



Brexit and Our Land: Securing the future of Welsh farming

Consultation response from Wales Environment Link

October 2018

1. Chapter 4

Land Management Programme

We propose a new Land Management Programme consisting of an Economic Resilience scheme and a Public Goods scheme. Do you agree these schemes are the best way to deliver against the principles? If not, what alternatives would be best?

Wales Environment Link (WEL) welcomes the change of direction for land use and management in Wales highlighted by this consultation, with the clear indication that ultimately, future payments will dominantly need to be focused on the payment of public money for the delivery and care of public goods.

We welcome the recognition by the Welsh Government that the Common Agricultural Policy (CAP) has not delivered a sustainable future for Welsh land or land managers. WEL welcomes the ambition to break the link between the levels of public subsidies a farm business receives and the level of commodity production achieved, and / or the size of that business. There is little evidence that direct payments contribute toward more resilient and sustainable agriculture in the EU. There is a wealth of literature on this subject, but a recent paper by Alan Matthews¹ clearly sets out the case for change and suggests that the current system can be summarised under three headings: inefficient, ineffective and inequitable.

The State of Nature report found that **56% of species in the UK have declined over the past 50 years and we are running out of time to reverse this.** In Wales, one in 14 species is heading for extinction, with 57% of wild plants, 60% of butterflies and 40% of birds in decline². As we face catastrophic loss in biodiversity and environmental degradation (as demonstrated in the State of Natural Resources Report (SoNaRR)³) and huge challenges to address climate change and reduce greenhouse gas emissions, continuing with the current status quo is not an option.

A resilient natural environment is essential for the farming sector to continue producing healthy sustainable food. Attempts to boost agricultural productivity at the expense of the natural

¹ Matthews, A. (2017). Why further reform? RISE Foundation, Brussels.

² Hayhow DB, Burns F, Eaton MA, Bacon L, Al-Fulaij N, Bladwell S, Brookman E, Byrne J, Cheesman C, Davies D, De Massimi S, Elding C, Hobson R, Jones J, Lucas SR, Lynch S, Morgan L, Rowe A, Sharp R, Smith RG, Stevenson K, Stretton TA, Taylor R and Gregory RD. (2016). State of Nature 2016: Wales. The State of Nature partnership.

³ Natural Resources Wales. (2016). State of Natural Resources Report. Chapter Three. Accessed from: <https://naturalresources.wales/media/679417/chapter-3-state-and-trends-final-for-publication.pdf>

environment are a false economy and should not be supported by public investment, and in some cases should be regulated against. Managing land sustainably builds resilience and better equips farmers to deal with volatility, as does having a diverse business portfolio rooted in sustainable practices and a functioning market for food that provides a fair return to the producer. Furthermore, a resilient natural landscape is essential for human health and well-being. Excluding wildlife habitat from large areas of land managed solely and intensively only for food and timber undermines human health and well-being; it increases pollution, loss of connection with outdoor recreation and engagement with wildlife and food production. **It must be recognised that all aspects of both our economy and our society are dependent on our environment, and that all interventions must be framed by the need to ensure our environment is resilient.**

A Public Goods scheme (PGS) should support improved biodiversity health, clean air and water, soil quality and retention and natural flood mitigation; well managed native woodland, abundant agroforestry, integrated land-management and long-term carbon sequestration should also be key objectives.

We recognise that the new Land Management Programme will mean a substantial shift in how rural businesses need to operate, and that the Government has a unique and central role in supporting this transition. This is why we welcome the recognition in the consultation that the Economic Resilience scheme (ERS) is “*to help businesses to stand on their own two feet.*” This recognition implies that the ERS will help businesses to the point of self-reliance, ultimately, fostering financial independence.

We welcome the recognition that support for the proposed ERS will not be at the expense of broader outcomes (including animal health and the environment). We would like to emphasise the crucial importance that the ERS and PGS be embedded within a sustainability framework that faithfully implements the Environment (Wales) Act 2016 (EWA) and restores and enhances the resilience of our ecosystems. Without a robust sustainability framework, the proposal risks recreating the unsustainable management of land that is currently happening. **Land management practices must flow from the interventions required to maintain resilience.**

While we recognise that due to the scale and pace of the transition ahead, the Programme may initially be dominated by ERS payments. However, **ultimately, it is both logical and appropriate that the goal of the programme should be that no business requires continued support from the ERS, and that the vast majority of the fund is concentrated on delivering ecosystem services interventions via the PGS.** This is of particular importance if Wales intends to meet its environmental commitments and strategies. **A recent study by Matt Rayment estimated that Wales must spend a minimum of £210 million per annum to enable Welsh Government to meet environmental commitments and strategies regarding the priority habitats identified under the EWA⁴.** Much of this could be paid to land managers in return for appropriate land management through the PGS. Given

⁴ Rayment, M. (2017). Assessing the costs of Environmental Land Management in the UK. Commissioned by the RSPB, National Trust and Wildlife Trusts. Accessed from: <https://www.nationaltrust.org.uk/documents/assessing-the-costs-of-environmental-land-management-in-the-uk-final-report-dec-2017.pdf>

this is the first incarnation of the Programme, **we ask that the Welsh Government conduct, and provide stakeholders with, the results of a robust analysis that examines the flow of funding between the two schemes and their respective effectiveness in delivering the outlined goals.** The decision to gradually shift majority of funds from the ERS to the PGS should be based on supporting data. Ideally, this shift in funds should be within a short period after completion of the transition period.

Given the nature of the new Land Management Programme is to support the delivery of outcomes for which there is no functioning market, it is essential that the mechanisms by which payments will be calculated are robust, evidenced-based and clear. We acknowledge the recognition that these payments will be calculated using proxy outputs, however, we are concerned about the lack of development of and discussion around these mechanisms. We do believe adding a “minimum rules” regulatory baseline would be an essential component; without this there is no level playing field for the ERS and a risk of no additionally in the delivery of public goods.

To ensure the maintenance for future generations of the natural capital assets of air, water, soil, natural vegetation and woodland and biodiversity in its totality (i.e., to meet the requirement of the Well-being of Future Generations (Wales) Act 2015 (WBFGA)), there has to be a comprehensive sustainable agriculture assurance standard in addition to what is proposed in Brexit and our Land. This is just a prerequisite to the continued viability of productive agriculture. Forestry does have such a standard – UK Woodland Assurance Standard (UKWAS) – but it is voluntary and not well taken up by the private sector, and undermined by ineffective and undemanding official guidance. Achieving a strong Brand Wales through the ERS and PGS could be the way forward, but only if environmental standards are sufficiently demanding and independently audited. The underpinning nature of this prerequisite needs to be more explicitly emphasised in policy and in both the ERS and PGS and in the regulatory Basic Measures. There also needs to be increased professionalism within the industry, land managers need to be able to demonstrate value to the taxpayer – this is a considerable amount of money that we want to ensure is delivered to land managers.

It is clear that a fundamental change is needed. Without change the farming and forestry sectors will deteriorate with the ecosystems upon which they depend. This would be a threat to Wales’ capacity to produce food, and along with it, adversely affect large parts of our rural communities and economy. This is a far larger problem than Brexit and we are concerned that the consultation and its principles do not sufficiently reflect the scale of change that is required. Ensuring that rural areas are better served by public policy is essential in creating a better future for farming communities, and rural areas more generally. This should be a key area of focus for all Welsh Government departments, when identifying how best to support rural and upland areas, noting that farming and land management policy is only one part of the solution; other issues include climate change adaptation, broadband coverage, mobile phone coverage, access to finance, affordable housing, availability of suitable business accommodation, access to skilled labour and transport connectivity.

An initial step to address this would be strengthen the objectives by ensuring that the Programme is truly *shaped* by the WBFGA and EWA, rather than just *integrated* with it. For example, objectives in section 4.15 make no specific reference to either Act. Instead they talk around them and a passing reference is made to them in a later point. An example of how this

could be changed to strengthen delivery would be to change the second objective of the PGS to:

- To make spatial targeted interventions to restore and enhance the resilience of ecosystems and the services they provide in line with the Sustainable Management of Natural Resources (SMNR) requirements of the EWA – including, but not limited to, increasing biodiversity; reducing carbon emissions; and improving air and water quality.

