

Rural Development Sub-Committee

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A Review of Land Management Actions Under Axis 2 of the Rural Development Plan for Wales 2007-2013: Submission by Environment Agency Wales.

1.0 Introduction

1.1 The Environment Agency is the principal environmental regulator in Wales and England, with responsibilities for the protection of soil, air and water. We welcome the opportunity to present evidence to the National Assembly for Wales' Rural Development Sub-Committee on the Welsh Assembly's Axis 2 Land Management Review proposals.

We are developing our detailed written response to the Axis 2 Land Management Review consultation. Within future land use scenario planning, we highlight the importance of the following four key issues notably;

Understanding how the environment functions as a sustainable unit

Recognising that Climate Change is reality and the need to live with its benefits and disadvantages

Acknowledging the growing European Legislative drivers that the Assembly will have to implement

Appreciating the importance of agri-environmental schemes as a fore- taste of what land management support will look like in the future.

Our evidence, presented here, provides a strong steer on what our response will include.

1.2 Farming provides significant social, economic and environmental goods and services. It is largely responsible for creating the landscapes that benefit the Welsh tourist industry. The sector makes a direct contribution to GDP through the production of food, fibre and timber. It also underpins high value industries such as tourism by providing places for recreation, relaxation and outdoor activities.

1.3 However, farming also has an environmental impact. These impacts can be significantly reduced via relatively simple, often low cost, solutions¹. We are working with land managers and the wider food industry to improve the environmental performance and the competitiveness of Welsh agriculture.

2.0 Land Management Review - Future Challenges.

2.1. Environment Agency Wales recognises the significant challenges facing Welsh Agriculture. We have long advocated the need for a strategic approach to land management in Wales. This helps address the key environmental challenges we recognise need to be tackled notably climate change, Water Framework Directive and Bathing Waters Directive requirements. Unlike existing European Directives (e.g. Habitats and Birds Directives, Nitrates Directive), the WFD relates to all inland and coastal waters - all rivers, lakes, estuarine and coastal waters, and groundwaters - rather than designated sites and reaches. Failure to comply with WFD requirements could result in EC infraction proceedings.^{""}

2.2. It is clear in the future there will be important environmental challenges facing the agricultural community in Wales. Land management schemes in Wales need to embrace future social, economic and environmental challenges and be versatile enough to allow changing priorities to be addressed. These include safeguarding habitats, meeting WFD requirements as well as meeting the challenges of Climate Change (CC) and issues associated with flood risk management, habitat connectivity, soil and carbon conservation. Land management schemes provide us potentially with a strong and flexible tool to tackle these important issues. Correctly implemented they will also address regulatory issues.

2.3. At a key time in the Common Agricultural Policy (CAP) Health Check and Rural Development Plan (RDP) process, land managers need a clear steer on the direction they should follow. More than ever the Welsh countryside is under pressure to contribute to society's needs. We are pleased that the Axis 2 Land Management Review consultation seeks to grasp this opportunity to refocus support for land management in Wales. It is essential that a suite of options within future land management schemes be adopted in Wales that will allow land managers and wider Society to meet the environmental challenges that lie ahead. Agriculture needs to be seen in the wider context of delivering ecosystem services to tackle issues such as climate change and water management. We welcome the European Commission's acknowledgement that within the CAP Health Check, climate change, water management, bio- diversity and renewable energy are key issues to be addressed². Moreover we also need to develop better scientific assessment of these factors.

2.4. Welsh agriculture has an important future role to play in adapting to and mitigating climate change. It is imperative that the Axis 2 review fully recognises this role and creates a framework within which landowners receive agri-environmental support to exploit the increasing opportunities that will be created by the progressive switch from Pillar 1 of the CAP to rural development measures. This may well include promoting greater soil and carbon conservation, bio-energy production and adding value to primary agricultural produce.^{""}

2.5. Many environmental issues such as diffuse pollution, wildlife conservation, flood risk management and water conservation are best

delivered through collective action. Collaborative work undertaken by the Pontbren farmer co-operative group in mid Wales has illustrated how the use of shelterbelts on marginal land can reduce erosion, improve water quality and reduce flood risk management. Co-operative working amongst land managers will be key in tackling the environmental challenges that lie ahead.

2.6. Any future scheme should be strategically designed to deliver a broader package of public goods, incorporated within or complementing the future suite of agri-environmental schemes provisions being implemented in Wales. These public goods include tackling climate change, carbon sequestration, flood storage and flood alleviation.

2.7. Transitional arrangements must be put in place to minimise disruption in moving to a new system particularly farmers who used to claim Tir Mynydd and Tir Cynnal/ Tir Gofal payments but might not be able to do so in the future.

