

Environment and Sustainability Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
23 January 2014

Meeting time:
09:15

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda

Informal pre-meeting (09:15 – 09:30)

1 Introductions, apologies and substitutions

2 Reforms to the Common Agriculture Policy – Evidence from the Minister for Natural Resources and Food (09:30 – 10:30) (Pages 1 - 30)
E&S(4)-02-14 paper 1

Alun Davies AM, Minister for Natural Resources and Food
Andrew Slade, Director, Agriculture, Food & Marine

Break (10:30 – 10:45)

3 Response to recent flooding and storm damage – Evidence from the Minister for Natural Resources and Food (10:45 – 11:30) (Pages 31 - 41)

Alun Davies AM, Minister for Natural Resources and Food
Andrew Slade, Director, Agriculture, Food & Marine

4 Sustainable Land Management : Evidence from the Forestry Industry (11:30 – 12:15) (Pages 42 - 76)
E&S(4)-02-14 paper 2 : Coed Cadw Woodland Trust

E&S(4)-02-14 paper 3 : Confor

E&S(4)-02-14 paper 4 : Maelor Forest Nurseries Ltd

Jerry Langford, Director Wales, Coed Cadw Woodland Trust

Kath McNulty, National Manager for Wales, Confor

Mike Harvey, Director, Maelor Forest Nurseries Ltd

George McRobbie, Managing Director, UPM Tillhill

Break (12:15 – 13:15)

5 Response to recent flooding and storm damage – Evidence from Natural Resources Wales (13:15 – 14:00)

Jeremy Parr, Head of Flood and Operational Risk Management

Tim Jones, Executive Director - Operations North and Mid Wales

6 Papers to note

Correspondence from Natural Resources Wales following 12 December meeting

(Pages 77 - 78)

E&S(4)-02-14 paper 5

7 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for item 8 (14:00 – 14:30)

Private session

8 Ways of working (14:00 – 14:30)

Environment and Sustainability Committee

E&S(4)–02–14 paper 1

Implementation of a new Common Agricultural Policy – Papers from the Minister for Natural Resources and Food

Scope

This evidence paper updates the Committee primarily about Pillar 1 (direct payments) of the Common Agricultural Policy (CAP), following my statement to Plenary on 14 January 2014. The paper also comments briefly about Pillar 2 the new Wales Rural Development Programme (RDP) where relevant to farming.

Current position

Changes to CAP will now commence on 1 January 2015 due to the long time taken to complete the reform negotiations. The European regulatory framework for CAP reform is finalised, excepting implementation regulations and delegated acts (which prescribe operational details); these are expected soon and then I can take all remaining decisions in time to submit full Pillar 1 proposals to the European Commission by 1 August 2014. Consultation on Pillar 2 will take place in February and March; the draft RDP will be submitted to the Commission in May.

The Welsh portion of the UK CAP budget for 2014–20 is €2.245bn for Pillar 1 and €355m for Pillar 2. Importantly for Pillar 1 Wales maintains the same share (8.96%) of the UK ceiling that it currently enjoys, although reduction of the UK budget means a cash cut of 1.6% compared with 2013¹. The Pillar 2 budget is 7.8% more than for 2007–13². Further CAP reform will probably take place from 2020 and the budget may fall further in real terms. This makes it especially important to use the 2014–20 reform to put the Welsh agricultural industry in a position to be resilient, efficient and profitable.

Consultation

Consultation about Pillar 1 began at the Royal Welsh Show in July 2013 and ran until 30 November. In conjunction I held well attended question and answer meetings throughout Wales in the autumn. Feedback broadly supported the proposals, but with concern that area based payment rates will mean lower levels of funding support. Annex A summarises the main points.

¹ It is a 12.6% inflation adjusted reduction.

² Inflation adjustment means it is a 5.5% reduction.

Pillar 2 consultation events were held in spring 2013 and a final consultation exercise will begin February. A stakeholder group chaired by Peter Davies³ has informed policy development.

Policy position

CAP is an integrated policy and decisions on Pillar 1 have taken account of the scope and my ambition for Pillar 2 to support the farming industry, related businesses, and to protect the natural environment. Both Pillars must support farming and be used in conjunction. I want to build on the 2007–13 RDP and use the next one as a tool to develop farming and the wider rural economy.

I have taken into account Kevin Roberts' report on the resilience of the farming industry. Farms need to become better able to withstand setbacks, whether natural or from the market. The latest Farm Business Survey⁴ statistics portray a notable difference between the most profitable farms and the average. The need to target improvements in the industry is one of the main reasons why I have decided to transfer the maximum level of 15% of the Pillar 1 budget to Pillar 2. A principal aim of the RDP will be to make the industry more resilient and competitive, to build skills and knowledge and to add value to products.

Pillar 1 Direct Payments

The regulations require that from 2015 Wales must introduce a Basic Payment Scheme (BPS) in place of Single Farm Payments. The new Scheme must base payments on the area of land farmed. There is discretion about the BPS' design and how quickly to make the change to a wholly area based system in place of the 'historical' entitlement system presently used in Wales. The BPS will be entitlement based with a National Reserve giving priority to young and new entrants. All BPS claimants must meet 'greening' criteria which determine 30% of their payments. Eligible young farmers⁵ are entitled to additional BPS payments. Only 'active farmers' will be allowed to hold entitlements and claim payments. Payments greater than €150k a year will be reduced compulsorily by 5%. There are optional Schemes for coupled support, for introducing an Area of Natural Constraint Scheme, for a simplified payment Scheme for small farms, and to pay higher payments on the 'first hectares' of all claims (which has the effect of weighting payments towards small farms).

Annex 2 summarises my decisions for Pillar 1. I will take further decisions in the spring on points of detail when the delegated acts and implementing regulations are finalised. These will be about aspects of greening, further eligibility criteria for additional

³ The Commissioner for Sustainable Development for Wales.

⁴ <http://www.aber.ac.uk/en/ibers/science-into-practice/fbs/fbs-database/>

⁵ Persons setting up as head of holding for the first time or within the last five years and who are no more than 40 years old. The Welsh Government may apply additional eligibility criteria.

payments to young farmers and beneficiaries of the national reserve, and the definition of 'active farmers'.

The following paragraphs expand on the main decisions in Annex 2.

Payment system

Extensive modelling work has been undertaken and shared with a stakeholder working group which includes the farm unions. The FUW, NFU Cymru, CAAV and CLA have all agreed with the goal that change to an area based system should be done in a way that causes the least change to current payments. My other goals are to recognise the agricultural productivity of land, to minimise risk of delay to payments or audit censure, and to complete change in a timescale that provides enough time to adapt but drives a realistic pace of change. Change is made harder because 'historical' entitlement values are tremendously varied when farms' current payments are considered in per hectare terms – Table 1. There are farms in all situations in Wales with high and low entitlement values and consequently it is inevitable that moving them to a small number of common payment rates will mean change. The very high values that some currently receive are not sustainable.

Data modelling has demonstrated the importance of placing moorland in a specific category in order to minimise financial disruption. The initial proposal was that 287,000 ha would be classified as moorland for payment purposes using a map of vegetation types prepared in 1992. In response to feedback, I have modified the method to restrict moorland to areas at 400m or higher within the 1992 map. This reduces moorland to 157,300 ha, with most of the removed land being reclassified as SDA (Table 2). Doing this removes better quality grazing from moorland (addressing many landowners' concern), better aligns land regions with their potential for agricultural production, and sets a clear, objective basis should landowners wish to appeal against land being classified as moorland.

Table 1: variation of historical entitlement values per hectare for different land regions

Region	# Farms	€ per ha				
		Average	Min	Low	High	Max
DA & lowland	1,509	255	6	58	433	2,024
Lowland	2,641	250	2	72	431	12,110
Other no moor	1,306	242	4	101	381	42,943
DA	2,990	225	1	68	393	3,967
DA & SDA	1,967	222	7	89	365	2,216
SDA	2,755	187	7	74	306	2,983
Other with moor	1,374	155	12	75	294	2,707
Moor & SDA	1,506	132	2	61	261	1,182
Total	16,048	196	1	122	245	42,943

Source: SPS claimants for 2012, when moorland is at or higher than 400m on the 1992 moorland map. The columns 'low' and 'high' show the values which capture 90% of the farms, with 'min' and 'max' showing the extreme lowest and highest values.

The reduced moorland area would be some 12% of the land presently claimed under SPS (Table 2). Modelling since the consultation exercise using more up to date 2012 claim data shows a two region model causes more disruption than three region models. This, and the fact that moorland when restricted using altitude means that nearly 90% of farmland in Wales would be paid at the same rate, has made me reconsider my consultation proposal and decide instead to introduce a payment system that uses three land regions – moorland; SDA; and DA combined with lowland.

