

RESPONSE BY THE FARMERS' UNION OF WALES TO THE AGRICULTURE AND RURAL DEVELOPMENT COMMITTEE'S

INQUIRY INTO AGRI-ENVIRONMENT SCHEMES IN WALES

September 2002

AGRICULTURE AND RURAL DEVELOPMENT COMMITTEE INQUIRY INTO AGRI-ENVIRONMENT SCHEMES IN WALES

INTRODUCTION

The Farmers' Union of Wales welcomes the Agriculture Committee's decision to hold an inquiry into the future of agri-environmental schemes in Wales, and submits the following evidence for Committee's consideration.

The FUW welcomed the introduction of the Tir Gofal Scheme in Wales in May 1999, believing it to be a more equitable approach to the provision of "accompanying measures" than the previous programme. It has, however, been a source of considerable disappointment to the FUW that, whilst all farmers are subject to CAP reform measures, not least the modulation of direct subsidies, to date not all farmers have been able to take advantage, on a voluntary basis, of Tir Gofal, which was intended to complement reform of the commodity sectors.

SUMMARY

1 EC Council Regulation 2078/92 provided scope for a multi-annual zonal programme for Wales, and the FUW supported consolidation of the various agri-environment schemes which were initiated under the Regulation into a unified and comprehensive scheme - Tir Gofal. The increasing importance of Pillar 2 measures was further demonstrated by the introduction of the Rural Development Regulation under the Agenda 2000 package, where the agri-environment was made a compulsory item of the accompanying and non-accompanying measures, adopted by the Commission.

2 The importance of agri-environment measures is demonstrated by the fact that over two-thirds of the Welsh countryside is subject to some environmental or conservation designation. This does not include the various designations protecting historic landscapes/archaeological sites, and over twenty categories of wildlife or landscape designations in the Principality, which are administered by a range of authorities.

3 The complexity of the designations in Wales, coupled with the plethora of agri-environmental regulations emanating from Europe, has caused confusion and resentment within the farming community. The introduction of the Tir Gofal scheme provided farmers with an opportunity to practice positive environmental/conservation management whilst remaining viable within their rural communities.

4 On paper at least, the Tir Gofal Scheme provided security for those farmers already under an ESA or Tir Cymen agreement, whilst offering new opportunities to those farmers outside designated areas to take advantage of a whole-farm agri-environment scheme.

5 Whilst the FUW remains supportive of the concept of the Tir Gofal scheme, it is clear that the delivery of the scheme on the ground has failed to meet the expectations of farmers.

Modulation

6 During 2000, the Union expressed its opposition to the Assembly's decision to accept England's proposals for modulating (or, more correctly, top slicing) direct subsidies to fund Rural Development Regulations (RDR) programmes. The Union was also disappointed that savings from modulation would not be redistributed between the four constituent parts of the UK, thus confirming the Union's view that whilst modulation would benefit countries such as England where larger farms produce substantial levels of funding for the accompanying measures, Welsh agriculture is, by the nature of its geography, climate and topography, subsidy dependant and thus, in LFA areas, a 1% reduction in direct farm subsidy reduced net farm income by 1.5%.

7 In the Union's view, the introduction of modulation in Wales has had two main effects: (i) Despite the publicity at the time, modulated receipts and its Treasury match-funding have failed to raise sufficient revenue to adequately fund the Tir Gofal Scheme. (ii) The expectations of farmers, who are all affected by modulation and thus rightly expect to have the opportunity to access programmes funded by this money, were raised.

8. Since the adoption of modulation by the Welsh Assembly Government, concern over the funding deficit for the scheme has been heightened by farmers' perception that large environmental/conservation bodies are more likely to be successful in applying to the scheme as their income is not dependent on farming enterprises and so are able to provide greater environmental undertakings in order to satisfy scheme entry requirements.

Review of the Tir Gofal Scheme

9 It is noted, from the paper circulated, that the Tir Gofal scheme is regarded as one of the best agri-environment schemes in the EU. It is therefore particularly disappointing that restrictions on funding, coupled with its perceived complexity, have resulted in a negative view

of the scheme by many in the industry.

10 One of the terms of reference for Committee's review of the Tir Gofal scheme was "To consider the effectiveness of Tir Gofal in delivering its objectives". The objectives of the scheme are to:

- Improve, restore and create wildlife habitats.
- Protect and restore characteristic rural landscapes.
- Protect and conserve historic and archaeological features.
- Provide for public access to the countryside.

11 In the FUW's view, whilst the scheme may well be delivering its objectives on an individual farm level, the problems of funding, coupled with the long waiting lists to join and sign up to the scheme, mean that, on a strategic level, the scheme cannot be meeting its over-arching aims because of the wide geographic spread of the scheme's delivery.

12 The FUW notes that, to date, 990 applicants have signed up to the scheme, 200 are in negotiation with the CCW, and a further 800 applicants (having scored above the 100 points threshold) are awaiting a farm visit.

13 Whilst the FUW welcomed the Assembly's announcement in February 2002 that an extra £1.5 million/year was to be allocated to the Scheme, it is disappointed to note that little progress has been made in clearing the backlog of farmers on the waiting list, and, indeed, the scheme has failed to open at all to new applications during 2002.

