

Environment and Sustainability Committee

Meeting Venue:
Committee Room 1 – Senedd

Meeting date:
17 May 2012

Meeting time:
09:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

Alun Davidson
Committee Clerk
029 2089 8639
ES.comm@wales.gov.uk

Agenda

1. Introductions, apologies and substitutions

2. Inquiry into Glastir – Oral evidence (09.00 – 14.30) (Pages 1 – 44) **09.00 – 10.20**

E&S(4)-15-12 paper 1 – NFU Cymru
Bernard Llewellyn, Chairman NFU Cymru Rural Affairs Board
Dafydd Jarrett, Farm Policy Adviser

E&S(4)-15-12 paper 2 – FUW
Glyn Roberts, Deputy President
Rhian Nowell-Phillips, Deputy Director of Agricultural Policy

E&S(4)-15-12 paper 3 – CLA
Sue Evans, Director of Policy – Wales
Ant Griffith, Vice Chair

Break 10.20 – 10.30

10.30 – 11.15

E&S(4)-15-12 paper 4 – Countryside Council for Wales
Brian Pawson, Senior Agriculture Advisor
Ieuan Joyce, Council Member

11.15 - 12.15

E&S(4)-15-12 paper 5 - Wales Environment Link
Arfon Williams, RSPB Cymru

12.15 - 13.30 - Break

13.30 - 14.30

E&S(4)-15-12 paper 6 - The Soil Association
Emma Hockridge, Head of Policy, The Soil Association
Keri Davies, Welsh Organic Group

Break 12.15 - 13.30

3. Papers to note

3a. Inquiry into energy policy and planning in Wales - Letter from the Minister for Environment and Sustainable Development (Pages 45 - 48)

E&S(4)-15-12 paper 7

3b. Draft Contaminated Land Statutory Guidance - Letter from the Minister for Environment and Sustainable Development (Pages 49 - 52)

E&S(4)-15-12 paper 8

3c. The British Waterways Board (Transfer of Functions) Order 2012 - Letter from the Minister for Environment and Sustainable Development (Pages 53 - 54)

E&S(4)-15-12 paper 9

4. Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for Item 5 and for the meeting on 23 May (14.30)

Private session

5. Inquiry into Glastir - Consideration of evidence (14.30 - 15.00)

Environment and Sustainability Committee

E&S(4)-15-12 paper 1

Inquiry into Glastir - Evidence from NFU Cymru

To: National Assembly for Wales,
Environment and Sustainability
Committee

Date: 27th April 2012

Ref: DJ/LB

Cc:

Contact: Dafydd Jarrett

Tel: 01341 423 148

Fax:

Email: Dafydd.Jarrett@nfu.org.uk

NATIONAL ASSEMBLY FOR WALES' ENVIRONMENT AND SUSTAINABILITY COMMITTEE'S SHORT INQUIRY INTO GLASTIR

Introduction

NFU Cymru welcomes the opportunity to submit written evidence to the Environment and Sustainability Committee's short inquiry into Glastir. We look forward to supporting this written evidence orally at a meeting of the group on the 17th May. NFU Cymru represents 22,380 farmers, managers and partners in agricultural businesses including those with an interest in farming and the countryside.

1. NFU Cymru would wish to make clear our commitment to having a fit for purpose agri environment scheme in Wales and having a scheme that is accessible, recognises the environmental gains and benefits both for those entering the scheme and for the wider rural economy. Going forward it must be flexible enough to incorporate the sustainable intensification of agriculture as we meet the new global food challenges whilst at the same time preserving biodiversity, and allowing us to deal with any challenges that reform of the CAP may bring upon us.
2. Confidence in any scheme is paramount to get participation and sadly despite warnings to Welsh Government by NFU Cymru, introducing the All Wales Scheme without a meaningful pilot exercise has backfired with all the negative publicity and problems scheme creation 'on the hoof' has generated. Glastir did not live up to expectations because the scheme and its prescriptions were not thoroughly thought through or robustly tested before roll out.
3. NFU Cymru recognises that now we are where we are and we are keen to work with Welsh Government through the current Glastir stocktake exercise to try and make the scheme 'fit for purpose'. Wales in the past was recognised as one of the innovators of agri environment in Europe through the Tir Gofal Scheme and we need to regain that status

which can only be achieved by Welsh Government being mindful of the practicalities of the scheme and working with land managers, acknowledging and seeking to address their concerns.

4. Progress has been made following the Rees Roberts Review but more can be done.

5. On the positive side we appreciate that the value of points and the points limit per option have generally been increased. We are however extremely disappointed and frustrated that Government did not accept NFU Cymru's early concerns and contention expressed at stakeholder meetings that Glastir would need to be based on income forgone and thus could not be used to reflect or compensate for the natural and permanent handicaps of farming in the LFA for which there are alternative and specific measures. This failure has now left hill and upland farmers without a dedicated support mechanism.

6. We recognise some progress has been made towards reducing the size of the application pack and the further development of the electronic score sheet. In fact application is now difficult without access to the electronic score sheet and this needs to be made more explicitly clear to applicants.

7. Moving the application window to nearer the start date has been welcomed but we feel that this could be progressed even further to a post 15th May date in the year preceding the scheme start.

8. We welcome the removal of options limits but feel that this could be moved even further e.g. bird and bat boxes

9. NFU Cymru questions the need for regional packages as it over complicates the scheme with a very limited uplift in points (10%). Only 9 applicants are signed up under the regional packages in 2012 which in our view is a reflection of this complexity.

10. NFU Cymru welcome the changes to two metres in the hedge width as we feel that the original scheme in general failed to recognise in points terms the value of existing habitats not only to conservation but also to the landscape in general.

11. We also encourage Welsh Government to include dry stone walls and earth banks as point scoring options (both their maintenance and their creation). Until this is done the Glastir scheme will never be a truly all Wales scheme, and ironically it is LFA farms who often have these highly significant traditional boundaries as habitats and as landscape features yet no recognition for their maintenance.

12. It should not be a condition of the scheme that a stocking diary needs to be kept for the whole farm. Stocking details should only be required for those identified habitats with specific stocking or date prescriptions and not where compliance is measured in sward height terms. An activity diary should not need to be kept for land not subject to prescriptions. In terms of communication it is apparent that of those 1698 farms that have entered Glastir AWE in 2012 many were not even aware of the need to do this.

13. NFU Cymru welcomes the mixed stocking and the traditional breeds option on habitat land. However we feel that the stocking rates remain too restrictive and lack flexibility in the upland options. For example there is no recognition that summer stocking rates could be

higher without habitat detriment where stock are removed during the winter and that Agrostis/Fescue swards can sustain appreciably higher stocking rates compared with Nardus/Molinia swards. We welcome the low inputs option for upland grassland which we believe will go some way towards helping upland farmers gaining the necessary points.

14. There is increasing pressure from milk buyers for their producers to be part of an agri-environment scheme. Ideally we want Glastir AWE to be this scheme rather than be forced into a position where, to meet buyer demands, there would need to be consideration of instigating a separate private environment assurance type scheme. We welcome the 75% slurry injection option which we believe is a step forward in helping dairy farmers enter the scheme but further work needs to be done to make this scheme an attractive option for the Dairy sector. We believe that there would be merit in specifically looking at a number of intensive dairy farms to see how the scheme can be made more attractive to dairy farmers.

15. Another shortcoming of Glastir is the disconnection between the AWE and Targeted element. This, we are led to believe is in the process of being addressed with the eventual and welcome aim that AW and targeted elements will run concurrently. As things stand at present a farmer needs to make a 5 year commitment to Glastir without knowing if he will also be eligible for targeted element. This does not make business sense.

16. Option 8, continued management of existing streamside corridor, is now available on woodland with thousands of important dingles along streams in Wales; this is to be welcomed. We would also ask for this to be extended further to allow unimproved land to qualify for points where the farmer is prepared to increase the management by fencing this land.

17. NFU Cymru believes that the Welsh Government needs to revisit other suggestions that were rejected following the Rees Roberts Review (dry stone walls already mentioned). Re-evaluating the benefits of high sugar grasses and minimum tillage should be a priority. We believe that despite WG stating that meeting the challenges of climate change was one of the key priorities for Glastir, prescriptions that would support this aim are 'thin on the ground'. Support for high sugar grasses and minimum tillage would go some way to addressing this issue. We feel that the WG should offer more flexible dates for arable operations than currently prescribed and management of scrub needs a points recognition in the AWE as well as being part of the Targeted Element.

18. Finally on the AWE, farmers feel that one of the barriers to entry is the low value of points for existing habitats and features, in recognition of work already done in other schemes or very often at the farmers own costs. If this could be addressed (recognising of course the constraint of using income foregone figures) by putting a greater emphasis on costs incurred (which are within WTO rules) interest in the scheme would increase. As it is now, it means that for some farms the costs of achieving entry due to the works they need to carry out means they forfeit one or possibly two year's annual payment on some farms. Therefore, in real terms, these farms will not be getting a five year payment but effectively a three or four year payment for entry into a five year commitment. As a result of this, farmers may well choose not to join the scheme.

19. With regard to ACRES this is, in our view, an important element of both the scheme and the stated overall objectives of Welsh Government itself. We therefore welcome the fact that from an initial figure of less than 100 from the 2012 applications being offered entry, this

figure has now increased to 720 (approximately half of those in AWE). The ACRES element of the scheme was one of the primary reasons many farmers, in particular dairy producers, entered the AWE. We are pleased that this has now belatedly been recognised.

20. Moving forward we fail to see why it must be a condition that before being considered for ACRES farmers must be in the AWE. The Glastir Woodland Creation and Management Schemes do not make it compulsory that applicants are also in AWE. We cannot see why a distinction is drawn. This leads us on to a fundamental point that part schemes are not available in Wales and this is an omission that in our view needs to be re-examined with urgency. We believe that this approach could very much help with achievement of WFD targets. For example with the right financial support under Glastir a number of more intensive holdings who have not currently considered Glastir as an option would re-consider if the scheme was restricted to land adjoining water courses and not the whole farm. There would be no environmental risk to this, as the rest of their farm would be subject to cross compliance.

21. Lessons learnt from previous agri environment schemes have been seemingly lost. The reason for the success of Tir Gofal was that it was a mixture of annual and capital payments (with generally prompt payment for both). The capital investments were spread out over the five or ten year period of the scheme. A fundamental weakness of the current ACRES scheme in which applicants some with capital intensive projects with planning permission requirements is that farmers are expected to complete all the work within the first year of the scheme. Furthermore, they are expected to use consultants, which is further delaying the preparation of their application. This matter needs to be urgently addressed to allow those farmers who have been invited to apply for ACRES in 2012 the chance to make use of the grant scheme.

22. NFU Cymru notes that around one third of Welsh common land is now under Glastir agreement, much of this is due to the good work of the Common Land Development officers. Perhaps the presence of such officers and their availability to assist applicants should also be reflected in the All Wales Element through funding from elsewhere in the Rural Development Plan. However near to 100% of common land was supported via the now defunct Tir Mynydd scheme which will represent a major loss to Welsh farmers running into many millions of pounds. Given the diversity of commons it is generally accepted that it is those commons with few graziers or with existing understanding between commoners have been those that have chosen to go in. Very real problems have been encountered in trying to secure agreements on the larger commons and perhaps the 'one size fits all' approach relating to percentage of commons participation needs to be revisited particularly if that common is already providing environmental and landscape and access benefits. We again come back to the recognition or indeed lack of recognition of existing practices in monetary terms.

23. The educational aspect of Agri Environment schemes has always been important in the past but yet Glastir AWE fails to recognise and build on the achievements made by many farmers in communicating the message to young people and the general public. This needs re-examining.

24. If Welsh Government is committed to encouraging increased uptake of Glastir then in our view there needs to be a significant simplification of the AWE of the scheme to make it a genuine entry level agri environment scheme that allows the majority of farmers the

opportunity to apply to the scheme without requiring outside assistance. In recent weeks we have also received reports that finalised 2012 contracts and maps do not fully reflect what had previously been agreed between the applicant and WG at interview. There is a need for all the scheme literature, application forms, interview process and record keeping requirements to fit in with the principles set out within the Working Smarter report. Unless the application process and implementation of Glastir AWE can be significantly simplified then the WG need to allow officers to help with applications for both elements of the scheme AWE and targeted.

25. NFU Cymru believes that funding should be totally flexible between different areas of the scheme and regularly reviewed so that early decisions can be made to ascertain if internal movements of funds are necessary. The core of applications in AWE will be known early on in the financial year which allows the balance to be worked out for other parts of the scheme. Farmers are business people and like all businesses need to plan their investments and income. The earlier they are given an indication of qualification the better this will be all round.

26. Turning to LFA support the clear and unequivocal view of NFU Cymru which we have made clear to the Deputy Minister Alun Davies on a number of occasions is that LFA (or in future ANC) support must come from Pillar 2. The additional payment to Areas of Natural Constraint mentioned in the CAP Reform consultation comes from Pillar 1 not from Pillar 2. This, we do not consider acceptable as it is diluting the SAF payment across all of Wales. The European Commission explicitly provides for compensatory allowances under Pillar 2 to be paid by National Governments to offset the effects of farming in areas of permanent handicap. The EC Commissioner Dacian Cioloş has in recent weeks reaffirmed the statements made by his staff that compensatory payments to farms affected by natural handicap (LFA farms) can be provided under a specific LFA scheme like Tir Mynydd if Welsh Government sees fit to do so. Sadly the position following the March 2012 payment is that Wales with approximately 80% of its land in the Less Favoured Area no longer has a scheme which recognises the difficulty and cost of farming in Wales' Less Favoured Areas. It is disappointing that Wales is now one of the few countries in Europe without a dedicated LFA support mechanism.

27. In this period of change we also believe it is important as part of this short inquiry that this Committee seeks confirmation from the Deputy Minister for Agriculture, Food, Fisheries and European Programmes that:

- 1) £89m has been allocated for Axis 2 measures and that this is the spend on Axis 2 schemes in 2011 and 2012.
- 2) A full breakdown of how this budget was spent on Axis 2 measures in 2011 and 2012 should be sought.
- 3) The projected spend on the various elements of the Glastir scheme for 2013 should be sought.
- 4) the projected spend from 2014 onwards on agri-environment measures should be sought.

28. With the removal of Axes under the RDP post 2014 a commitment to spending on agri environment schemes will be important in building industry confidence in the scheme

We would be happy to clarify/expand further on these points when NFU Cymru provides oral evidence on 17th May. We commend the committee for its interest in this matter.