Table 2: the size of land regions (hectares), their proportion of total claimed farmland, proposed payment ratios, indicative rates and aggregate annual payments in 2019.

Characteristic	Land region			
	Moorland	SDA	DA/lowland	Total
Area (ha)	157,300	617,700	558,000	1,333,500
% claimed area	12	46	42	100
Payment ratio	1	10	12	n/a
Indicative payment rates €	20	200	240	196 (Wales flat rate)
Indicative aggregate payment €m pa	3.1	123.7	134.2	261

Source: SPS claimants for 2012.

Data modelling has identified the statistically best fit payment rate scenarios for all models. Comparison of the models when different years' claim data are used reveals notable variation in the best fit payment rates. This is because the number and size of claims varies from year to year. It will not be possible to calculate the exact best fit rates for the new Scheme until claims are made in its first year (2015) and demand is also known for the National Reserve and top-up payments for young farmers. Thereafter there will continue to be year on year variation during the transition to a wholly area based payment system as the number and size of claims will change annually as it does now. The conclusion to draw is that there is not an ideal set of payment rates.

Modelling is a guide for what land regions should be in the payment system, and what their relative weighting should be. Within the 'top 30' best fit scenarios there is wide variation in the payment rates; this is not tabulated but around €5 to €10 variation for each region is typical. Examining the best fit scenarios suggests that a weighting of payments in the ratio of 1:10:12 is a reasonable balance between the three regions. Come 2019 this would result in the indicative payment rates and aggregate payments shown in Table 2.

Table 3 shows what impact a three region system with these payment rates would have on aggregate payments to different farm sectors and the numbers of farms that would experience a rise or fall in payments greater than, or less than, €5,000. Table 4 presents the same data for land region types. Both tables present data modelled for the projected position in 2019.

It is evident that within the same sectors there are many farms that would gain and others that get less. Overall the dairy sector would have the largest net and proportional reduction, with the sheep sector gaining the most. The dairy sector is projected to receive smaller payments under all area based models, an effect of many dairy farms having high historical entitlement payments, having converted milk quota into additional historical entitlements. Under the area based payment system these farms tend not to have a large enough land area to make up this loss. Another common feature of all the models examined is that small farms (minor) with less than 20 ha tend to gain, typically because they have few if any historical entitlements and presently have very low SPS payments.

Table 3: payment values (€m) and number of farms experiencing cash changes greater or less than €5,000 for different farm types by 2019 compared with a budget scaled baseline

	Value (€million)		Change (€million)			% change
	Baseline	Land based	Gains	Losses	Net	
Total	261.0	261.0	42.7	42.7	0.0	0.0%
Farm type						
Dairy	43.2	34.8	2.2	10.7	-8.5	-19.6%
Beef	35.0	34.5	5.8	6.4	-0.5	-1.4%
Sheep	64.3	73.2	15.7	6.9	8.8	13.7%
Sheep with beef	67.0	63.1	6.8	10.7	-3.8	-5.7%
Other main	45.0	46.8	8.9	7.1	1.8	4.0%
Minor	5.9	8.0	3.0	0.8	2.2	36.7%
Micro	0.6	0.6	0.2	0.2	0.0	0.5%
Number of farms						
	Gain >€5k	Gain <€5k	Loss <€5k	Loss >€5k	Total	
	k					
Dairy	157	330	403	604	1,494	
Beef	423	763	503	347	2,036	
Sheep	908	1,383	717	383	3,391	
Sheep with beef	441	737	708	638	2,524	
Other main	626	1,116	504	372	2,618	
Minor	0	2,530	546	29	3,105	
Micro	0	662	213	5	880	

Source: SPS claimants 2012.

When the payment distribution is considered in terms of land regions it can be seen that the chosen system will have a redistributive effect moving funding from the lowlands to the uplands (Table 4). Moorland and SDA in combination gain the most. In aggregate terms €126.8m a year would be channelled to them (Table 2), which is greater than the €118.4m a year provided by the 3 region consultation proposal which did not restrict moorland using altitude. Overall the new payment system is estimated to result as follows:

- 10,076 farms would gain higher payments⁶ under a wholly area based payment system compared with their budget adjusted historical allocations;
- 3,594 would lose up to €5,000 and 2,378 over €5,000;
- geographically net gains would arise in Carmarthenshire, Gwynedd, Ceredigion, Monmouthshire and, notable by its relative size of gain (€4.2m or 24%), South Wales and
- net losses are greatest in Powys in cash terms (around €6.3m) but in relative terms in Flint & Wrexham (-12.9%)

⁶ Out of 16,048 claimants in 2012.

Table 4: payment value and changes (€m) by 2019 for different land regions, and the number of farms that would gain or lose by land region type/mix, compared with a baseline of budget scaled baseline.

Land mix	Value (€ million)		Change (€ million)			Relative change
	Baseline	Land based	Gains	Losses	Net	
Lowland	38.3	36.8	5.4	6.9	-1.5	-3.8%
DA	25.3	27.0	5.8	4.1	1.7	6.7%
SDA	25.8	27.5	5.1	3.3	1.8	6.8%
DA & Lowland	32.0	30.1	4.2	6.1	-1.9	-5.8%
DA & SDA	32.4	31.7	4.7	5.4	-0.8	-2.4%
Other no moor	29.5	26.9	3.0	5.6	-2.6	-9.0%
Moor & SDA	30.8	33.5	6.8	4.1	2.7	8.8%
Other with moor	46.9	47.5	7.7	7.1	0.6	1.2%

Land mix	Number of farms				
	Gain >€5k	Gain <€5k	Lose <€5k	Lose >€5k	Total
	Lowland	359	1,306	563	413
DA	352	1,841	547	250	2,990
SDA	263	1,536	754	202	2,755
DA & Lowland	289	610	287	323	1,509
DA & SDA	297	900	451	319	1,967
Other no moor	199	467	349	291	1,306
Moor & SDA	408	519	357	222	1,506
Other with moor	388	342	286	358	1,374

Source: SPS claimants 2012.

The new system will be introduced completely by 2019. Change over five years is a reasonable time period that strikes a balance between change taking place quickly enough pace to be meaningful but slowly enough for farms getting less support to adjust. I have had an ambition that farms would not lose more than 10% in any year of the change. Modelling my proposal suggests that this will be true for 84% of current claimants. The proportion rises to 89% of claimants when those that receive arguably small payments⁷ are taken out of the picture.

I have modelled and ruled out the alternative (tunnelling) because it would result in large number of farms that are currently paid very generously still being significantly above the target payment rates come 2019. At the same time 10,153 farms would still be paid less than the target rate. Annex C summarises data. Whilst I do not dismiss the difficulty any business faces when support reduces, it is not in the interest of the industry as a whole that a minority continue to enjoy significantly higher levels of support (which they have done for many years) whilst the majority still receive less than they are entitled to. Completing transition by 2019 also eliminates the risk that further CAP reform for 2020 onwards will change the payment system again, perhaps leaving those that have not

⁷ Small payments are taken to be less than €5,000 over the whole transition (an on average loss of less than €1,000 a year).

migrated to lower levels of funding exposed to a sudden drop in support, and possibly exposing the Welsh Government to a higher level of scheme management and audit compliance risk.

My other decisions are self explanatory and are stated briefly in Figure 2. There was support in the consultation responses for raising the minimum claim size to five hectares and capping large payments at higher rates in addition to the 5% minimum cap on payments of €150,000 or more required by Europe. Capping will apply to the Basic Payment Scheme and not the greening element. Greening will make up 30% of support to farms and the consultation supported adopting the Commission's default proposals. I recognise these are unlikely to offer additional benefit for Wales' natural environment and one of the reasons why I have chosen to transfer 15% of Pillar 1 to 2 is recognition of that and the consequential need to boost support for wildlife and ecosystem services through agri-environment schemes for example.

Pillar 2 – Rural Development Programme

The RDP is a seven year European Union and Welsh Government-sponsored programme to improve competitiveness in the agriculture and forestry sector; safeguard and enhance the rural environment and foster competitive and sustainable rural businesses and thriving rural communities. Annex D summarises the regulation priorities and focus areas. My aim for the next RDP is to use it to ensure that agricultural and rural businesses come out of the programme period in 2020 in a more resilient and competitive shape than they went in. This aim will be set firmly in the context of Green Growth, with aims of strengthening economic, sustainability and social aspects of rural Welsh life. The focus is on transforming rural Wales' business and social capabilities. In line with Europe's 2020 strategy the RDP will aim to deliver growth that is:

smart, through more effective investments in education, research and innovation;

sustainable, thanks to a decisive move towards a low-carbon economy; and

inclusive, with a strong emphasis on job creation and poverty reduction.

