



NATIONAL PARKS WALES
Britain's breathing spaces

CAP Reform Team
Welsh Government
First Floor
Crown Buildings
Cardiff
CF10 3NQ
By Email: capreform@wales.gsi.gov.uk

07 May 2013

Dear Sir/Madam

National Parks Wales response to The Common Agriculture Policy Reform: Direct Payments to Farmers: Next Steps

National Parks Wales welcomes the opportunity to work with the Welsh Government to contribute to the reform of the Common Agricultural Policy (CAP). We recognise that there have been a number of changes negotiated since the original proposals were announced by the European Union and that this is a complicated area of policy that will continue to evolve.

The Common Agricultural Policy is a significant factor in ensuring the long term sustainability of agricultural and land management systems that are fundamental to protecting the special qualities of National Parks that along with Areas of Outstanding National Beauty are category V protected landscapes as defined by the International Union for the Conservation of Nature (IUCN).

Whilst we have responded to the consultation by structuring comments within the questions asked, some overview comments are worth noting:

- National Park Authorities have limited resources to devote to research in support of such policy development. Given the significant complexity and amount of detail to be determined, including the relationship between pillar 1 and 2, it is difficult for us to predict likely outcomes. However, the Welsh Government should assess the likely impact of the different options upon the National Parks, and that we would be willing to input into this modelling.
- The limitations of a Single Payment Scheme based on entitlements should be noted. For example, it is relatively easy for older landowners to continue to receive such payments and retain control of the land without undertaking the majority of farming or land management operations themselves. With regard to pillar 1 and 2 payments directed at farming, the Welsh Government should:
 - have particular regard to what land tenure arrangements might result and be appropriate
 - Consider the public benefits that that may result if payments can be focused on more practical tasks, such as farming or land management, that would be more likely be undertaken by younger people, thereby increasing the degree of influence on land



management and their potential to contribute to a sustainable rural economy (as identified as being a priority within the 2020 report).

Conversation Questions

Direct Payments

Do you have a view on what sort of combination of rates should be used? Why?

Considerations should be given to the potential impact on farming systems, communities and environment within National Parks of the different options. Retaining a viable agricultural economy is fundamental to protecting & enhancing many of the special qualities of National Parks. Further evidence is required to be able to comment on the likely impact of uniform or differential rates upon the Welsh National Parks. Particular attention should be paid to:

- Consequential impacts on farming systems associated with less productive land with high environmental value (for example cliff pastures, moorland and common land)
- The impact on grazing systems involving cattle (that may traditionally have received relatively higher levels of subsidy support)

Transition Period

Do you think that the transition period should be 5 years, 10 years or an alternative? Why?

A clear transition period is required.
Change to 100% area payments

Do you think that the change in year 1 should be 40%? Why?

No comment

National Reserve

Do you agree that new entrants should be able to access entitlements through the National Reserve?

There is an argument for this as it may have potential to support younger people to become established in farming either directly (by the provision of support payments without the capital outlay of buying entitlements) or indirectly by creating a greater supply of entitlements for trading (thereby devaluing their capital value). Consideration should be given to restricting transferability of National Reserve entitlements to prevent potential abuse of this policy.

National Reserve is only one consideration for encouraging new entrants (including younger farmers), of which more will be said later. The importance of a vibrant rural economy that includes farming is fundamental.

Entitlements

Do you agree that there should be two or three reference years to access entitlements?

There is an argument that flexibility should be increased so long as there is not an overly significant burden on the Welsh Government to administer.



Do you think that farmers who have not exercised entitlements in the reference years should be allowed to apply for entitlements, if they can demonstrate active farming activity?

In some ways this is too simple a question to be answered on its own, other than expressing broad aspirations as to what should try to be achieved as it depends on all of the other detail in the regulations.

To give an overview, there is an argument for greater flexibility to create more of a level playing field, especially for relatively new entrants and also to assist in longer term planning of family farms (e.g. to cope with family deaths, short term illnesses etc). The new system should, as far as reasonable possible, be based upon current businesses rather than historical.

Active Farmer

Do you think that the "negative list" approach is a good one? What sort of characteristics or business types should be in a 'negative list'?

Care needs to be taken so that agricultural land with high environmental value is not excluded. This may be owned and managed by larger public or charitable bodies such as the Ministry of Defence, wildlife charities, utility companies (for example farmland owned by Welsh Water) or public authorities such as National Parks.

Greening

Do you agree that a proportion of the direct payment should be dependent on environmental actions?

Yes, though it depends on:

- how this interacts with other policy areas such as cross-compliance and agri-environment schemes
- flexibility to be relevant to Welsh agricultural land and systems
- the degree of additional burden on farming systems for the amount of environmental gain.

