



CAP Reform Branch
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Dear Sir/Madam

The Common Agricultural Policy Reform – Welsh Government's Proposals for Direct Payments to Farmers.

Response by Cyfoeth Naturiol Cymru/Natural Resources Wales

Thank you for consulting Natural Resources Wales (NRW) on the Minister's current proposals for the provision of direct payments under the CAP.

We work as a regulator, partner and advisor to businesses, non-governmental organisations, Local Authorities and communities to help deliver Welsh Government and European Union policies and priorities. We take an ecosystem approach to promoting sustainable development that delivers social, economic and environmental benefits to the people of Wales.

Our detailed response to the questions posed in the consultation is set out in Annex 1. In particular, we draw attention to the following:

Designing a new system of Area Payments

Further work will be required before reaching a decision on the exact nature of the area payment model best suited to Wales. As a general principle, the introduction of the new system should seek to minimise the risk of sudden, perverse environmental, social and economic impacts. We believe this could be achieved through choosing a model that smoothes any losses and reducing any 'windfall' gains. Such a process would increase awareness amongst the farming community of the need to engage with the prospect of further reductions in income support as the CAP budget reduces over the next seven years.

Greening of Pillar 1

We support the decision to apply the three 'standard' EC greening measures, provided this is coupled with a substantial transfer from the direct payments budget into the Rural Development Plan (RDP). Whilst the emphasis on arable farming rather than livestock means that the EC measures are not particularly

ambitious in a Welsh context, they can still be used to support existing regulation, complement the RDP and provide added legitimacy for the continued use of Pillar 1 in the eyes of Welsh citizens. In particular, the provisions covering permanent grassland (Article 31.1) and Ecological Focus Areas (Article 31.2) could help to reduce GHG emissions, conserve biodiversity, safeguard water quality and decrease flood risk.

Transferring funds from Pillar 1 to Pillar 2

We support the transfer of funds from Direct Payments into the RDP. The latter provides more opportunities to promote a sustainable and innovative agricultural industry than is the case with direct payments. Further sustainable land management actions will be needed to meet existing Welsh Government targets in terms of Natura 2000 sites, the Water Framework Directive and reduced Greenhouse Gas emissions. The funding requirements for these actions alone have previously been estimated at £165M per annum¹.

We are well aware that the Minister will have no certainty over the size of the Pillar 1 and Pillar 2 budgets available to Wales until all EU and UK-level negotiations have been concluded. EU rules mean that all Pillar 2 funds will need to be co-financed by the Welsh Government at a time when budgets are under significant pressure. The co-financing of any transfers from Pillar 1 to Pillar 2 is not a mandatory requirement under the relevant EU Regulations, but would help increase the overall level of funds flowing into the rural economy.

Please do not hesitate to contact either of the following staff in Natural Resources Wales if you would like to discuss our response in more detail:

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Yours faithfully



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¹ "Estimating the Scale of Future Environmental Land Management Requirements for the UK". Cao, Y., Elliott, J., McCracken, D., Rowe, K., Whitehead, J. and Wilson L. Report to Land Use Policy Group by ADAS & Scottish Agricultural College. December 2009. Accessible at: <http://www.snh.gov.uk/docs/A931060.pdf>

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Correspondence welcomed in Welsh and English

Annexe 1

The Common Agricultural Policy Reform – Welsh Government's Proposals for Direct Payments to Farmers

Q1. Do you have comments on the proposed decisions for eligibility for CAP direct payments?

1.1. Natural Resources Wales supports the Minister's intention not to add to the minimum requirements for defining "active farmers" as set out in the current draft of the Direct Payments Regulation. In particular, we agree that farmers who have chosen to establish farm diversification projects should not be penalised. Those institutions and charitable organisations providing significant environmental benefits through sustainable land management should also continue to qualify for direct payments.

1.2. We feel that 5ha could be a better minimum size limit for claims under the Direct Payments system. The provision of large numbers of very small payments (generating only limited benefits in terms of income support) risks diverting limited financial and administrative resources from other priorities. In terms of aligning Direct Payments and the RDP, adopting a new minimum size limit of 5ha (or even larger) within Glastir would enable Contract Managers to focus their time on those holdings delivering the most environmental benefits. Developing a separate simplified RDP scheme for the very smallest holdings (i.e. providing advice and capital grants only, perhaps under the auspices of LEADER) could help to ensure that limited resources were used to best effect.