Environment and Sustainability Committee

E&S(4)-15-12 paper 2

Inquiry into Glastir – Evidence from the Farmer’s Union of Wales

Evidence from the Farmers’ Union of Wales to the Environment and Sustainability Committee’s Inquiry into Glastir

1. The Farmers’ Union of Wales welcomes the opportunity to submit evidence to the Environment and Sustainability Committee’s short inquiry into the Glastir Scheme.
2. The FUW has welcomed the Minister’s invitation to provide constructive ideas on how to improve the Scheme and trusts that Committee’s timely review will help to inform this debate.
3. The FUW was represented on the Welsh Assembly Government’s Glastir Stakeholders’ Group, which was set up following the Minister’s announcement in 2009, ostensibly to contribute to the development of the Glastir Scheme.
4. The Union has spent a great deal of time discussing the Scheme with Welsh Government Ministers and officials since its inception, trying to feed in constructive ideas based on practical experience into the development of the Scheme.
5. Unfortunately, over this time, industry concerns and suggestions were largely ignored, until the poor uptake of the Scheme during its first application round resulted in the Rees Roberts Review in 2010.
6. The FUW remains concerned that the Scheme is perceived by farmers as being complex and bureaucratic and the level of record keeping requirements, coupled with its focus on taking productive land out of farming, has resulted in poor uptake to date.

Background

7. Axis 2 of the Rural Development Plan covers measures to improve the environment and the countryside, including support for less favoured areas (Tir Mynydd).
8. In May 2009, the Minister announced the introduction of a new Scheme, called Glastir, which would comprise two elements; the first open to all farmers in Wales and the second to be targeted at those areas which could deliver benefits on carbon storage, water quality, water storage, biodiversity, historic landscape and access.
9. In order to compensate for the end of the Tir Mynydd Scheme, which closed for new applications in 2010 and paid out for the last time in 2012, the then Minister, Elin Jones, announced that

those farming in Less Favoured Areas (LFAs) would be entitled to a 20% uplift in their All Wales Element (AWE) payment to approximately £33.60/ha.

10. Whilst the Union continues to oppose the decision to abandon a Less Favoured Area scheme based on long-established handicap criteria, involving minimum bureaucracy, it has worked to ensure that Glastir is accessible to as many farmers as possible to help mitigate the impact the withdrawal of Tir Mynydd will inevitably have on the majority of farmers in Wales.
11. The FUW continues to be concerned that although the implementation of Glastir might meet the Assembly's environmental sustainability criteria, it remains unconvinced that the Scheme will deliver economic and social sustainability in rural areas.

Progress on implementing the recommendations of the Rees Roberts Review

12. The Rees Roberts Review was instigated during November 2010, following the poor response to the first Glastir application round. It focussed on the practicalities of on-farm implementation of the options available under the All Wales Element, but unfortunately fell short of examining the principles and stated outcomes of the Scheme.
13. Following a detailed review of the Scheme, within the parameters of the terms of reference, the group submitted 69 recommendations to the Minister, many of which were implemented immediately, although some, such as the maintenance of traditional boundaries and flexibility for the sowing of arable crops, were rejected.
14. There were also a number of recommendations considered as part of the Review which were not carried forward for a range of reasons. The FUW believe that these should now be revisited as part of a wider examination of the Scheme.
15. As outlined above, many of the recommendations such as reducing the size of the application pack and the provision of stand alone summaries, have been introduced, although the FUW also believes that, given the 'overload' of changes, guidance and information that surrounded the announcement of the Review, many farmers were confused by the process which could have resulted in them not going ahead with applications.
16. The FUW also believes that many farmers are still unaware of many of the changes implemented as part of the Rees Roberts Review and believes there is a need for a comprehensive communication strategy to highlight the changes that have been adopted since 2011.

Barriers to Entry

17. The FUW believes that whilst the changes adopted following the Rees Roberts Review were to be welcomed, the lack of an effective communication plan meant that there were a number of prospective applicants who were unaware of the changes.
18. This position was not helped by the difficulties in accessing up-to-date information on the Welsh Government's website and the general confusion surrounding the Scheme amongst the farming community in general.
19. One of the most helpful tools for farmers considering Glastir is the scorecard, which allows farmers to assess the work they need to undertake to achieve their points threshold for entry into Glastir.
20. Unfortunately, for many farmers, the delays in updating the scorecard with the changes made following the Review meant that a number of farmers were unaware of the changes to the prescriptions, which may have acted as a barrier to uptake.
21. The FUW also believes that the name 'Glastir' has now become synonymous with confusion and negative connotations and consideration should be given to whether the name of the Scheme should be changed as part of a review of the Scheme.
22. Positive aspects of the Scheme, such as ACRES have been overshadowed by the negative perceptions of confusion and constant change associated with trying to deliver Glastir on an over ambitious timeline, which, the Union maintains should have been delayed until 2014.
23. The publication of the 'Greening' proposals for CAP reform has created a great deal of concern amongst farmers that, signing up for Glastir could result in the need for major changes to agreements post 2014.
24. Whilst the FUW has welcomed the Minister's commitment to allowing farmers flexibility to consider their future options when there is certainty on the final shape of the CAP reform, it is concerned that farmers are opting to 'wait and see' what the final regulations are.
25. The decision to incorporate a capital element into the payment of the Scheme as opposed to running a stand alone capital grants scheme, has also acted as a barrier to entry as the premise of the payment versus points has never really been understood by the industry.
26. The requirement for payments to be independently verified by an external body has meant that the payment per point has failed to reflect the reality of farm costings. Despite the uplift in the basic rate from £28 to £34, following the 2011 review of payments, the loss of the 20% uplift for LFA farmers meant that their payments did not increase at all.

27. The Glastir Scheme originally proposed compensating farmers for the loss of Tir Mynydd through a 20% uplift in AWE payments. In failing to get this element through the EU, many farmers are concerned that there is no longer any support measure which recognises the handicaps of farming within the LFA.
28. From an internal consultation undertaken to provide this evidence, many farmers who have chosen not to enter Glastir this year have cited the amount of additional record keeping required which makes the Scheme less attractive when compared with the amount of money which will be received.
29. Those farmers with predominantly improved land have also commented that taking land out of production for such a small payment does not make financial sense.
30. Barriers to entry remain the real or perceived complexity of the application process and the size of the application pack (acknowledging that this has been reduced for this year).
31. Concerns about the general requirements of the Scheme, such as the activity diaries and other record keeping requirements which are not always fully understood by applicants are also cited as a reason for not applying to the Scheme.
32. Whilst many of the recommendations of the Rees Roberts Review were adopted by the Minister, the lack of an effective communication plan and the rushed adoption of the recommendations meant that many of the improvements are still misunderstood or not known by the wider farming community.
33. The FUW is aware that there will be a number of farmers whose interest in the entry level Glastir will be dependent on gaining entry into the higher level scheme – i.e. those farmers currently in Tir Gofal and receiving substantial payments – and there remains concern that, some farmers will not be able to forward plan until they know whether they be accepted into the Higher level scheme.

Flexibility between the funding of different elements of the scheme.

34. Given the poor uptake to the Glastir Scheme to date, it is vital to ensure that there is flexibility within the Scheme to allow for the movement of resources between elements of the Scheme.
35. One of the most popular and successful elements of Glastir is the ACRES scheme which was heavily oversubscribed this year. The FUW was disappointed that initially only 120 applications had been successful, but have welcomed the recent moves to increase this number, which is important, given the significant under-spend on Glastir to date.

36. In order to ensure that Axis 2 monies are not lost, due to the under-spend caused by the poor uptake of Glastir, the FUW believes that the budget for ACRES should be increased to allow more farmers to benefit from the Scheme and that a separate LFA component be introduced to mitigate the impact of the withdrawal of the Tir Mynydd Scheme.

Funding available for farmers in less favoured areas

37. Over 80% of Wales is designated as Less Favoured Area and, of that, 72% is categorised as Severely Disadvantaged Area. The current Tir Mynydd Scheme represents a significant proportion of the income of the majority of hill farmers, and the FUW is extremely concerned that, unless the Glastir Scheme is taken up by the majority of farmers, there could be severe impacts on farming families within these areas, with an inevitable knock-on effect on the wider rural economy.
38. The final claim year for the Tir Mynydd Scheme was 2011 and the final payment has just been made in March 2012.
39. The real impact of the loss of the Tir Mynydd Scheme on cash flows will not be seen until 2013 when the reality of the Scheme's demise impacts on the rural economy within the LFAs of Wales.
40. The Union also believes that there is an urgent need for an economic impact assessment within rural areas on the effects of the withdrawal of Tir Mynydd, so that measures to mitigate the likely losses can be developed.

Conclusion

41. Whilst acknowledging the positive changes that have been made to the Glastir AWE since the Rees Roberts Review, the FUW remains concerned that the Scheme is bureaucratic and the level of record keeping required goes well beyond that of an 'Entry Level Scheme'
42. In welcoming the Minister's latest review of Glastir, the FUW hopes that there is the scope and will to go further than tinkering around the edges of the Scheme, so that it becomes a practical proposition for the majority of farmers in Wales.

Environment and Sustainability Committee

E&S(4)-15-12 paper 3

Inquiry into Glastir – Evidence from the CLA

CLA Wales paper of written evidence for the Environment and Sustainability Committee in advance of the oral evidence session on Glastir on 17 May 2012

In reply to the Committee's questions:-

Q: The progress made by the Welsh Government to implement the recommendations made by the Rees Roberts review

CLA Wales welcomed the changes made following the Rees Roberts review, but we think that they did not go far enough in addressing many of the issues identified by the group. We would like the Welsh Government to revisit the minutes of the meetings to further discuss suggestions made by the group which were not adopted.

For example:

1. There is a strong feeling from members that diary keeping requirements are too onerous. They accept that a diary is required for land under management within the scheme but they do not accept that a diary needs to be kept for all land.
2. Farmers would like more than two years to complete capital works.

Q: The greatest barriers to the scheme are:-

- Market buoyancy means that the small payment offered per hectare under Glastir is not so appealing.
- The bad press surrounding Glastir puts people off.
- The requirement for the creation of habitats rather than the maintenance of existing ones. Farmers are discovering that by having already completed work to improve field boundaries, they would have to create more habitat in order to get enough points to get into the scheme. Many are looking for support in maintaining their most valuable habitats rather than utilising improved land in the creation of new habitat. CLA Wales believes that we should be working to maintain and improve our existing habitat, rather than converting improved or even semi-improved land away from food production. We are also concerned that any farmer who does convert improved land to habitat creation will result in a loss of capital value for that asset, as it is unlikely that it could be converted back to intensive grassland if habitat has been created on it. The CLA accepts that payments can only be made on the basis of compensation for profit foregone plus costs, but we do believe that a more creative approach can be made when creating management options.
- Misunderstanding of payment rates with an assumption that they are being paid less than they would for any activity under Tir Gofal.

- The assumption that it is difficult to complete the application form.
- The scheme is very complicated, especially considering that it is supposed to be an entry level scheme. For example, the regional options had very little uptake and are very difficult for potential applicants to grasp.

Q: Funding arrangements, including:

Flexibility between the funding of different elements of the scheme

ACRES has been a good driver for the scheme. Many farmers are entering Glastir All-Wales Element (AWE) in order to access ACRES.

Targeted Element (“TE”) could be a good driver for the scheme, however, as farmers have no idea about the probability of gaining entry to the TE. They also have no clear indication of what may be required or what they are likely to be paid. There is also a great time lapse between expressing an interest in Glastir until TE can be taken up. We would recommend that the TE scheme could be made available to all farmers within the targeted areas, not just the ones who have already entered into the AWE. This would then attract farmers into Glastir AWE.

Forestry CLA Wales has great concerns that the woodland element of Glastir is heading in the same direction as the originally launched Glastir AWE. The stakeholder group membership includes knowledgeable practitioners and stakeholder organisations that are all keen to ensure Glastir is successful and fit for purpose. CLA Wales is urging the Welsh Government to take on board advice from the stakeholder group in the development of the scheme.

It is imperative that there is flexibility to move funds between different elements of Glastir to ensure that the budget is spent in each year. CLA Wales expects the number of applications to enter the scheme on 1 January 2013 to be limited. Land managers already engaged in agri-environment schemes will not be entering the scheme until 1 January 2014 after their existing schemes have come to an end.

Funding available for farmers in less favoured areas (“LFA’s”)

In looking at payments to LFA’s under Glastir, CLA Wales believes that we should consider the larger picture *post* CAP review. We believe that it is imperative that payments to all farmers in Wales should be equitable. There are fears that there could be a great increase in Single Farm Payments to LFA areas as a result of the CAP review. Therefore, payments under Glastir need to take into account the levels of payments made to LFA’s *post* CAP review. We also accept that there are limitations to payment rates for Glastir due to the World Trade Organisation parameters of payments being made for compensation for profit foregone plus costs. However, we believe that a more creative approach can be taken to ensure that an appropriate rate is paid.

Contact:

Sue Evans, Director of Policy, CLA Wales
01547 317085
sue.evans@cla.org.uk



Cyngor Cefn Gwlad Cymru Countryside Council for Wales

NATIONAL ASSEMBLY FOR WALES ENVIRONMENT & SUSTAINABILITY COMMITTEE

INQUIRY INTO GLASTIR LAND MANAGEMENT SCHEME

SUBMISSION BY COUNTRYSIDE COUNCIL FOR WALES

Summary

CCW welcomes this opportunity to present evidence to the Committee. We have had considerable experience in both the design and the delivery of agri-environment schemes. The issues we wish to emphasise are as follows:

CCW welcomes this opportunity to present evidence to the Committee. We have had considerable experience in both the design and the delivery of agri-environment schemes. The issues we wish to emphasise are as follows:

(i). **CCW strongly supports the philosophy underpinning Glastir, in particular the recognition that an integrated approach to land management schemes can play a major role managing a wide range of ecosystem goods and services.**

(ii). **Along with a range of other agencies and NGO's, CCW has devoted considerable effort to both the design and the delivery of Glastir. We will continue to play our part during the period leading up to the creation of the new body charged with managing Wales' natural resources.**

(iii). **Internationally important Natura 2000 sites and nationally important SSSI's feature prominently amongst existing AWE and CLE contracts as well as in the list of farms selected for the Targeted Element (TE). CCW welcomes the role of the new scheme in bringing designated sites into appropriate management and is working to ensure that all necessary SSSI consents are in place.**

(iv). **Whilst the rate at which first round applications have been converted into contracts is rightly a cause for concern, initial signings have taken place at**



Gofalu am natur Cymru - ar y tir ac yn y môr • Caring for our natural heritage - on land and in the sea

Prif Swyddfa/Headquarters
MAES-Y-FFYNNON, PENRHOSGARNEDD, BANGOR LL57 2DW; FFÔN/TEL: 01248 385500; FFACS/FAX: 01248 355782
<http://www.ccw.gov.uk>

a time when most previously signed agri-environment contracts are still operative and against a backdrop of rising agricultural returns and uncertainties over CAP reform. Experience with other agri-environment schemes shows that many farmers wait to see whether “early adopters” are able to combine scheme requirements with the demands of running a successful farming business. In this sense, the existing 1700 AWE contract holders are likely to play a pivotal role over the next few years.