What percentage should be governed this way?

There is an argument that greening will have a number of longer term benefits and that a high percentage is appropriate. However, it may be more efficient to achieve environmental and other public benefits by concentrating more resources into pillar 2.

Potential benefits of greening include:

- Greater potential for public benefits to be delivered in return for this investment
- Greater transparency for the public and therefore greater potential for continued public support of the farming sector

If basic environmental measures are covered within pillar 1, it may free up resources in pillar 2 to deliver higher level outcomes

What do you think of the alternative practices being proposed for greening?

There was a need to amend the greening proposals as originally proposed within Europe to reduce the likelihood of unnecessary burden on farm businesses with limited public benefits. There may be potential for the Welsh Government to improve the proposals still further.



Small Farmer Scheme

Do you think the Welsh Government should run a Small Farmer Scheme? Why?

It is not immediately apparent why a small farmer scheme should be regarded as a priority for Wales within pillar 1 and there is potential for it do more harm than good. For example:

- One unintended consequence with the transfer to an area based scheme, as happened in England, is for a disproportionate amount of scarce government resources to be tied up with a large number of relatively insignificant small farms.
- Small holdings that fall within the Small Farmer Scheme threshold may contain features of high conservation value that would effectively have less protection than they might have if associated with a larger holding.

However, there is an argument that smaller areas of land should be eligible for support within pillar 2 as they may have a significant natural resource value (e.g. "high natural value farms") or be able to deliver significant public benefits.

What do you think should be the minimum farm size to be eligible to claim direct payment? Why?

5Ha may be a logical threshold and have commonality with other regulations (e.g. planning permitted development rights) for pillar 1 funding.

The case could be made that a smaller threshold should be considered for pillar 2, for example either to enable support for small areas of high conservation value (due to either biodiversity, historical or landscape interest), public access or innovative rural enterprises on smaller areas of land.

Capping

Do you think the Welsh Government should make payments of over €300,000 to individual businesses? Is €300,000 the right level for capping?

No comment

Young Farmers

Do you think that enhanced compulsory income support is a good way to support young farmers?

Unsure whether this is the most efficient or fair way to channel resources (see comments to the question below). Our opinion is that support is better focused on training, technical & professional advice and potentially capital grants.

Would it be better to support them through other measures, such as skills improvements, mentoring or capital grants? Why?

Support for younger farmers has been identified as a policy area for support for national government (e.g. within the 2020 report) and regionally (for example within National Park Management Plans). Partly this is to enable greater innovation and competitiveness within the rural economy. It may therefore be a better use of limited resources to support training, development and investment (for example through pillar 2) rather than relying on the relatively blunt tool of enhanced compulsory income for younger farmers.



CAP reform and the rural development plan are only two factors influencing potential younger farmers entering and succeeding within the rural economy. Arguably other factors such as capital taxation, land tenure and planning are equally important. The Welsh Government should work with partners (such as National Park Authorities) to consider how CAP reform could work with other factors to ensure young people have greater potential to succeed in the rural economy and improve the sustainability of rural communities.

Coupled Payments

What coupled support schemes would be good for agriculture in Wales? Why?

There is an argument that couple payments should be considered to ensure that appropriate agricultural systems are able to continue to operate on the more marginal agricultural land to avoid abandonment (for example to retain grazing with large livestock on semi-natural grasslands and commons). This could include options for retaining mixed stocking rather than just headage payments. Such policies might be more appropriate within pillar 2 than 1.

Area of Natural Constraint Scheme

Is there a case for an Area of Natural Constraint scheme in Wales?

There is a case for an Areas of Natural Constraint scheme within Wales and this may have particular relevance for the Welsh National Parks and AONBs and we would welcome additional dialogue with the Welsh Government on how this may impact on these nationally designated protected landscapes.

The potential and need for this should be considered alongside the options for differential payment rates and support for such areas that may be available within the Rural Development Plan.

What would be the economic arguments for such a scheme?

Retaining the economic viability of farming systems is fundamental to the protection of these designated landscapes along with their communities and the environment. Many of these more remote communities are particularly vulnerable but are fundamental to the protection of these designated landscapes.

Transfer of funds to RDP

Do you think that transferring funds to the RDP is a good use of the funds?

Yes, so long as use of funds is efficient and does not involve overly bureaucratic systems that may limit the amount of funds available to communities. The issue as to amount that might be regarded as reasonable should take into account the extent of greening measures within pillar 1 that eventually get implemented.

If you have any questions, please do not hesitate to contact me or my colleague Matthew Williams, Rural Practice Surveyor for the Brecon Beacons NPA, 01874 620 448 or matthew.williams@breconbeacons.org.

Yours sincerely



Greg Pycroft