1.3. We wish to highlight the benefit of ensuring that any land taken out of agricultural production for the purposes of afforestation continues to qualify for direct payments as currently permitted under Articles 34 (b) (ii) and (iii) of EC Regulation 73/2009. Using EU funds in this way reduces the size of the payments that would otherwise be necessary under the RDP.

Q2. In relation to the structure of the new area payment system, do you favour a two category model or a three category model?

2.1. From the information currently available, it appears that a two-category area payment system would be easier to administer than a three-category model and would simplify the trading of entitlements. Further work is needed to identify the potential impacts arising from any particular payment model. In particular, as far as the absolute impact on individual farms is concerned, the key issues to consider in relation to a two-category model are:

- (i) The accuracy of the moorland line;
- (ii) The area of moorland relative to the amount of other land on each farm; and

- (iii) The size of the moorland payment per hectare by comparison with the payment per hectare available for other land.

2.2. Natural Resources Wales considers that further work will be necessary before reaching a decision on the type of area payment model best suited to Wales. In seeking to balance the various underpinning principles set out in the consultation paper, we suggest that the chosen model should be used to reduce the number of “windfall gains” arising from the switch to area payments whilst smoothing out the larger losses as far as possible. Our reasoning is as follows:

2.3. The introduction of area-based Direct Payments should seek to minimise the risk of perverse environmental, social and economic effects. Some farmers seem likely to gain from the forthcoming change, but income losses elsewhere could result in agricultural intensification. This could have knock-on effects on sustainability in some locations. Other farmers may stop managing less productive areas of land or could go out of business entirely. The resulting environmental effects appear to be unpredictable. In some areas there could be a reduction in the capacity to manage existing habitats, whilst in others there might be a net benefit - provided any land released from agriculture was then capable of being managed to ensure the provision of a wide range of environmental, social and economic benefits.

2.4. The absolute value of many farm receipts under the new Direct Payments system is set to decline over the period 2014-20^[1]. Using a new system of area payments to smooth the potential for substantial losses whilst reducing any ‘windfall’ gains, would ensure more farms were made aware of the need to adapt their businesses prior to 2020 - and the prospect of ongoing reductions in income support. Coupled with support from Farming Connect, such an approach would also reduce the risk of sudden and unpredictable environmental, social and economic impacts.

Q3. Do you have any comments on the proposals for basic payments, the speed of transition and Areas of Natural Constraint?

Basic Payments

3.1. Natural Resources Wales agrees with the Minister’s proposal to apply a sliding scale under which payments will be progressively reduced before being capped at €300,000. We also support the Minister’s proposals to transfer into the RDP any additional funds generated by this process.

3.2. In the light of ongoing financial constraints and reductions in the CAP budget, we support the Minister’s intention to limit the levels of income

^[1] Whilst the total amount of CAP funding available to Wales remains to be determined, recent reductions in the size of the EU budget, coupled with the need to achieve a greater degree of convergence in payment rates between different Member States seems almost certain to reduce the absolute size of the direct payments received by many Welsh farms.

^[2] Rural Development Plan 2014-20: Next Steps Consultation Document. January 2013
<http://wales.gov.uk/docs/drah/consultation/130306capnextstepsen.pdf?lang=en>

support that can be claimed by an individual business. Economies of scale suggest that very large farms should require less income support per hectare. In addition, the provision of very large Direct Payments continues to attract substantial public criticism, bringing the entire CAP into disrepute and strengthening arguments for further reductions in the land management budget.

Transition

3.3. Completing the move to area-based payments by 2019 will reduce administrative complexity and free up resources for other tasks. It also avoids the prospect of the transition period overlapping with the next EU budgetary cycle; at which point further changes may need to be made to the direct payments regime.

3.4. Ensuring that the transition consists of steps of equal size brings an element of predictability to the process. This should reduce the risk of perverse effects.

Areas of Natural Constraint (ANC)

3.5. Natural Resources Wales supports the Minister's intention not to create an ANC Scheme under Pillar 1. Re-distributing up to 5% of the direct payments budget to farmers within the current Less Favoured Area (LFA) boundary would involve a rather circular process under which all direct payments were top-sliced so as to increase some 80% of receipts by little more than the original reduction.