3.0 Implications for land managers and farmers

3.1. Measures should be available that allow all farming sectors to raise their environmental performance and address issues relevant to their farm type and sector within wider environmental priorities. We have long advocated the benefits of a tiered approach to agri-environment, where the tiers represent differing levels of effort required to deliver defined measures. Benefits include:""

Allowing landowners to access agri-environmental options that would better cater for their needs and benefit the environment

Encouraging more farmers to enter agri-environment schemes

Moving through the tiers would allow land managers to develop expertise themselves with less reliance on expensive, additional training and advice

Addressing regulatory requirements

3.2. Moreover greater incentives should be available for group applications by land managers and farmers to tackle catchment scale challenges such as;

Land management and capital investments designed to help with implementation of the Water Framework Directive by reducing the level of diffuse pollutants such as nitrates, phosphates, sheep dip.

Management of catchments prone to flood risk by adopting grazing and land management practices in the upper reaches that slows run-off, easing peak flows and upholding low flows.

Declining biodiversity, improved soil management and carbon conservation.""

4.0 Wales Environment Strategy - achievement of targets.

4.1. Whilst schemes should be open to all farm types, some schemes may well need to be targeted or focussed at specific environmental issues - this may vary from region to region within Wales. Current land management schemes have partially been successful in habitat restoration, protecting the historic environment and improving public access but they have not been so successful in delivering against Assembly Government environmental objectives. This is not unexpected, as the schemes were, in the main, developed at a time when nature conservation was indeed seen as the main priority for such schemes.

4.2. The Water Framework Directive (WFD) and Climate Change are key priorities in the Rural Development Plan. Key targets include;

Good water quality and quantitative status by 2015,

Halt decline in habitats by 2010

4.3 The effective management of water, soil and manures are important issues. The WAG Policy and Legislative "fit" table included in the Appendix of the Axis 2 Land Management Review consultation and detailed below clearly shows that delivery by the current schemes against the set of outcomes from the Wales Environment Strategy (WES) has resulted in limited benefit, with the possible exception of nature conservation3. ""

Policy and Legislative Fit Table

	Tir Cynnal	Tir Gofal	CSF	Organic	Tir Mynydd	BWW	FWPS
Resilience to climate change	NO	NO	NO	SOME	NO	YES	NO
Water resources managed sustainably	NO	NO	YES	NO	NO	NO	NO
Soil managed to retain carbon store	NO	NO	NO	NO	NO	NO	NO

Flood risk managed	NO	NO	NO	NO	NO	NO	NO
Water quality improved	NO	NO	YES	NO	NO	YES	
Diffuse pollution reduced	NO	NO	YES	YES	NO	NO	NO
Landscape/catchment scale	NO	NO	YES	NO	NO	NO	NO
Biodiversity recovery	YES	YES	NO	NO	NO	YES	YES
Wider environment more favourable	YES	YES	SOME	SOME	NO	YES	NO
Site favourable	NO	YES	NO	NO	NO	YES	YES
Landscape maintained	NO	YES	NO	YES	NO	YES	YES
Access improved	NO	YES	NO	NO	NO	YES	NO
Historic building stock maintained	YES	YES	NO	NO	NO	NO	NO

CSF - Catchment Sensitive Farming, BWW - Better Woodlands for Wales, FWPS - Farm Woodland Premium Scheme.

4.4. We support the review of existing land management schemes to better deliver upon the Assembly's WES outcomes and wider public aspirations. A suite of options need to be developed within future land management schemes in Wales to tackle the environmental challenges that lie ahead.""

5.0 Proposed Options.

5.1. We acknowledge that the main options outlined in the consultation document have their advantages and disadvantages. Having said this, Environment Agency Wales is acutely aware of the environmental challenges facing Welsh Agriculture and the need to assist land managers improve their incomes and deliver the environmental goods and services that the public will demand in the future.

Option 1.

5.2 Within the context of familiarity, Option 1 delivers the best options for land managers as it retains the Tir Mynydd (TM) element and also Tir Gofal (TG) albeit with an increased emphasis on landscape scale and collaborative action. Having said this under this option, Tir Cynnal (TC) is to be closed to new applicants. Whilst TC has not been as popular as expected the scheme was specifically designed to attract farmers who were unsuccessful in accessing agri-environmental support into a simple entry-level scheme. We believe that the principles behind the scheme were correct.""

5.3. We are also aware that the adoption of Option 1 may not fully address the EC's concerns about the environmental benefits delivered by Less Favoured Area (LFA) schemes. We had previously responded to the mid-term evaluation assessment of TM. We questioned whether the scheme as currently constructed was able to deliver the outcomes consistent with the sustainable environment focus explicit with future Rural Development Regulations provisions.

5.4 We do however welcome the perceived need within a revised TG scheme to improve water quality in targeted catchments.

5.5 We do not support Option 1 as we believe it does not deliver on the Assembly Government's high-level objectives and outcomes defined in the Wales Environment Strategy.

Option 2.

5.6 We note that the aim of Option 2 is to propose a two tier pan-Wales scheme which introduces a basic land management element delivered via a modified LFA scheme. This is converted from a compensatory measure into an entry-level agri-environment scheme. The advanced level scheme element would be spatially targeted on specific areas where action would be particularly needed to address soil carbon, water quality and flood risk management.