14 This delay has created particular concern amongst those farmers nearing the end of their current ESA or Tir Cymen agreements, who now face having to (i) maintain current management regimes without payment, in the hope that the Tir Gofal scheme will re-open in the near future, or (ii) look at increasing stock numbers, thereby negating the conservation benefits accrued from their last agreements.

15 Whilst the Union firmly believes that these farmers should not have to face the uncertainty of a funding vacuum between successive agri-environment agreements, it also believes that, as all farmers are modulated, it would be a retrograde step to consider targeting particular farms or areas for priority inclusion in the scheme.

Barriers to Scheme entry

16 In its submission to the Agriculture Committee's stock-take of Tir Gofal last year, the Union highlighted a number of issues which were seen as barriers to entry to the scheme by farmers on the ground. In particular, whilst the Union accepts that the administration and running costs of any new scheme will be higher in its early years, it was perhaps regrettable that early

publicity for the scheme planted the notion that establishment and running costs for the first few years were far higher than the monies paid out to farmers. Based on recent feedback from members, this notion remains prevalent amongst farmers.

17 There was also understandable concern amongst farmers as to Tir Gofal's status as an extensification scheme. This uncertainty surrounding quota usage rules continues, despite the application made to Europe last year to clarify the position within the Rural Development Plan.

18 The Union's feedback suggests that many members who initially demonstrated an interest in the scheme believe that the scheme is complex and many have been deterred from applying because of a lack of understanding at the very earliest point of reading the scheme literature. Whilst this is not a criticism of the scheme's handbook, there is a perception amongst farmers that the scheme is too restrictive in relation to the payments available.

19 The FUW has always advocated that farmers who apply to the scheme should be entitled to a project officer visit to allow basic questions to be answered and realistic information to be given as to the likely effects of an agreement on current farm practice.

20 The Union acknowledges the various problems which the CCW has experienced in signing up applications over the past two years or so. However, the lack of clear guidance and information at the most basic level has created confusion and concern.

21 Another concern often raised by farmers is that frequent staff changes and the number of different people visiting the farm during the application process inhibit the development of a relationship between farmer and project officer, which was considered a particular strength of the Tir Cymen scheme.

22 The FUW is also concerned that, for those farmers who persevere with the process, the length of time elapsing between submission of the application, the farm visit, and ultimately signing the agreement, can be well over twelve months. This aspect is of particular concern as farmers may have adjusted their farm management decisions to meet the scheme's requirements *vis a vis* stocking etc, but do not receive any payments for doing so until the agreement is eventually signed.

23 One of the main disadvantages of current agri-environment provision in Wales is that many more intensive dairy and arable land farmers may never secure sufficient points to enter the Tir Gofal scheme, although they may well have areas worthy of conservation which could qualify for a part-farm scheme.

24 The current proposals for an integrated and tiered system of agri-environment schemes in Wales will provide a far more equitable basis for participation, whilst allowing a wider range of farming enterprises to access a return from modulated monies.

Future development of Agri-Environment Schemes

25 The Farmers' Union of Wales has contributed to the Agri-Environment Working Group set up as one of three CAP Reform Working Groups established as part of the Farming for the Future Action Plan proposals. To this end, the Union has contributed to the development of the current proposals for an integrated, tiered approach, providing an entry level agri-environmental scheme, accessible to all farmers.

26 In light of current proposals emanating from the EU Commission's Mid-Term Review (MTR), there is an urgent need to ensure that programmes are developed to ensure farmers are given access, on a voluntary basis, to agri-environment measures, particularly if modulation rates are set to increase.

27 The FUW has fundamental concerns about the MTR modulation proposals which are outlined in its response to the Welsh Assembly Government's recent consultation exercise. Under current proposals, Wales could lose out significantly on Rural Development resources, to other members states, which, in turn, could have a significant impact on funding for an entry level scheme.

28 Given the high expectations on the ground at the launch of the Tir Gofal scheme, which subsequently failed to meet demand, the FUW believes it is vital to ensure that, prior to any new scheme being launched in Wales, adequate funding has been identified and committed to ensure that it can cope with the likely response from farmers.

CONCLUSION

29 The FUW remains supportive of the principles of the Tir Gofal scheme although it would argue that it has failed to meet its objectives in terms of meeting farmers' expectations of being accessible and simple to administer.

30 The success of the Tir Cymen scheme in achieving both environmental and socio-economic benefits provided the main driver in the Union's support for the Tir Gofal scheme. The FUW is therefore disappointed that Tir Gofal has failed to meet many of the criteria - namely low administration costs, socio-economic benefits, development of a rapport between farmer and project officer, and the inherent flexibility of the scheme - considered such an advantage in the Tir Cymen scheme.

31 The Union accepts that there are many legitimate reasons for many of the problems associated with the Tir Gofal scheme. However, the funding problems, coupled with the delays associated with implementing the scheme, have coloured the view of many farmers' perception of the scheme on the ground.

32 The FUW welcomes the proposals for a tiered approach to agri-environment provision in Wales, providing the scheme is adequately resourced to meet the likely demand for a basic entry level scheme.

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