2. Chapter 4

Land Management Programme

Does Welsh Government need to take action to ensure tenants can access new schemes? If so, what action would be best?

Existing legal tenancy frameworks have a bearing on productivity, investment and access for new entrants.

Landlords may be reluctant to grant tenancies of a sufficient length to enable the farmer to secure the necessary investment and develop a sustainable future plan for the holding. Of particular note are short tenancies which, although they can provide a valuable route in to the sector for new entrants, do not give confidence to invest in infrastructure or land⁵. This can have a significant impact on soil health.

This barrier is created by the lack of ability for landlords to terminate the tenancy when a default arises without having to rely upon forfeiture. The process surrounding forfeiture is lengthy, costly and uncertain and as a result benefits neither tenant nor landlord.

It could also be argued that the traditional formal tenancy agreement isn't always the right starting point. To give land owners confidence to explore alternative structures, greater promotion, investment and improved legal frameworks may be required. Such alternative structures could be set up to share risk and investment between farmer and landowner. There may also be a role for additional tax breaks or other landlord incentives to help reduce the barriers for lets to new entrants.

We would welcome government research into the issues and suggest that the Tenancy Reform Industry Group is the appropriate forum for this work. An understanding of the comparative uptake and performance of existing Rural Development Programme schemes in Wales under Agricultural Holding Act tenancies and Farm Business Tenancies would help to direct any actions. In a review of any of the legal frameworks, it is important to ensure that the Tenancy Law and Public Law relevant to this area complement each other to achieve the conservation objectives.

⁵ Inman, A., Winter, M., Wheeler, R., Vain, E., Lovett, A., Collins, A., ... & Cleasby, W. (2018). An exploration of individual, social and material factors influencing water pollution mitigation behaviours within the farming community. *Land Use Policy*, 70, 16-26.

Furthermore, there is a contradiction within the consultation regarding who can access the Programme's two schemes. While there is a stated desire to ensure that the schemes are open to all across different land uses and classes to enable a holistic approach to be taken, the consultation also limits (page 2) the term 'land manager' and 'land management' to mean "farmers, foresters and any other activity drawing on non-urban land to produce goods and services". **Clearly, in order for a holistic approach to be taken all land managers in Wales must be able to access aspects of the Programme, regardless of the land's ownership or location. Active management should be the defining access characteristic.** This is particularly important for the PGS given the recognition in the principles of SMNR of the interconnections between ecosystems. In short the environment is not limited to rural areas. Actions which takes place in rural areas impact the urban and vice-versa. As such, **it is vital that the Programme is open to all land managers (including local authorities and citizen groups) that are seeking to make public good interventions such as developing Green Infrastructure.**

3. Chapter 5

Economic Resilience

From your experience of current programmes, what do you feel would work well for the future?

Some WEL members are recipients of funds from the current CAP programme. We believe the existing Basic Payment System is not a good use of public money, it will not facilitate the necessary transition to sustainable farming and land management or help build a resilient agriculture sector. In fact, at an industry level it is likely to have the opposite effect, acting as a buffer to external pressures / opportunities and keeping most farming in Wales reliant on income support. Cardiff University's "Wales and the EU - Agriculture and Food" states that under the 2014-2020 CAP programme, on average more than 80% of farming income in Wales originated from EU funding. Basing a sector's future on the ongoing reliance on income support is an extremely risky strategy, which will almost certainly fail given the increasing expectation for value for tax payers' money. The situation in Wales is not unique and a recent paper by Alan Matthews concludes there is little evidence that direct payments contribute toward more resilient and sustainable agriculture in the EU and describes the current system as *inefficient, ineffective and inequitable*⁶.

The aims of the new policy will be the *joined-up* provision of public goods and improving the resilience (economic/environment) of land management. To achieve this, we envisage the need to include a focus on driving more innovative and sustainable production that is resilient to external shocks, and embeds high standards of animal health and welfare as standard practice. To these ends we have identified the following as key features of any future policy:

- A series of measures to provide a framework of support for land managers to access on a contractual basis, with support tailored to a diversity of farm types and sizes
- A mix of measures such as capital grants, loans and advice
- Proactive support to strengthen the position of producers in the supply chain, such as through the establishment of producer groups and improved marketing

⁶ Matthews, A. (2017). Why further reform? RISE Foundation, Brussels.

- Grants provided on a contractual, competitive basis, but advice open to all
- Grants provided for unproven investments that establish proof of concept and drive innovation, with loans available to all for tried and tested investments
- A mix of low and high-tech investments depending on need and business case

A future scheme must be shaped by the question of what do our ecosystems need to be resilient and how can that be supported by state investment whilst also making farms profitable? That requires significant change by both land managers and how the government allocates its funds and regulates/permits activities. We hope that this consultation is the first step to achieving this change for the future.

4. Chapter 5

Economic Resilience

Do you agree with the focus of the Economic Resilience Scheme being on growing the market opportunities for products from the land throughout the supply chain, rather than restricting support to land management businesses only?

It is logical that the scheme recognises that the sector is larger than land managers. In doing so the Government needs to recognise that our current system is not effectively integrated with the needs of the wider Welsh economy and society. For example, Wales exports 90% of the red meat it produces, and in 2016, only 5% of Welsh-bred sheep were consumed domestically⁷. To address this, the Government needs a sustainable food strategy. **Fundamental questions around national demand, needs and opportunities must be aligned with the best use of land management. A resilient Wales will not be achieved by trying to grow existing markets without understanding and taking into consideration the multiple components of the entire system.**

Scotland has already started to explore these questions in the form of their Recipe for Success strategy which, among other things, has the vision that by 2025, "*Scottish suppliers will have developed their offering so that local increasingly equals fresh, healthy and environmentally sound. The most intractable dietary-related diseases will have begun to decline as will the environmental impact locally and world-wide, of our food consumption. The food industry will be a thriving well-known feature of local and national economies, with each part of Scotland rightly proud of its culinary heritage, past and present*"⁸. Local supply chain partnerships could also be supported through Welsh procurement policies, which could actively encourage institutions such as universities, schools, hospitals and prisons to make contracts with nearby farmers to supply a complete package of agricultural produce. As Welsh Government updates its Food and Drink Strategy in 2019, it is vital that the opportunity is taken to align it with the new Schemes to maximise environmental gains.

Whilst farmers consider themselves food producers first and foremost, there is a diversity of public goods that land managers provide, or could provide, to society. WEL believes that public

⁷ National Assembly for Wales. (2017). Research Briefing: The red meat sector. Accessed from: <http://www.assembly.wales/research%20documents/17-029/17-029-web-english.pdf>

⁸ Scottish Government. (2014). Recipe for Success: Scotland's National Food & Drink Policy – Becoming a Good Food Nation. Accessed from: <https://www.gov.scot/Publications/2014/06/1195/7>

funding will continue to be an essential means of paying for public goods delivery in the short to medium term, however an ongoing reliance on this approach is a risky strategy given the increasing pressures on the public purse. Therefore, WEL recommends the ERS is also used to help develop supply chain / markets for new environmental commodities (currently classified as public goods) that will help incentivise/reward sustainable land management. Also known as Payments for Ecosystem Services (PES), this approach will be essential if Welsh land managers are to benefit from wider environmental economies, valued at £9 billion per annum (c.f. £213 million, the annual value of food produced by Welsh farmers), which their management influences⁹. Developing domestic economies based on public goods has the added advantage of not having to rely on risky and / or volatile export markets.

5. Chapter 5

Economic Resilience

**Are the five proposed areas of support the right ones to improve economic resilience?
Are there any areas which should be included but currently are not?**

The five areas cover a broad range of interventions. In all areas the impact on the environment is a critical question. **Before any intervention is made, the question must be asked as to how the given intervention will support the maintenance and enhancement of the ecosystems it will affect; this must not contradict with the EWA. This must also be evidenced at the application and if it cannot do so, the intervention should not be made.** To deliver this there will need to be a clear link to the local needs of a given application in relation to the Area Statements developed under the EWA.