(v). It will be vitally important to carry out sufficient “care and maintenance” visits. These are needed to ensure that all participants In Glastir fully understand their commitments under the new scheme. A mentoring programme should be established to ensure that existing contract holders can provide advice to applicants and new signings.

(vi). Further major changes to the existing scheme prior to the launch of the new WRDP are likely to result in a loss of momentum. Glastir is now the only available major tool with which to address ongoing biodiversity decline, meet WFD targets and ensure that farmers can play a central role in tackling climate change.

(viii). More work is needed to determine why such a high proportion of initial AWE applicants did not sign a contract, but CCW believes that the emphasis over the next 18 months should be on improving the processes by which Glastir applications are submitted and converted into contracts, establishing the TE delivery system and removing any incentives to create perverse environmental outcomes under the AWE.

(ix). CCW has made eighteen recommendations in order to improve the delivery of Glastir (see section 10). Most are intended to improve the delivery process, but in order to safeguard the biodiversity value of existing semi-natural habitats, we strongly believe the use of AWE options 15B and 15D should only be permitted on improved grasslands.

(x). Despite the improvements already made, the Regional packages still add a significant level of complexity to the application packs. CCW supports the use of such packages, but feels that they could be delivered in a much more inspiring way. At the same time the quantity of paperwork sent to each applicant could be significantly reduced.

(xi). The current requirement to obtain points from at least three AWE options is intended to ensure a reasonable level of uptake is maintained across the full range of prescriptions. CCW supports this approach in principle, but feels it can disadvantage farmers with large areas of semi-natural upland habitat. Such farmers should be able to obtain all of their points from just one habitat option provided they have enough land.

(xii). Some 420 farms have now been selected for a visit under the TE including at least 70 commons. It will be essential to ensure that sufficient contract managers are in place to deliver this part of the scheme, bearing in mind that that implementation has only just begun.

(xiii). Permitting TE participants to enter the AWE/CLE at the same time as signing a TE contract could lead to significant administrative savings. Such an

approach would simplify the process of preparing TE contracts whilst ensuring that the measures applied under different parts of Glastir are fully integrated.

(xiv). The remaining Tir Gofal and Tir Cynnal contracts will come to an end on 31st December 2013, risking the possibility that the rate of agri-environment participation will be lower during the early years of the next Wales Rural Development Plan than it is at present. Failure to secure investments already made will lead to a sharp decline in performance against previously agreed SSSI condition targets.

1. Introduction

1.1. The Countryside Council for Wales champions the environment and landscapes of Wales and its coastal waters as sources of natural and cultural riches, as a foundation for economic and social activity, and as a place for leisure and learning opportunities. We aim to make the environment a valued part of everyone's life in Wales.

1.2. Agricultural land and woodland occupy some 90% of Wales. Both farming and forestry impact significantly on the ability of CCW to deliver against its core functions in relation to biodiversity, landscape and public access to the countryside. CCW strongly supports the philosophy underpinning Glastir, in particular the recognition that an integrated approach to the design and delivery of land management schemes can play a major role managing a wide range of ecosystem goods and services.

1.3. The Welsh Government is currently committed to continuing to allocate around 70% of Welsh Rural Development Plan (WRDP) resources to land management during the period 2014- 2020¹. Within this context, CCW recommends that that new WRDP should continue to remain focused on measures designed to reverse biodiversity loss; improve water management; tackle climate change; safeguard cultural landscapes and enhance public access to the countryside in line with existing Welsh Government and EU targets^{2,3,4,5}.

1.4. CCW supports the design principles underpinning the provision of the Glastir agri-environment scheme by the Welsh Government. Whilst the prescriptions available under the All Wales Element (AWE) and Common Land Element (CLE) require less commitment than was the case under predecessor schemes such as Tir Gofal, participation in these parts of Glastir should still help to bring about improvements in the condition of designated sites and the state of the wider countryside. The more demanding Targeted Element (TE) then focuses WRDP resources on those areas where action is most urgently required in order to meet the biodiversity, water and climate change targets set by the Welsh Government and the EU. A greater emphasis on landscape and public access issues would also seem to be appropriate, bearing in mind the role of tourism within the Welsh economy.

¹ *Sustaining a Living Wales: A Green Paper on new approach to natural resource management in Wales. Welsh Government Consultation Document. January 2012. (page 15)*

² *Sustaining a Living Wales: A Green Paper on a new approach to natural resource management in Wales. January 2012. (pages 7-8)*

³ *Environment Strategy for Wales (2006). Welsh Government.*

⁴ *The European Environment – State and Outlook 2010. European Environment Agency. Accessible at: <http://www.eea.europa.eu/soer/synthesis/synthesis/chapter1.xhtml>*

⁵ *EU Biodiversity Strategy. Accessible at: [http://ec.europa.eu/environment/nature/biodiversity/comm2006/pdf/2020/1_EN_ACT_part1_v7\[1\].pdf](http://ec.europa.eu/environment/nature/biodiversity/comm2006/pdf/2020/1_EN_ACT_part1_v7[1].pdf)*

2. CCW's Role in Glastir

2.1. During the period 2009-10, much of CCW's input to the new scheme involved advising on the design of the management options to be used within the AWE, CLE and TE. CCW's scientific and advisory staff also worked closely with EAW and the voluntary sector in assisting Rural Affairs to prepare the GIS maps used to select farms for participation in the TE.

2.2. Over the last eighteen months, CCW's role has shifted and now includes a much greater emphasis on advising on scheme delivery as it affects designated sites. All Glastir applications which involve placing management options on Sites of Special Scientific Interest (SSSI) require prior consultation with CCW before the contract can be issued⁶. This approach is designed to eliminate the risk of a farmer signing a Glastir contract affecting an SSSI only to discover that the contract cannot be implemented as CCW is unable to issue consent for the relevant management option(s).

2.3. At least 284 of the AWE applications received during the first round are known to involve SSSI's. CCW has now processed 204 cases, but 26 of these need to be revisited owing to changes that have taken place since the initial application was submitted. Subject to receiving the necessary information from RPD, it is hoped that all remaining first round consents relating to the AWE can be issued by mid-May 2012.

2.4. A further 113 SSSI's are either wholly or partly covered by the first round of CLE contracts whilst some 250 TE cases are also known to affect SSSI's. Whilst such a significant role in SSSI management is extremely welcome, the processing of the necessary consents also places substantial demands on CCW's Regional staff. This is especially noticeable in those CCW Districts where Glastir SSSI cases are most heavily concentrated. It is also very evident that many of the Glastir workstreams (AWE, TE, CLE, woodland creation and woodland planting) overlap in terms of the timing of the inputs required from CCW. These inputs now cover the provision of pre-application advice to farmers, Grazing Associations and Common Land Development Officers (CLDO's); negotiations over SSSI consents for the AWE, CLE and TE; advice on woodland planting and woodland management proposals along with regular liaison with a wide range of staff from across the Rural Affairs Department.

2.5. With staff from across all CCW Regions now committing substantial resources to Glastir, two part-time process managers have been recently appointed in order to manage data flows and co-ordinate tracking of consents across the organisation. CCW staff are liaising with the Rural Payments Division on a weekly basis regarding both individual cases and the overall consenting process. CCW is also intending to review its internal Glastir processes to see if these can be improved from the perspective of both SSSI owners and staff.

2.6. Whilst staff have been working hard to ensure that consents are provided to cover any Glastir applications affecting statutory sites, CCW nevertheless has a legal duty to refuse any proposals which will have a detrimental effect on the features of an SSSI. In particular, there is higher burden of proof in the case of internationally

⁶ Legal advice is that CCW's powers under the Wildlife and Countryside Act cannot be delegated to the Welsh Government.

important sites, where compliance with the EC Habitats Regulations means that any proposals on a Natura 2000 site should be refused unless the risk of adverse consequences can be ruled out.

2.7. The interaction between SSSI's and the CLE has proved to be problematic in some cases, although the completion of 107 Glastir CLE contracts during the first round of the scheme represents a notable success. Nearly 68,000ha of common land are now under more sustainable management⁷ of which no less than 23,880 ha (35%) is accounted for by 39 separate SSSI's.

2.8. In particular, CCW would like to pay tribute to the work of the Common Land Development Officers. Previous experience with both Tir Cymen and Tir Gofal has demonstrated that facilitators play an essential role in ensuring the delivery of co-operative agri-environment schemes.

2.9. Where the condition of an SSSI is satisfactory and/or unlikely to be damaged by the continuation of existing grazing practice, CCW staff have been asking Grazing Associations to provide details of their current stocking levels as the basis for an SSSI consent. This is because the maximum stocking levels permitted under the CLE (and which apply across the whole of Wales irrespective of local conditions) may be too high in some instances. In a number of cases, however, the relevant Grazing Associations have been unwilling to provide such figures as they fear that any resulting SSSI consent may affect their future SPS entitlements and/ or their capacity to increase grazing levels once any Glastir contract comes to an end.

2.10. In order to address such fears, CCW have provided Welsh Government with a written statement regarding the treatment of expired Notices of Consent. This has also been shared with relevant stakeholders such as the Wales Commons Forum. In particular, as and when Glastir contracts expire, Grazing Associations will either be able to continue grazing at the levels permitted under Glastir (provided this has not caused damage to the SSSI) or will usually be able to revert to the levels and pattern of grazing applicable at the time the SSSI was first notified (in some cases this may require a further consent from the new Single Body, depending on the wording of the individual SSSI notification).

3. Scheme Delivery

Agricultural Land

3.1. A total of 2940 Glastir applications were submitted during the first round of the AWE. The majority of these arrived during the last three days of the application window. The Tir Gofal scheme also started relatively slowly, with only 1381 applications received in the first round and 877 in the second. Experience with other agri-environment schemes shows that many farmers wait to see whether "early adopters" are able to combine scheme requirements with the demands of running a successful farming business. During the first round of Glastir applications, this tendency on the part of many farmers to take a relatively cautious approach was reinforced by the Welsh Government's decision to extend the existing Tir Gofal and Tir Cynnal contracts alongside the Tir Mynydd scheme.

⁷ Welsh Government Ministerial Statement on Glastir. 1st February 2012.

3.2. The total number of AWE contracts arising out of the first round now stands at 1698 and these cover an area of 154,014 hectares. Whilst a conversion rate of 58% is rightly a cause for concern, it is worth noting that the area now under contract still represents some 9% of the Welsh agricultural land area. Moreover, this level of uptake has been achieved at a time when most of the previously signed agri-environment contracts were still operative.

3.3. Further investigation is required to determine why such a high proportion of initial AWE applicants did not proceed to sign a contract. In some cases this may be because it was too difficult for existing agri-environment participants to meet the points threshold required. Despite the assurances provided by the Welsh Government, some applicants likely to have been deterred by the uncertainties created by the impending reform of the CAP. Others may have seen recent rises in agricultural returns as providing an alternative route to building a more secure business by comparison with the levels of payment available under the AWE. Finally, it appears that significant proportion of those who submitted an application may have been deterred by the nature of the process including the volume of information provided in the application packs as well as the need to maintain activity and/or stocking diaries.

3.4. The second round of the AWE has recently ended with a further 700 applications being submitted. This figure is lower than expected, in particular since the last Tir Mynydd payments were made at the start of 2012. By contrast, there appears to have been significant level of interest in the CLE with a further 50 expressions of interest (Eoi) submitted. Relatively buoyant agricultural returns coupled with the prospect of further CAP reform seem likely to have led many potential applicants to hold back from the AWE. Other farmers may have been deterred by the nature of the application process including the new requirement to provide an annotated map as part of each application.

3.5. Whilst a third application round will presumably commence early in 2013, the general requirement for all contracts to be signed on 1st January in the subsequent year appears to present some difficulties. Under the current arrangements, all contracts prepared during 2013 would need to commence on 1st January 2014 – by which time a new Wales Rural Development Plan (WRDP) is supposed be in place. This issue will hopefully be addressed within the transitional Regulations due to emerge as part of the ongoing CAP reform process. Nevertheless, in order to maintain momentum under the Glastir programme, CCW is keen to ensure that at least one more application round is held under the auspices of the current WRDP.

3.6. The remaining Tir Gofal and Tir Cynnal contracts will come to an end on 31st December 2013, risking the possibility that the rate of agri-environment participation will be less during the early years of the next Wales Rural Development Plan than it is at the moment. With this in mind, CCW believes that the emphasis over the next 18 months should be on improving the process by which Glastir AWE and CLE applications can be submitted and converted into contracts as well as on establishing the TE delivery system. Major changes to the existing scheme prior to the launch of the new WRDP could result in a further loss of momentum, especially since any new prescriptions and/or payment rates are likely to require renewed negotiations with the European Commission alongside the need to explain the implications of a re-designed scheme to both new and existing applicants.

3.7. It is worth re-visiting the experience of the Tir Gofal scheme following the first application window in 1999. On that occasion nearly 50% of the applicants were unsuccessful and failed to re-apply in the subsequent round despite the fact that the selection method had been changed. The Glastir scheme has already been through so many changes that a period of stability now appears to be essential.

Woodland

3.8. At the outset of the development of Glastir, support for both woodland creation and woodland management was provided by the Better Woodlands for Wales (BWW) scheme as administered by the Forestry Commission Wales (FCW). Whilst new Glastir Woodland Creation and Glastir Woodland Management Schemes have now been developed, full integration of the woodland element into Glastir (with administration by Welsh Government) will not occur until the end of 2012. As a result, the current Glastir scheme fails to provide a seamless treatment of tree and woodland incentives. For instance, some upland acid grasslands submitted under AWE are potentially available for Glastir Woodland Creation, but are likely to be locked in under AWE requirement to maintain semi-natural habitats under the Whole Farm Code. In addition, non-farming applicants to the Glastir woodland schemes tend to experience more difficulty in dealing with processes which are designed primarily for agricultural schemes.

3.9. The Glastir Woodland Creation Scheme was initiated to deliver the target of creating 100,000ha of new woodland over a 20 year period, as recommended by the Land Use and Climate Change report to Welsh Government in 2010. The aim was to produce a streamlined application process and the resulting 'woodland opportunities map' on the FCW website categorised consultation requirements according to a spatially based a set of constraints (including biodiversity and historic features).

