-aside has delivered environmental benefits which should be retained. We see a need to assess the extent and nature of these benefits in order to design mechanisms to mitigate the removal of a set-aside requirement through a combination of GAEC and agri-environment schemes.

We agree with the Commission that climate change is a crucial new challenge for agriculture. We accept the need for agriculture to contribute to mitigation of climate change, and for the sector to adapt to its impacts. CAP may have a role in promoting such activity, but it will not necessarily fund all elements of risk management and market mechanisms should also play a part. The role of CAP should be in relation to the risks facing society rather than individual farmers.

We do not see a need for RD measures to support production of energy crops in Wales. The country's agricultural land is not suited to mass expansion in energy crops and we are concerned about potential negative impacts on the natural and historic environment as outlined in our 2007 report "Bioenergy in the UK: Turning green promises into environmental reality". We are not convinced that support to growers is the most effective way to establish a sustainable bioenergy supply chain, particularly as it would further dilute RD funding.

The member organisations of Wales Environment Link that sign up to this consultation response are:

**Butterfly Conservation Wales**  
**Coed Cadw / Woodland Trust**  
**Cymdeithas Eryri / Snowdonia Society**  
**National Trust Wales**  
**RSPB Cymru**  
**Wildlife Trusts Wales**

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