

1. What are the fundamental outcomes we want to see from agricultural, land management and rural development policies?

1. The EU referendum result presents us with a unique opportunity for Wales to develop new and improved mechanisms designed to reinforce the benefits the public receive from the countryside. The new policy framework must address the urgency of environmental degradation and biodiversity loss that we are continuing to see across the terrestrial landscape, as well as address the land practices impacting coastal areas and seas.

Principles of a New Agricultural, Land Management and Rural Development Policy

Principle 1 – Policies Must Deliver Welsh and International Environmental Legislation

Sustainable Development

2. Wales' new agricultural and land management policy must be aligned with the statutory duty to carry out sustainable development and improve social, economic, environmental and cultural well-being, now and in the long-term.

3. Land managers should be properly supported in their work to maintain and enhance the multi-faceted benefits that stem from a healthy and sustainably managed countryside. New policies must be integrative and reward sustainable choices across food, health, environment and land management sectors. Sustainably produced food and timber, along with other niche Welsh products, will support a thriving rural economy that is founded on sustainable economic futures for farmers, land managers and rural communities.

Well-being of Future Generations (Wales) Act 2015

4. Public bodies, including Welsh Government, must work towards delivering all 7 well-being goals. The Resilient Wales goal of maintaining and enhancing a biodiverse natural environment with healthy functioning ecosystems must be given equal prominence within all well-being objectives laid out by Welsh Government and public bodies. Future land management policies must therefore deliver for this goal as much as any other goal. Sustainable land management is crucial to successful progress on Welsh Government

indicators on the status of biodiversity and ecosystems and has a key role in helping gather the data to inform the measurements of progress¹.

Environment (Wales) Act 2016

5. Wales' future sustainable land management policy and associated scheme have a central role in funding targeted action to improve the status of biodiversity and aspects of ecosystem resilience for c. 80% of Wales' land, as well as our coasts and seas. The publication of the National Natural Resource Policy in March 2017 is expected to identify a range of priorities for natural resources, including biodiversity.

6. Any future Sustainable Land Management (SLM) scheme must be structured in such a way as to promote environmental stewardship in line with biodiversity and other natural resource priorities so ecosystem resilience can be maintained and enhanced, in line with requirements of the Environment Act.

7. For example, future land management policies must also play a central role in achieving Wales' statutory ambition to reduce carbon emissions by 85% by 2050. Climate change is contributing to serious pressures on land use and biodiversity and Wales' responses need to be capable of significantly aiding adaptation to ongoing and substantial changes in land use and habitats.

International Obligations and Wales' National Biodiversity Strategy

8. Post-CAP policies must deliver on international agreements and commitments². For example, a future SLM scheme must support and actively deliver on the six objectives set in the Nature Recovery Plan for Wales (2015) and comply with the Convention on Biological Diversity Aichi target 17. In particular, a SLM scheme should put in place mechanisms which support specific interventions for threatened species, habitats and protected sites, and work in tandem with Section 15 payments to deliver vital requirements.

9. It is vital that Wales continues to show leadership and cooperate internationally, especially on transboundary issues such as climate change and the marine environment. The UK must play a leading role in international negotiations around the protection of the environment to ensure strong environmental standards globally and throughout the UK.

Principle 2 - Public Money for Public Goods

10. All public money invested in land management should deliver for public goods. Public goods must therefore be properly defined so that payments can be redistributed according to the full range of benefits to wider society delivered by land managers. High environmental standards must be prerequisite for public payments.

¹ Two indicators for 'A Resilient Wales' goal have been published by the Welsh Government. Indicator 43 (area of healthy ecosystems in Wales) and 44 (state of biodiversity in Wales as defined by priority species, Section 7). Welsh Government has an obligation under this section of the Well-being of Future Generations Act to set milestones to "assist in measuring whether progress is being made towards the achievement of the well-being goals". For 'A Resilient Wales' this means making progress towards a greater area of healthy ecosystems and improving the status for our Section 7 priority species and habitats.

² The Convention on Biological Diversity, including the Aichi 2020 targets, the Bonn, Bern and Ramsar Conventions, the OSPAR and European Landscape Convention must be met by Welsh Government.

11. There must be an end to the externalisation of environmental costs and retail prices should be adjusted accordingly to reflect the true cost of production and the cost of producing high welfare, ecologically sustainable food. Public monies must support a green economy that internalises the environmental costs of land management impacts, utilising the polluter pays principle for baseline standards, whilst providing opportunities for land managers to be incentivised and rewarded for going beyond these minimum requirements³. Externalising costs also compromises Wales' ability to deliver Sustainable Management of Natural Resources and restoration of ecological resilience to deliver the greatest public benefit.