3.10. In practice, many landowners are more interested in creating new woodland on land of low productivity, much of which is semi-natural habitat. Unfortunately this can conflict with the principle of conserving priority habitats and so-called section 42 species⁸. These habitats and species comprise the indicators for the achievement of Outcome 21 of the Wales Environment Strategy (2006) viz:

"The loss of biodiversity has been halted and we can see a definite recovery in the number, range and genetic diversity of species".

3.11. CCW considers that it is essential that the assessment of applications under the Glastir Woodland Creation Scheme continues to be carried out by trained and fully independent officials so as to avoid potential conflicts of interest.

3.12. CCW is also concerned that the current Glastir Woodland Creation scheme is relatively inflexible. For instance, it cannot be used to assist with the creation of new woodland by natural regeneration, nor can it easily be used to support the requirements of the guidance in *New Native Woodlands* (FC Bulletin 112). As previously mentioned, there are some areas within designated sites (SSSI), particularly within the uplands, where new native woodland creation would be

⁸ As listed in section 42 of Natural Environment and Rural Communities Act 2006 (Habitats & Species of Principal Importance for Conserving Biodiversity in Wales)

beneficial, but the Glastir Woodland Creation scheme may not be applicable in such cases and no other grant schemes are available at present. In addition, there are opportunities elsewhere to develop new native woodlands which meet higher ecological standards than those likely to be provided under the Glastir Woodland Creation Scheme.

3.13. Experience of the Glastir Woodland Management Scheme is still very limited as the first window for “expressions of interest” only closed at the end of March 2012. A number of the farms selected for the Glastir Targeted Element fall within the woodland objectives GIS layer and will be asked to carry out woodland management as part of their contracts. It is still too early to gauge how effective this process will be.

4. Implementation of Recommendations from the Rees Roberts Review

4.1. CCW was not represented on the Glastir Independent Review Group, but submitted detailed comments in writing⁹. Our principal concern at that time was to ensure the maximum number of Glastir contracts were signed as soon as possible. This aspiration remains, alongside the expectation that each individual AWE contract will generate an environmental gain in its own right as well as providing a suitable platform for the delivery of the Targeted Element.

4.2. Glastir is now the main route for promoting the ecosystem approach to land management as described in “Sustaining a Living Wales” as well as for meeting the environmental targets set out in the Welsh Environment Strategy (especially those relating to EU-level obligations in respect of Natura 2000 sites and the Water Framework Directive). The previous NAW Sustainability Committee Inquiry into biodiversity is also relevant, in particular the recommendation that “*The review of the Glastir scheme should be utilised to make sure the scheme makes the best possible contribution to the achievement of biodiversity targets*”.

4.3. The Glastir Independent Review Group made 69 recommendations covering both scheme design and process, the majority of which were accepted by the Welsh Government. CCW was particularly supportive of the proposal to merge options 16-18 into a single upland option, but with the stocking rates calculated according to the proportions of the various semi-natural habitats c.f. the approach taken on common land. The creation of new options 41A and 41B has significantly reduced the number of difficulties encountered in issuing SSSI consents (the previous use of the “predominant habitats rule” often generated an inappropriate stocking rate).

4.4. CCW was also broadly supportive of the proposal to create a reduced entry level threshold. This recommendation had the capacity to significantly affect scheme outcomes - weakening them if the overall quantity of environmental outputs was reduced, but strengthening them if farms that would otherwise not have joined the scheme were enabled to do so. Ideally, the reduced entry level should provide a stepping stone for more intensively managed farms to move into the full AWE scheme at some point during the first five years of the contract. Similarly, since participants in the reduced entry level are now allowed to access ACRES, this should provide an alternative to the TE when dealing with water quality issues. More work is required to establish the extent to which this is indeed taking place.

⁹ A copy of CCW's submission is available on request

4.5. CCW continues to have substantial concerns about the implementation of a number of other Review Group recommendations. In particular, the creation of options 15B and 15D allows for applications of up to 50kg/ha of inorganic nitrogen alongside up to 50kg/ha of organic nitrogen per annum to all permanent pastures (including existing semi-natural habitats). Previous research shows that nitrogen applications of only 25 kg/ha per year (applied as inorganic fertiliser) can cause significant damage to the flora of species-rich grasslands¹⁰. Farmyard manure inputs of no more than the equivalent of about 5-6 tonnes per ha per year (equivalent 30-36 kg on N) appear to be suitable for the maintenance of species-rich neutral hay meadows in both Wales and Cumbria¹¹.

4.6 Existing Welsh Government targets for stemming the loss of Biodiversity Action Plan priority grassland habitats are likely to be compromised by the use of options 15B & 15D if these are deployed on semi-natural grasslands. The application of inorganic fertiliser to semi-natural grassland involves making an exception to the Glastir Whole Farm Code and appears to be contrary to the requirements of the EIA (Uncultivated Land) Regulations and hence in breach of cross compliance. Moreover it will be both difficult and costly to restore the biodiversity value of semi-natural grasslands once damage has been done. CCW has therefore recommended that Options 15B and 15D should only be permitted on agriculturally improved grasslands (these comprise more than 90% of the lowland grasslands in Wales). In addition, the maximum level of nitrogen permitted under the AWE (100kg/ha per year) still appears to be above the current rates of application on the less intensively managed improved grasslands in Wales¹². As a result, this part of the AWE appears to be generating very limited environmental gain, whilst placing at risk some significant areas of wildlife habitat.

4.7. Changing the points limits applied to the various options as a result of the Review should have led to some benefits in the uplands. CCW provided evidence showing that the pre-dominance of habitat land in these situations meant that many farmers were left with a choice of very few AWE options when attempting to construct an application. The Welsh Government has now implemented the Review in such a way that farmers can enter the scheme through obtaining up to 90% of their points from a single habitat option, but a minimum of three AWE options is still normally a requirement.

4.8. Whilst supportive of the principle that farmers should be obliged to choose at least some the environmentally more beneficial options alongside those that may be rather less demanding, CCW feels that farmers should now be allowed to enter the scheme with only one habitat option provided they have enough land to meet the threshold score. Such a move would further reduce one of the remaining barriers to entry whilst at the same time helping to meet biodiversity, water quality and climate change objectives.

¹⁰ Smith, R.S. (1993) *Effects of fertiliser on plant species composition and conservation interest of UK grassland*.

¹¹ Kirkham, F. W., Tallowin, J. R. B., Sanderson, R. A., Bhogal, A., Chambers, B. J., Stevens, D. P. 2008. *The impact of organic and inorganic fertilizers and lime on the species-richness and plant functional characteristics of hay meadow communities*. *Biological Conservation* 141, 1411–1427.

¹² <http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-envirom-fertiliserpractice-2010.pdf>

4.9. At the other end of the scale, the current requirement for no less than three options means that farmers can now qualify for the AWE through doing little more than field boundary management. As happened elsewhere in the UK, this approach risks compromising the capacity of the scheme to deliver against the full range of environmental objectives. CCW therefore recommends the use of the so-called “split list” approach under which applicants are obliged to choose at least some options from group A (field boundaries) and at least some options from within group B (other habitats, water quality etc). In order to achieve consistency with the point made in paragraph 4.7 above, an exception could be made where all of the points came from within Group B.

4.10. The Review Group also made a recommendation on simplifying the Regional Packages. Such packages result in an additional 10% being added to the points available wherever the relevant options can provide a particular environmental benefit in the geographical area concerned. The current rules now require 75% of the points to be obtained from the three groups of management options listed in the relevant Regional Package with a minimum of 15% of the points derived from each of the three groups.

4.11. Despite the changes that have been made as a result of the Review, the Regional packages still add a significant level of complexity to the application packs. Detailed explanations of the packages currently occupy no less than sixteen pages. CCW supports the use of Regional Packages, but feels that they could be delivered in a much more inspiring way whilst at the same time significantly reducing the volume of paperwork sent to each applicant.

4.12. Since all of the maps sent to individual applicants are personalised by RPD, it should be possible to provide a personalised Regional Package at the same time. In other words, a farmer in Swansea or Anglesey would receive details of the relevant Regional package as a separate insert within the application pack. The insert would ideally illustrated with some photographs and key facts in order to encourage more engagement with the idea of taking up particular options in order to safeguard particular species. There would then be no need to provide details of the other fifteen packages available across Wales.

5. Implementation of Recommendations from the ‘Working Smarter’ report.

5.1. The recent report by Gareth Williams¹³ contained seventy four separate recommendations. In terms of Glastir, the most significant recommendations would appear to be those dealing with:

- communication of information on sources of support for the agricultural industry (R1);
- increasing the scale of the Farm Liaison Service and make use of experience available within external agencies (R2);
- using the Welsh Government website to clarify the meaning of a wide range of acronyms and technical terms such as sustainability and biodiversity (R7);
- ensuring that the development of on-line systems for all CAP schemes involves interested parties via the On-line Systems Stakeholder Group (R11).

¹³ *Working Smarter. A report of recommendations to the Welsh Government on better regulation in farming.* Gareth J. Williams, December 2011.

5.2. In line with Recommendation 48 (*providing robust examples to demonstrate that good environmental practice is fully compatible with food production while enhancing business performance and profitability*), CCW and its sister agencies have recently commissioned ADAS to identify the main characteristics of sustainable intensification in a UK context. This will involve developing twenty quantified farm level case studies. Each of these will include an assessment of the impacts of adopting different approaches to increasing food production and the delivery of other ecosystem services using range of indicators, including net production per unit area; greenhouse gas emissions; water quality; landscape and biodiversity. The case studies will then be used to stimulate further debate within a series of farmer focus groups before the final report is made available in the early autumn of 2012.

6. Addressing Barriers to Entry

6.1. The current requirement to obtain points from at least three AWE options designed to ensure that a reasonable level of uptake is maintained across the full range of measures available. CCW supports this approach which is designed to avoid the kinds of problems that have arisen elsewhere within the UK. Nevertheless, the chosen approach can disadvantage those farmers with large areas of semi-natural upland habitat. CCW suggests that such farmers should be able to obtain all of their points from just one habitat option provided they have enough land to meet the threshold score.

6.2. As previously described, there are several other more significant barriers to entry. Some of these, such as the application process, scheme literature and approach to on-farm record keeping are more or less directly under Welsh Government control. Some issues, such as the proposed greening of Pillar 1 of the CAP, can only be dealt with through the Welsh Government's involvement in ongoing European negotiations. Increases in livestock prices (alongside the parallel increase in the costs of inputs) are also likely to deter some applicants, but amending payment rates is a complex and lengthy process which is explored in more detail within section 8.

7. Flexibility between the funding of different elements of the scheme

7.1. The allocation of funding within Glastir is largely dictated by the number of applicants for the AWE and the CLE as well as the size of the farms involved. The number of signed AWE and CLE contracts then provides the backdrop against which individual TE farms are selected. Sufficient funds are also required to cover the woodland creation scheme, the woodland management scheme and Agricultural Carbon Reduction and Efficiency Scheme (ACRES).

7.2. Some 420 farms have now been selected for a visit under the TE including at least 70 commons. This part of the scheme is still in its infancy and CCW understands that about 30 visits have so far taken place. The TE is critical to securing Welsh Government and EC targets in terms of addressing biodiversity, water management and climate change. As a result it is essential to ensure that sufficient contract managers are in place to deliver this part of the scheme. Further work will be necessary to establish the amount of staff time required to prepare the sorts of contract which are necessary.

7.3. CCW supported the introduction of ACRES, commenting on the benefits to both the agricultural industry and wider society of enabling farmers to reduce the carbon footprint of their individual businesses. Ensuring that farmers sign an AWE contract prior to entering ACRES allows for capital grants to be made available to Glastir entry-level participants, but simultaneous inspections under both parts of the scheme will still be necessary.

7.4. Since ACRES is largely directed at more intensive farms, CCW wishes to ensure that this part of Glastir is used to promote sustainable intensification in the sense that environmental gains should take place alongside any increase in production. CCW also believes that the concept of sustainable intensification needs to be developed in the context of Sustaining a Living Wales. For example, given global population and resource use trends, it is inevitable that more will need to be produced from each acre of land in future. Agricultural production is only one part of the equation, however, since timber growing, sequestering carbon, managing water, addressing the loss of biodiversity, enhancing cultural landscapes and providing recreational opportunities also make a significant contribution. In other words, the concept of sustainable intensification encompasses the full range of possible ecosystem services capable of being delivered through better management.

7.5. The Welsh Government has recently floated the possibility of introducing a National Envelope scheme in order to support those sectors that might lose out under the forthcoming CAP reforms and the resulting shift to area payments. In the event that the Welsh Government decides to provide further support to the intensive beef and dairy sectors, CCW believes this should be conditional on such farmers taking further steps to promote sustainable intensification through reducing greenhouse gas emissions, enhancing water quality and promoting animal health. Linking any National Envelope to participation in the AWE and ACRES is likely to impact on the balance between the different elements of Glastir.

8. Costing the different options available under the AWE & TE

8.1. CCW has had no direct involvement in the calculation of the payment rates now being used within Glastir, although our agricultural advice team previously carried out this role in relation to both Tir Cymen and Tir Gofal. CCW's land agency team continues to negotiate the payments being made under individual management agreements on SSSIs.

8.2. Agri-environment payment rates are calculated according to the provisions set out in Article 39 of the EC Rural Development Regulation and are required to cover the "additional costs and income foregone" resulting from the relevant commitment. Where necessary, the payments may also cover "transaction costs" (in previous versions of the RDR these were described as incentive payments and set at a maximum of 20% of the income foregone + costs combined).

8.3. The calculation of individual payment levels for each management option within a nationally available scheme involves taking into account a wide variety of farm types and farming situations. In deciding whether or not to apply, farmers will also be influenced by the overall effect of "bundling together" a whole raft of

individual payment rates within a particular contract. Consideration also needs to be given to changes in gross margin (the difference between agricultural returns and costs for particular enterprises) over time. Frequent reviews of payment rates are problematic, however, since all such exercises are very resource intensive. In addition, all changes in payment rates have to be approved by the European Commission.

8.4. A further issue to be considered when setting payment rates is the relationship between the total cost of existing contracts and the size of the overall budget. In general, increasing the level of payment for large numbers of relatively popular individual options is likely to result in a reduction in the number of contracts that can be signed. This is not to suggest, however, that all payments should be set at the same percentage of income foregone plus costs – varying the percentage that is paid (and adding an element of transaction costs where necessary) provides a useful tool for increasing the uptake of less popular options. Applying such an approach to Glastir will require more data on the uptake rates for different options. This information will be difficult to obtain at the present time bearing in mind that first round contracts under the AWE are still being signed whilst negotiations for the first round of TE contracts have only just started.