3.6. We are aware that the Minister is still considering whether to establish an ANC scheme under the RDP. We are concerned that any such scheme would divert substantial resources away from other priorities. These include the agri-environment and climate change measures; knowledge transfer, advice and training in both forestry and agriculture; agricultural and forestry investments and wider social and economic rural development that will help to support farm diversification, especially in the uplands.

3.7. The requirements of EC Rural Development Regulation appear to make it impossible to set any meaningful conditions on Pillar 2 ANC payments - which effectively operate as a secondary income support scheme. We would prefer upland farms to be eligible for a more targeted and integrated package of measures directed at promoting enhanced agricultural, environmental and social resilience. One example would be the targeted creation of hedges and shelterbelts as part of a whole farm plan advisory and investment package aimed at improving livestock health as well as water quality, biodiversity, flood risk management and small scale timber production.

Q4. Do you support the decision to apply the EC's original 'greening' proposals?

4.1. Natural Resources Wales supports the Minister's intention to implement the original EC greening measures, provided this is coupled with a substantial transfer of funds from the Direct Payments budget into the RDP. At European

level, the greening of Pillar 1 has resulted in a disproportionate reduction in the allocation for Pillar 2. In addition, the UK's overall share of Pillar 2 is set to decline by some 44% by comparison with 2006-2013².

4.2. The alternative to the original EC greening measures would have involved creating a national environmental certification scheme. Whilst this could have been used to complement participation in Glastir Entry (thus reducing the demands on the Wales RDP) it would have been a substantial administrative undertaking. It would have also involved other risks, not least as some of the relevant European rules are still awaiting clarification and the new RDP is still under development.

4.3. We would welcome the opportunity to advise further on how best to apply the standard EC greening measures in a Welsh context. Scope exists to ensure that they can complement the RDP, support compliance with existing Regulations and further legitimise the role of Pillar 1 in the eyes of Welsh citizens. Our current thinking on each of the individual measures is as follows:

Permanent Grassland³

4.4. Some 86% of Welsh farms over 20 hectares are likely to qualify for the EC greening measures by virtue of comprising more than 75% permanent grassland⁴. In this context, the permanent grassland provisions of the new Direct Payments Regulation are particularly significant. Article 31(1) requires all Member States to designate areas of environmentally sensitive permanent grassland needing "strict protection" within Natura 2000 sites⁵ as well as permitting Member States to identify further types of sensitive areas. By way of example, the Regulation suggests identifying "grasslands on carbon rich soils". Other types of environmentally valuable permanent grassland can also be protected. For example, the Welsh Government could choose to identify areas of species-rich enclosed grassland – one of the semi-natural habitats now most at risk. A range of existing datasets could be used to determine the location of any strict protection areas at field parcel level.

² "Pillar 2 funding levels in 2014-2020 at mercy of national transfer options". Agra-Europe. September 24, 2013

³ Under Article 4(h) of the draft Regulation this defined as "*land used to grow grasses or other herbaceous forage naturally (self seeded) or through cultivation (sown) and that has not been included in the crop rotation of the holding for five years or longer; it may include other species such as shrubs or trees which can be grazed provided that the grasses and other herbaceous vegetation remain predominant. Member States may decide to include land which can be grazed and which forms part of established local practices where grasses and other herbaceous forage are traditionally not predominant in grazing areas*"

⁴ Common Agricultural Policy Reform: Direct Payments to Farmers: Next steps. Welsh Government Consultation Document, 6th February 2013, Paragraph 65. <http://wales.gov.uk/docs/drah/consultation/130206caprefordirectpaymentstofarmersnextsteps.en.pdf>

⁵ Under Article 31 (1) sub-paragraph 3, "strict protection" is defined as "*Farmers shall not convert and not plough permanent grassland situated in areas designated by Member States under the first sub-paragraph and, where applicable, the second sub-paragraph*"

4.5. Using the permissive parts of the Direct Payments Regulation as described above would impose few additional obligations over and above the existing EIA (Uncultivated Land) Regulations, but might prove to be rather more effective. Protecting permanent grassland on carbon rich soils would contribute to the Welsh Government target of reducing GHG emissions by 3% per annum in areas of devolved competence as well as helping to reduce diffuse pollution and flood risks. Similarly, protecting a wider range of species rich pastures than those covered by Natura 2000 and existing national level SSSI's would contribute to the EU Biodiversity Strategy whilst addressing many of the issues highlighted in the recent State of Nature report⁶. In addition, the inclusion of land previously converted to semi-improved or unimproved grassland under an agri-environment commitment would help to safeguard previous public investment.