Area 1 (*increase market potential*) raises several concerns regarding the ultimate vision for the sector. Traditionally the ambition for the sector from the Welsh Government has been to increase the value of the sector by marketing produce across the world. While this has taken place, the connection between that which is produced in Wales and that which is consumed is being diminished. **As Wales' market access is affected by Brexit (for both export and import) the opportunity should be grasped to assess the value of addressing that disconnect and consider whether the sector can play a greater role in improving wider well-being across Wales.** This position also links to previous points with regard to what needs to be done to improve our environment. This is because **what makes an economically resilient business, and what makes an economically resilient business which operates within the limits of its natural systems, are very different.**

We recommend that Area 2 (*improving productivity*) encompass the improvement of profitability. The consultation already recognises that engaging in productivity in isolation to managing costs risks reducing farm incomes and damaging the environment. A support system that integrates interventions for productivity and profitability is essential to securing sustainable land management.

Returning to value of local environmental need, as outlined in the Area Statements and SoNaRR, it is critical that the right decisions are made in the right places. This is particularly

⁹ UK National Ecosystem Assessment. (2011). Chapter 20: Status and Changes in the UK's Ecosystems and their Services to Society: Wales.

true of areas 3 and 4 (*diversity* and *improve risk management*, respectively) given decisions made at this level can have a significant effect on the surrounding environment. For example, diversifying into holiday cottages on a flood plain would be unwise, as that action would increase the businesses exposure to the risks of climate change.

The history of agricultural and forestry support in the UK has been one of encouraging intensification of production at the expense of habitat destruction and increased pollution. There needs to be a fundamental change of culture within industry. Strong advisory and regulatory frameworks are necessary if we are to deliver the fundamental change in behaviour that is needed. There appears to be an on-going reluctance to acknowledge that the destruction of natural resources and natural environmental capital is an existential risk to the continuation of productive agriculture and forestry.

Although it is clear that the PGS will not fund compliance with existing regulation, it is unclear as to whether the ERS will fund regulatory requirements, for example in relation to slurry handling. We support the use of the ERS to support investment to meet interventions which are above the regulatory minimum and are in line with the EWA.

In supporting a fair and improved market, the Groceries Code Adjudicator (GCA) has an important role in ensuring that markets better support viable farming; including by regulating the behaviour and standards of major retailers in relation to direct suppliers. However, the recent decision by the Department for Business, Energy and Industrial Strategy (BEIS) not to extend the Groceries Supply Code of Practice and the GCA's remit to promote fairer trading practices across the supply chain, not just the largest retailers, means that farmers and small food businesses selling into supermarkets via intermediate suppliers will continue to be subjected to the dumping of "excessive risks and unexpected costs" which the Competition Commission found prevalent in the sector.

Changes in local competition and planning rules can help support a fairer, transparent system including more diverse and community-led retail such that more farmers obtain fairer shares of the price paid at the checkout and consumer trust is supported. New measures are also required to ensure that risks and costs are shared fairly along supply chains rather than falling on small producers. Enforcement powers such as around price transparency should be included in the Agriculture Bill.

Overall, **all supported areas must be sustainable and not create unsustainable externalities.** They should not contradict the EWA and WBFGA, and should be interventions which go above and beyond regulatory requirements.

6. Chapter 5

Economic Resilience

Of the five proposed areas for support, which are the priorities, both in terms of funding, and the sequence of delivery? For example, are certain measures needed in advance of others?

This should be driven by which interventions have the greatest opportunities to enhance ecosystem resilience given that its currently degraded state represents a clear and present

danger to the economic resilience of every farm business in Wales. The five areas of support describe key performance attributes that are relevant and valuable to all land management businesses, whether this be for businesses that have economically and environmentally viable food or fibre production or for businesses where the delivery of public goods now outweighs traditional agricultural food production. For that reason there is value in focusing on those interventions which have the capacity to improve our knowledge of the interactions between ecosystem resilience and economic resilience (such as Area 5 and 4, *enhance knowledge exchange and skills*, and *improve risk management*, respectively). Further to this, activities should be focused on adding value to what is already produced by ensuring the highest possible environmental and welfare standards to secure a high quality Welsh brand.

We recognise that land managers will face varying levels of challenges while transitioning towards the incredibly necessary, sustainable Land Management Programme. In England, only a third of farmers produce budgets, cash flows or in-depth profit and loss accounts and only one in five produce a formal plan for their farm¹⁰. Insight into farm business practices in Wales is not publically available, but will be required to effectively target the ERS. Current investment approaches by farmers are not necessarily helping if the overall model they have is flawed – over half of farms have a negative economic return on their investments. Whilst overall production levels stay fairly steady, the prices that farmers receive for what they produce fluctuates considerably (by up to 50%), often influenced by exchange rates and global weather events. However, with the right support farmers can build their skills, adopt new approaches and innovate to move to profitable, sustainable businesses in the long term.

7. Chapter 5

Economic Resilience

Should we be investing in people, for example to bring in new ideas, skills and people into land management and the supply chain in Wales? If so, how should we look to do this?

Yes. New ideas and practise are vital given the scale of change required to secure the future of the rural Welsh environment, society and economy. This should be based on international best practice. There is a new realisation that the success of UK agriculture will depend as much on having a resilient and vibrant natural environment and stable climate as on high tech equipment and techniques. More so than at any time in the past century, public attitudes are changing and the evidence suggests that unsustainable intensification of agricultural management has come at a huge price¹¹.

A growing number of farmers recognise that what they have been advised to do to maximise production is implicated in the declining state of our soils and water and the transformation of our farmed and rural landscapes into unfavourable settings for nature. There is an increasing

¹⁰ Department for Environment Food & Rural Affairs. (2018). Business Management Practices on Farms, England 2016/17. Accessed from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/682764/fbs_businessmanagement_statsnotice_22feb18.pdf

¹¹ Hayhow, D. B., Burns, F., Eaton, M. A., Al Fulajj, N., August, T. A., Babey, L. & Brereton, T. (2016). State of nature 2016.

interest in the uptake of environmental options allied to a desire to see an increasing professionalism within the industry supported by Welsh Government.

For example, within woodland management, the UK largely operates a single method of forestry management - the predominance of clear fell and replant systems in Wales and the UK is untypical in a European context. The forest industry in the UK has shown itself very reluctant to adopt sustainable forest practices which are commonplace on the continent and in Ireland – practices such as mixed species stands, continuous cover forestry and the routine use of natural regeneration.

We believe investing in opportunities and support can help address some of the barriers to sustainable land management. For example, funds under this scheme could support:

- **Innovation** (e.g., a competitive fund for innovative land management projects)
- **Upskilling and resilience** (e.g., business support, education and training, enhancing rural vitality)
- **Apprenticeships for new entrants** to take on land or small farms in order to gain valuable experience of running an environmental sustainable and resilient business and a foothold in the industry
- **Integration of holistic land stewardship** through education curriculums (e.g., holistic education on wildlife friendly farming, the value and assessment of public goods)

With a new focus on environmental land management and associated objectives, existing tax incentive schemes designed to achieve favourable environmental outcomes might actually help to make such a new way of farming more attractive. This would provide an additional, tax efficient and complementary route to securing environmental public goods.

Ultimately, we need to foster a sector that can bring new prosperity to the Welsh countryside to refresh and nourish the social and psychological needs of our rural communities. We need to create a dynamic and land managing community willing to sell goods we all want – high quality food and timber from a rich and biodiverse land we can relate to, producing clean air and drinking water, with a reduced flood-risk downstream and all in a landscape of which we are proud.

8. Chapter 6

Public Goods

We have set out our proposed parameters for the public goods scheme. Are they appropriate? Would you change anything? If so, what?

We strongly welcome the potential introduction of the PGS and support the strict Welsh Government definition of public goods. We are concerned that the reference to soil conservation as a public good is only referring to soil erosion, rather than a more general soil health which is more important in the long term in terms of overall sustainability. **We agree that an outcome-based scheme that focuses on rewarding delivery is the most appropriate.** We also agree that **outcomes should directly relate to domestic or international commitments and land managers will be paid an appropriate value for**

those outcomes rather than being compensated for input costs. We agree that to be fully effective, the scheme must be underpinned by a coherent regulatory framework. This new scheme can only operate effectively in a context of well enforced, strong regulation which surpasses the current baseline of EU Directives, principles and standards.