The February consultation will order priorities around the broad themes to: equip people with skills and knowledge; make good investments for a better future; safeguard our natural assets; utilise renewable energy; and strengthen communities.

The greater policy control afforded by the RDP is why I have decided to transfer 15% of Pillar 1 and aim to set an intervention rate in excess of the regulatory requirement in order to increase the RDP programme in total for 2013-20.

The majority of money spent under Pillar 2 already goes to beneficiaries who also receive CAP direct payments, and that will continue. The RDP will include support for farmers to develop their business and financial and professional skills, an enhanced advisory

service, on-farm investment (through grants or possibly loans) and support for diversification. Support for young farmers will come under the RDP in a way complementary to the above, and revised Glastir, including organic, moorland, commons and woodland will also be a part. It will offer support in particular for upland farms where opportunities to diversify are scarcer, and the potential for ecosystem services goes unrecognised by the market.

My principal aim will be to drive change in the agricultural industry that develops its productivity and resilience to setbacks, adds value to and opportunity for its products, encourages innovation and promotes co-operation. I will be devoting about 10% of the programme funding to knowledge transfer and innovation offering, expanding it to encompass a range of business and professional skills, and broadening and enhancing advisory services that will now include animal and plant health and renewable energy. Mentoring and peer-to-peer learning is going to be a central feature as we move forward. We will support cooperation among small operators and aid short supply chains and local markets, including supply chains for the sustainable production of energy.

We are intending to use about 15% of the programme funding to offer a flexible investment scheme that would provide grants, and potentially loans and other financial instruments for agricultural, forestry and non-agricultural diversification purposes. All investment support will be conditional upon an appropriate business plan, a training and skills analysis matched with a plan for achieving the necessary skills levels, an exit strategy where appropriate and a value for money assessment.

I am about to consult on a revision of Glastir, to include a sharper Entry Level scheme, a targeted part-farm scheme, options to assist Uplands resilience, an organic farming conversion and maintenance scheme, a woodland management and woodland creation scheme. In addition I expect to fund the successor to the Young Entrants Support Scheme via the RDP, offering start-up aid for new entrant young farmers and young farmers succeeding as head of holding. Land-based interventions will make up about 60% of the programme funding.

LEADER is an engine for change within the RDP and will have a remit to encourage innovation – facilitating experimentation, the pre-commercial trialling and piloting of new approaches, new processes and new products. I expect to set out a broad framework of thematic options, with Local Action Groups (LAG) being able to choose more than one option to reflect the needs of their area. This will ensure the alignment of LEADER resources to the key priorities without disabling the function of LAGs as a tool for governance, enabling communities to contribute and stimulate innovation from a grass-roots level.

I also expect to offer a centrally controlled fund for LAGs and other community-based organisations to apply to for community-led projects that support basic services and village renewal. I want all elements of the RDP to be tested against the Welsh

Government's Tackling Poverty Action Plan but this fund will have a particular focus towards these aims. LEADER and Local Development will together make up around 10% of the programme funding.

The delivery model will be simplified, with a small number of elements accessible to a broad range of beneficiaries. It will focus on finding appropriate assistance for a beneficiary's unique circumstances. The key elements will be: human and social capital measures; investment measures; area-based measures; and LEADER and local development. There will be a renewed emphasis on a simple point of entry and supporting the beneficiary through a developmental journey rather than providing a range of separate and relatively short term fixes to immediate issues. For this reason there will be streamlined access points for those interested in accessing support via the RDP, so that needs can be considered against the whole suite of support and not in isolation as has sometimes been the case to date.

Technical assistance funding will be capitalised upon to provide a framework of support, in effect a 'field force' to work across the range of rural interests. Complemented by the Advisory Service and the network of LEADER Local Action Groups, this resource will act as an outreach to RDP and non RDP support and bring about better outcomes for rural citizens, businesses and communities.

Future RDP funding needs to achieve meaningful integration and alignment with Pillar I of the Common Agricultural Policy (Direct Payments to Farmers) and with European Social Fund, European Regional Development Fund and the European Maritime and Fisheries Fund in pursuit of greater added value and impact. There has been close working with officials leading the development of the other funds and joint consultation events have been held with the Structural Funds. The consultation will set out the proposed complementarity between funds and the added value of the RDP. This will continue to be developed through the scheme design process prior to submission to the European Commission.

Conclusion

The overall goal of CAP reform is to use both Pillars in conjunction to put Welsh farming on a better footing to have a profitable future as CAP support inevitably declines over the long term.

Alun Davies AM

Minister for Natural Resources and Food

Pillar 1 Consultation Responses

Consultation about Pillar 1 began at the Royal Welsh Show in July 2013 and ran until 30 November. In conjunction the Minister for Natural Resources and Food held well attended question and answer meetings throughout Wales in the autumn. Principal messages to the Welsh Government were as follows.

- Agreement that there should be different payment rates for different land types, but no consensus on what they should be nor whether the payment system should be based on two or three land regions. There were different perspectives from upland and lowland farmers, each arguing that payments should be weighted towards their own area. There was no appetite for a single flat rate system.
- There was concern about the size of the moorland area originally proposed, the inclusion of improved pasture within it, and the proposed payment rate of €49 a hectare. The proposal to revise moorland on the basis of altitude met with a better response (although there remained some reservations) with acceptance that it would be easier to understand and administrate.
- There was understanding that reduction of the EU CAP budget would impact on Welsh payments and concern that this and the move to area based payments will greatly reduce the notional per hectare payments many receive when historical payments are considered on the basis of land farmed.
- A desire for support to maintain a livestock industry in the uplands was evident, with criticism of current and historical policy interventions, and some concern that a decline of upland stock farming will lead to land abandonment and a knock on hit on lowland livestock farming. Some made the counter point that farm production is mainly in lowland areas and those should be the most deserving of support, being the most viable and profitable businesses. There was little support for introducing a coupled support scheme and no convincing case was presented for it.
- There was strong interest in how entitlements will be allocated and concern that only 'active farmers' are the beneficiaries.

- Agreement that the Commission's default greening proposals are the best option.
- Support for targeting support at 'proper' farms, not hobby-farming, and some views (not universally held) that food production should take precedence and that farms have been hampered by emphasis on the natural environment.
- Support for encouraging young and new entrants (although this was in conflict with the widely held view that the transition to area based payments should be managed in ways that minimise the size and speed of reductions to current beneficiaries who will get less).
- Recognition in the meetings, but not reflected to the same extent in consultation responses, that a shorter transition (around five years) is sensible.
- Distrust of how transfer of funds to Pillar 2 would actually benefit farming and a desire to have a low transfer rate or none at all.

Summary of Pillar 1 decisions

Issue	Decision
Choice of payment system	Introduce a three region model based on moorland (at 400m or higher within the area mapped as moorland in 1992), the SDA, and a combined DA/lowland land region. Set indicative payment rates per hectare of €20 moorland, €200 SDA, and €240 DA/lowland for 2019 – actual payment rates will depend on the number of entitlements allocated in 2015, the proportion of these activated, demand from the National Reserve and demand from eligible young farmers for additional payments.
Speed of transition	Complete the introduction of a wholly area based Basic Payment Scheme in 5 years by 2019.
Minimum claim size	Increase the minimum claim size from 1 ha to 5 ha.
Capping of payments	Introduce additional capping of Basic Payment Scheme payments above €150k a year, using a tiered approach under which no element of a claim exceeding €300k will be paid The Welsh Government will not take account of employment related expenditure when calculating cap deductions.

Small Farmer Scheme or Redistributive Payments	The Welsh Government will not introduce a Small Farmer Scheme or Redistributive Payments.
Greening	The Welsh Government adopts the Regulations' default greening proposals.
Coupled Payments Scheme	No coupled payment Scheme.
ANC Scheme	No ANC Scheme

Tunnelling option – the numbers of farms that lie above or below target payment rates by 2019, ordered by the size of their historical entitlement values per hectare.