Defining Public Goods as Ecosystem Services

12. Future policies must be centred on the multiple benefits and environmental services that aid society and the economy. Public monies must support the full range of ecosystem benefits, thereby maintaining the long-term environmental health and production capacity of the land.

13. With c. 80% of Wales being under agricultural management, farming systems have a significant impact on our environment and landscape. The State of Nature (SoN) 2016 report concludes that nature continues to decline and that 56% of UK species assessed have declined since 1970, and 1 in 14 species in Wales is now threatened with extinction. In recent decades, agricultural management and climate change have been identified as the two major drivers of wildlife change in the UK⁴.

14. Farmers are uniquely placed to help meet the challenges of restoring nature and other environmental services. The fundamental principles of a future policy need not be a choice between food and the environment, as the future of both are inextricably linked. Ecosystem services also don't respect land boundaries so we need joined-up policies, habitats and landscape scale coordination. Farmers and land managers should be supported in providing for these multiple benefits, both independently and in partnerships.

15. Ecosystem services are understood to cover 4 types of services; supporting, provisioning, regulating and cultural services⁵. Wales needs an approach to farming and land management that supports these ecosystem services and addresses them as public goods. (Annex 1 provides a list of some of the valuable benefits to Wales listed under the four ecosystem service types.)

16. Ecosystem services provide a scientific backdrop to properly defining public goods. Land management practices that include restoration of habitats; biodiversity maintenance and enhancement; carbon storage and sequestration; water catchment control and natural management and prevention of flood risk; management of water quality for clean drinking

³ Evidence given by Dr. V. Gravey, Lecturer in European Politics, Queen's University Belfast: "Drawing up new agri-environment policies offers the opportunity to establish where the 'Polluter Pays' principle stops, and where the 'Provider Gets' principle starts – i.e. what environmental actions are required from farmers at their own cost, and for which efforts they will be rewarded" referencing Matthews, A. (2013). Greening CAP payments: a missed opportunity? The Institute of International and European Affairs, 1–14. <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/environmental-audit-committee/the-future-of-the-natural-environment-after-the-eu-referendum/written/35891.pdf>

⁴ The State of Nature 2016 Report, <https://ww2.rspb.org.uk/our-work/stateofnature2016/>

⁵ Russell, Shaun; Jones, Laurence; Reynolds, Brian; Robinson, David; Blackstock, Tim, & others. 2011 Status and changes in the UK ecosystems and their services to society: Wales [chapter 20]. In: *UK National Ecosystem Assessment. Understanding nature's value to society. Technical Report*. Cambridge, UNEP-WCMC, 979-1043.

water; protection of landscape and provision of opportunities for access, recreation and tourism are all important ecosystem services. However, some of these receive little or no economic benefit. Ecosystem services provided by land managers ought to be rewarded, either through market mechanisms, or public spending, such as Payments for Ecosystem Services (PES schemes)⁶.

Sustainable Land Management

17. Sustainable land management (SLM) must be the central organising principle towards supporting the full range of ecosystem services. A new SLM policy must address the full set of duties in the Environment Act to ensure ecosystem health.

18. The recent publication of the first iteration of the State of Natural Resources Report (SoNaRR) has shown that Welsh ecosystems are not in a resilient state. We therefore need an approach to land management that prevents further damage and restores healthy functionality through securing appropriate environmental stewardship by land managers.

19. In addition to securing resilient ecosystems there is also the need to safeguard species and habitats. Accordingly, SLM is essential in securing key objectives in the Nature Recovery Plan. The necessity to implement specific actions to support threatened species, habitats and protected sites features remains a priority and could be delivered via agri-environment prescriptions that truly meet the needs of priority species.

Outcomes

20. A sustainable land management policy and associated delivery mechanisms (schemes) must maintain and enhance nature and resilient ecosystems to provide a broader suite of environmental benefits afforded by land managers. Farmers and land managers must be in a position to drive improved outcomes which will require:

- a) An integrated policy that accounts for food, health, nature, environment and land management.
- b) A land management system based on multiple outcomes that is fully accountable of the true costs and benefits to the environment.
- c) New markets for environmental goods providing new income opportunities for land managers covering a range of objectives. New markets must be based on a better appreciation of the different functions of the land, its natural capital and the range of ecosystem services that flow from these assets.
- d) A system that supports innovation in order for businesses to change towards sustainable practices (e.g. high quality, high welfare and ecologically sustainable) and diversity of agricultural commodities, as well as improved supply chains that pay more to farmers and producers⁷.
- e) A system that provides certainty for farmers and rural businesses in order that they can engage, commit, and where appropriate invest in sustainable production and environmental stewardship.