8.5. The Green Paper on Sustaining a Living Wales refers to “*arguing for a more economically rational regime for paying farmers for the delivery of environmental outcomes*”¹⁴. Whilst the existing “income foregone plus costs” formula is effectively non-negotiable (it is enshrined in the existing WTO agreement on the nature of the Green Box which refers in turn to those subsidies deemed to have only a minimal impact on production) the actual wording of the formula still leaves considerable room for manoeuvre. In particular, recent work by CCW and the other UK countryside agencies has demonstrated that scope exists for placing much more emphasis on the costs of providing certain services (especially in the case of uneconomic farming systems)¹⁵. As already mentioned, however, increasing payment rates will have particular implications when operating within a fixed budget.

9. Funding within Less Favoured Areas

9.1. The Welsh uplands are a major asset, helping to define the national character. In particular, the Severely Disadvantaged Area (SDA) encompasses the largest tracts of un-fragmented semi-natural habitat and landscapes in the country; supplies water as well as contributing to flood management; stores significant amounts of soil carbon (presenting both risks and opportunities in terms of tackling climate change) and contributes to health and well-being through providing a huge resource for outdoor recreation.

9.2. The SDA also supports large numbers of agricultural businesses actively involved in managing semi-natural rough grazings as well as the associated in-bye

¹⁴ *Sustaining a Living Wales: A Green Paper on new approach to natural resource management in Wales. Welsh Government Consultation Document. January 2012. (Page 14).*

¹⁵ *Barnes A.P., Schwarz G., Keenleyside C., Thomson S., Waterhouse T., Polokova J., Stewart S., McCracken D. (2011) Alternative payment approaches for non-economic farming systems delivering environmental public goods. Accessible at: <http://www.sac.ac.uk/ruralpolicycentre/pubs/supporttoagriculture/alternativepaymentapproaches/>*

land. Land abandonment is becoming an issue in some places, although in other locations the recent increase in lamb prices may result in a further phase of gradual agricultural improvement.

9.3. As originally envisaged, a 20% uplift on the basic AWE payment of £28/ha would have been available on all LFA land. This approach was not approved by the European Commission, however, and the same payment rate now applies to all land in Wales. The new standard payment of £34/ha ensures that all LFA farmers are slightly better off than they would have been under the original system, but the LFA differential has been removed along with the provision of a significant uplift outside of the LFA.

9.4. In considering the acceptability of the existing AWE payment rate, a key issue is whether it provides an adequate incentive for LFA farmers to apply for Glastir. Agricultural returns have improved significantly since the launch of the scheme and whilst the income foregone issue has been addressed within the lowlands, the same is not true of the LFA. On the other hand, recent changes in the scoring system mean that many LFA farms are now able to enter Glastir by selecting habitat options only. The fact that such farms no longer need to make an up-front investment in capital works is likely to make the existing payment rate appear more attractive, at least some cases.

9.5. The difficulty with attempting to adjust Glastir payment rates over the next eighteen months is that any such action will be extremely time consuming as well as almost certainly being overtaken by events. The current CAP reform proposals will introduce area payments under the SPS whilst at the same time LFA's will be replaced by Areas of Natural Constraint (ANC). The new ANC's will involve the use of new designation criteria (possibly resulting in a boundary that differs from that used under the LFA system) whilst the Welsh Government may shortly have the capacity to generate ANC support payments from within both Pillar 1 and Pillar 2. As a result, it appears rather too early to adjust the AWE payment rate, bearing in mind that decisions still have to be made regarding the best way of integrating the various upland support measures likely to become available.

9.6. In the event that new Pillar 2 measures are required to mitigate the effect on more extensive sectors of the forthcoming shift to area payments, one possibility would be to examine whether a separate strand of the Glastir AWE could be developed to provide additional support within the uplands/on land inside the moorland line. Such an approach could be used to ensure that the provision of any additional payment (payable in return for a specific set of commitments over and above those available under in the AWE) is consistent with the ecosystems approach set out within Sustaining a Living Wales. Since the same level of support per hectare is unlikely to be required on very large farms as on smaller and medium sized units, the payments could be scaled back according to farm size, as was the case with Tir Mynydd.

9.7. Provision of an upland strand within Glastir could also assist some of the Tir Gofal farms which may fail to qualify for the TE, but whose business model (and environmental delivery) has been dependent on a combination of higher level agri-environment payments coupled with Tir Mynydd.

10. Suggested Improvements to the Scheme

10.1. As a general principle, CCW believes that any major changes in scheme design should be delayed until the start of the next WRDP. In the meantime, the emphasis should be on improving the application process in order to maintain momentum whilst at the same time adjusting some of the existing AWE options to avoid perverse effects. Our specific recommendations are as follows:

(i). In order to safeguard the biodiversity value of existing semi-natural grasslands, the use of AWE options 15B and 15D should only be permitted on improved grasslands. Such grasslands still comprise more than 90% of the lowland grasslands in Wales.

(ii). The AWE application process could be made more flexible and user-friendly. Initial targets were extremely ambitious and resulted in a process which was designed to deal with large numbers of applications within a very short space of time. The extension of Tir Mynydd, Tir Cynnal and Tir Gofal significantly reduced the number of applications and this effect has been exacerbated by a number of other factors including the increase in agricultural returns and ongoing uncertainties over CAP reform. Smaller numbers of applications are now being received and these could be dealt with by allowing farmers more leeway to amend the times at which they attend meetings at Divisional Offices. The associated letters could also be written in a more encouraging tone. During the first round, the rate at which applications were converted into contracts was disappointingly low. A more user friendly process should help to improve on this situation during the second round.

(iii). Applicants should be allowed to enter the scheme using one habitat management option only provided they have enough land to meet the threshold score. Such an approach would further reduce the barriers to entry now facing upland farms. Use of the so-called “split list” approach under which applicants are obliged to choose at least some options from group A (field boundaries) and at least some options from within group B (other habitats, water quality etc) would enhance the capacity of the scheme to deliver against more demanding environmental targets regarding the management of habitats and water. In order to achieve consistency, exceptions could be made where all of the points were obtained from within Group B.

(iv). All applicants should be provided with personalised Regional Packages in the form of a separate insert within the application pack. Individual inserts should be illustrated with photographs and key facts in order to encourage more engagement with the idea of taking up suites of particular options in order to safeguard locally significant species. There would then be no need to provide details of the other packages available across Wales.

(v). Further improvements to the Technical Guidance are necessary. For instance, the use of option 42B (Hedgerow restoration without fencing) is plainly not advisable where the adjacent fields are grazed by livestock. CCW understands that the requirement to exclude stock has now been inserted into all contracts containing option 42B, but this issue will also be addressed within the next edition of the Technical Guidance Booklets. Likewise, the use of coppicing as a hedgerow restoration technique should be excluded within areas known to support breeding dormouse populations.

(vi). All applicants should be provided with more guidance on the selection of suitable AWE options. For example, the use of reduced inputs on improved grassland has the capacity to deliver significant environmental benefits provided it is applied in the right places (adjacent to existing habitats and watercourses) but can

have a minimal impact if used in other locations. Similarly, there are opportunities to integrate the use of the AWE and the woodland creation scheme, but the nature of the application pack tends to encourage an approach based primarily on meeting scheme entry requirements rather than delivering maximum environmental benefits in line with existing farming systems. More use should be made of Farming Connect and the Farm Advisory service as well as FWAG and the voluntary sector. Provision of a specific payment to cover the provision of advice to individual applicants could also prove helpful.

(vii). The assessment of applications under the Glastir Woodland Creation Scheme should continue to be carried out by trained and fully independent officials so as to avoid potential conflicts of interest. Many landowners would prefer to create new woodland on land of low productivity, much of which is semi-natural habitat. Unfortunately this sometimes conflicts with the principle of conserving priority habitats and so-called section 42 species¹⁶.

(viii). The Glastir scheme should provide a seamless treatment of woodland incentives alongside those available for agriculture. For instance, some upland acid grasslands submitted under AWE are potentially available for Glastir Woodland Creation, but are likely to be “locked in” under AWE requirement to maintain semi-natural habitats under the Whole Farm Code. In addition, non-farming applicants to the Glastir woodland schemes tend to experience more difficulty in dealing with the administrative processes which are designed primarily for agricultural schemes.

(ix). Providing worked examples of AWE and TE contracts via the Welsh Government website/within the application packs would help to explain what Glastir is designed to achieve. In the case of the AWE, examples applicable to a range of different farm types could be used to demonstrate how best to apply the various options in ways that meet agricultural needs whilst at the same time delivering maximum environmental benefits. In the case of the TE, it is important to illustrate how the selection process operates and how the contracts themselves will be constructed. A range of part and whole farm contracts could be used to show how the TE prescriptions are intended operate alongside the AWE, the woodland schemes and ACRES.

(x). All farmers with a first round AWE contracts must be in a position to promote positive messages. Such farmers have the capacity to promote the benefits arising from the scheme as well as reducing the risk that misconceptions will become established. Existing scheme participants could provide guidance to those still considering whether or not to submit an application as well as advising new contract holders. Further consideration should be given to establishing a formal system of mentoring (under which lead farmers in a particular area could be paid for providing advice and guidance to others) as well as establishing a regular programme of on-farm visits involving existing scheme participants.

(xi). Every participant should receive at least one “care and maintenance visit” to ensure that they have fully understood all of the prescriptions and are aware of what the contract is designed to achieve. Formal compliance inspections by the Rural Inspectorate for Wales (RIW) are only likely to cover some 5% of participants. Failure to invest in the necessary levels of aftercare will be a false economy.

¹⁶ As listed in section 42 of Natural Environment and Rural Communities Act 2006 (*Habitats & Species of Principal Importance for Conserving Biodiversity in Wales*)

(xii). The application of the Reduced Entry Level (REL) threshold should provide a stepping stone for more intensively managed farms to move into the full AWE scheme. Such adjustments could easily be made during the first five years of the contract without the need for extra staff resources. All of the REL farms should remain in the pool of those deemed to be eligible for a visit by a TE contract manager. In the event that such farms are indeed selected for the TE, the offer of a higher level contract would be dependent on the farmer agreeing to uprate the AWE contract. Such an approach would help to ensure that where the TE is being used to address issues requiring a co-operative approach (such as enhancing water quality within a particular catchment) all of the relevant farms are enabled to adopt the necessary measures.

(xiii). It is essential to ensure that sufficient contract managers are in place to deliver the TE. This part of the scheme is critical to securing Welsh Government and EC targets in terms of addressing biodiversity, water management and climate change.

(xiv). Permitting TE participants to enter the AWE/CLE at the same time as signing their TE contracts could lead to significant administrative savings. As used in the Countryside Stewardship scheme in England, such an approach would simplify the process of constructing the TE contracts, ensuring that the measures applied under different parts of Glastir were fully integrated. From a CCW perspective, the process of issuing SSSI consents would be substantially improved. Firstly, one consent will be required rather than two. Secondly, the consents themselves would become much easier to issue. For instance, under the current system it is difficult to consent to AWE/CLE proposals where these involve reducing stocking levels to rates that are too low to maintain an SSSI in its existing condition. Setting a more suitable stocking rate under the TE would immediately address the problem.

(xv). Existing Tir Gofal farms should be prioritised for entry into the TE. Some 3000 whole farm agri-environment contracts will expire on 31st December 2013. The treatment of these farms will be critical to the success of the next Wales RDP. For instance, some 45,400ha of terrestrial upland SSSI are covered by CCW section 15 agreements, but 51,500 ha are currently within Tir Gofal. These agreements account for a substantial proportion of the land now deemed to be in “unfavourable but recovering” condition. Failure to secure the investment already made will lead to a sharp decline in performance against previously agreed SSSI condition targets¹⁷.

(xvi). The existing team of trained facilitators should be retained in order to take forward the co-operative elements of Glastir. The existing CLE scheme represents a notable success and the current draft of the new Rural Development Regulation (RDR) provides an opportunity to increase payment rates by up to 10% within those agri-environment contracts incorporating a co-operative approach. As the number of CLE applications starts to decline, the existing team of Common Land Development Officers could have a significant role to play in helping to deliver the type of multi-farm contracts necessary to deal with a range of other issues such as water quality and the management of wetlands.

¹⁷ *Environment Strategy for Wales (2006). Welsh Government.*

(xvii). Further consideration could be given to the possibility of examining whether a separate strand of the Glastir AWE could be to be developed in order to address the needs of the uplands. A range of approaches under the RDR may be required to mitigate the effect on more extensive sectors of the forthcoming shift to area payments under Pillar 1. As with the Upland Entry Level Scheme in England, such an approach could be used to ensure that the provision of additional support (which would be provided in return for a specific set of commitments over and above those currently available under the AWE) is consistent with the ecosystems approach set out within Sustaining a Living Wales.

(xviii). The monitoring of environmental outcomes plays a vital part in measuring whether or not scheme objectives are being achieved. Such work often appears less critical at the start of any new scheme, but both prescriptions and procedures need to be continuously reviewed to ensure that public money is being well spent. Building the costs of outcome monitoring into the overall programme budget should help to avoid the risk that such work is treated as a “bolt-on” extra rather than being dealt with as an integral part of the scheme.

11. Concluding Remarks

11.1. The proposed greening of Pillar 1 represents a significant change in the architecture of the CAP. Subject to further negotiations at EU level it is possible that greening could be used to encourage farmers to join agri-environment schemes (AES) by ensuring that they are exempt from the new requirements in the same way as organic farmers.

11.2. Whilst CCW recognises the desirability of minimising the number of changes to Glastir, the proposed EU requirement that the Pillar 1 greening measures should “go beyond cross compliance” means that some further adjustments to the AWE are likely to be necessary. For instance, the modification or the removal of options 15B and 15D would seem to make it more likely that the European Commission will agree with the proposition that all participants in Glastir should be exempt from P1 greening requirements.

11.3. CCW previously welcomed the use of a transition period to ensure that those currently participating in existing agri-environment schemes could continue with their existing commitments up until the end of the current WRDP. Tir Gofal agreements cover some 18% of the Welsh agricultural area, whilst making a significant contribution to the achievement of the SSSI condition targets.

11.4. The expiry of some 6000 existing agri-environment contracts on 31st December 2013 means that substantial numbers of farmers are then likely apply to Glastir. Bringing such farms into the AWE should be relatively simple, but ensuring entry into the TE is likely to require a substantial project officer resource if long queues are to be avoided. An alternative approach would involve putting more emphasis on the role of the farmer and/or private agents in working up detailed management proposals.