	Scaled historical entitlement € per ha					Total
	Under 100	100 to 200	200 to 300	300 to 400	At least 400	
% farms are from target rate by 2019						
Over by >50%	6	33	46	124	596	805
Over 40% to 50%	1	19	27	279	19	345
Over 30% to 40%	2	34	112	413	0	561
Over 20% to 30%	4	60	411	485	0	960
Over 10% to 20%	13	129	1,179	64	0	1,385
Over by <10%	15	248	1,576	0	0	1,839
Under by <10%	22	657	942	0	0	1,621
Under 10% to 20%	45	1,810	415	0	0	2,270
Under 20% to 30%	99	2,028	0	0	0	2,127
Under 30% to 40%	1,694	1,535	0	0	0	3,229
Under 40% to 50%	906	0	0	0	0	906
Under by >50%	0	0	0	0	0	0
Total	2,807	6,553	4,708	1,365	615	16,048
Farms with a change of over 5,000 euro						
Over by >50%	3	24	42	95	478	642
Over 40% to 50%	1	16	22	220	12	271
Over 30% to 40%	0	26	78	299	0	403
Over 20% to 30%	3	41	246	278	0	568
Over 10% to 20%	6	53	335	28	0	422
Over by <10%	2	18	52	0	0	72
Under by <10%	3	16	13	0	0	32
Under 10% to 20%	18	298	31	0	0	347
Under 20% to 30%	63	574	0	0	0	637
Under 30% to 40%	652	507	0	0	0	1,159
Under 40% to 50%	380	0	0	0	0	380
Under by >50%	0	0	0	0	0	0
Total	1,131	1,573	819	920	490	4,933

Source: SPS claims 2012.

Rural Development Regulation priorities and their focus areas

Priority 1: Fostering knowledge transfer and innovation in agriculture, forestry, and rural areas
<ul style="list-style-type: none"> (a) Fostering innovation and the knowledge base in rural areas (b) Strengthening the links between agriculture and forestry and research and innovation (c) Fostering lifelong learning and vocational training in the agricultural and forestry sectors
Priority 2: Enhancing competitiveness of all types of agriculture and enhancing farm viability
<ul style="list-style-type: none"> (a) Facilitating restructuring of farms facing major structural problems, notably farms with a low degree of market participation, market-oriented farms in particular sectors and farms in need of agricultural diversification (b) Facilitating generational renewal in the agricultural sector
Priority 3: Promoting food chain organisation and risk management in agriculture
<ul style="list-style-type: none"> (a) Better integrating primary producers into the food chain through quality schemes, promotion in local markets and short supply circuits, producer groups and inter-branch organisations (b) Supporting farm risk management
Priority 4: Restoring, preserving and enhancing ecosystems dependent on agriculture and forestry
<ul style="list-style-type: none"> (a) Restoring and preserving biodiversity, including in Natura 2000 areas and high nature value farming, and the state of European landscapes (b) Improving water management (c) Improving soil management
Priority 5: Promoting resource efficiency and supporting the shift towards a low carbon and climate resilient economy in agriculture, food and forestry sectors
<ul style="list-style-type: none"> (a) Increasing efficiency in water use by agriculture (b) Increasing efficiency in energy use in agriculture and food processing (c) Facilitating the supply and use of renewable sources of energy, of by-products, wastes, residues and other non-food raw material for purposes of the bio-economy (d) Reducing nitrous oxide and methane emissions from agriculture (e) Fostering carbon sequestration in agriculture and forestry
Priority 6: Promoting social inclusion poverty reduction and economic

development in rural areas

- (a) Facilitating diversification, creation of new small enterprises and job creation
- (b) Fostering local development in rural areas
- (c) Enhancing accessibility to, use and quality of information and communication technologies (ICT) in rural areas

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Agenda Item 4

Environment and Sustainability Committee

E&S(4)-02-14 paper 2

Inquiry into Sustainable Land Management : Response from Coed Cadw (The Woodland Trust)

Coed Cadw (The Woodland Trust) welcomes the opportunity to respond to this consultation. Our role is to champion native woodland and trees, working with others to ensure woods and trees are valued and protected. As well as caring for our own woods, we work with other landowners to do the same on their land, and we lobby and campaign for woods and trees in general.

We have 300,000 members and supporters spread throughout the UK and over 1,200 sites in our care covering approximately 23,000 hectares. These include over 130 sites in Wales, with a total area of 2,624 hectares.

Trees and woodlands can help illustrate, and make understandable, the principles of sustainable development. They demonstrate the delivery of multiple benefits across the full range of sustainable development objectives, and this is supported by the availability of an established independent sustainable woodland management standard and audit process.

What do we want sustainable land management in Wales to look like and what outcomes do we want to deliver in the short, medium and longer term?

In relation to trees and woodland we think there are two requirements:-

- a) **The sustainable management of the existing woodland resource for multiple benefits and to ensure future resilience.**

Trees and woodland deliver the full range of sustainable development outcomes. These go far beyond the forests and include positive benefits across the landscape, contributing to farming, water supply, health and recreation, nature conservation, and community quality of life and economic development.

Within the forest, the requirements for the sustainable management of woodland are defined in the standard created by the Forestry Stewardship Council and incorporated by Government into the UK Woodland Assurance Standard (UKWAS)¹. The Woodland Trust's estate is managed in compliance with this Standard, as is the Welsh Government's woodland estate and that of many other organizations and companies.

This Standard provides an example of how sustainable land management can be defined and audited. . For example, it address how timber can be produced on a sustained basis and the need to protect ancient woodland – our most precious resource for woodland wildlife – and move towards the restoration of ancient woodlands that were damaged by conversion to confer plantations.

b) The identification, control and mitigation of threats that could destroy or cause irreversible decline in the resource

We need to ensure our trees and woods, and the wildlife, services and products dependent on them , are resilient enough to cope with the challenges they face in the 21st century.

Our ancient woods are small and fragmented, vulnerable to the effects of surrounding land use such as intensive farming, industry and urban sprawl. They are often isolated, making it harder for wildlife to move across the landscape. Woodland wildlife is also being impoverished by the impact of diffuse pollution, for example leading to soil acidification and nitrogen enrichment.

None of these impacts can be effectively addressed by on-site woodland management measures and more strategic approaches are required including substantive new habitat creation.

Climate change is the biggest generator of uncertainty and disruption – it may alter the natural ranges of our trees, and put them out of step with other species that depend on them. More extreme weather events like flooding and drought will affect vulnerable tree species.

More new pests and diseases are reaching our shores, mainly because of global trade, some – like ash dieback – severely affecting our native trees, and others including Phytophthora ramorum are having serious economic impact by destroying important timber trees. To make things worse, climate change may create more favorable conditions for some pests and diseases.

Direct damage to ancient trees and woodlands continues to arise from new housing and transport schemes. The wildlife that is characteristic of these habitats cannot reliably be translocated or re-established by using biodiversity offsetting to create new habitat elsewhere.

A comprehensive summary of the state of British Woodland was published by the Woodland Trust in 2012. ²

1. What are the barriers preventing us from delivering these outcomes now?

In our view the main barriers to sustainable woodland management include the following issue. These also widely apply to other ecosystems:–

a) the desire for single purpose management, especially over-intensive exploitation

Sustainable management requires a multi-objective approach. For example, the creation of single species plantations managed on a clear-fell and replant cycle for purely economic objectives is not sustainable. Such management creates vulnerabilities to pests and diseases and damages water quality and wildlife habitat. We believe it is important to re-state the commitment to multipurpose forestry laid out in the Woodlands for Wales Strategy first published by the Welsh Government in 2001 and renewed in 2009³ and to re-invigorate the demonstration of this commitment on the Welsh Government forest estate.

Multi objective management is not delivered by crude zoning or prioritization, nor does it justify the marginalization of environmental concerns. We have concerns that the targeting of Glastir grants is failing for these and other reasons.

We think it is important to encourage multi-purpose management of farms whilst acknowledging the vital importance of food production. This will encourage farm business diversification and increase farming resilience.

b) widespread threats to woodland which cannot be addressed by on-site management

Landscape and wildlife is changing in response to drivers such as climate change, the intensification and simplification farming land use, and ubiquitous pollution that has led to rising soil nitrogen levels and acidity. Much of our valued and characteristic wildlife was a product of pre mechanization farming practices within a relatively unpolluted environment. Defining success in terms of a widespread return to or perpetuation of those landscapes and species seems unhelpful.

We need to find a way to work with the forces driving land use. In Wales these are predominantly linked to agricultural practice. However agricultural practice is not just about the techniques and technologies of land management, it is about the social fabric of agricultural and rural communities, the cultural identity created by farming, particularly in upland Wales (i.e. almost all of Wales) and the political impetus such identity creates.

c) superficial attractions of “more management” on one hand and “re-wilding” on the other

We wonder if both sides in the recent “Monbiot v. ‘traditional conservation sector” debate in Wales have missed the point. The traditional conservation sector as Monbiot pointed out, appears wedded to the belief that if only there was more land management for conservation objectives all will be well, whilst Monbiot subscribes to a wilderness myth which is at best insensitive to the social objectives of sustainable development.