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5.7 If implemented the Option would be relatively simple to understand and if correctly designed, the basic scheme element would have relatively low overhead costs. It would provide universal access for all landowners to the basic element of the scheme and would rely upon land managers' skills to deliver outcomes.

5.8 We do however recognise that additional training would be needed for farmers and project teams if Option 2 was adopted. Setting up an entirely new scheme would be costly and would not simplify and streamline agri-environment scheme provision in Wales.

Option 3.

5.9 We believe that future land management actions should be targeted on the Assembly Government's high-level objectives and outcomes defined in the Wales Environment Strategy. These should include tackling climate change, carbon sequestration, improved flood risk management and addressing declines in biodiversity. Option 3 targets support for the delivery of the Assembly Government's high level objectives, delivering all policy outcomes and supporting the overarching strategy outlined in Farming, Food and Countryside: Building a Secure Future. The option also prepares farmers for the post-CAP Reform Health Check environment. The dis-benefit of this option would be the need to develop a new IT system.

5.10. Option 3 embodies the principles of the ecosystem services approach to the delivery of public goods. A modified suite of agri-environment schemes as proposed in the Axis 2 consultation could reward land managers to work in partnership to make changes to land management practices that deliver key public goods at a landscape scale such as sustaining biodiversity, improving water quality, helping to support water resources, promoting improved flood risk management and enhancing soil and carbon conservation.

5.11 Our preferred option for future land management is Option 3. ""

Option 3 Enhancements.

5.12 We acknowledge that Option 3 represents a significant change of emphasis for land managers. It provides a clear distinction between those areas of Wales where the primary business of farmers is food production and those areas where environmental goods and services are the principal output. We therefore strongly recommend that Option 3 should be enhanced to include support and promotion of "food quality/farm assurance" schemes that will in themselves require a strong environmental focus. Parallels could be made with the LEAF branding scheme. Promotion of farm assurance schemes would be seen as a further means for the farming community to improve economic returns, reducing food miles, whilst also delivering the wider environmental goods and services that Society demands. If landowners are unable to obtain an economic advantage from entering into such schemes, an important opportunity to deliver environmental benefits and improvements could be lost.

5.13. We believe that mechanisms should be developed and included within an enhanced option 3 that help create a viable market for such schemes in which emphasis would be placed on consumers, as well as the commercial and public sectors to reduce food miles by procuring produce locally (Value Wales). Food procurement strategies should be promoted (with the greater use of Environmental Management Systems) that assess the environmental footprint of all resources brought into an enterprise, including food. Parallels could be drawn with the Green Dragon Environmental Management System, which promotes good business practice whilst delivering both environmental and economic benefits. Led by the Welsh "Assembly Government this market should actively acknowledge and promote the important public and environmental benefits that land managers will deliver in the future.

5.14. Axis 1 and 3 measures are essential in getting the best value out of money spent on Axis 2 provisions by allowing landowners and rural communities to exploit the environmental improvements and enhancements delivered through Axis 2. This will ensure the delivery of environmental goods in the long term.

6.0 Funding. ""

6.1. As part on the recent CAP Reform Health Check we supported the Commission's proposal to increase the rate of compulsory modulation by 2 per cent per year from 2010, which would result in a rate of 13 per cent by 2012. In addition, we also supported the intention to introduce additional compulsory modulation in a progressive way for those in receipt of payments at €100,000 and above.

6.2. Environment Agency Wales has always supported the principle of modulation. The transfer of funds into Pillar II through this mechanism can be better targeted to safeguarding and enhancing the terrestrial and aquatic environment (Axis 2) and increasing agricultural competitiveness (Axis1). We welcomed the proposals that the increased rates of compulsory modulation would be retained for use in Wales. This would be channelled to address challenges related to climate change, water management, biodiversity and bio-energy4. ""

6.3. Whilst welcoming the proposals to increase compulsory modulation, we were however concerned that the Commission required reductions in the national rates of voluntary modulation (VM) that would apply in Wales through to 2012. Within the UK, Wales already applies the lowest rates of national modulation. Any further reduction would compromise the ability of traditional family farms of Wales to meet the environmental challenges that lie ahead. It is important that Wales retains the flexibility provided by the existing VM provision.

Asiantaeth Amgylchedd Cymru

Environment Agency Wales

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Notes

1. Withers P, Royle S, Tucker M, Watson R, Scott P, Silcock P, Smith G & Dwyer J (2003) Field development of grant aid proposals for the control of diffuse agricultural pollution. Produced on behalf of the Environment Agency & English Nature. An Environment Agency R&D Technical Report P2-261/09/TR.
2. Welsh Assembly Government (July 2008) CAP Health Check - Summary of Draft Legislative Proposals,
3. Welsh Assembly Government (September 2008) Sustaining Land: A Review of Land Management Actions under Axis 2 of the Rural Development Plan for Wales 2007-2013, Appendix 1.
4. Welsh Assembly Government (July 2008) EU CAP 2008 Health Check: Consultation Letter.""