4.6. In the context of Article 31.2 (flexibility to apply the requirement to maintain the overall area of permanent grassland at national, regional or sub-regional level) it appears that this should be applied in the context of establishing areas of strict protection on Natura 2000 sites (Article 31.1 sub-paragraph 1). Further work will be required to determine the way in which the Natura 2000 requirements should be applied within Wales. Whilst the vast majority of permanent grassland within these sites will need to be protected from conversion and ploughing, there may need to be some exceptions to this general rule as part of achieving greater environmental gains e.g. the creation of semi-natural woodland within extensive areas of species-poor upland grassland.

4.7. All land within Natura 2000 sites is protected under the SSSI legislation. This requires farmers to consult with NRW before altering the existing management practices. As a result it may be better to define the strict protection requirements within Natura 2000 sites as being continued compliance with the relevant parts of the Countryside and Rights of Way Act (2000) as amended.

4.8. Article 31.2b refers to "afforestation compatible with the environment" as an exemption from the general requirement to maintain existing permanent grassland. In this context it will be important for Welsh Government to retain the capacity to provide Direct Payments on land recently converted to woodland. Should provision be lost, the cost of creating new woodlands under the RDP is likely to increase (as a result of including compensation for the loss of direct payments). Direct Payments are 100% EU funded whilst the RDP budget is substantially funded by Welsh Government. As a result, it appears more beneficial to continue to pay Direct Payments on newly created woodland.

Ecological Focus Areas (EFA)

4.9. EFA's apply to arable land only. Holdings with more than 75% grassland or forest will be exempt as will those with less than 15ha of arable land. Whilst EFA's have the potential to deliver significant environmental gains across the EU as a whole, relatively few farms in Wales are likely to be affected by this

⁶ Accessible at:

http://www.rspb.org.uk/Images/stateofnature_tcm9-345839.pdf

measure⁷. Despite this, the use of EFA's could still bring about environmental benefits within those parts of Wales where arable cropping is more significant.

4.10. The EFA qualifying requirement has now been reduced to "an area corresponding to at least 5% of the arable land of the holding". In those areas where EFA's are required, it will now be even more important to ensure that those measures defined as being suitable for inclusion have the potential to deliver meaningful environmental benefits

4.11. Further work is required to determine the kinds of EFA measures most suited to producing the greatest environmental benefits under Welsh conditions:

- As a general rule, the inclusion of landscape features adjacent to the arable area (Article 32.1c) should be avoided. Most of these features (hedges, walls etc) will already be protected under cross compliance. By contrast, the inclusion of land left lying fallow (Article 32.a) and buffer strips (Article 32.1d) would deliver much more significant benefits in terms of biodiversity and water quality, especially where the use of pesticides and fertilisers is restricted.
- The inclusion of agro-forestry (Article 32.1e) might help to contribute to the Welsh Government's woodland planting target, provided any new plantings were of suitable type.
- The inclusion of strips of eligible hectares along forest edges (Article 32.1g) and afforested areas (Article 32.1k) should be conditional on such strips being left in an uncultivated and unfertilised condition. Some conditions on the frequency of cutting would be beneficial.
- Further work is required to determine whether areas with catch crops or green cover (Article 32.1l) or areas with nitrogen fixing crops (Article 32.1m) would deliver enough environmental benefits to warrant inclusion. It may be appropriate to apply some kind of scaling factor such that the least beneficial measures count for rather less.

4.12. Additional factors that need to be considered are:

- The location of each EFA within the farm and the surrounding landscape;
- The frequency with which EFA's can be rotated around the farm;
- The extent to which fertilisers and pesticides can be used;
- The timing of any ploughing or harvesting of buffer strips;
- The relationship between EFA measures and the payments available under the agri-environment and climate measures within the Wales RDP⁸.

⁷ Common Agricultural Policy Reform: Direct Payments to Farmers: Next steps. Welsh Government Consultation Document, 6th February 2013. Paragraph 65, *op cit*.

⁸ Further information on all of these issues is available in "Maximising Environmental Benefits through Ecological Focus Areas". Report for Land Use Policy Group by the Institute for European Environmental Policy. May 2012. Accessible at:

Advice on all of these issues could be provided via Farming Connect

Crop diversification

4.13. The original provisions for crop diversification required at least 3 crops to be grown on an arable area of 3ha and would almost certainly have led to a reduction in environmentally and agriculturally beneficial small scale arable cropping across Wales. The provisions in the latest draft of the Regulation seem much less likely to have a perverse environmental impact.