Parameter 1: Scope of the scheme

We strongly support the introduction of a post-Brexit Land Management Programme that contains a PGS to promote biodiversity protection and enhancement, abide by the Water Framework Directives (WFD) and address climate change mitigation and adaptation together with an economic resilience scheme. The PGS provides the opportunity to incentivise emissions reductions and removals, and without this mechanism there is little to drive the required positive change within the agricultural sector that has been substantially lacking to date.

Biodiversity underpins our ecosystem services and the functioning of the environment; a sustainable environment is the basis of our prosperity and essential to the health and well-being of society. And yet the 2016 State of Nature report highlighted that nature remains under increasing pressure across Wales. Work to inform the report also identified that **intensive agriculture has been, and remains, the biggest driver of biodiversity decline** across the UK; **agriculture occupies 70% of UK land and 85% of Welsh land**¹². Declines in pollinators in recent decades have been dramatic, and are already known to be affecting the health of ecosystem services. The repercussions of continued declines in key groups of pollinators for agriculture and the health of our environment would be profound.

There is a need for an approach that restores and maintains nature for its (a) intrinsic value, (b) to meet legal requirements and (c) to secure the wider public goods nature provides. Biodiversity is essential for our emotional well-being, underpinning the attributes of ecosystem resilience and providing a range of utilitarian benefits (ecosystem services). One example contributing to this is through the use of woodlands:

Increasing native woodland and tree cover, in the right places, has many benefits. It will boost the resilience of Wales' landscapes and natural systems in the face of pressure from climate change, pollution, intensive land use and increasing numbers of pests and diseases. Integrated into farming systems, trees and woods protect our valuable natural resources by helping to absorb water and air pollution, prevent soil erosion and flooding, and boost soil sustainability through support of microorganisms and addition of nutrients. They help with shelter for livestock, crop pollination, integrated pest management and product diversification. Additionally, communities close to accessible woodland see improvements to their health and well-being through using these green spaces actively and through the tree canopy intercepting and removing airborne pollutants, and modifying the urban 'heat island' effects. Unfortunately, in some places our native woods, trees, the wildlife they support and the benefits they bring to people have been damaged by land management practices, often supported by Government policies. Woods are often small and fragmented remnants of their former size;

¹² National Assembly for Wales. (2018). Research Briefing: The farming sector in Wales. Accessed from: <http://www.assembly.wales/Research%20Documents/18-057%20-%20Farming%20in%20Wales/Farming%20in%20Wales-Web-English.pdf>

trees have been lost from fields and hedges; hedgerows have been removed to increase field size; ancient woods, our richest terrestrial habitat for biodiversity, have been replanted with non-native conifers, affected by pesticide or fertiliser spray drift from adjacent farmland or suffered grazing, browsing and invasive species impacts preventing natural regeneration. Yet for all the growing recognition of the many benefits trees provide, planting rates remain lamentably low.

Parameter 2: Open to all

WEL strongly welcomes the proposal that environmental and land management support will be available to all land managers, not just a limited range of land types.

There is a need for a new sustainable land policy for Wales that looks at all land and all potential land management. **We must move away from the artificial hierarchy of land-uses that has resulted from the support delivered through CAP giving payments to select, eligible farms.** WEL believes that **public money should be used to deliver public goods.** We want to remove the concept of “pillars” of support, eligibility criteria and the belief that it does not matter if we support environmental damage with one scheme if we can then compensate for that damage with another scheme.

For example, while the European Union has had competency in agriculture and been able to set rules of governance in farming, competency in forestry and woodland has remained a member state issue. This has led to an artificial separation of land uses and in turn formed a barrier to a more integrated approach which could deliver multiple benefits. A public goods scheme could effectively overcome this barrier and deliver a more holistic approach to advice, delivery and outcomes.

Parameter 3: Opportunities for action

We believe that a combination of a spatial approach and on-site resources is necessary to deliver holistic case-by-case planning and decisions. The Opportunities Map, as with Area Statements, can indicate desirable priorities at given locations, but given the complexities involved and the various interacting changes underway, we do not think it is necessarily possible to identify in a top down way a best biodiversity option for every area of land. On private land, the owners’ objectives necessarily and properly frame what can be delivered.

As we leave CAP and are able to create an entirely new support system we particularly advocate for a system that supports field officer facilitation in a range of situations. These should include facilitating targeted larger scale multi-site and multi-objective planning of new woodland and site tailored agroforestry options including a good hedgerow scheme. Local facilitators should have significant influence on directing and assigning funding. Such a scheme would not look like existing agri-environment schemes with their inflexible options and criteria and complex application processes. There is need for a simplified, robust and informative process.

Parameter 4: Evidence-based public goods

We welcome an evidence-based approach to public goods to facilitate transparency and confidence in interventions. We would like to highlight the complexities involved in developing a robust methodology to determine output values and would strongly advise collaboration with academic, private sector and environmental stakeholders to develop this as soon as possible.

To help frame this and target resources and investment, local nature recovery maps, which show ecosystem service opportunities, can be used in combination with more advanced tools and primary and secondary data.

The consultation document gives no targets for the proposed environmental outcomes or public goods. Without **targets with associated milestones and timeframes**, it will not be possible to know how we are performing, where we can improve, or where to target funding. Therefore, **the government must include targets and milestones and design the PGS to deliver these**. Using existing data and tools can help frame numeric targets to ensure that resources and effort is targeted to the best effect.

Parameter 5: Additionality

We strongly **welcome the recognition that outcomes must be above the regulatory level**. However, we have concerns about the definition of “appropriate management activity”. Appropriate management can mean taking no direct action and allowing natural processes to happen to achieve the desired outcomes. We are also concerned that the need for “additionality” is not used to penalise those already delivering high quality outcomes.

We believe the way around both these issues is the use of a management plan as a precursor for any scheme application. This plan would identify the issues to be tackled and the outcomes to be delivered – how the land manager then manages their land to deliver these outcomes is up to the individual.

The scope of the scheme, appears somewhat confused as to additionally, for example, in the treatment of topsoil retention as a public good (page 44) rather than a necessity for on-going farm viability and therefore a fundamental regulatory requirement. Likewise the consideration of reduction of air and water pollution produced directly from farming is treated as a public good rather than a necessary regulatory requirement.

Parameter 6: Advisory support for land managers

We welcome the provision of an advisory service but are concerned that this advice seems to be targeted at what options the land manager could seek within a scheme rather than how to deliver long term outcomes. We believe that there needs to be longer term access to advice, we also believe that there should be a variety of options made available, as not all land managers access advice in the same way.

The effectiveness of land management actions is enhanced where it is informed by on-farm advice that is monitored and evaluated. This advice should refer to Environment Network Plans and Area Statements to ensure connectivity and ecosystem resilience. To successfully deliver an ambitious land management policy for the environment, guidance will be necessary to convert research into restoration of the natural environment into workable policy.

Advisors will be able to explain what outcomes we are seeking, how those outcomes are valued and offer guidance on the different land management options that will deliver the outcomes. Advice will be needed to ensure the success of the scheme. Managing land for wildlife can be complicated, and land managers who have access to expertise do better than those who do not^{13,14}. The government needs to recognise the importance of this specialist advice in caring for the environment in a future policy. There is an opportunity for Welsh Government to outsource some of the advisory elements to environmental non-government organisations (NGOs) working to the framework and objectives of the PGS.

9. Chapter 6

Public Goods

This scheme is meant to offer land managers the opportunity to access a significant new income stream as the BPS comes to an end. How could we improve what is being proposed to attract land managers whilst still achieving our vision and objectives?