11.5. Some 85% of the land area of Wales is devoted to agriculture and forestry and the recent Green Paper on Sustaining a Living Wales rightly acknowledged the importance of these land uses within the Welsh economy. The Glastir scheme attempts to take an ecosystem services approach to the provision of support to the

farming and forestry sectors, but has not been particularly well integrated into the ongoing discussions on natural resources as promoted by the Green Paper. Sustainable land management plays a key role in delivering the ecosystem approach and providing a clear role within the delivery of Glastir would improve the capacity of the new Single Body to achieve its objectives.

11.6. In responding to the recent Welsh Government consultation on Natural Resources Wales¹⁸, CCW stated that *“Glastir should have longer-term objectives than its predecessor schemes if it is to enable sustainable land management. Experience of previous agri-environment schemes shows that Glastir could win greater support from farmers and other stakeholders if it was operated at arms-length from Government. A duty to operate Glastir should be transferred to the new Body at an appropriate date in the near future”*.

Cyngor Cefn Gwlad Cymru
Countryside Council for Wales
May 2012

¹⁸ Copy available on request.



Evidence to the Environment and Sustainability Committee Inquiry into Glastir

May 2012

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

Wales Environment Link values the opportunity to take part in this important Inquiry.

1. Aims and Objectives of Glastir

The primary aim of Glastir is the provision of payment to farmers in order to secure the environmental goods and services that their land provides above the cross-compliance baseline, whilst enabling them to continue productive farming where appropriate. Alongside this primary aim are tangible objects for the scheme to deliver benefits to the Welsh environment. These are:

- To manage soils to help conserve our carbon stocks and reduce soil erosion
- To improve water quality and reduce surface run off
- To manage water to help reduce flood risks
- To conserve and enhance biodiversity
- To manage and protect landscapes and the historic environment
- To develop new opportunities to improve access to, and understanding of, the countryside

If the Welsh Government is to achieve its wider 2020 environmental obligations for water, greenhouse gas emissions and biodiversity in addition to developing sensitive stewardship of landscapes in Wales, Glastir must deliver as intended. The temptation to water down the scheme's effectiveness and objectivity for short term populist or political gain must be resisted otherwise it becomes increasingly unlikely that the scheme will be able to deliver against its stated objectives. For example, vigorous and sustained commitment to the restoration or creation of suitable quality permanent habitats, which will be farmed in an appropriate way, is essential to the success of conservation and enhancement objectives for biodiversity.

It should also be noted that Glastir is the main means of delivering the Welsh Government's target to create 100,000 ha of new native woodland by 2050.

2. Challenges and Context in Biodiversity

The Welsh Government's Wales Environment Strategy declares a firm commitment to achieving its legal obligation of halting biodiversity decline. Following the conclusions of the Axis 2 Review in 2008, Glastir was designed to represent a new contract between the agricultural sector and the scheme provider, in which public benefits, including biodiversity enhancement are purchased. The scheme has been designed, in part, to provide the needs for a number of Principal Biodiversity Species and Habitats identified as priorities for the scheme.

The All Wales Element (AWE), on which this submission focuses, is intended to cater for those species that are widespread yet vulnerable, for example Yellowhammer, Yellow Wagtail, arable plants, Brown Hare, Noctule Bat, Brown Hairstreak and Small Pearl-bordered Fritillary butterflies. However, it must be stated that successful delivery of the Targeted Element (TE) of the scheme, designed to address declines of priority farmland species of most concern is wholly dependent on which AWE options are implemented. The adoption of beneficial AWE options will underpin Targeted Element habitat management whilst the adoption of the wrong AWE options may actually prevent the required TE options from being implemented.

The ability of Glastir to deliver for priority habitats and species was considered during the Sustainability Committee's Inquiry into Biodiversity in Wales (January 2011) and Recommendation 8 states that 'The Welsh Government's review of the Glastir scheme should be utilised to make sure the scheme makes the best possible contribution to the achievement of biodiversity targets.'

If we look more closely at the natural environment in Wales it is clear to see that farmland biodiversity is under incredible pressure. Rapid changes in agricultural management in the post-war period, driven in part by CAP incentives, have resulted in much of the Welsh farmed landscape being unable to provide a sufficient amount or quality habitat for a wide range of species. The Welsh Farmland Bird Index has remained below its baseline level for the last five years. Although there has been some recovery in the most recent year (-3 in 2010 compared with -17 in 2009), this was driven particularly by increases in generalist species such as stock dove and rook that can feed and breed under a wide range of conditions. In fact, the true picture is likely worse than this because some farmland specialists, such as lapwings and ring ouzels, for which previous surveys show large declines (-77% and -69% respectively), are too scarce to be included in the indicator because of current small sample sizes.

Such an approach to managing the farmed environment in Wales is palpably failing to halt and reverse wildlife declines. For example, the current approach is not suitably equipped to meet the requirements of Articles 2, 3 and 4 of the Birds Directive, which collectively are aimed at maintaining the populations of all wild birds across their natural range:

- Meeting the ecological, cultural and scientific requirements of all wild birds (Article 2)
- Taking measures to preserve, maintain or re-establish a sufficient diversity and area of habitats for all wild birds to meet those requirements, including habitat management, re-establishment and creation (Article 3)
- Taking special conservation measures concerning the habitats of Annex I and migratory species to ensure their survival and reproduction in their area of distribution [which logically includes all habitat conservation measures set out in Article 3] (Article 4)

Birds Directive case-law makes it clear that measures deployed to deliver these requirements such as Glastir must be explicit and targeted. By making schemes too generic or building in structural defects that will clearly undermine the aims of such measures, Government risks breaching the requirements of the Directive. The ongoing decline experienced by many farmland bird species in Wales is clear evidence that, to date, these requirements have not been met. Substantive strengthening and re-structuring of agri-environment is required to ensure the ecological requirements of farmland birds and other wildlife are dealt with.

The combinations of management prescriptions that will secure the recovery of many farmland species are known. Failure to act on those prescriptions and to perpetuate wildlife declines must not be tolerated and could constitute a knowing breach of European legislation such as the Birds Directive.

3. Rees Review Panel

WEL has always been a strong supporter of Glastir, and our membership continues to commit substantial time and energy working with Welsh Government to develop the scheme. However, WEL was disappointed to learn that the composition of the **Rees Review Panel** was heavily orientated towards the agricultural sector and that no representatives from WEL were invited to take part until the network specifically asked to do so.

From subsequent participation in the review it became apparent that the main driver for many of the proposed changes to Glastir was an attempt to make commitments under the All Wales Element less agriculturally restrictive, rather than working to enhance the effectiveness of prescriptions. Although WEL was able to support proposals to address the barriers to uptake within Glastir, we were not able to endorse recommendations that presented risks in reducing the scheme's ability to deliver against its key biodiversity and landscape objectives. As a result WEL was not able to sign up to the final report.

It is WEL's intention to work with Welsh Government to overcome these issues. We recognise that Wales has made both gains and losses in the past due to the lack of a national and integrated scheme, which raises the overall environmental standards of land use and landscape stewardship. WEL is keen to champion the development of a scheme to encourage responsible stewardship of the countryside and that seeks to safeguard and enhance biodiversity, cultural and heritage values and the quality and diversity of our landscapes in Wales.

4. Specific Areas of Concern

4.1. Options

WEL was relieved to discover that some of the more detrimental, production based recommendations of the Rees Review, such as paying for liming and the consideration for the inclusion of payments for growing High Sugar Grasses and Maize were not accepted. However, new options, which will have reduced or no positive environmental impact have been accepted. These include:

- Reduced width hedgerow management
- Direct drilling of root crops
- Management of permanent pasture with low inputs (up to 50kg N/ha, which is almost equivalent to the national average)

Until the outcome of the second application window is known the overall impact of the introduction of these new, agriculturally less demanding options will not be fully realised. However, it is likely that in combination with the adopted recommendation of reducing the minimum number of options per contract to three their inclusion will result in a significant number of contracts containing a limited diversity of low environmentally valuable options. This carries with it the considerable risk that a large amount of public money may be spent, yet will deliver very little environmental benefit, as is the case with the English Entry Level Scheme.

This risk also highlights the significant concern that inclusion in the All Wales Element (AWE) will not automatically mean that priority species, requiring management of specific habitats, will benefit.

This will also be the case if farms with priority species do not progress into the Targeted Element of the scheme, which contains the majority of prescriptions, designed to benefit declining farmland wildlife of highest conservation concern. For example, the on-going failure of Government to take action and reintroduce a field scale P-layer for ground nesting waders, designed to ensure that inappropriate land management does not affect breeding sites for species such as lapwing and curlew, remains a significant concern and must be rectified.

4.2. Regional Packages

WEL maintains that the concept of *regional packages* designed to encourage and incentivise farmers to undertake appropriate habitat management for a range of widely distributed but vulnerable species remains sound. However, the limited uptake (approximately 7%) highlights the need, as identified by the initial inquiry, to review the process. The limited uptake may also highlight the need to increase the farming community's awareness of the purpose of the packages and why it is important to provide the full ecological requirements for a species.

4.3. Payment Options

WEL did not support the introduction of a "reduced points for reduced payment" option especially in light of the wide number of options available to more intensive farms. Reduced commitments to access capital grants is a poor justification. The decision that farmers who opt for this approach will not be eligible for the Targeted Element also raises the question of how priority species present on these farms will be managed, as the necessary management prescriptions are often only available in the Targeted Element.

WEL understands the decision to base Glastir scheme payments on income foregone and/ or costs incurred, but we are keen to stress the importance of regularly reviewing and re-validating costs to reflect the most up to date agronomic statistics available. This should be subject to full stakeholder consultation to ensure that scheme options offer sufficient remuneration to farmers for delivering the environmental goods and services required. WEL continues to view existing levels of payment for arable options as inadequate in the current economic climate. As they are, these levels of payment are unlikely to encourage existing arable farmers to take up options designed to deliver for Principle Biodiversity Species and Habitats. Payments for arable options for existing arable farms should be based on arable gross margins and not those for upland sheep, which have been adopted as the industry average when calculating Glastir payment rates.

4.4. Barriers to Uptake

Early indications suggest that the number of farmers applying for Glastir during the second application window will be comparatively low. Despite implementing a number of recommendations intended to improve accessibility to the scheme, **barriers to uptake** remain. Farmers continue to perceive the application process as overly complex with inadequate rewards in return for participation.

WEL has maintained that the increased deployment of **Project Officers** supported by specialist advisors (e.g. to provide advice on priority habitats and species) would enhance the farming community's understanding of the aims and objectives of the scheme. WEL also believes that an increase in individual/ small group support and engagement from Government would greatly increase uptake. One of WEL's members, RSPB Cymru, can demonstrate specific evidence of this through its experience within the North Wales Moors Futurescape area. During the first application window over 200 farmers were advised during the application process, this included the provision of information and guidance on how their contracts could help priority birds and other wildlife.

WEL believes that the **failure to adequately explain** to the farming community that the AWE is not directly comparable to Tir Gofal in economic terms, coupled with the uncertainty of progression from the AWE to the Target Element has contributed significantly to the belief held by some that participation in the scheme is not financially rewarding.

Uncertainty surrounding the outcome of reform of the Common Agricultural Policy (CAP) must also be a consideration. It is understandable that despite receiving assurances from the Welsh Government that Glastir will be “CAP proof” and that Welsh farmers will not be disadvantaged by any future changes, the farming community is being cautious about its involvement with the scheme. It must also be recognised that the sustained negative pressure directed at the scheme from certain quarters will almost certainly have contributed to the poor levels of uptake.

Rather than flexibility, the immediate issue regarding scheme funding is that adequate funds are allocated to Glastir to ensure that it is able to fully contribute to achieving Wales’ 2020 environmental objectives. The Welsh Government has repeatedly stated that Glastir is the main means of addressing Welsh wildlife declines, however, as yet the contribution that the scheme will make towards achieving this obligation has not been stated. Therefore, before considering the issue of **flexibility of funding between different elements of Glastir** it is critical that the scheme’s contribution towards achieving Wales’ environmental objectives is clearly established, and that adequate funding is available within the scheme to achieve these aims.

4.5. CAP Reform

WEL does not agree with the Welsh Government’s proposal that participants in Glastir’s AWE should be exempt from the proposed *greening* requirements of Pillar 1 (Single Farm) payment.

If this becomes a reality the majority of Welsh farmers are likely to participate in the AWE placing a significant demand on the agri-environment scheme budget. Whilst increased participation in agri-environment is to be encouraged this must not be at the expense of the scheme’s ability to reward farmers for undertaking targeted action for the benefit of the Welsh environment. This may be the case if increased uptake of the AWE results in a reduced budget for the Targeted Element. It is therefore vitally important that as part of its negotiations on CAP Reform, the Welsh Government seeks to secure the means of guaranteeing adequate future funding for agri-environment in Pillar 2. This must include a fair allocation of Pillar 2 funds, based on objective criteria and increased rates of modulation.

4.6. Less Favoured Area and High Nature Value

The decision in Wales to move away from automatic, non-objective Less Favoured Area payments (Tir Mynydd) and to incorporate the budget into Glastir was an important step forward. WEL questioned the justification for the non-objective LFA uplift within the scheme and as a result of similar concerns raised by Europe, the uplift payment has been removed. However, a recalculation of payments exercise has resulted in all participating farmers receiving the higher hectare rate of payment (£33.60 as opposed to £28.00). In effect all Welsh farmers are now eligible for what was the LFA uplift payment rate.

With respect to additional **funding available for farmers in the LFA** there are a number of options available within the current CAP Reform proposals that could be used for this purpose including a payment for Areas under Natural Constraints (ANC), which could be extremely useful if targeted to High Nature Value (HNV) farming systems. HNV farms often receive little or no support from current CAP payments, despite being widely distributed throughout Wales (with predominance in the uplands).

Payment logic, which governs agri-environment schemes, is not always best suited to the realities of HNV farming. For many HNV farms, extremely low (or even negative) incomes mean that paying for the 'income-forgone' for agri-environment activities may not make economic sense and as such does not provide a farmer with adequate incentive to adopt agri-environment measures. Paying for the 'costs incurred' can be inappropriate as in most cases the desired outcome is a continuation of current practices. HNV farms need targeted economic support that is linked to the continuation of well-defined land management practices and the delivery of environmental public goods.

There is also an opportunity to use the National Envelope (5% of Pillar 1) to channel support to High Nature Value semi-natural grazing systems where they deliver clear and significant environmental public goods but which are often economically marginalised. The environmental benefits produced by such low-intensity grazing systems, widely distributed throughout the uplands and more marginal areas of Wales, are inextricably linked to livestock grazing. However, the economic pressures facing such systems are leading to increasing uneconomic viability, which ultimately may result in the cessation of such farming activities. In some cases this may lead to more intensive management with negative impacts on the environment. In some locations however, changing land use will create positive opportunities for woodland creation.