2. How do we overcome these challenges?

We believe that to create diverse, resilient landscapes that will continue to provide for people and wildlife, we need to four complementary strands of action pursued in combination:

- *Conserve the best.* Ancient woods cover only around 2 per cent of the UK and account for about a fifth of all woodland . There must be no further loss of this most precious resource, so we campaign against development that would destroy or severely damage ancient woodland.
- *Restore degraded habitats.* We work with partners and other landowners to bring ancient woods planted with non-native conifers into programmes of gradual restoration
- *Create new habitat.* . Planting next to and between existing ancient woods and other important habitats buffers them from neighbouring land use, and creates links between them, making landscapes easier for wildlife to move across.
- *Engage with the public and landowners.* Public support is essential and is repeatedly indicated through public opinions and actions. Farmers manage 80% of Wales and their involvement is crucial. We believe a sustained investment in incentivizing and facilitating voluntary action is crucial. We lobby for more native woodland creation, including incentives, and work to advise other landowners. We also provide packs of free trees to communities and schools to create their own hedges and copses.

All four strategies are essential, and are mutually supportive. These principles can equally apply to other habitats. There is a challenge to the environmental sector to invest more in the latter two strategies rather than over rely on legislative and regulatory measures. Whilst the latter are vital they are not sufficient as the persistent downward decline of wildlife has shown.

We need to think of biodiversity as an emergent property of the predominant land use, rather than solely pockets of protected habitat. This means actively engaging with land use and the preoccupations and concerns of those directing that land management. That implies that the conservation of the landscapes of the past cannot define what success will look like in the future.

The precautionary principle is often used as an argument to prevent action whereas it is properly defined as the willingness to take action which could prevent an environmental harm ahead of the acquisition of full evidence. It has three elements, the threat of harm, the uncertainty of incomplete knowledge, and the responsibility to take action. It implies we should proactively seek to change the landscape to build resilience and sustainably deliver ecosystem services. Increased woodland cover is one way of doing this.

We support the sustainable development task given to Natural Resources Wales and the challenge to them to achieve environmental protection whilst delivering social and economic outcomes. We believe it is crucial they demonstrate success in this in their approach to managing the Welsh Government's forestry estate.

3. What are the main policy drivers and how can these be shaped to overcome these challenges?

- A landscape / ecosystem wide approach –we suggest one based on whole river catchments as the management unit. Such an approach necessarily supports co-operation across land ownerships.
- A drive to guarantee space for wildlife. Ie more habitat on the farmed landscape. This requires a reversal of the landscape simplification that has systemically removed small pockets of habitat and unmanaged land from all components of the landscape.
- A definition of success that incorporates sustainability in the face of non-reversible environmental change.
- The introduction of the concept of resilience as an important policy outcome. This requires more risk management, diversification and multi objective land management.
- An agri-environment scheme that works with the forces driving land use decisions, incentivizing voluntary participation and facilitated by a professional field advisory service. We fear that Glastir has succumbed to rule driven process that has marginalized the judgment of professional land managers, including farmers, and does not provide the necessary flexibility for complex multi-objective land management decision making.
- Unlocking the Potential of the Uplands. We think further work is needed on upland policy and we commend the earlier Upland Framework document published by CCW in 2007 ³.
- The SSSI resource. Some 20% of Wales is scheduled as SSSI. SSSIs can only be successful within a wider landscape which is managed in a complementary way. We suggest that farms which include SSSIs should be prioritized for entry into the higher level agri-environment scheme.

4. How we define the key ecosystems and ecosystem services in a way that makes sense for Wales?

We support ecosystem services principle as basis for guiding land management strategies at a landscape scale. This recognised that food production, forestry products, water supply and biodiversity are all ecosystem services, and that multiple ecosystem services need to be delivered from same landscape. Attempts to impose

simplification through prioritising may be counter-productive and lead to damaging outcomes.

Ecosystem services should not be shorthand for maintaining the status quo in current land management. The value of ecosystem services is not necessarily maximised by maintaining the current landscape. In some cases, for example on peat rich soils, carbon storage and water management for instance may well be maximised by maintaining open ground, in others however conversion to woodland may deliver higher levels of ecosystem service benefit.

Mechanism for payments for ecosystems services are already in place. It can reasonably be seen as the role of government at either central or local level to ensure the provision of public goods either through direct or indirect payment or through regulation or fiscal incentive. We accept this mechanism for roads, schools, hospitals, public parks, the police and fire services, dustbin collection, agri-environment schemes and so on. The new generation of public goods linked to the natural environment i.e. ecosystem services, has arisen at a time of fiscal austerity and a particular political philosophy, and this may have given rise to the apparent need to generate 'markets' for these services, rather than accept that they are a public good for which a range of mechanisms, including direct payment by government, is necessary.

5. How we develop a baseline from which to measure progress? This includes how we collect, coordinate and use data to support sustainable land management in Wales.

An example of successful and valuable long term surveillance monitoring is provided by the report on long term ecological change in British Woodland published by English Nature in 2007.⁵ This illustrated the value in being able to return and rigorously resurvey sites where monitoring plots had been established 30 years earlier. We suggest that more of such long term monitoring is established based on sampling that is independent of whatever land or species management initiative is current.

We wonder whether the local Biodiversity Record Centres in Wales can be tasked with responsibility for such a programme, given suitable academic support. It would require a more strategic approach to data gathering than is currently routine.

6. What incentives we can provide land managers to develop sustainable practices, and in particular, any new sources of investment we can attract to support these?

- a) Agri-env scheme that supports habitat maintenance and habitat creation to reverse landscape simplification, but in ways which work with the forces that drive land use. The Pontbren project illustrates how this can be achieved. . Much of this can be

- achieved by a simple small capital grant scheme that would run in parallel with Glastir to support small scale capital works across the farm over a 5 year period,
- b) Within Glastir itself, the desirability to support multiple objectives does not remove the need to give due priority to vital environmental measures and to target grant aid at meeting those vital requirements. We share concerns expressed by Wales Environment Link that Glastir, including Glastir Woodland Management is failing to adequately support the most environmentally necessary activities and risks distributing funding too widely and too thinly. We appreciate that the Welsh Government's view is that Tir Gofal was unsustainably expensive but we do think Tir Gofal achieved some significant successes and it is a pity that it has not been more effectively monitored and assessed.
 - c) Field advisory service. We think there is currently inadequate provision of expert advice and this is much preferable to a reliance on desk based decision making based on scoring schemes and maps. Many organisations who can contribute under a framework managed by Government. The need is for flexibility derived from on-site decision making between the landowner and a suitably experienced adviser.
 - d) Field based facilitators in each river catchment with a vision for improvement, flexibility in approach and able to direct funding at key activities.

7. How we ensure that our sustainable land management policies maintain vibrant rural communities and attract new entrants into the land-based sector?

We think diversification in land management objectives and income sources in both farming and forestry is important. This includes developing mechanisms to reward land managers for delivering the public benefits implicit in non-market ecosystem services including water supply, flood control, carbon emission mitigation and landscape quality and biodiversity. It also includes encouraging business diversification for example into tourism, and renewable energy.

Grants have an important part to play in encouraging this diversification. An example is a farm in Monmouthshire that include SSSI woodland a sheep enterprise and a firewood business. Grant received from NRW is important in enabling conservation management of the SSSI woodland but is matched by income from a small firewood business that this work supplies. The farm has been supported by Tir Gofal and the combination of adjoining farm and woodland under suitable management has delivered very high wildlife interest. The future of this is now threatened by the uncertainty over entry into Glastir advanced.

We would be pleased to facilitate a visit by the Committee to this farm.

8. The most appropriate geographical scale(s) at which we should be delivering sustainable land management policies and practices in Wales?

We suggest that river basins and river catchments offer the most appropriate range of scales and fit with the importance of water management objectives.

9. If there are key actions we can take to deliver short-term ‘quick wins’ and the actions we should be taking for the long-term

We suggest employing experienced land managers as catchment based facilitators. Their task would be to provide the vision, leadership and drive to work with landowners to realise multiple objective catchment improvement plans. They would provide flexible support to landowners to promote take up of Glastir and other existing schemes but would also have funds to direct at their discretion. These roles could be hosted by a variety of organisations and partnerships and we would be interested in participating in a pilot scheme.