During this period of significant change farmers are understandably concerned about the value of future payments. Therefore we urge Government to work with appropriate partners to develop an understanding of the economic benefits (to farmers and wider society) of a new sustainable land management policy, and that this assessment should include both schemes proposed. A recent report by Matt Rayment, establishes that Wales will require a minimum of £210 million per annum to enable Welsh Government to meet environmental commitments and strategies¹⁵. Much of this would be paid to farmers and other land managers in return for appropriate land management. It is likely that this would be the minimum required as this figure is based on income forgone and costs incurred and as we move away from BPS there will almost certainly be a requirement to include wider *systems payments* to cover the costs of some uneconomic farming / management systems essential to the delivery of public goods. We agree with Welsh Government that this approach is permissible under WTO Rules. **On this basis we argue that Welsh Government should seek a future funding arrangement that maintains the overall budget associated with the CAP (at least), but refocus a major proportion of this toward the provision of public goods.**

We understand that land use and management is a complex system made up of many intertwined components. We also understand that all complex systems are unique and thus, cannot be expected to behave with certainty or predictability¹⁶. As such, there is a need for land use and management to have contextualised solutions. There is a need to know and understand what is happening on the land being managed. Use of monitoring enables the land

¹³ Department for Environment, Food & Rural Affairs. (2013). Review of Environmental Advice, Incentives and Partnership Approaches for the Farming Sector in England.

¹⁴ Boatman, N., Short, C., Elliot, J., Gaskell, P., Hallam, C., Laybourn, R., ... & Jones, N. (2015). Agreement scale monitoring of Environmental Stewardship 2013-4: assessing the impact of advice and support on the environmental outcomes of HLS agreements.

¹⁵ Rayment, M. (2017). Assessing the costs of Environmental Land Management in the UK. Commissioned by the RSPB, National Trust and Wildlife Trusts. Accessed from: <https://www.nationaltrust.org.uk/documents/assessing-the-costs-of-environmental-land-management-in-the-uk-final-report-dec-2017.pdf>

¹⁶ Cilliers, P. (2002). Complexity and postmodernism: Understanding complex systems. Routledge.

manager to be more proactive, respond to monitoring outcomes and adapt. Equally, it is difficult to have adequate regulation unless there is sufficient monitoring.

It is essential to listen to the land managers – they need to choose the solutions that will work with their land and management systems. **Communicating the PGS as a customisable scheme with economic benefits, designed to help land managers improve their resiliency in an increasingly variable system is key. We must encourage innovative interventions that simultaneously deliver public goods.** It is also crucial that the timing of applications for the PGS be considerate of the farming calendar so that timing conflicts are avoided between applications and busiest farming months¹⁷.

There is a need for field officers who interact directly with land managers and who have the ability to develop creative solutions. **It is crucial for officers to be trusted; locally based officials can help build relationships within the community and help provide social legitimacy to conservation knowledge**¹⁸. These partnerships must be given time to develop if they are to maximise potential, and must include on-going follow up support (not just one-off capital work).

We welcome Welsh Government's clear signals about the future destination of a new Land Management Programme and emerging work to help land managers adapt ahead of the progressive phase-out of direct payments. A clear priority as part of this should be to improve access to existing land-related Rural Development Programmes (RDPs) whilst developing new ways of paying for better environmental outcomes as part of the transition period.

Overall, to improve attractiveness of the new Programme, it would be helpful to:

1. Provide clarity around payment rates, in particular payments for ongoing maintenance of restored habitats or other natural resources.
2. Simplify the application form for collaborative projects.
3. Expand the resources online and through Farming Connect that set out the production benefits that arise from sustainable management of natural resources.
4. Ensure that assessments look at the overall scheme performance and outcome measures, as well as individual components; and acknowledge earned recognition where schemes utilise local accredited advisors.

It is also important to retain a strong legislative baseline during and beyond the transition. We therefore support the retention but simplification of accompanying cross-compliance rules, allowing a more effective and proportionate approach to be taken which improves outcomes for the public whilst reducing bureaucracy for land managers. For example, enforcement of cross compliance breaches concerning soil and water should continue to be challenged under the current provision; a simple system of spot fines proportionate to the impact should be considered. Cross compliance could also be better linked to Continuing Professional

¹⁷ Inman, A., Winter, M., Wheeler, R., Vain, E., Lovett, A., Collins, A., ... & Cleasby, W. (2018). An exploration of individual, social and material factors influencing water pollution mitigation behaviours within the farming community. *Land Use Policy*, 70, 16-26.

¹⁸ De Snoo, G. R., Herzon, I., Staats, H., Burton, R. J., Schindler, S., van Dijk, J., ... & Schwarz, G. (2013). Toward effective nature conservation on farmland: making farmers matter. *Conservation Letters*, 6(1), 66-72.

Development (CPD) training courses or guidance to create a positive and professional developmental experience for farmers and other land managers, as well as being more 'outcome-focused' as part of best practice.

10. Chapter 6

Public Goods

Are there any other public goods which you think should be supported? If so, why?

WEL supports the list of public goods identified as appropriate for delivery using tax payers' money. **Food, although of obvious importance and a public benefit provided by land use, is not a public good.** To recognise it as such would be to render the concept of public goods in the context of public policy largely meaningless. It would also undermine the case for public investment in agriculture, given the innate inequity in asking the public to pay for food through both their taxes and at the till. Literature to date has identified public goods from agriculture and land management as those things that farming and land management can provide, but which the market does not deliver¹⁹. It is the 'publicness' of these goods – the extent to which they are non-rival and / or non-excludable – which makes them difficult or in some cases impossible to secure through markets. As such, and using the intervention logic set out in the HM Treasury Green Book²⁰, there is a clear case for public intervention through regulation, advice and incentives to secure a wide range of public goods.

Whilst food is not a public good, it is an area where wider public policy should play a crucial role in ensuring the sustainable production of safe, healthy food, and in ensuring that farmers can receive a fair return from the market for doing so. Given the need for a high degree of cross-Government working in this area, we feel that there is a clear case for a **Sustainable Food Strategy** to complement and build from farming and land management payments focused on public goods. This would include many of the elements outlined in the consultation paper, including issues around supply chain transparency, and beyond to include issues such as taxation and public health, all underpinned by a focus on maintaining and restoring the natural capital that farming and food production depends upon. A Sustainable Food Strategy would complement and build from environmental land management payments focused on public goods, recognising the crucial role that these payments will play in maintaining and restoring the natural capital that food production depends upon. This strategy would not necessarily involve a significant amount of public expenditure, and would not be a justification for continued direct payments, or the re-introduction of coupled payments. It would though, recognise the important role that farmers have to play as food producers, and make it clear that the Government and wider stakeholder community do not see any innate tension in the provision of both environmental public goods and healthy, sustainable food.

WEL is pleased to see heritage and recreation listed as a public good, and the recognition that walking and other physical activities generate employment and reduce long-term health costs.

¹⁹ Cooper, T., Hart, K., & Baldock, D. (2009). *Provision of public goods through agriculture in the European Union*. London: Institute for European Environmental Policy.

²⁰ Treasury, H. M. The Green Book: Central Government Guidance on Appraisal and Evaluation. 2018. London: HM Treasury.

We would like to see land managers rewarded for more and better-quality access on their land. **They could be rewarded for providing new access where there is a public need, for example to provide missing links in the path network and enable people to avoid using busy roads.** Ideally such access should be permanent, for example by dedicating public paths or access land (under section 16 of the Countryside and Rights of Way Act) or village greens (under section 15(8) of the Commons Act 2006).

Land managers should also be rewarded for making existing public paths and access better, by providing wider routes than the statutory requirement, or mowing a field-edge paths, or providing more access points to access land.

There should also be a much better system of enforcement so that payments are withheld or reduced if a land manager does not obey the law on public paths and access land. This will also assist hard-pressed highway authorities. If adequately resourced, Natural Resources Wales (NRW) could be more involved in monitoring and enforcement. We also believe that habitat expansion and connectivity should be included in a future scheme.

We welcome a commitment to maintaining and improving animal health and welfare and appreciate there are aspects that fall between what the market might be expected to deliver and government intervention. We also appreciate that health and welfare are mutually dependent and see roles for a combination of regulation, support and guidance to achieve improved outcomes.