5. Conclusion

As currently structured, it is clear that there are inherent weaknesses within Glastir, which undermine the Welsh Government objectives for the scheme.

WEL believes that Glastir has the potential to become a successful, sensitive, stewardship scheme providing benefits and opportunities to maintain and enhance the ecological requirements of farmland wildlife, the quality and diversity of landscape character and the traditional heritage and cultural values associated with the Welsh countryside. This should be achieved by developing a more robust design, and better implementation and enforcement plans within the scheme.

The following WEL members support this document:

Bat Conservation Trust

BTCV Cymru

Butterfly Conservation Wales

Coed Cadw / Woodland Trust

Cymdeithas Eryri / Snowdonia Society

Plantlife Cymru

RSPB Cymru

Wildlife Trusts Wales

Wye and Usk Foundation

Wales Environment Link unites voluntary bodies whose primary aims include the conservation, protection or quiet enjoyment of landscape, wildlife or amenity in Wales
Mae Cyswllt Amgylchedd Cymru yn unio cyrff gwirfoddol sydd â'u hamcanion pennaf yn cynnwys cadwraeth, gwarchodaeth neu fwynddwl o dirfun, bywyd gwylt ac amwynder yng Nghymru
Reg. Charity No: 1022675 Rhif Elusen Gofrestredig: 1022675

Environment and Sustainability Committee

E&S(4)-15-12 paper 6

Inquiry into Glastir – Evidence from the Soil Association



April 2012

Introduction

This response is made on behalf of the Soil Association and produced by its policy department. The Soil Association is the main organisation for organic food and farming in the UK, and is a membership charity with over 27,000 members including approximately 4000 farmer members. The Soil Association also owns an accredited organic certification company. The area of organically managed land in Wales stood at 124,681 ha at the end of 2010. Most is fully organic with only 5,099 ha in conversion. This represents just over 8% of the agricultural land area¹ (the highest percentage in the UK). The Soil Association certifies around 30,800 ha of this land. This response focuses on the impact of the Glastir scheme on organic farmers.

Nb. Given the short amount of time for this consultation we have not been able to fully consult our members on these questions as we would have wished to do. Therefore the views given are based on a small number of our producer members, the Welsh Organic Group including Organic Centre Wales and other key stakeholders.

Overview

We welcome the fact that there is now a specific organic maintenance fund within Glastir. We also support the fact that in the interim, existing Organic Farming Scheme participants in Wales have been invited to extend their existing participation until 2013, and that application windows for the Organic Conversion Scheme were set. We back the provision of surgeries which were set up to assist farmers with the Glastir process, though do not have data on how useful this service was to organic farmers or how widely it was used.

There is still much uncertainty about the future of support for Welsh organic farmers post 2014. This uncertainty is having a negative impact on producers in Wales. A recent (as yet unpublished) report of survey results from Organic Centre Wales (OCW) shows that in the previous two Welsh producer surveys, the percentage of producers indicating they intend to cease organic farming in the next five years increased from 18% in 2009, to 36% in 2010, and this has risen to 42% in 2011². The main concerns were identified as lower agri-environment payments for organic farming through the Glastir scheme and uncertainty of CAP reform in general. The Graig Producers group Glastir survey (conducted in October 2010) also asked for producers to indicate their future organic

¹ Soil Association Organic Market report 2011

² Organic Centre Wales, 2011 producer survey (not yet published)

farming intentions and 29% stated they intended to withdraw from organic production with another 33% uncertain.

Views of the scheme

Partly as a result of the various iterations of the scheme, there is a view amongst farmers that the Glastir scheme is complicated and difficult to access, this view is compounded by the fact that the guidance documents are long and seemingly difficult to understand. This view has prevented large number of farmers from entering the scheme.

Specific issues

- There is a lot of confusion amongst farmers because the Tir Gofal scheme included a capital works scheme which was appreciated because the money to fund the project could be claimed when the project was completed. This meant a strong element of stability for the farmer. Under the Glastir proposal, such payments are spread over five years in a points remuneration scheme. Farmers feel that this has not been explained adequately. Despite the fact that a higher payment is received if this is calculated over the five years, farmers have suggested that a preferable alternative is for the scheme to revert to a capital works programme, rather than having to wait until at least year three or four of the scheme to be remunerated.

Suggested methods of improving the scheme

- It is recommended that the Welsh Government re-visit the Rees Roberts report and adopt as many of the proposed recommendations as possible.

In particular there was a suggestion to support a high sugar grass / red clover option. This was included because it was calculated that using such varieties is 25 % more efficient when producing 1 kg of meat and therefore reduces emissions significantly. We strongly urge that this proposal from the Rees Roberts report is taken forward.

It was also recommended that road and farm boundary hedges are allowed as part of the scheme. This is an area which farmers take pride in and would welcome an opportunity to improve their hedges and fences via the Glastir scheme.

- There is a lack of flexibility in the scheme. One example of this is the inability to add additional land into the Glastir scheme once a farmer has entered into a contract. This aspect needs to be improved to allow farmers the flexibility of renting or purchasing extra land. It has been suggested that there could be a five year break clause, but in theory it appears that once the targeted scheme is introduced in two years, farmers could be locked into a seven year contract, which could have significant implications on a farm business.
- ACRES offer letters have been received by a relatively large number of farmers but it appears that there is a heavy burden of bureaucracy and cost on farmers during the grant application process. For example employing a consultant to produce a nutrient management plan costs around £500.00 per day. A consultant must also be employed to give a soil sampling appraisal for the farm and a very expensive specification of the BSI standard for slurry pits is making some projects unviable, even with the aid of the grant.

- There is a view amongst farmers that there hasn't been enough openness about the development of the Targeted Element. It is our view that denying Tir Gofal farmers access to the Targeted Element is a mistake because these farmers would have acted as beacons of good practice within their communities to promote elements of the scheme that can help them make up income lost income. This loss of income is especially acute in LFA areas a result of losing Tir Mynydd. Tir Gofal farmers have been more proactive in agri-environment schemes and could have encouraged their neighbours to enter Glastir.
- There needs to be increased flexibility within the points system to allow for different size fields from year to year within arable options. One suggestion is to allow for a 10% increase within each individual option for a farmer to add area if the field is the wrong size.
- We also suggest that there should be an increase in the unsprayed option payment to assist organic farmers in off- setting their decreased yield as a result of weed contamination.
- It would make it easier for farmers to plan for the future if both targeted and all Wales elements begin on the same date.

Payment Rates

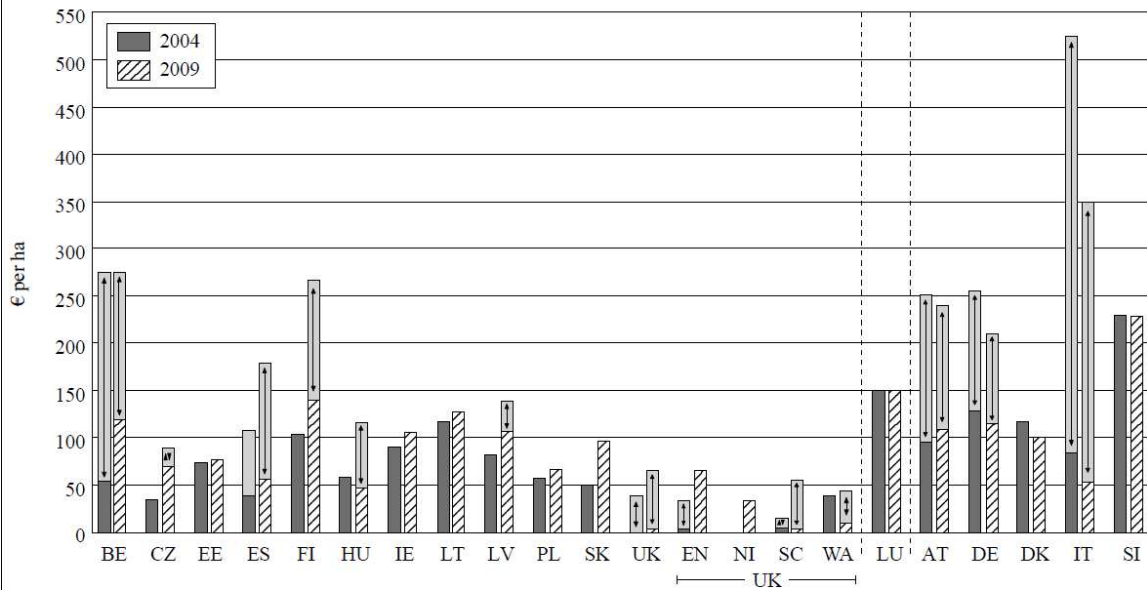
Our major request for organic farmers is that the organic maintenance payment that has already been promised be provided and for the level of this payment to be at least in line with that paid in England, Scotland, and indeed the rest of the EU 27.

One of our major concerns regarding the scheme as it stands is that the payment rates being received by Welsh Farmers (along with those in England, Scotland and Northern Ireland) are the lowest in the EU³ (see graphs below). New research, commissioned and published (in press) commissioned by DG Agri (European Commission) confirms this (Sanders 2012)⁴.

³ Gerald Schwarz, Hiltrud Nieberg und Jörn Sanders (2010), Organic Farming Support Payments in the EU, Landbauforschung vTI Agriculture and, Forestry Research, Germany

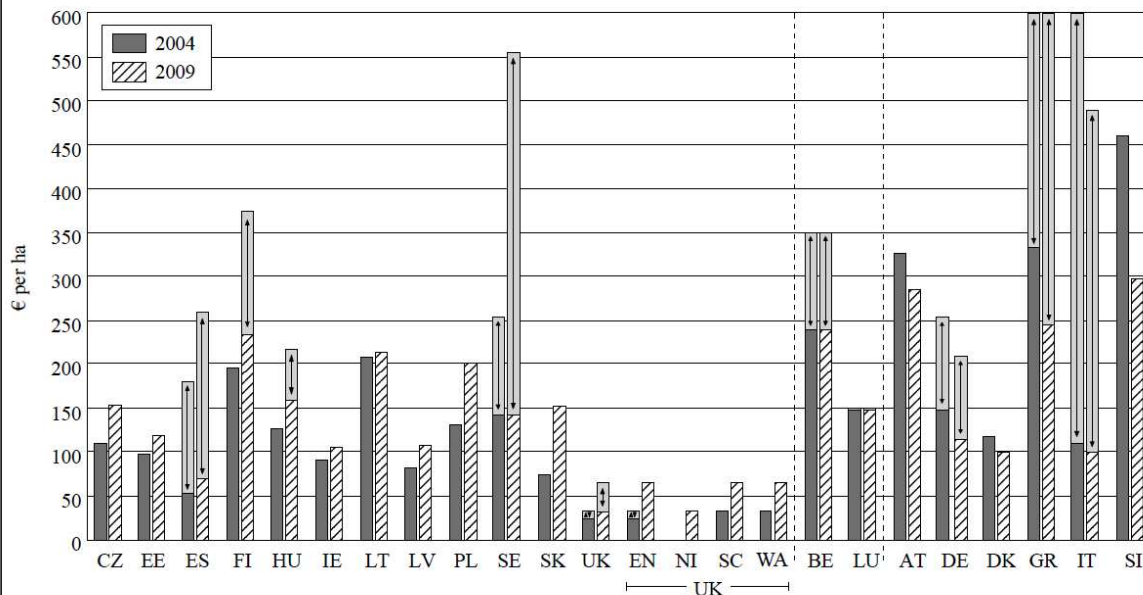
⁴ Use and efficiency of public support measures addressing organic farming' commissioned and published by DG Agri (European Commission). Research by the Johann Heinrich von Thünen (vTI) Federal Research Institute for Rural Areas, Forestry and Fisheries, Germany, Forschungsinstitut für biologischen Landbau (FiBL), Switzerland, and Organic Research Centre (ORC) United Kingdom

Figure: 2-4: Comparison of maintenance payment rates for grassland between 2004 and 2009



AT = Austria, BE = Belgium, BG = Bulgaria, CZ = Czech Republic, DE = Germany, DK = Denmark, EE = Estonia, ES = Spain, FI = Finland, HU = Hungary, IE = Ireland, IT = Italy, LT = Lithuania, LU = Luxembourg, LV = Latvia, PL = Poland, PT = Portugal, SI = Slovenia, SK = Slovakia, UK = United Kingdom, UK-EN = England, UK-NI = Northern Ireland, UK-SC = Scotland, UK-WA = Wales

Figure: 2-3: Comparison of maintenance payment rates for arable land between 2004 and 2009



AT = Austria, BE = Belgium, BG = Bulgaria, CZ = Czech Republic, DE = Germany, DK = Denmark, EE = Estonia, ES = Spain, FI = Finland, GR = Greece, HU = Hungary, IE = Ireland, IT = Italy, LT = Lithuania, LU = Luxembourg, LV = Latvia, PL = Poland, PT = Portugal, SE = Sweden, SI = Slovenia, SK = Slovakia, UK = United Kingdom, UK-EN = England, UK-NI = Northern Ireland, UK-SC = Scotland, UK-WA = Wales

Payments rates through the Organic Farming Conversion Scheme appear to be too low to attract significant numbers of farmers into organic conversion (as evidenced by the low uptake of the OFCS scheme since its inception in 2009), and to retain farmers in organic certification at the end of their current 5 year agreements. In a recent survey conducted by OCW⁵, 42% of farmers said they were considering reversion to conventional farming at the end of their agreement if payments remained at their present level. Through a separate measure for organic farming (within the current round of CAP reform), payments can, and should, be enhanced

Lack of support for organic farming

The Welsh Government should welcome the organic market as an important growth area for the Welsh economy, recognise the vital role played by organic farmers and food businesses in creating this growth, and support organic businesses with the same enthusiasm as with other small but rapidly growing areas of the economy.

Strong governmental support for organic farming, and the subsequent benefits it can bring to the environment and economy has been extremely noticeable in a number of European countries.

The global production of organic food is set to grow substantially, with the organic market frequently cited as one of the most significant growth markets in the food industry. This potential is demonstrated in Austria, Denmark, France, Germany and Switzerland where sales of organic food continued to grow in 2009, despite the recession. In the UK, sales fell, although they are now recovering. A range of factors may explain the recent decline of the UK organic market compared to our European neighbours, but the passive role of successive UK governments in supporting organic food and farming is one of the reasons commonly given. In contrast, most European countries have acted confidently to normalise and champion organic food and farming⁶. Despite the support of the Welsh government, particularly in the past, the current low level of payments to organic farmers is putting Welsh farmers at a disadvantage in comparison to their European neighbours.