1. The UK Woodland Assurance Standard. <http://ukwas.org.uk/about-us/purpose>
2. The State of the UK’s Forests, Woods and Trees: Perspectives from the sector (2011). The Woodland Trust. <http://www.woodlandtrust.org.uk/en/about-us/publications/Documents/state-of-the-uks-forest-report-4865.pdf>
3. Woodlands for Wales. The Welsh Assembly Government’s Strategy for Woodlands and Trees (2009). Forestry Commission Wales 2009. [http://www.forestry.gov.uk/pdf/EnglishWfWstrategy.pdf/\\$FILE/EnglishWfWstrategy.pdf](http://www.forestry.gov.uk/pdf/EnglishWfWstrategy.pdf/$FILE/EnglishWfWstrategy.pdf)
4. A Framework To Set Conservation Objectives And Achieve Favourable Condition In Welsh Upland SSSIs. CCW 2007. <http://www.ccg.gov.uk/pdf/Upland%20Framework%201.pdf>
5. Long Term Ecological Change in British Woodland (1971–2001). English Nature in 2007 <http://publications.naturalengland.org.uk/publication/94019>



Confor
Promoting forestry and wood
Hyrwyddo coedwigaeth a choed

Environment and Sustainability Committee

E&S(4)-02-14 paper 3

Inquiry into Sustainable Land Management : Response from Confor

Thank you for the opportunity to comment on the consultation.

Unfortunately staff time is very limited, please find below some general ideas, if you would like further detail for any of the points made, please contact Kath McNulty, National Manager for Wales by email:

kath.mcnulty@confor.org.uk

Confor: promoting forestry and wood is a membership organisation that promotes sustainable forestry and low-carbon businesses. Confor represents and supports members by helping build the market for wood and forest products, creating a supportive policy environment, and helping members to become more competitive and successful.

Confor position

The challenge to live more sustainably must involve an increased use of wood and wood products if Wales is to have any hope of meeting its carbon reduction targets. Demand for wood is rising with low carbon building and renewable energy. However, Wales' supply is constrained with approximately 90,000 ha of woodland not being managed. This lack of management has a dramatically damaging effect on biodiversity which benefits from sustainable woodland management. Tackling lack of management would help address supply chain restraints, transform biodiversity and support the development of a low carbon economy using a domestic renewable resource in place of imported wood.

In addition, Wales' timber supply is reducing as the trees harvested today were planted in the 60s and 70s and are not being replaced with species which will yield usable, quality timber in 2050. Land owners must be encouraged to plant conifers, without which the industry will decline over the next 20–40 years as the future crop of timber will simply not be there. The uplands of Wales are well suited to growing conifers, as identified by the Land Use and Climate Change Working Group and have the potential to grow valuable timber and revenue in the future.

The Welsh Government's target – 100,000 ha of new woodland by 2030, is behind schedule. Glastir Woodland Creation has been under-achieving and the grant rates favour the planting of native broadleaves which will sustain heavy damage caused by grey squirrels and will rely on continual public funding for their management.

100,000 ha is a large area of land; for a forestry comparison, Natural Resources Wales manages 127,000 ha (Woodlands for Wales). An ambitious target is useful to focus the mind and drive action, unfortunately 100,000 ha of new woodland by 2030 is unachievable, the Welsh Government has not committed to driving this priority; the planting map has discouraged owners from engaging, the Glastir Woodland Creation grant rates has encouraged the planting of marginal field corners or small woods alone. There is land in upland Wales which would benefit from being planted with productive mixed woodland which would provide green jobs, carbon sequestration, landscape diversity and longer term: recreational opportunities, timber for construction, wood for biomass and an income to the landowner. Confor proposes that at least 60% of new planting is of productive conifers. We now need a more realistic target with a grant scheme which will encourage the planting of larger areas with tree mixes which will yield useable timber in the future as well as refocus our attention to increasing the productive potential of existing woodlands.

Please refer to the following documents for additional evidence:

WG Woodland Strategy: Woodlands for Wales

<http://www.forestry.gov.uk/wwstrategy>

Growing a Thousand New Forestry Jobs in Wales

http://www.confor.org.uk/Upload/Documents/24_Growing1000newforestryjobsinWalesEnglishJuly2013.pdf

Centre for Alternative Technology Zero Carbon Britain Report

<http://zerocarbonbritain.com/>



Barriers

<p>What do we want sustainable land management in Wales to look like and what outcomes do we want to deliver in the short, medium and longer term?</p>	<p>What are the barriers preventing us from delivering these outcomes now?</p>	<p>How do we overcome these challenges?</p>	<p>What are the main policy drivers and how can these be shaped to overcome these challenges?</p>
<p>A renewed woodland creation target with appropriate support mechanisms for new woodland of which at least 60% is productive conifers, planted and managed for timber and other products, together with a focus on increasing the productive potential of existing</p>	<p>Barriers to woodland creation in general</p>		
	<p>High value of agricultural land compared to forestry land, maintained artificially high by single farm payment</p>	<p>Reduce the single farm payment or make it conditional on tree planting</p>	<p>Agricultural subsidies</p>
	<p>Glastir scheme is limited by the traffic light map</p>	<p>Change the map; presumption should be that landowners can plant trees on their land, some areas may require consultation with WG /NRW if particularly</p>	<p>EU grant schemes have driven forest policy. The WG can use domestic money to initiate priorities.</p>

<p>woodlands. Pests (grey squirrel and deer) are managed and under control. Disease outbreaks are managed effectively and with a sense of urgency using best research knowledge.</p> <p>Outcomes</p> <p>Short term</p> <ul style="list-style-type: none"> - More existing woodlands are managed - 3,000 ha new woodland are planted per year of which 1,800 ha are productive conifers <p>Medium term</p> <ul style="list-style-type: none"> - Timber processing capacity in Wales is increased <p>Long term</p> <ul style="list-style-type: none"> - Sustainable supply of well managed timber and 		valuable for non-tree habitats	
	Scheme administration has created uncertainties and delays, for example insecurity around income foregone payments, down time for the traffic lights map	Empower front line staff to make quick decisions, improve communications with stakeholders	Streamline Glastir administration
	Perception by farmers that their woodlands are not worth anything, seen as a waste of land, reluctant to plant additional woodland on productive land	<p>a) Perceptions can be changed through advocacy though this will take a long time.</p> <p>b) farmers keep the single farm payment on the new wood</p> <p>c) use the single farm payment as leverage to “buy” woodland planting</p>	
	Barriers to productive conifer woodland creation		
	Glastir mixed woodland grant rate is poor in comparison to rate for “native” broadleaves	Increase the grant rate for mixed woodland to the native broadleaf rate	Glastir; rates can be changed.
	Negative perception of conifers by general public,	Changing perceptions is a slow process, initiatives	

<p>forest products,</p> <ul style="list-style-type: none"> - The people of Wales value the forests and the sustainable products they produce. - Increased wealth creation through Welsh wood processing industries based on an expanding resource and timber harvest 	<p>politicians and decision makers</p>	<p>such as Grown in Britain, Wood for Good, as well as work by organisations such as Confor, Small Woods Association, Royal Forestry Society all have a role to play.</p>	
	<p>Uncertainty about long term wood availability. Over reliance on commodity products.</p>	<p>Encourage innovation by more active WG support of R&D for product development.</p>	

Additional questions:

How we define the key ecosystems and ecosystem services in a way that makes sense for Wales?

Expanded and managed and productive forest area. Growing timber harvest.

How we develop a baseline from which to measure progress? This includes how we collect, coordinate and use data to support sustainable land management in Wales.

We already have this information.

What incentives we can provide land managers to develop sustainable practices, and in particular, any new sources of investment we can attract to support these?

Improve Glastir as outlined above

How we ensure that our sustainable land management policies maintain vibrant rural communities and attract new entrants into the land-based sector?

By ensuring the land yields products and services capable of creating jobs and increased rural prosperity. Forests and timber are very capable of doing this.

The most appropriate geographical scale(s) at which we should be delivering sustainable land management policies and practices in Wales?

If there are key actions we can take to deliver short-term 'quick wins' and the actions we should be taking for the long-term?

Pro-actively encourage the use of Welsh manufactured timber products in public sector contracts.

good examples of sustainable land management.

Llandegla forest

Farm woodland near Abergele

Confor

6 September 2013

Environment and Sustainability Committee

Inquiry into Sustainable Land Management

Response from Maelor Forest Nurseries Limited

Who we are (Maelor Forest Nurseries Limited).

Maelor Forest Nursery (MFN) produces 20 million saplings for forest planting on an annual basis. The saplings are either for commercial plantations or for the establishment of native woodlands. MFN continuously invests in seed orchards and local provenance seed collections (both broadleaf and conifer) to ensure that our customers are provided with the best genetic material suitable for planting in the UK. Unfortunately due to the low level of planting in Wales (only some 15 to 20% of our output is planted in Wales) we have had to seek alternative markets for our planting stock. We work with universities in Wales on the development of biological controls of pests and disease in trees as an alternative to pesticides

This presentation to the Environment and Sustainability Committee (ESC) is based on our knowledge and experience as part of the land based industries in Wales involved in forestry. We do not attempt to evaluate other land based industries except where it merits comparison.