11. Chapter 6

Public Goods

A number of public goods could potentially take several years, sometimes decades, to be fully realised. e.g. carbon sequestration through broad leaf trees. To deliver on these, land managers may need to enter into a long term contract. How do you see such agreements working? What do you see as the benefits or disadvantages to such agreements?

A management plan that considers its **entire catchment and surrounding landscape** should be the precursor of any agreement decision. **Management plans should underpin investment in a land-holding and the system should make maximum use of ‘farm clusters’ - a powerful mechanism whereby groups of local farmers can take ownership and responsibility for designing and implementing their own solutions to the challenges and desired outcomes set for them in the local environment network plan.** A management plan would provide: clarity on objectives; interactions with adjoining land; issues, threats and opportunities; monitoring of outcomes and site condition. The management plan would also offer an opportunity for the Welsh Government to audit outputs as part of the payment system.

Contracts could be of varying lengths depending on the nature of the need, to provide continuity and give land managers the ability to plan ahead. Longer contracts would reduce the burden and costs of administration for both farmers and the state - by taking away the need for annual applications, focussing audit and monitoring processes on outcomes rather

than on detailed process-based approaches and placing more emphasis on land managers to demonstrate the success of their work.

Administration of the scheme and its funds should be simple, with clear links to other legislation. One commissioning public agency should be responsible for administering the full breadth of funds and would take responsibility for overview, audit and delivery – but not advice. This agency should operate at the sub-national level most relevant to the outcomes and most effective for managing relationships – this may be at a catchment level, county or regional level but there needs to be a clear connection between national level objectives, the Local Nature Recovery Map and local delivery contracts.

Lastly, it could be motivating to attribute long term national targets (such as carbon emissions reduction targets) and milestones to that individual land managers would contribute to on behalf of Wales.

12. Chapter 6

Public Goods

A collaborative approach to delivering public goods may in some instances provide better value for money than isolated activity. How could the scheme facilitate this approach? How could public and private bodies contribute to such partnerships?

We believe that all the public goods listed can be delivered at the individual holding level, but many are better delivered as part of a larger, more co-ordinated package. The impacts will vary not only as a result of scale, but also, level of activity undertaken. The research undertaken at Pontbren, in the Welsh uplands, has shown the significant impacts on both water quality and quantity that can be achieved by increasing overall woodland cover from 1.5% to 5% on both individual holdings and across a landscape. However, a critical factor in achieving the potential environmental benefits of tree and hedgerow planting is the strategic and well-informed choice of locations, species and management. The Pontbren results have shown conclusively that strategically planted narrow, fenced shelterbelts of trees across slopes capture surface run-off from the pasture land above and allow it to soak more rapidly into the soil. The shelterbelts of mixed broadleaved trees were planted at unconventionally high densities together with a large proportion of shrubs, but, experience has shown that these mixtures do best if planted all at the same time. The other critical issue is using planting stock of the right provenance. Pontbren is very much an upland area and the stock needed to be suited to the more challenging growing conditions above 240m²¹. WEL members would be interested in working with partners and the Welsh Government to develop mechanisms for integrating trees and woods into everyday farm management.

At the individual farm level, widespread environmental issues such as declines of farmland biodiversity, air and diffuse water pollution and maintenance of landscape character and the historic environment point to the need for similarly widespread action. These issues generally need small scale, relatively simple interventions, such as hedgerow restoration, planting of

²¹ Woodland Trust. (2013). The Pontbren project - a farmer led approach to sustainable land management in the uplands. Accessed from: <https://www.woodlandtrust.org.uk/publications/2013/02/the-pontbren-project/>

shelterbelts, the introduction of an agroforestry scheme on parts of the farm or the creation of networks of semi-natural habitats. This could be achieved by providing local targeted advice to attain multiple, independent actions with a single theme or by supporting single collaborative applications, in the form of 'farm clusters'. In such a method, there could be a premium offered when a sufficient number of land owners opt into a package of measures across a target area. We believe that there should be funding for landscape scale collaboration via a collaboration fund, spanning all aspects of the policy.

13. Chapter 6

Public Goods

Some actions can deliver multiple public goods in the same location. For example, peat bog restoration can have benefits for carbon sequestration and flood risk reduction.

However, some locations could be suitable for multiple public goods from different activities. For example, one location may be suitable to either plant trees for carbon sequestration, or to revert to wetland for biodiversity. How could locations for single, multiple or competing benefits be prioritised?

To help inform the assessment, a combination of Area Statements, Rural Affairs Monitoring and Modelling Programme and environmental mapping could be used along with local knowledge to determine and prioritise contextualised needs and solutions. As previously stated, on private land, the owners' objectives necessarily and properly frame what can be delivered. There is a need for experts to overlay the various sources of knowledge and thereby guide evidence-based decisions on the delivery of public goods.

The relative importance of any particular public good will depend on the geographical location and the pressures that have developed as a result of geology, climate, past management or cultural impacts. We would argue that all of the environmental outcomes are interlinked and should be afforded equal priority given the important cross-government public policy challenges they address. It should also, in many cases, be possible to deliver these outcomes simultaneously. For example, the planting of appropriately managed woodland or shelter belts in key locations will provide highly stable soils with low erosion risk, but will also absorb rainfall which helps to reduce flooding and provide valuable habitat for a variety of species, in addition to sequestering carbon from the atmosphere.

Incentivising strategic land use change and the implementation of effective monitoring as part of any future payments system will be key to achieving these outcomes, but also looking at a sustainable future for the specific land parcel. **Priority should be given to those actions which will be most sustainable given the circumstances of a local environment.**

We recognise that during a post-Brexit transition there may be a need for public money to be applied to maintain land management and support the socio-economic fabric of marginal rural communities to prevent abandonment. **Some marginal areas of Wales, such as uplands, may have more difficulty and additional costs than other areas when implementing the same types of interventions. This must be taken into consideration when developing the PGS proxies that determine levels of support.** Further, land managers with land that

fall within designated areas such as Environmental Sensitive Areas, should, in some capacity, also be able to participate the PGS.

14. Chapter 6

Public Goods

Given that support for the delivery of public goods will be a new approach in Wales, there will be a requirement for a significant amount of training and advice for the sector. How best could this training and advice be delivered? Which areas of the sector need the most attention?

Despite their responsibility for the management of over 80% of the Welsh land area, the agricultural workforce (plus forestry and fishing) in Wales comprises less than 3% of the Welsh population²². Only 20% of this workforce has a qualification which equates to a Level 4 (equivalent to a Foundation Degree or Higher National Diploma) or above, compared to 40% in other sectors of the economy²³. This workforce is not required to achieve any educational training beyond secondary education.

As a consequence of this and the now multi-generational dependence on industrialised methods, the agricultural sector in Wales relies heavily on anecdotal approaches and suffers from the loss of ecological awareness. For example, it has been shown that for farmers to move from a conventional to an organic food supply chain, they must “*forget many of the practices so characteristic of the conventional chain in order to (re)learn how to farm in an ecologically benign fashion*”²⁴. This paucity of ecological understanding within the agricultural sector combined with the growing demand for a multifunctional countryside highlights the profound need for upskilling and professionalisation of the agriculture sector.

In addition, education will be required if land managers are to become innovative and benefit financially from a shift towards new markets which promote wider societal benefit (ecologically and economically sustainable systems). This will help different sectors adhere to the principles and goals of the WBFGA and EWA.

Environmental NGOs in Wales could help provide sustainable land management advice to land managers across Wales. Numerous studies show that combining local knowledge, skills and expertise with an understanding of current legislation and funding, allows experts to help land managers get the best environmental and financially sustainable outcomes^{25,26}. Research

²²National Assembly for Wales. (2014). The Welsh Workforce Employment in Wales August 2014.

Accessed from: <http://www.assembly.wales/research%20documents/rn14-020%20the%20welsh%20workforce%20%E2%80%93%20employment%20in%20wales/rn14-020.pdf>

²³ Jones, W. (2015). Independent Review of Learning delivered by FE colleges and the Relevance of that delivery supporting Farm businesses in Wales.

²⁴ Morgan, K & Murdoch, J. (2000). Organic vs. conventional agriculture: knowledge, power and innovation in the food chain. *Geoforum* 31 (2) pp. 159-173.