⁶ http://www.wtwales.org/sites/default/files/montgomeryshire_pumlumon.pdf

⁷ This will require upskilling of land managers to encourage innovation.

- f) A land management system that is both clear and practical to implement, reinforced by sufficient law enforcement with high baseline environmental standards.
- g) A system that enables the nation to meet international obligations on sustainable development, biodiversity and climate change.

Annex 2 lists our key headline asks for future land management support in Wales.

2. What lessons can we learn from current and previous policies? What about policies elsewhere?

21. The CAP has failed to build a resilient agriculture⁸ as well as failing to protect the environment^{9,10,11,12} and despite the Pillar 1 'greening' the last reform failed to improve the environmental performance by those receiving income support payments¹³. Decoupling ecosystem processes from agricultural practice has led to problems for wildlife and the delivery of ecosystem services.

Agri-Environment Schemes

22. While agri-environment schemes (AES) can be significantly improved upon^{14,15,16}, properly focused AES have been shown to be highly successful at conserving some of Britain's most threatened species, reversing the long-term decline of some species¹⁷.

23. AES have also helped to conserve species at a landscape scale, helping to reverse the fragmentation of habitats and enable long-term conservation and environmental resilience to threats such as climate change¹⁸. A key ingredient of these successes has been the specialist advice provided by several WEL organisations. Evidence shows that future schemes need to be robust, practical and outcome focussed with adequate monitoring which evaluates delivery against objectives.

24. Continuing with AES is one option that should be considered alongside other approaches. For instance, annual payments for outcomes such as the provision and maintenance of habitats on farms and large-scale habitat restoration programmes - for example, peatland restoration and creation of new woodland.

A Reasonable Transition Period

⁸ Aberystwyth University, Farm Business Survey:

https://www.aber.ac.uk/en/media/departmental/ibers/pdf/farmbusinesssurvey/booklets/14_15Web_book_Eng.pdf

⁹ NRW, <https://naturalresources.wales/media/4059/diffuse-water-pollution-in-wales.pdf>

¹⁰ NRW, Water for Livelihoods <https://naturalresources.wales/media/678795/western-wales-river-basin-facts-and-statistics.pdf>.

¹¹ State of Nature 2016 Report, <https://ww2.rspb.org.uk/our-work/stateofnature2016/>

¹² Helm, Dieter, (2016) British Agricultural Policy after BREXIT, <http://www.dieterhelm.co.uk/natural-capital/environment/agricultural-policy-after-brexite/>

¹³ In Wales, approximately 90% of farmers automatically satisfied greening requirements without having to change farming practices despite the need for improvements.

¹⁴ Tir Gofal, Wales Audit Committee (September 2008) & Glastir, Wales Audit Office (September 2014). The Wales Audit Office reports highlight unambitious entry-level schemes that tend to pay farmers for existing management as opposed to achieving environmental enhancements. The WAO's conclusion that a targeted approach that delivers specific outcomes is more effective and justifiable use of public money should form the basis of future policy.

¹⁵ Glastir Advanced Evaluation, Panel Findings and Recommendations, 2014.

¹⁶ Glastir Advanced Evaluation, Synopsis and the Welsh Government's response, 2015.

¹⁷ Taylor, M.E. & Morecroft, M.D. (2009). Effects of agri-environment schemes in a long-term ecological time series. *Agriculture, Ecosystems and Environment* 130, 9–15.

¹⁸ Ellis, S., Bourn, N. A. D. and Bulman, C. R. (2012). Landscape-scale conservation for butterflies and moths: lessons from the UK. *Butterfly Conservation*, Wareham, Dorset.

25. There must be a fair transition period towards new arrangements that provides sufficient time for farmers and land managers to adapt. This is particularly important for the most economically vulnerable, such as those in the extensive livestock sector, typically associated with the uplands, who are often farming in marginal areas but which are of high environmental and cultural value, including values pertaining to landscape and recreation. Due care must be taken to ensure a transition that does not lead to a detrimental loss of farmers and the land management skills they have, particularly those on marginal land¹⁹.