4.14. Compared to the other greening measures, crop diversification has only limited potential for delivering significant environmental benefits within Wales. Many farmers with more than 10ha of arable land will already be growing several crops for either commercial or agronomic reasons. In some cases, however, the fact that winter and spring crops are considered to be distinct crops (even where they belong to the same genus) may help to deliver some environmental gains. For example, it may serve to incentivise more use of spring sown crops (benefitting biodiversity) or winter cover (helping to protect soil) provided these are located in suitable places.

Q5. Are there any additional factors that should be taken into account in determining the level of any transfers from Pillar 1 to Pillar 2?

5.1. Natural Resources Wales welcomes the statement that the Minister is not minded to transfer funds from Pillar 2 to Pillar 1 (so-called reverse modulation). The RDP is the only part of the CAP devoted to promoting a more sustainable and innovative agricultural industry via knowledge transfer, co-operation, investment and the agri-environment & climate measures. Placing too much emphasis on income support will result in a more uneven trajectory of development. Some farmers may use such payments to improve their competitive position through a more sustainable approach that reduces costs and improves market share, but others will use them simply in order to underpin current practices, regardless of whether these are sustainable in the long term. The RDP can support the economic, environmental and social aspects of woodland management (including advice and knowledge transfer) as well as the development of the wider rural economy and rural communities.

5.2. In determining the scale of any transfers from Pillar 1 to Pillar 2, we suggest the following factors are taken into consideration:

(i) Whether or not to provide any co-financing. Whilst this is not a mandatory requirement under the relevant EU Regulations, such a move would ensure an increase in the overall level of funding flowing into the rural economy under a combination of Pillars 1 and 2. An additional consideration is whether the Welsh Government wishes to devote a more substantial proportion of the available funds to State Aided schemes. These may well allow for more flexibility than is permitted under the Rural Development Regulation.

http://www.ieep.eu/assets/949/IEEP_2012_Delivering_environmental_benefits_through_ecological_focus_areas.pdf

(ii) The substantial scale of the land management actions required to meet existing Welsh Government environmental targets. The funding needed for biodiversity, climate change mitigation, cultural landscapes, flood risk management, resource protection, soil health and water quality has previously been estimated at £165M per annum⁹. Despite not having been adjusted for inflation, this figure is still almost twice as large as the current agri-environment programme – where a large number of existing commitments will need to be maintained as part of the new RDP.

(iii) Additional resources will be required to meet the requirements of the EU Biodiversity Strategy and the management of the Natura 2000 series. Natural Resources Wales is currently running a LIFE+ project which has been designed to develop a strategic, prioritised programme for the management of Wales' Natura 2000 sites¹⁰. As part of the Prioritised Action Framework (PAF) submitted in March 2012, the European Commission has been informed that the LIFE+ project will help the Welsh Government to set priorities for action during 2014-20 through the production of a series of costed action plans for individual sites.

(iv) The initial set of River Basin Management Plans (RBMP's) were approved by Welsh Government in 2009 and revealed that only 33% of water bodies were at "Good Ecological Status". This figure had risen to 37% by 2012. Approximately 14% of failures related to agricultural activities, including livestock poaching, erosion of river banks, run-off from grassland and arable fields, tracks and farm yards and the poor management of slurry. Many of these issues are best addressed via the RDP.

(v) Woodland plantings under the RDP could help farmers to adapt to climate change, contribute to Water Framework Directive (WFD) targets, reduce flood risks and enhance biodiversity. Woodland creation and better woodland management are prioritised in the Climate Change Strategy Mitigation Delivery Plan¹¹. In 2010 the Welsh Government announced a target of creating 100,000 ha of new woodland over a 20 year period. Indicative economic estimates of the net benefits of meeting this target showed that new woodland creation is highly cost-effective as a climate change mitigation measure¹².