²⁵ Department for Environment, Food & Rural Affairs. (2013). Review of Environmental Advice, Incentives and Partnership Approaches for the Farming Sector in England.

²⁶ Boatman, N., Short, C., Elliot, J., Gaskell, P., Hallam, C., Laybourn, R., ... & Jones, N. (2015). Agreement scale monitoring of Environmental Stewardship 2013-4: assessing the impact of advice and support on the environmental outcomes of HLS agreements.

shows that good quality and trusted one-to-one, and one-to-many advice is essential to achieving and maximising the outcomes of environmental land management²⁷.

Thus, to improve the take-up of knowledge and advice, we recommend:

- **Farmer-to-farmer or peer-to-peer learning.** Much formal and informal sharing of insights and experiences already takes place between farmers and other land managers, and the Government can encourage those which best support knowledge-transfer. We strongly endorse grassroots farmer-to-farmer research and innovation approaches^{28,29}, such as the 'Field Labs' pioneered by the Innovative Farmers Network.
- **Advice.** We believe there is a need for a properly funded, well-coordinated and streamlined advice service that adheres to a set of clearly defined objectives set at a local level. This is critical to help farmers and other land managers manage the change ahead and for the successful implementation of basic rules and environmental incentives. **Advice provision should be separated from enforcement activities, and multiple advice initiatives should be rationalised to provide greater coherence and ensure high standards. Advice should be coordinated at a local level, pooling skills and resources³⁰.**
- **Agriculture education and training.** The agriculture education and training sector is not equipping the next generation of farmers with adequate knowledge on agro-ecological issues such as soil health, low input high margin production, pollination and training in techniques such as Integrated Pest Management. These issues are often afforded minimal focus, if any, on the agricultural college curriculum, which instead focuses on the kinds of areas covered by the options presented in this consultation for ranking. For example, there is often an emphasis on agri-tech which has a place, but includes some technologies that work against nature and exclude other proven methods.
- **Agroforestry and forestry education and training.** We have identified the separation of education and training (in addition to the separation in policy) between the forestry and agricultural sectors as the biggest barriers preventing uptake of agroforestry, woodland creation and woodland management on farmed land. The majority of farmers and other land managers are not currently aware of or equipped with the technical knowledge and skills to implement agroforestry schemes, such as silvoarable, nor manage existing trees and woods to access the productivity, resilience and environmental gains that can be realised.

WEL recognises a need to improve links between conservation advisors and other sectors advising land managers (e.g., agronomists, land agents, farm business advisors). One way to improve take-up and integration of environmental land management advice is to better communicate the cross-sector benefits that come from an ecosystems services approach

²⁷ Burton, R. J., Kuczera, C., & Schwarz, G. (2008). Exploring farmers' cultural resistance to voluntary agri-environmental schemes. *Sociologia ruralis*, 48(1), 16-37.

²⁸ Inman, A., Winter, M., Wheeler, R., Vain, E., Lovett, A., Collins, A., ... & Cleasby, W. (2018). An exploration of individual, social and material factors influencing water pollution mitigation behaviours within the farming community. *Land Use Policy*, 70, 16-26.

²⁹ Burton, R. J., Kuczera, C., & Schwarz, G. (2008). Exploring farmers' cultural resistance to voluntary agri-environmental schemes. *Sociologia ruralis*, 48(1), 16-37.

³⁰ *Ibid.*

(e.g., farm business benefits from hedgerows and margins, diverse swards, climate change adaptation and mitigation, pollinators and pest control; opportunities for diversification or new income streams from woodland / hedgerow management).

15. Chapter 6

Public Goods

Private investment in the purchase of public goods is already happening, but at a relatively small scale. How could the new scheme promote greater involvement from the private sector? What are the barriers to this type of investment?

We believe there is real potential for functioning markets based on private investment in environmental restoration. We would encourage the Welsh Government to examine the use of mechanisms such as reverse auctions, used effectively by Wessex Water to reduce nitrogen pollution. Funds could also be used as 'seed-funding' to help pump-prime the establishment of private Payment for Ecosystem Service schemes or contribute to the maintenance and enhancement of benefits of ecosystem services. Fund matching can also be used as a method of drawing contributions from organisations such as water companies, private businesses and local communities. This is likely to need work from the UK Treasury and other government departments to enable policy changes for incentivisation to meet the requirements of cost benefit analysis and other policy analysis processes.

For long term impacts such as carbon sequestration and flood mitigation it may be beneficial to put land into extremely long term schemes such as 50 years or more. One example of this is through governance mechanisms, such as those required under the Woodland Carbon Code³¹. The use of conservation covenants may contribute to this aim by enabling third sector organisations to provide long term payments but legislation is needed to enable this to happen.

Making legal planning requirements for the private sector to mitigate climate change would also help encourage private investment in public goods while also contributing to Welsh Government's wider carbon reduction targets.

Public finance is uncertain in the future so we need to attract and enable new investment. New public good contracts should enable investment from public, private and community financing. However, a main barrier to corporate involvement is a lack of an adequate regulatory floor. For example, water companies will not invest in land management if the existing regulatory floor that is weak and not monitored or enforced. This requires a knowledgeable, well-resourced, and consistent public agency that upholds the regulations in an efficient, proportionate and intelligent way on a long-term basis. **Public payments should only be made for activities over and above good agricultural practice (i.e., incentives must be underpinned by a strong regulatory baseline).**

Also, corporates should work with their respective supply chains on a number of levels. Corporates have a role to remind their suppliers of legal responsibilities. In addition, efforts

³¹ Forestry Commission. (2018). Woodland Carbon Code: Requirements for voluntary carbon sequestration projects. Accessed from:
[https://www.forestry.gov.uk/pdf/WWC_V2.0_08March2018.pdf/\\$FILE/WWC_V2.0_08March2018.pdf](https://www.forestry.gov.uk/pdf/WWC_V2.0_08March2018.pdf/$FILE/WWC_V2.0_08March2018.pdf)

should be made to explore whether there is any potential for corporates to offer financial assistance to their suppliers to adopt pro-environmental capital investments (e.g., no / low interest loans). There is also potential for corporates to play an increasing role in an advisory capacity, working with suppliers to explore agronomic opportunities which have both economic and environmental advantage.

Private companies will invest but only if they believe landowning communities have the skills and knowledge to deliver the requirements. Rates of return need to be secure and investment plans must be clear.

16. Chapter 8

Transition, delivery and legislation

What are your comments on the phased transition period and our ambition to complete the changes by 2025?

WEL understands the importance of a transition period in order to trial new approaches and to give the farming sector time to adjust to changes. However, declines in biodiversity mean that a new environmental Land Management Programme should be introduced as soon as is possible; nature cannot afford to wait for public money to begin prioritising public benefits and farmers need certainty as soon as possible.

The transition period should be as smooth as possible. A shift to payments focussed on environmental outcomes is urgently needed to address the decline in nature. We welcome the proposal to run phased transition period from the end of 2020. **Any lack of clarity over the transition period or over the content and operation of a future Land Management Programme is likely to increase uncertainty for land managers.** The Government should therefore carry out as much of the necessary testing and piloting work as early as possible in order to be in a position to provide confidence in what the future schemes and broader system will look like and the level of funding that will be available. **Once the new Land Management Programme is in place and accepted, new social norms will develop, which should result in lasting behaviour change³².**

Environmental declines present an urgent challenge, and a transition period longer than five to seven years will create inevitable opportunity costs. To illustrate this, on current rates of decline, farmland bird populations will decline by a further 10-15% between now and 2024 without action³³, and the risk of extinction for species on the brink, such as Curlew, will only increase. A five-year transition with new policies implemented from 2022, as suggested by the consultation paper, secures a balance between environmental need and certainty for farmers and other land managers. Although a transition period from the end of 2020 to the end of 2025 is proposed, there is a case for aligning this with the transition period in England, which is 2021-2027. In either scenario, a five- to seven-year transition period secures a balance between environmental need and certainty for land managers.