Our presentation will be referenced in line with the questions raised by the invitation to consult with their relevance to forestry:

What do we want sustainable land management in Wales to look like and what outcomes do we want to deliver in the short, medium and longer term?

We understand sustainable land management to mean “the adoption of land use systems that, through appropriate management practices, enables land users to maximise the economic and social benefits from the land while maintaining or enhancing the ecological support functions of the land resources” (Food and agriculture organisation of the United Nations. (2005)).

When looking at defining ecosystems and ecosystem services with regard to sustainable land management we believe that it is import to look at systems that provide the maximum benefits. Rare ecosystems would be given priority status. However other land uses should be viewed in terms of their social, economic and environmental potential.

The Welsh Government Woodland Strategy promotes a form of sustainable land management through the application of “multi-purpose” forestry. In the most degraded areas of the uplands of Wales i.e. the Severely Disadvantaged Areas (SDA’s) multi-purpose forestry would bring multi-faceted benefits. Through the Woodland Strategy we envisage large areas of over-grazed desolate uplands converted to a rich tapestry of commercial plantations (providing economic sustainability), planted broadleaf riparian areas with open spaces protected from grazers, allowing “re-wilding” through natural regeneration. Such a change in land use we believe will provide the desired outcomes of enhancing the ecological support functions of the land resource as well as maximising the economic and social benefits. The environmental and economic benefits of forestry have received less focus than social benefits in recent years, therefore we will detail these two only below.

Environmental benefits:

Well managed and planned conifer plantations can have a positive effect on biodiversity that is often overlooked “biodiversity within plantations tends to increase over time” (Carnus, JM. (2006) Journal of Forestry). According to evidence presented by Humphrey, J.W., Ferris, F. and Quine, C.P. (eds. (2003). Biodiversity in Britain’s Planted Forests) – “The results from the Biodiversity Assessment Project clearly illustrate that planted woodlands provide a habitat that is suitable for a wide range of different species. A surprisingly high number of Red Data List species (29) were recorded in the upland Sitka spruce stands”. An example of this can be seen when looking at bird life in commercial plantations “an important group of species that depends on young stages of growth includes hen Harrier, black Grouse, short-eared Owl, Nightjar, Woodlark, Tree Pipit, Whinchat, Grasshopper Warbler and lesser Redpoll.” This view is also supported by Cameron who states that “Contrary to the view that conifer plantations are bad for the environment, there is a growing body of research that shows that planted conifer forests are associated with high levels of biodiversity in addition to providing functions such as soil protection and flood control (Cameron , A.D.(2011.)Scottish Forestry)”

The environmental benefit of forestry can also be seen through its potential to act as a carbon sink. The Read report has stated that “Woodland creation (and subsequent management) in the UK can be a cost-effective approach to combating climate change” (Read. D. 2009); according to the Welsh Governments ‘Land Use and Climate Change’ report (2010), “An expansion of woodland over 20 years, by about 100,000ha from the 284,000ha...would create an additional major GHG sink of 1,600 kt CO₂ equivalent annually by 2040, with a net sink of 1,200 kt CO₂ equivalent and an additional fuel wood potential of perhaps 1.4TWh/year by 2030–2040, off-setting emissions of a further 350 kt CO₂ equivalent of fossil fuels.”

Changes in land use from agricultural to forested would also contribute to reducing the total of agriculture's contribution of 11% to Wales' net carbon dioxide emissions.

Economic benefits:

From an economic perspective, the 75% of SDA are used for agricultural purposes. Types of farm vary in range, but over 75% are upland sheep farms. Figures published by Aberystwyth University's Farm Survey, show that without the Single Payment Scheme from the EU, and Tir Mynydd grants from the Welsh Government, these farms would not be profitable, or only marginally profitable – depending on the size of farm. This paints a bleak picture for upland farmers; but we believe their presence in the uplands can be maintained with the help of forestry plantations which bring in a more reliable and higher income which is sustainable economically and which will significantly improve the biodiversity of these land areas, enabling them to pass on more fertile and diverse land to their successors

During the lifecycle of the new crop suggested here for the SDAs, growers will be creating employment beyond their farm, and able to make an income from the two main stages of growth: first and second thinnings being processed for fuel wood and biomass; and good quality timber suitable for selling to sawmills. Introduction of new entrants into the timber processing industry in Wales as investors gain confidence that timber will be available in the longer term to repay the investment.

It has been demonstrated in progeny trials of genotypes from tree improvement programmes, that the same geno-type produces a higher quality of timber if planted in Wales rather than Scotland or N. England (Lee, personal 2013). Wales therefore has an environmental advantage in the growing of quality timber, which should ensure it attracts investment from wood processors. Furthermore Wales is closer to the market than Scotland. This introduction of "new players" into the market would then ensure that timber prices strengthen so that growers both in the public and private sectors earn a sufficient return to maintain and renew their forests, woodlands, and nurseries.

In conclusion therefore we believe multi-purpose forestry offers great potential for employment, carbon sequestration, increased biodiversity, soil remediation and the supply of an increasingly valuable raw material (WWF has recent predicted that the demand for wood products will triple by 2050– that is when trees planted for timber today would be due to be felled).

What are the barriers preventing us from delivering these outcomes now?

Conservation lobby.

Currently the pattern of land use in Wales is resulting in a decline in conifer plantations in the uplands. The area of woodland cover in Wales has declined by 1.7% from 289.000ha in 2000/01 to 284.000ha in 2009/10. The area of conifer in Wales has decreased by 13.000ha, while the area of broadleaf has increased by 8.000 ha. (The Forestry Commission. (2011)). This is contrary to the objectives of the WG Woodland Strategy.

Single interest bodies such as the RSPB and government agencies such as CCW have prevented the planting of the uplands in Wales through powerful lobbying and registering objections to planting schemes. We believe that the reasons put forward against such plantings are often based on misconceptions regarding modern day forestry. These misconceptions stem from a time when mistakes did occur. Lessons have been learnt and continue to be learnt to ensure that the forestry systems of today produce the maximum benefit for both the environment and people of Wales for many years to come. Where problems have been highlighted in the past work has been carried out to focus forest management on practices that resolve these issues. These practices are based on scientific research and are laid out in the forestry practice guides. These guides are updated regularly and incorporate recent advances in the scientific understanding of forestry.

One of the problem areas between forestry and conservation has been on the peatbogs of the uplands. Planting areas where peat depth is greater than 30cm has been shown to result in a net loss of carbon and as such are not suitable for planting ((Cannell, M.G.R et al. (1993)) There is also a biodiversity argument for not planting deep peat areas as “blanket peat lands contain some globally rare plant species (egg, *Scirpus cespitosus*, *Erica tetralix*, *Calluna vulgaris*, *Eriophorum vaginatum* and *Molinia caerulea*)” (S.J. Ramchunder, L.E. Brown and J. Holden. (2009)). However it has been shown that “much of the deep peat in Wales is part of a mosaic of soil types rather than being in large blocks.” (Vanguelova, E, et al. (2012)). Site specific

analysis is required if this mosaic to be taken into account when planting applications are approved or rejected.

Establishment of unsustainable broadleaf woodlands drawing resources away from the establishment of sustainable woodlands.

Much of Wales's broadleaf woodlands is in the private sector and is unmanaged. This position will be made worse with WG subsidising further broadleaf woodland establishment. With a few exceptions (Birch and Sycamore), you cannot produce quality timber by growing broadleaves on marginal land in the uplands. The uplands are where tree planting should take place, not on ground where it is viable for agriculture. The current Glastir funding supports the planting of broadleaves with very little financial support for economically sustainable conifers.

Low timber prices dissuading investment in forestry.

Compared to timber prices in Scotland (where the forest industry is flourishing) prices in Wales are depressed. This in our view is due to the combination of two factors:-

1. Failing to achieve the critical mass necessary to attract new entrants. Post war planting by the FC attracted timber processors who were keen to exploit the timber made available. To encourage investment by the processors the FC produced timber production forecasts which it assured processors that it would maintain. However, at the time of planting these plantations the FC fully intended that it would make a significant profit (in cash terms) from timber sales. The private sector through fiscal incentives then invested in significant plantations through the 1970's and 80's. However the level of planting was not maintained so as to achieve the critical mass necessary to attract "new entrants" to the market. Consequently this private sector planting has brought a "surplus" of timber to the market in the short term but without longer term supplies; hence existing processors are in a position to exploit this short term abundance without the fear of "new entrants" (who would need the longer term supplies to recover their investment on entering the market).

2. Unfortunately in recent years the FCW has not generated profits. This we believe is a function of both price and lack of entrepreneurial management. Whilst the initial investment by the public sector in attracting processors to Wales was very welcome; to continue with a production forecast marketing strategy now that there is such a short term surplus of timber does not make commercial sense. Effectively the state is subsidising the processors at the expense of the growers. The effect is to suppress prices thus disengaging the private sector growers from the market resulting in lack of resources for woodland management and incentives for commercial woodland creation.

