

### **General Comments**

1. Welsh farmers have delivered positive public outcomes for the nation for centuries; their historical practices, existing knowledge and expertise has often been dismissed or overlooked, to the detriment of ecosystems, and full consultation with farmers should therefore be undertaken so that the best approaches for biodiversity can be properly identified.
2. Farmers must be fairly rewarded for what they have already delivered, continue to deliver and will deliver in the future. Historically, Wales has been seen as an exemplar in terms of rewarding farmers for delivering public and environmental goods. The Welsh Assembly Government's flagship Tir Gofal scheme was only introduced in 1999 after a seven year pilot, starting in October 1992, looking at the impact of such a scheme on farms in Meirionnydd, Dinefwr and Swansea – areas chosen as representative examples of the wide variety of Welsh landscapes, habitats and farming systems.
3. Any significant changes to rural and agricultural policies should be thoroughly investigated in terms of impacts before considering implementation, given the potential adverse impacts on the 52,000 employed on Welsh farms and 240,200 employed across the Welsh food and drink supply chain.
4. Lessons must be learned from the impacts of prescriptions and approaches which ignore the reliance of ecosystems on agriculture, for example in areas of Wales where prescribed reductions in agricultural activities have led to undergrazing and reductions in ground-nesting bird numbers.
5. Given current enthusiasm for approaches such as wilding, adverse impacts of reductions in agricultural activity around the world areas must also be taken account of. For example, a review in 2014 of 276 studies of the effect of farmland abandonment by the Stockholm Resilience Centre found that while some areas saw an increase in biodiversity, most did not, especially in Europe. Similarly, in Portugal's Coa valley, land abandonment has led to areas previously high in biodiversity becoming overgrown with dense scrub and forest, while in Japan the loss of farming on around 2,700 square kilometres since 1961 has been accompanied by a steady decline in insects, birds, amphibians and plants.

6. Other adverse impacts of idealistic and naive approaches should also be taken into account, such as the extreme animal welfare problems seen in the Oostvaardersplassen wilding experiment.
7. The FUW recognises the importance of connectivity in ecosystems to develop and support nature. Farmers and landowners have made a significant contribution to increasing connectivity through their participation in whole farm schemes such as Tir Cymen, Tir Gofal and Glastir which has brought in large areas of land, hedges and streamside corridors to be managed in a sustainable manner. In the last five years Glastir has helped to create over 500 km of streamside corridors as well as to create and restore over 2,000 km hedgerows.
8. Work done by farmers to protect biodiversity in Wales should be recognised, as should the fact that farming approaches can be tailored to benefit wildlife and biodiversity in ways which increases ecosystem stability in the face of environmental change without reducing the potential for agricultural yield.
9. The FUW fully acknowledge that the Welsh Government and other public bodies have a duty under the Environment (Wales) Act 2016 to promote the resilience of ecosystems and maintain and enhance biodiversity, but would also emphasise the duty of authorities under the Well-being of Future Generations (Wales) Act 2015 to ensure prosperity, resilience, equality, cultures and communities are not compromised.
10. Given the above, the FUW believes that the schemes currently in place in Wales under the Common Agricultural Policy should be evolved to help tackle biodiversity loss, including through the development of a Public Goods scheme, but that a scheme providing financial security for farm businesses and those reliant on agricultural supply chains must also remain in place if severe consequences are to be avoided.
11. The FUW has therefore proposed the creation of a Policy Reform Group on which core stakeholders are represented – reflecting processes put in place by Ministers under previous Welsh Governments when designing new schemes - which would initially be responsible for the creation of a Policy Reform Roadmap setting out how current policies might be carefully evolved into schemes which better meet all of Wales' Wellbeing Goals while minimising risks of undesirable consequences.
12. Such a group would also be responsible for setting key milestones; assessing policy developments in terms of Brexit, trade etc.; undertaking modelling to assess impacts and dangers of policy proposals and assessing the manageability of any changes in terms of Welsh Government resources (*Figure 1*).