Benefits of organic farming

We are pleased to have the support of Alun Davies AM through the transition of the Glastir scheme, particularly in his public statement:

"I am committed to ensuring a sustainable organic sector in Wales". This statement demonstrates the Welsh Government's commitment to organic farming and food. It should give confidence to farmers in Wales that their decision to become organic is in line with, and will be supported by, future farming policy. It is another boost to the organic industry – which has much to be positive about.

As outlined in the statement above, organic farming supports all of the environmental and social outputs the Welsh Government requires from the food and system: but that the market does not pay for, such as biodiversity, landscape, access, carbon, water and emissions management). Therefore organic farmers should be adequately remunerated for providing these benefits.

⁵ Moakes, S; Fowler, S (2011) 'Welsh Organic Producer Survey 2011' *Institute of Biological, Environmental and rural Sciences*

⁶ Soil Association (2010) 'Lazy Man of Europe', Soil Association

Organic farming has proven environmental benefits which are widely accepted, for example by the European Court of Auditors⁷, and the Welsh Government who have invested in organic support schemes since 1999.

Organic farming benefits the Welsh economy, for example, (in England and Wales organic farming generally creates over 70% more jobs than non-organic farming⁸).

We believe that the Welsh Government should support agricultural practices that use natural resources in a rational way:

- water: no depletion or pollution of ground water, no use of river water that leaves rivers running low, and no pollution of rivers
- soil: conservation and improvement, not degradation
- wildlife on farms: conservation and enhancement, not decline
- landscape: conservation and positive changes to increase diversity, not destruction of valued landscape features like hedges
- climate: encourage farming practices that store carbon in soils and that rely on renewable fertility and energy, not fossil-fuel based fertility
- no use of any persistent, bio-accumulative, hormone disrupting pesticides
- highest standards of farm animal welfare.

We believe that organic farming can play a key role in delivering the numerous public goods which Welsh citizens expect as part of the farm business. As a system, organic farming can deliver all (or almost all) of the above objectives much more efficiently than an approach which relies on a myriad of policy interventions which attempt to achieve each one separately.

The compliance costs of organic systems (inspection and certification) are already effectively met by organic farmers and growers themselves – not taxpayers. Therefore we urge the government to support new and existing Welsh organic farmers by ensuring equality across EU nations in terms of support payment levels.

CAP reform

We understand that the as yet unknown outcomes of the current round of CAP reform negotiations may have impacts on the Glastir scheme post 2014. Despite this, we urge the Welsh Government to formulate the architecture of the scheme which will support organic farmers post 2014 as soon as possible to enable Welsh organic farmers to plan for the future, secure in the knowledge that they will receive adequate payments for the services they provide which are in line with the rest of the EU member states.

⁷ European court of Auditors (2011): 'Is agri-environment support well designed and managed?' Special report No. 7

⁸ England and Wales under organic agriculture: how much food could be produced?, University of Reading, 2009

John Griffiths AC /AM
Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development



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Ein cyf/Our ref

Lord Dafydd Elis-Thomas AM
Chair of the Environment &
Sustainability Committee
National Assembly for Wales
Cardiff Bay
Cardiff

30 April 2012

Dear Dafydd,

ENVIRONMENT AND SUSTAINABILITY COMMITTEE INQUIRY INTO ENERGY POLICY AND PLANNING IN WALES.

Following my colleague Carl Sargeant's attendance at the Committee Inquiry into Energy Policy and Planning in Wales on the 15th March, he agreed to provide written information for the Committee on the capacity within local authorities to handle large scale planning applications. As planning falls within my portfolio, I am responding to you on this matter.

The resources required by local authorities for the exercise of their statutory duties is included in the general block grant given by Welsh Ministers to each unitary authority. Any new or additional responsibilities are the subject of discussions and negotiations with the WLGA to establish what level of additional funding is required for their delivery. In the case of land use planning, some local authority work is covered by application fee income which is required to accompany most, but not all, planning applications. An application for listed building consent, for example, does not currently attract a fee. The Welsh Government is responsible for setting planning application fee levels, which should be budget neutral, that is, they are set at a level whereby the expenses incurred by authorities are covered, but without making a profit.

Other planning duties for which local authorities are responsible are included within their block grant; this funding includes that required for preparing local development plans, securing environmental improvements, monitoring bio-diversity and tree preservation orders or undertaking enforcement.

Local Authorities are responsible for the prioritisation and allocation of the block grant awarded to them in order to ensure that they provide the necessary range of services

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

English Enquiry Line 0845 010 3300
Llinell Ymholiadau Cymraeg 0845 010 4400
Correspondence: John.Griffiths@wales.gsi.gov.uk

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required by the people they serve. Whilst the Welsh Government puts in place monitoring arrangements, the details of specific grant allocations and hence the money provided for the planning services in an area, is a matter for the local authority.

Planning fee income has been affected by the recession, and I understand that large urban planning authorities have been affected quite noticeably in this context, reflecting the lower number of higher fee applications submitted.

When it comes to energy applications, I know you are aware that schemes over 50MW are not devolved and will be processed by the National Infrastructure Directorate (NID) within the Planning Inspectorate, and that decisions on such schemes in Wales are taken by UK Ministers. Applicants submit a fee to the NID for their Development Consents Orders. Projects below the 50MW threshold require planning permission from the local planning authority who charge the applicant a fee for processing the application. In the case of wind farms, the planning fee is proportionate to the size (area) of the proposal with the maximum potential fee currently set at £250,000.

In the case of proposals over 50MW local planning authorities are required to consider proposals as if they were the determining body in order to make meaningful representations to the UK Government. As a consequence, the workload for local authorities is similar for projects above and below the 50MW threshold, but in the case of projects over the threshold, there is no fee income available to them. The Welsh Government has acknowledged this anomalous situation and provides financial assistance to those authorities which have to process wind farm applications over 50MW located within the Strategic Search Areas contained in Technical Advice Note 8. This assistance has been available for 4 years since 2008/9 and to date nearly £500,000 has been paid to qualifying authorities.

Where a local planning authority receives a request for pre-application advice that requires substantially more resources than is normal, it is open to them to recover costs by charging a fee under section 93 of the Local Government Act 2003. This provision may be used for energy applications above and below 50MW and I understand that some authorities are/were using it, such as Anglesey.

The Welsh Government provides additional funding to planning authorities to access independent specialist advice in respect of renewable energy projects which they are expected to determine. We recognise that such applications can be technically complex and often require specialist skills and knowledge in order to assess the likely impacts. The funding available from the Welsh Government allows local planning authorities to procure expert specialist technical assistance in order to help with the consideration of renewable energy projects. This funding has been in place for 2 years with an annual spend of c. £40,000, on 3 applications in 2010/11 and 4 in 2011/12.

In order to provide direct practical assistance to local planning authorities, the Welsh Government has also produced a wide range of published material over recent years in order to facilitate the effective planning of renewable energy projects. The material available for local planning authorities ranges from Practice Guidance Notes on the planning aspects of different forms of renewable energy technologies, through to a Renewable Energy Toolkit for Planners which allows for a fuller consideration of renewable energy issues within Development Plans. Additional funding is available to local planning authorities to assist them with the production of Renewable Energy Assessments using the toolkit methodology with joint working and sub-regional collaborative proposals encouraged. This assistance has been produced specifically to assist local authorities develop expertise and capacity to consider new energy projects. Copies of the relevant material have already been circulated to members of the Committee.

Looking to the future, I have established an Independent Advisory Group to advise me on the content of a Planning White Paper and subsequent Planning Bill. I know that the Group has already heard evidence from a range of renewable energy stakeholders and local

authorities, and I am expecting that they will make further recommendations for the effective planning of renewable energy projects in Wales, including capacity issues.

Best wishes,

A handwritten signature in black ink, appearing to read 'John', written in a cursive style.

John Griffiths AC / AM

Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development

John Griffiths AC /AM
Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development



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Dafydd Elis-Thomas AM
Chair, Environment and
Sustainability Committee
National Assembly for Wales
Ty Hywel
Cardiff Bay
CF99 1NA

28 March 2012

Anawyl Dafydd,

Thank you for your letter dated 9 March, which followed consideration by the Environment and Sustainability Committee of the concerns raised by the Chartered Institute of Environmental Health Cymru (CIEH), regarding the draft Contaminated Land Statutory Guidance 2012. I would like to assure you that I have given full consideration to the points raised by CIEH in relation to the revised Guidance.

The contaminated land regime has been in force for ten years and in that time it had become clear that there were issues with the way in which the existing Guidance went about explaining when land does (and does not) need remediation. This had created significant uncertainty and led to unnecessary and expensive remediation work being carried out by regulators and developers and took up resources that could have been focused on dealing with more problematic sites.

The revised Guidance was prepared to address these issues and has been developed through close working with experts in the contaminated land sector. It will give regulators more confidence in their decisions, increase transparency and the proportionality of decisions and will help reduce administrative burdens in line with the principles of good regulation. I am confident that the revised Guidance will improve upon the existing contaminated land regime, as it aims to deliver a regime which is more effective at safeguarding human health and the environment, by effectively prioritising higher risk sites.

The most fundamental change in the revised Guidance is the introduction of new four category approach which reflects what assessors find when they investigate real

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sites i.e. some sites are clearly contaminated land (Category 1), some clearly are not (Category 4); and some are less straightforward and need some level of detailed assessment before a decision can be taken on whether or not the land is contaminated. The Guidance explains how to decide when land falls into each category. This will create far more legal certainty for regulators and will provide a better foundation for making scientifically robust decisions, because it recognises the importance of dealing with uncertainty in the decision making process.

There is no current evidence to suggest that the revisions to the Guidance will result in a reduced level of health protection to land users. It is also important to remember that the regime was introduced with the principal objective of capturing those higher risk sites that posed the most significant risk to human health. A lack of clarity in the existing Guidance has meant that substantial time and resource has been spent unnecessarily on sites where any risk is negligible. The new regime will still be highly precautionary, but will be better at focussing efforts on finding high risk sites and dealing with them first and helping local authorities appropriately dismiss low risk sites. This will allow the regime to be more targeted and efficient, while offering protection against potential health impacts. It is important to understand that these health impacts can be measured not only in terms of the human health effects directly from contaminants, but also from the effects of intervention. This is demonstrated by a recent study commissioned by Defra which found that stress caused to the person or persons living on or by potentially contaminated land can have a negative effect on health, and particularly so when decisions are unnecessarily protracted.

In our formal response to the consultation, we have made it clear that further technical tools and guidance will follow the revised Statutory Guidance to aid regulators in carrying out the assessment of the risks posed to human health. This will help embed the approach already set out in the revised Guidance which aims to aid local authorities in the decision making process, as far as possible, by setting out the categories of harm that should be considered to be significant in terms of human health. The Guidance promotes the use of all the available evidence in the decision making process and advocates local authorities seeking further specialist advice where necessary to aid their decision making.

The new Guidance includes consideration of social and economic costs and recognises that, where decisions cannot be made on science grounds alone, then social and environmental and economic factors must also be considered. This approach is to ensure that decisions produce net benefits, while appropriately dealing with risks. In the consultation phase there was widespread support that the new Guidance would (for the first time) explicitly recognise that all contaminated land risk assessments will involve uncertainty, and gives broad advice to regulators on how to deal with this, helping authorities strike the right balance, particularly on more complex sites.

I would like to reassure you that the revised Guidance does not condone any contamination that could pose an unacceptable risk to health, but does provide advice on how to deal with background or "normal" levels of contamination, avoiding unnecessary remediation work. This approach allows regulators to focus their efforts on higher risk land, reducing potential blight on land with normal low levels of contamination; where in the vast majority of cases there is no scientific evidence to suggest that any significant harm would be caused. For example, the regime was never intended to catch normal low levels of substances that could be called "contaminants" but which are found in all soil (e.g. the result of natural soil formation processes and human diffuse pollution), or commonly found materials in properties

such as the normal levels of historic ash in many gardens or ash used in historic construction techniques. It is important to note however that the revised Guidance makes it clear that regulators may conduct a risk assessment on land with normal background levels of contamination if there is a particular reason to consider that it might pose an unacceptable risk.

I hope this response helps with your consideration of the Contaminated Land Statutory Guidance 2012.

Yn gywir,

A handwritten signature in black ink, appearing to read 'John', with a long, sweeping horizontal stroke above the letters.

John Griffiths AC / AM

Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development

John Griffiths AC /AM
Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development



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Dafydd Elis-Thomas AM
Chair
Environment and Sustainability
Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

8 May 2012

Dear Dafydd

THE BRITISH WATERWAYS BOARD (TRANSFER OF FUNCTIONS) ORDER 2012

Thank you for your letter of 5 April in which you outline the concerns of the Environment and Sustainability Committee about the draft of the British Waterways (Transfer of Functions) Order 2012.

In 2009 the British Waterways Board (the Board) published a corporate strategy which called for the corporation to be transformed into a charitable body. The Board considered that this would enable British Waterways (BW) to access new sources of funding to help close the funding gap they faced and would give stakeholders greater involvement in the running of the waterways network.

In October 2010, the UK Government announced its intention to transfer inland waterways in England and Wales into a new charitable body. In March 2011, the Department of the Environment Food and Rural Affairs (DEFRA) launched a consultation which stated the UK Government's proposal for those waterways owned and/or managed by British Waterways to be transferred to a New Waterways Charity in April 2012. The UK Government response to the consultation was published on 12 September 2011. In the main the consultation responses DEFRA received were supportive of the direction of travel itself.

British Waterways is a Non Departmental Government Body sponsored by DEFRA. I was consulted prior to the publication of the consultation paper and when the Secretary of State for the Environment Food and Rural Affairs announced her decision. British Waterways is not a devolved body and Welsh Ministers therefore were not formally a party to the decision to change the status of British Waterways.

Given that British Waterways itself supports the proposals and the public response to the consultation was positive I believe that the proposals will ensure a sustainable future for the waterways in Wales. Charitable status will afford it a great deal more independence from government and will enable it to access new commercial and private income streams. The change will also enable local communities to have a greater say in how their canal or river is run.

I have met British Waterways in Wales on a number of occasions and will be meeting them again shortly. I fully support their work in Wales. Welsh Ministers interests have been taken into account in within the draft order before the Assembly. The UK Government are using powers conferred on them by the Public Bodies Act 2011 to transfer functions, assets and liabilities from British Waterways to the Canal & River Trust. The role of the Assembly under the Act is to consent (or not) to "provision which would be within the legislative competence of the Assembly if it were contained in an Act of the Assembly".

Best wishes



John Griffiths AC / AM

Gweinidog yr Amgylchedd a Datblygu Cynaliadwy
Minister for Environment and Sustainable Development