How do we overcome these challenges?

Conservation lobby.

1. Policy on land-use has to be evidence based. Objections to commercial forestry varying from false perceptions of bio-diversity to misunderstanding on modern forest practice in relation to acidification of water supplies have in the past blocked economically viable and environmentally sustainable planting schemes being established.

2. Currently Glastir granted planting schemes have to follow a “guidance map” showing a “traffic light” system for areas in Wales that can be planted. Given the evidence referred to above of the “mosaic” like nature of these deep peat areas, we believe individual sites should be considered on their merits and the use of the “guidance map” discontinued. Areas of deep peat within an otherwise viable planting area should clearly be left unplanted with peat free areas being planted.

Establishment of unsustainable broadleaf woodlands drawing resources away from the establishment of sustainable woodlands.

Multi-purpose forestry which we advocate will only be sustainable in any true sense if it is also economically sustainable. Without continued subsidy broadleaf planting in the woodlands will result in nothing but unmanaged scrub. Whilst private charities may evoke public support for donations which ensure such plantings are managed, we do not think this is a route government should follow. With properly managed schemes following UKWAS guidelines, forestry can deliver on recreation and biodiversity without being a

constant drain on the public purse. Furthermore commercial forestry provides much more employment.

1. We strongly recommend that any grant aid for new forest plantings should be based on commercially viable plantations. The initial grant aid being a kick start that will eventually reduce government subsidies and generate revenues to the public purse.

2. Rather than financing the creation of new broadleaf woodlands the government, in our view, would achieve better value by funding the management of existing broadleaf woodlands. As the RSPB's "State of Nature" report highlights; the lack of woodland management is a major cause in the decrease in population of many of our woodland birds.

Low timber prices dissuading investment in forestry.

1. We believe that rather than subsidising existing unsustainable land use the government should fund land-use change. It needs to be recognised that farmers will not voluntarily change their practices unless they are incentivised. A sufficient incentive that would create a minimum level of 2000ha of productive woodland on an annual basis should be sufficient to attract new processor investment over time.
2. Separate the "regulatory" function from the "commercial" function with regard to the management of WG woodlands. The culture required to ensure a good "public service" spirit is entirely different from that required to ensure the success of an enterprise. Do not mix the two. Give the managers of the WG estate clear guidance and encouragement to maximise the income from the public estate ensuring that it is on a sustainable basis and complies with UKWAS. Consider a different management model for the public sector forests.

Illustration of barriers preventing delivery of outcomes referred to in our written submission:-

1. Conservation lobby.

In 2012 the RSPB published a report “Review of biodiversity impacts of practices typically undertaken in **certified forests** in Britain and Ireland.” The report has not been “peer reviewed”. The executive summary of the report states “There was a consistent message from studies across a number of plant and animal groups that many specialist species of open habitats that were afforested are lost and replaced by generalist or widespread forest species. For most groups this resulted in fewer species than the original habitats.” This is opinion based on studies on forest plantings that **were not certified** i.e. pre-certification. FSC practices would never allow the habitats referenced in these studies to be planted. This is recognised further in the executive summary “Most studies of afforestation were carried out prior to the introduction of forest certification standards and afforestation carried out under the current standards is less likely to occur on habitats of high conservation value”; but fails completely to make the point that land considered suitable for afforestation under FSC would be **only** that which has low conservation value. This clearly (afforesting high value conservation habitats) was and is not “practices typically undertaken in certified forests in Britain and Ireland”!!

In our view the above is clearly an example of the miss-use of science.

The sponsor of the report is “Ace UK” which represents a section of the Nordic wood products industry. A video on Ace UK’s web-site claims “North European forests are a vital resource for biodiversity, but also for the economy. Responsibly managed, the forests are a renewable resource’ and ‘Responsibly managed forestry and biodiversity are intricately linked and need to be protected to ensure a healthy ecosystem’. Clearly then “Nordic plc’s” forest industry is good for biodiversity but not the establishment of a rival “Wales plc’s”!?!

In 2006 a World Wildlife report on illegal logging found that 88% of illegal imports of Russian round wood (some 6.4million m3 RWE) into the EU was through the Nordic countries; much of it re-exported as wood products to the UK.

2. Low timber prices dissuading investment in forestry.

Please refer to the attached table (Appendix1). In 2011-12 the FCW lost £2.4million on harvesting £13.4million sales of timber. Either there is gross mismanagement in the harvesting operations or the price obtained is too low (which has an inference for the £100million valuation of the WG’s biological asset stated in FCW’s balance sheet-an item which generates losses we would treat as a liability not an asset).

Softwood Production

		Wales	Scotland	England
Public Sector				
(Forestry Statistics 2012)				
2011-2012 Timber Sales £ million		13.4	58.9	33.4
2011-2012 Harvesting & haulage costs £ million		9.5	22.3	12
Softwood removal - 000's tonnes		689	2566	1185
Price per tonne		£19.45	£22.95	£28.19
Harvesting and haulage per tonne		£13.79	£8.69	£10.13
(NB:this is calculated on tonnes sold but standing sales do not incur these costs- not able to find a breakdown of sales between them)				
Net earnings per tonne		£5.66	£14.26	£18.06
Standing Volumes 000 m3:-				
(National Forest Inventory Report 2012)				
	Public	18868	79559	26148
	Private	17720	132827	60621
	Public >20cm dbh	6117	40317	18784
	Private >20cm dbh	14688	92052	53133
Private sector softwood removal - 000's tonnes		501	3746	735
Public sector % of softwood removal		58%	41%	62%
Public sector % of standing volumes > 20cm dbh		29%	30%	26%
Woodland creation for 5 years to 2012 - 000's ha				
(Forestry Statistics 2012)				
	Public	0	3.7	0.1
	Private	1.6	20.7	12.4
	Total	1.6	24.4	12.5
FCW last trading year:-		£ 000's		
Timber sales (FC Statistics 2012)		13,400		
Book value of timber sold (Annual Report 2011-2012)		6,042		
Harvesting and haulage costs (FC Statistics 2012)		9,500		
Gross loss before overheads and interest charges		-2,142		
NB:-e-timber sales average prices 1 April 2012 to 31 March 2013	price £/m3	9.01	10.9	20.16
Average price from size class sold with greatest volume	0.5 to 0.599m3	7.95	14.04	15.99

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Agenda Item 6a



Alun Davidson
Clerk, Environment and Sustainability Committee,
National Assembly for Wales
Cardiff Bay
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13 January 2014

Dear Alun,

ENVIRONMENT AND SUSTAINABILITY COMMITTEE – 12 DECEMBER 2013

I am responding to comments made by Gareth Clubb of Friends of the Earth at the Committee meeting on 12 December 2013 (p22, col 140, of draft transcript). The draft transcript quotes him saying:

'[NRW] in its current form is not competent [to take into account economic and social considerations]. There is no expertise in terms of economics or sociology. There is no single individual employed at present by NRW, as far as I know, who has the specific expertise to be able to provide advice in those areas. So the question could arise as to whether this is a bid to expand the NRW empire It is not the role of NRW to give an opinion that would include economic and social issues.'

The purpose of Natural Resources Wales is set out in the establishment order (The Natural Resources Body for Wales (Establishment) Order 2012). It states the purpose of Natural Resources Wales is to ensure that the environment and natural resources of Wales are:

- (a) sustainably maintained;
- (b) sustainably enhanced; and
- (c) sustainably used.

(2) In this article -

- (a) "sustainably" ("yn gynaliadwy") means -
 - (i) with a view to benefiting, and
 - (ii) in a manner designed to benefit, the people, environment and economy of Wales in the present and in the future;
- (b) "environment" ("amgylchedd") includes, without limitation, living organisms and ecosystems.

The statutory purpose of Natural Resources Wales, therefore requires a balance to be struck and not to ascribe weight to any aspect (e.g. the environment or the economy) in preference to another. Indeed, the basis upon which the provision is drafted requires the environment and any natural resources to be sustainably

used, enhanced and maintained. This requires a judgement to be reached (for example on individual planning applications) on whether those objectives are met.

In response to the statement: "There is no expertise in terms of economics or sociology. There is no single individual employed at present by NRW, as far as I know, who has the specific expertise to be able to provide advice in those areas", we currently employ a senior economist, an economist, and a sociologist. We also procure specialist advice in these fields from University experts and consultants as and when required.

I would be grateful if you could draw this matter to the Committee's attention.

Yours sincerely,



EMYR ROBERTS

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