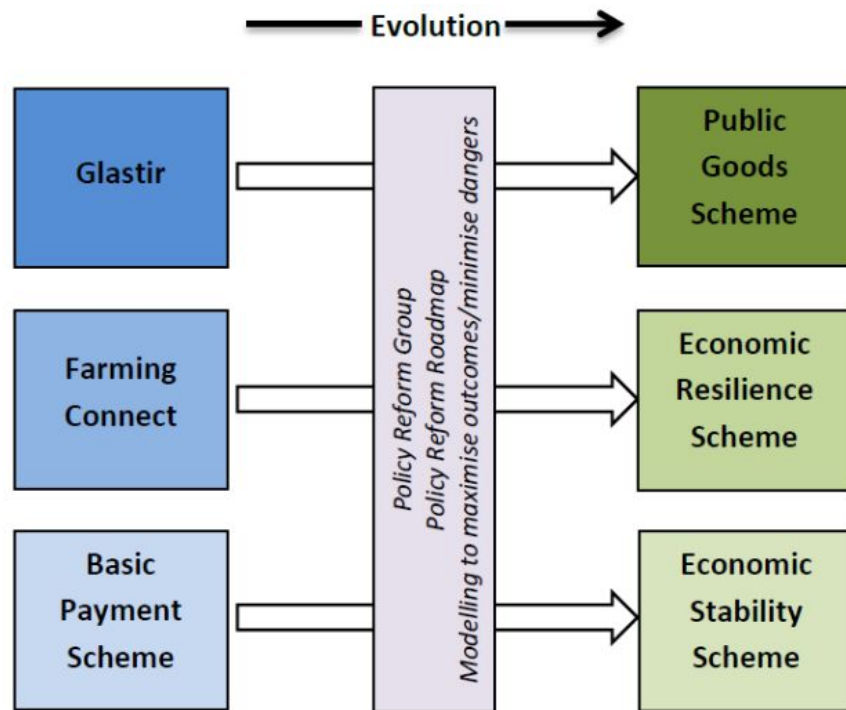


Figure 1

### Restoring biodiversity using a public goods scheme

13. Given that the proposal to phase out Direct Payments to farmers and introduce a Public Goods scheme represents the most radical changes to the principles underpinning rural support since the 1947 Agriculture Act, the FUW believes that this warrants detailed and thorough analyses of the potential impacts for Welsh farm businesses, food production, agricultural sectors, local and wider economies, agricultural supply chains, employment and livelihoods, culture and language.
14. The FUW believe that any payment for a public goods type approach should be underpinned by a properly funded tier which is accessible to all farmers in all regions. A universal approach recognises that all farmers in Wales are delivering public goods currently and should have equal opportunity to be fairly rewarded for delivering more public goods in the future.
15. Failure to ensure a baseline tier which provides equal opportunity to all farmers in Wales to deliver public goods as well as rewards farmers for the public goods delivered through current practices at a farm level will inevitably lead to a postcode lottery in terms of access to funding; discrimination against individuals and regions to the extent that large areas suffer major economic impacts; and a loss of engagement with large numbers of farmers who currently provide a wealth of public goods and have the potential to provide much more.
16. The Union would encourage Welsh Government to note that action on biodiversity can be achieved through voluntary approaches and not through additional regulation.

Voluntary approaches should be evidence based and offer solutions that are local to problems.

17. As already brought to the Committee's attention, the FUW is concerned that a thorough legal assessment should be undertaken to assess the compliance of any proposed scheme with World Trade Organisation rules, including Annex 2, Paragraph 12 (Payments under environmental programmes) of the WTO Agreement on Agriculture which states that:
- a. Eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs.
  - b. The amount of payment shall be limited to the extra costs or loss of income involved in complying with the government programme.

This principle is reflected in EU Common Agricultural Policy Rural Development regulations, under which the Public Good proposals in Brexit and our Land would be illegal.

Given that the proposed Public Goods scheme appears to be a payment under an environmental programme, and that the Welsh Government explicitly state that they wish to make payments which are over and above income foregone and costs incurred, there is significant concern that such an approach would breach WTO rules, or could at least be perceived as doing so, leading to trade embargoes against the UK, and WTO disputes lasting years which would have a severe detrimental impact on Welsh farmers and their overseas markets.

This concern is exacerbated by the recent statement by the Cabinet Secretary for Energy, Planning and Rural Affairs, in response to a Written Assembly Question, that "It is not appropriate at this stage for Welsh Government to seek that confirmation [that the Proposals in Brexit and our Land are compliant with World Trade Organisation rules] as the United Kingdom has not left the European Union and the schemes we propose in 'Brexit and our Land' are yet to be designed."

18. Under Parameter 4 the Brexit and Our Land consultation states that *"...new tools will be required to determine appropriate social values for the outcomes sought, as well as robust methodologies for measuring outcome delivery"*

The FUW acknowledges that while there is a global value for carbon (currently around £15 a tonne), there is no global or UK agreed value for many 'environmental goods' (curlews, yellowhammers, choughs, one litre of cleaned air etc.), so there is a need to develop some form of system for valuing this. Given that England intends to adopt a similar payment for public goods scheme, this also raises questions such as whether certain species have differing public goods values in different areas and regions.

19. As already stated, the Union has concerns about divergence and discrimination between areas. Whilst agri-environment schemes which complement existing direct support payments have worked well on many farms, the fact that they invariably discriminate between farmers depending upon what is present on a farm and/or what area the farm is located in is not disputed.
20. Such divergence and discrimination has existed for the vast majority of such schemes introduced over the past three decades, from Environmentally Sensitive Area (ESA) payments, through Tir Gofal to Glastir.
21. Moreover, thousands of FUW members have direct experience of being unable to access Tir Gofal, Glastir Advanced or other schemes because their farms have not attracted sufficient 'points', either because of the nature of their farming systems and land or the area their farms are in.
22. At present, the majority of CAP funding is paid in a non-discriminatory way, through the Basic Payment Scheme. Brexit and our Land made it clear that under a Public Goods scheme, the payment a farmer may be able to receive will depend on the area they farm in and what is present on the farm – possibly also the degree to which neighbours are willing to cooperate – opening up the potential for huge discrimination between farm businesses in terms of accessing the only payment scheme available to the industry.
23. In addition to directly discriminating between farm businesses, differences between mapping layers and targets could lead to a situation whereby farms which are economically and agriculturally similar must undertake very different actions to access funding which is essential for the business, thereby creating divergence in terms of agricultural production and efficiency, and the contributions made to the local economy.
24. Given the likelihood that the Area Statements introduced under Wales' Environment Act will also dictate the options available to farmers wishing to receive an annual payment, there is also a risk that large areas will lose out on funding because they are perceived as being in areas which are less environmentally valuable than others – leading to significant shifts of funding between areas.
25. FUW Members, many of whom have already been discriminated against under past environmental schemes, and have seen funding shift away from their farms and/or regions as a result of previous direct payment reforms, repeatedly highlight the dangers and inequity of any core scheme which would result in such divergence and discrimination.
26. The FUW has concerns that a number of factors beyond the farmers control must be recognised, such as predation, which is a significant issue that is contributing to the decline of some species. As such, Welsh Government must recognise that effective