⁹ "Estimating the Scale of Future Environmental Land Management Requirements for the UK". Cao, Y., Elliott, J., McCracken, D., Rowe, K., Whitehead, J. and Wilson L. Report to Land Use Policy Group by ADAS & Scottish Agricultural College. December 2009. Accessible at: <http://www.snh.gov.uk/docs/A931060.pdf>

¹⁰ Format for a Prioritised Action Framework (PAF) for Natura 2000 (Wales). Final Version. 28th March 2012

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<http://www.cynnalcyrmru.com/sites/default/files/Climate%20Change%20Strategy%20for%20Wales.pdf>

¹² <http://www.forestry.gov.uk/fr/INFD-8YAECD>

(vi) The RDP measures can be used improve the resilience of the agricultural and forest industries. Knowledge transfer and investment programmes will be needed to underpin adaptation to climate change. The example of *Phytophthora ramorum* illustrates the need for twin track approach to tackling plant and animal health diseases - investing in a range of measures to combat the spread of disease whilst at the same time assisting with suitable recovery programmes. Adaptation measures will be needed to improve resilience to extreme weather events and other projected future climatic changes. Establishing more resilient forestry and agricultural infrastructure (especially around farm yards) should be a key objective alongside the maintenance of ecosystem services.

(vii) Expanding the range of co-operative land management schemes under the next RDP¹³ will increase the need for facilitation services. As funded under the RDP Technical Assistance budget, the existing Common Land Development Officers have already demonstrated the value of facilitation in helping to deal with long-standing and seemingly intractable land management problems¹⁴. Similar methods could be applied to the co-ordinated development of woodland plantings, measures to tackle flooding and diffuse pollution and the development of species recovery programmes.

(viii) Tackling ongoing challenges such as climate change, water management and reversing declines in biodiversity over the period of the next RDP should reduce the need to develop even more expensive solutions in the future. The Stern Review suggested that using 1% of GDP to address climate change would help to avoid an expenditure of three times that amount in future¹⁵.

(ix) Spending under the RDP also benefits the wider rural economy. For example, between 2000 and 2003, capital payments under Tir Gofal combined with additional farmer contributions to result in a total spend of £14.25M. Some 94% of this remained within Wales, with 40% staying within ten miles of the farm concerned. Accounting for indirect effects, the overall impact on the rural economy was over £21M, supporting in turn some 385 Full Time Job Equivalents. Many of these were created in relatively remote areas where previous job creation schemes had struggled to make an impact¹⁶.

¹³The Common Agricultural Policy Reform Rural Development Plan 2014-2020 Next Steps Consultation document – paragraph 37.
<http://wales.gov.uk/docs/drah/consultation/130306capnextstepsen.pdf?lang=en>

¹⁴ Doing things Differently: Glastir Common Land Element and the Local Action Groups. An Evaluation of the Commons Development officer Role using the LEADER methodology. Accessible at: http://www.ccri.ac.uk/wp-content/uploads/2013/07/CDO_Eval-Report_Reduced.pdf

¹⁵ The Stern Review on the Economics of Climate Change, 30th October 2006: http://www.hm-treasury.gov.uk/stern_review_report.htm

¹⁶ Agra-CEAS Consulting (2005). Socio Economic Analysis of Tir Gofal. Report to CCW & Welsh Government.

Q6. We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please report them.

6.1. Natural Resources Wales welcomes the Ministers statement that he does not intend to introduce a Small Farmers Scheme. Establishing a separate scheme of this type would require significant administrative resources which could be better deployed elsewhere. Farms of any size would have been able to apply, depending on whether they felt the standard payments were sufficiently attractive. Size is not a good indicator of environmental impact and the environmental implications of a Small Farmer Scheme could have been significant, especially as those participating could have been exempted from the new greening provisions as well as from the cross-compliance regime.

6.2. We do not believe that enhanced Direct Payments are the best way to support young farmers, although this approach may lead to some restructuring of the industry within Wales. We propose that the provision of additional financial support to young farmers should be underpinned by a reciprocal commitment to undertake sustainable land management practices. In many cases, the most vulnerable time from a natural resource perspective is when a change of business ownership takes place and a completely new system of management is adopted. Sustainable land management and long term business performance are inextricably linked. Improved environmental awareness and the development of relevant skills should be incorporated into all training and advisory programmes.

6.3. We welcome the Ministers statement that he does not intend to introduce coupled payments. Should such payments be considered necessary in future we suggest they are conditional on recipients taking further steps to reduce greenhouse gas emissions, enhance water quality and promote animal health. Linking any additional support to a set of specific environmental undertakings (perhaps through participation in Glastir or via membership of an appropriate assurance scheme) would help to reinforce the Ecosystems Approach.

Cyfoeth Naturiol Cymru/ Natural Resources Wales

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