³² De Snoo, G. R., Herzon, I., Staats, H., Burton, R. J., Schindler, S., van Dijk, J., ... & Schwarz, G. (2013). Toward effective nature conservation on farmland: making farmers matter. *Conservation Letters*, 6(1), 66-72.

³³ Based on a decline of 9% between 2010 and 2015.

We welcome the proposal to explore opportunities to reduce areas of administrative complexity if these release resources to support the Land Management Programme and ease the implementation of the phased transition period. However, **any transition that involves the decoupling of payments from land area must not cause a reduction in the environmental regulatory baseline.** Changes to, or the removal of, cross compliance and greening requirements should not result in a degradation in environmental protection and it will be important for Government to set out how it will achieve this.

We believe the design of future policy and specifically structuring of the PGS contracts and subsequent payments requires particular consideration. Specifically, this will mean giving **special consideration to how such a model can fit within World Trade Organisation (WTO) rules on domestic farm support.** We are concerned that if payments continue to be based on an income foregone model, they will be too low to support upland farmers and other land managers. **The government must conduct a comprehensive impact assessment of phasing out direct payments to understand the impact of options on different recipients – including those in marginal and upland areas.**

To facilitate a smooth transition period, the Welsh Government must:

1. Provide early clarity on what the end goal looks like, with a focus on how Welsh Government intends to deal with the inherent risks of this process, and how to manage the dependencies between old and new policies (e.g., how to re-deploy receipts from progressive reductions and Pillar 1 greening towards new Public Goods payments without the loss of funding).
2. Ensure the majority of progressive reduction payments ultimately go toward the new PGS, in a way that is consistent with EWA and WBFGA.
3. Continue investment in annual extensions of current Glastir Entry / Advanced contracts in the short term, to establish the foundations for the new PGS and bridge any scheme gap in the initial years of transition, engaging and preparing as many farmers and other land managers as possible.
4. Remove Pillar 1 greening requirements but ring-fence associated funding, for Glastir (in the short term) and assist with the piloting and full accessibility of the PGS from 2020.
5. Agree on a new mandatory baseline that would apply to all land managers, irrespective of whether they are in receipt of public funding now or in the future.

17. Chapter 8

Transition, delivery and legislation

What is the most appropriate way to phase out the Basic Payment Scheme to start implementation of the new schemes?

WEL would like to reiterate the **importance of giving land managers certainty on the length and nature of any transition** as soon as possible, and more importantly, what the system will look like and offer. **If we are to support land managers to become more innovative, self-reliant and business orientated then we must give them the mechanisms to achieve this within realistic timescales.**

We would support a five to seven year transition, as this provides a realistic timeframe that balances the need for time to adapt with the need to deal with the existing problems. **A lengthier transition period presents the risk of losing the necessary momentum**, and giving the sense that change has been 'kicked into the long grass', therefore sending the wrong signals to the industry when timely action is needed to adapt. It also belies the urgency facing us in terms of the condition of our environment, particularly in terms of soils, air quality and biodiversity. Welsh Government will need to provide clarity on the scheme content and funding available under the new policy at the earliest opportunity.

In phasing out the Basic Payment Scheme (BPS), **consideration must be given to those already funded through Glastir and carrying out environmental initiatives.** Welsh Government must consider the extent to which the BPS is contributing to the PGS and **whether those who currently comply with the PGS (as will be defined by Welsh Government) will have a different pathway to the PGS** than those not currently taking part in environmental schemes. A baseline will also need to be developed, to ensure reactionary changes by a given land manager do not result in unfair advantages.

In terms of reducing existing payments and phasing into the new Land Management Programme, a comprehensive analysis is needed to determine whether proportional reductions (all land managers receive an x% annual reduction) or weighted reductions (reductions based on criteria, such as, farm size, ability to meet environmental commitments, etc.). Such decisions and supporting criteria need to be clearly defined by Welsh Government. We would support the option of weighted reductions, with higher percentage reductions applied to amounts in higher payment bands. However, given the implications of how transition is achieved, we expect Welsh Government to provide greater detail on options and impact on this issue before a decision is made.

18. Chapter 8

Transition, delivery and legislation

How can we simplify the current administration and delivery of the Basic Payment Scheme during the phased transition period?

The current administration can be simplified by making funding applications accessible; **Welsh Government must take into consideration technological and other barriers that may limit the ability of some land managers to take part in the new Land Management Programme.** WEL agrees with the proposal to maintain the utilisation of the existing administrator, Rural Payments Wales (who already have a digital system, data, and a customer contact centre), as this will help make the shift more efficient. Using the same administrator will also remove a potential barrier for land managers who are familiar with the existing administrator.

Whilst there is a lot of room for improvement with cross-compliance, it does provide an important set of environmental safeguards, especially in the context of a general lack of enforcement activities. Penalties associated with breaching cross-compliance rules also provide a deterrent effect that is often stronger than the threat of prosecution associated with breaching the underlying regulation.

Therefore, we recommend that Government seeks to retain and simplify cross compliance rules and their enforcement without amending minimum requirements. In particular, a focus on more effective enforcement is needed to prohibit certain behaviour. Removing some or all of the current greening rules would not be acceptable, as although the greening rules have been generally ineffective³⁴, removing them at this stage without an alternative mechanism would risk reducing environmental protections, and send the wrong signals to the sector in advance of a new policy focused on environmental public goods.

19. Welsh Language standards

Will the proposed land management programme have any effects (either positive or adverse) on:

- **opportunities for persons to use the Welsh language;**
- **treating the Welsh language no less favourably than the English language?**

WEL recognises that the Welsh language is part of the social fabric of rural Wales. It is therefore crucial to maintain Welsh Language standards and work in line with the WBFGA. To do this, it will be important for land management advisors and monitoring and regulation officers to be Welsh speaking. This will foster a smoother transition process, and help mitigate potential barriers for Welsh speaking land managers. Supporting locally based field officers could also assist in enabling opportunities to maintain the Welsh language.

The new Land Management Programme calls for behavioural change; if done with care, in a collaborative, transparent, multi-scaler and educational manner, the behavioural change required should not adversely impact the cultural aspects of rural communities. **A common goal must be developed (i.e., results, as defined by the PGS), to enable change and foster cultural and social capital (i.e., knowledge and skills within the farming community)³⁵. Eventually, cultural and social capital will translate into the development of new normative behaviour (i.e., environmental interventions as social norms within the farming community)³⁶.**

20. Do you wish to make any further comments?

³⁴ Hart, K. (2015). Green direct payments: implementation choices of nine Member States and their environmental implications. Institute for European Environmental Policy. Accessed from: https://www.birdlife.org/sites/default/files/attachments/greening_implementation_report_ieep.pdf

³⁵ De Snoo, G. R., Herzon, I., Staats, H., Burton, R. J., Schindler, S., van Dijk, J., ... & Schwarz, G. (2013). Toward effective nature conservation on farmland: making farmers matter. *Conservation Letters*, 6(1), 66-72.

³⁶ Ibid.

We are concerned that the need for a common framework on environmental governance is not mentioned in the discussion of common frameworks (page 58). The various Governments of the UK should agree upon shared environmental ambition that can, in part, be delivered through the agricultural sector, while allowing enough **flexibility to tailor policy to local contexts**. Any new framework should allow countries to go further than the minimum without risking the possibility of competitive deregulation. We strongly believe that:

1. Cooperation between the UK Government and devolved administrations is necessary to ensure that high minimum standards and ambitious environmental objectives are common to future farming and land management policies.
2. Given the dominance of agricultural land uses throughout the UK, this will be necessary in order to ensure sustainable management of common resources, and that we meet our international environmental commitments and obligations.
3. The absence of environmental objectives from any future common frameworks would be a significant backward step compared to the CAP.

Wales Environment Link (WEL) is a network of environmental, countryside and heritage Non-Governmental Organisations in Wales, most of whom have an all-Wales remit. WEL is a respected intermediary body connecting the government and the environmental NGO sector in Wales. Our vision is a healthy, sustainably managed environment and countryside with safeguarded heritage in which the people of Wales and future generations can prosper.

This paper represents the consensus view of WEL's Land Use Working Group members. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.