species management would need to be implemented when species populations start to increase to unsustainable levels and consequently impact negatively on their habitat and other species.

### **Existing policies and legislation**

27. The FUW recognise the importance of the Well-being of Future Generations Act Well-being goals, and draw particular attention to prosperity, resilience, culture and language, equality, and cohesion. In Wales, around 90% of land is managed by farmers, and these farmers deliver a range of environmental and public goods benefits for society, while also playing a central role in terms of employment, prosperity and culture. As such, an holistic approach must be adopted which recognised the ways in which farmers and agriculture contribute to all well-being goals.
28. Agri-environment schemes in Wales are funded under Axis 2 of the Rural Development Plan. These schemes are designed to provide funding for farmers to manage their land in a way that benefits biodiversity and landscape features, and improve the quality of water and soil. The scheme objectives reflect the government's environmental objectives and a reframing of support to farmers as payments for ecosystem goods and services. The intended outcomes from the Glastir scheme are:
  - a. Combating climate change
  - b. Improving water quality and managing water resources
  - c. Improving soil quality and management
  - d. Maintaining and enhancing biodiversity
  - e. Managing landscapes and historic environment and improving public access to the countryside
  - f. Woodland creation and management
29. The FUW note that farmers have a key role within the State of Natural Resources Report (SoNaRR) report and there is no doubt that they will be vital in delivering many of the key actions outlined in the report. The SoNaRR Report acknowledges the importance of food production in Wales, and the FUW insist that any new domestic policy needs to protect food production in Wales.
30. The Nature Recovering Plan for Wales (NRAP) also recognises that farmers play and have a key role to play in delivering a wide array of goods and services.
31. The NRAP aims to address the underlying causes of biodiversity loss through putting nature at the "heart of [Welsh Government] decision making". The FUW would argue that a holistic vision would create a more balanced approach to decision making, for example using the well-being goals outlined in the Well-being of Future Generations (Wales) Act 2015.

32. The Welsh Government's National Resource Policy, the publication of which is a statutory requirement from the Environment Act 2016, outlines the opportunities, priorities and risks for the sustainable management of natural resources in Wales. The FUW understand the importance of the priorities outlined in the NRP but emphasize that they must be delivered alongside farming systems which are sustainable both environmentally and economically.

### **Building on the work of GMEP to shape ERAMMP**

33. The GMEP adopted an evidence based approach and the FUW feel this should be championed and built upon.

34. However, it should be noted that in drafting agri-environment agreements, rarely has any account been taken or assessment made of recent and historic farming practices on land which may be delivering significant environmental benefits because of those practices. This is despite many farms having records of practices and changes dating back decades or even centuries.

35. One of the original aims of GMEP when it was launched was to provide fast policy feedback to the scheme so that changes might be modified to improve efficiency and effectiveness. The FUW are unsure to what extent this has taken place, if at all, and would therefore advise that greater transparency is required in terms of what policy changes are being made as a direct consequence of monitoring projects.

36. A number of positive trends were identified in the GMEP report, including national trends showing; "the overall picture is one of stability and some improvement, although some areas for concern remain...there are two to three times more indicators improving (26-30%) than declining (8-14%) in the short and long term, with the remaining 60% showing no change."

37. The Union is concerned that the "new" Environment and Rural Affairs Monitoring and Modelling Programme (ERAMMP) Project is less transparent than was the case for previous approaches to monitoring; and has been set up and is being run with minimal involvement by relevant stakeholders.

38. The FUW is disappointed that there is not an advisory group for the ERAMMP Project. Having sat on the advisory group for the GMEP project alongside other relevant stakeholders, we believe that such inclusion and transparency improved monitoring.

39. The role that the advisory group had on the GMEP project included:

- a. Advising the GMEP project board on programme direction and how to ensure maximum impact
- b. Advising on the delivery of a GMEP communication strategy

- c. Supporting and advising on the development of collaborative activities including emerging and future opportunities, and links with other relevant initiatives and organisations
- d. Identifying additional data and information sources to enhance CMEF reporting requirements

The FUW would therefore question why the ERAMMP project have not taken forward this best practice from the GMEP project.