26. However, the conservation of biodiversity and protection and enhancement of environmental benefits requires long-term investments that create business security for land managers. Many farmers have already made great commitments under existing AES, therefore it is also important that a successor scheme is in place quickly enough to provide continuity of management and income security.

27. We urge the Welsh Government to commit to an effective engagement strategy with WEL organisations in order to fully develop a policy framework that supports the principles set out in this document.

3. To what extent should Wales develop its own agricultural, land management and rural development policies or should it be part of a broader UK-wide policy and financial framework?

28. A post-CAP policy must fully meet the distinctive challenges and opportunities of the Welsh context. The recent data published by the Welsh Assembly Research Service demonstrates how Welsh farming differs to that of the rest of the UK²⁰. On average, Welsh farms are much smaller, farm incomes are lower, and 80% of land in Wales is Less Favourable Area (LFA) compared to just 16% in England. Many of our most valuable wildlife sites are the product of extensive farming and it is vital these environmentally valuable farming systems are maintained if we are to have a countryside in which nature thrives²¹. Wales will therefore need a different approach to England and the flexibility within the new legislation to support a higher proportion of LFA land managers and the environmental and cultural benefits they bring.

29. Wales also has the backdrop of differing environmental legislation. The Welsh Government must be able to set land management support in context of its own legislation – the WFG Act and the Environment (Wales) Act. Wales' new environmental governance structures will require that the revised policy enables the implementation of its place-based approach through the National Natural Resources Policy and area statements. New policies

¹⁹ The economic vulnerability of extensive farming systems raises the prospect that they may require an element of long-term public support in return for the delivery of societal goods and services.

²⁰ Armstrong, E. (2016) Welsh Assembly Research Service, Research Briefing, The Farming Sector in Wales, <http://www.assembly.wales/Research%20Documents/16-053-Farming-sector-in-Wales/16-053-Web-English2.pdf>

²¹ Often referred to as High Nature Value (HNV) farming, these farms often operate in the most marginal agricultural land, under difficult social and economic realities such as in the upland regions. Future land management policies must prevent damage to marginal farming systems by supporting and protecting those that deliver HNV outcomes. Maintaining adequate support for HNV and marginal farms will be essential for ensuring the protection of priority species and habitats.

must complement this approach and ensure that land use in Wales benefits everyone including future generations.

30. There should be a financial settlement for Wales to enable the full delivery of environmental objectives. A settlement based on the Barnett formula would result in less funding than currently comes to Wales and consequently would be an insufficient allocation of funds to enable the transition to a sustainable future for the Welsh environment. A UK framework must allow for flexible schemes that suit local conditions rather than a constraining, unsuitable UK-wide scheme.

31. A future scheme must also put an end to the externalisation of impact costs, as this compromises the ability of land managers to deliver sustainable land management. Instead we must invest in the restoration of ecological resilience to deliver the greatest public benefit across all the devolved nations.

32. While providing the flexibility to accommodate the needs of devolution, we will also require cooperation across the UK, including a level playing field for all nations with high environmental baseline standards. Where appropriate, measures will need to be able to work effectively together across borders and catchments in a way that sufficiently deals with a variety of transboundary environmental issues.

33. Welsh Government and Westminster must ensure that future protections after leaving the EU are at least as strong as if not stronger than before. The Welsh Government must also call on the UK Government to provide strong leadership on environmental standards at an international level.

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 officially designated the intermediary body between 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 a group of WEL members working in this specialist area. Members may also produce information individually in order to raise more detailed issues that are important to their particular organisation.



Annex 1

Ecosystem Service Benefits to Wales

Ecosystem services are understood to cover 4 types of services; supporting, provisioning, regulating and cultural services²². Wales needs an approach to farming and land management that supports these ecosystem services and addresses them as public goods. Below are some of the valuable benefits listed under the four ecosystem service types.

Supporting Services - Supporting and protecting healthy soil conditions and soil formation is essential for the future of food and farming. Enabling primary production of various plants and the nutrient cycling of soil nutrients and the water system are also important public goods.

Provisioning Services – The provision of sustainable amounts of safe, healthy food, timber and clean drinking water provide for people and society. These public goods may also include support for a range of sustainable products that in turn generate employment for rural communities.

Regulating Services – The benefits obtained from the regulation of ecosystem processes - including regulation of air quality, climate, water, erosion, pests and diseases, pollination and natural hazards - are all vital public goods.

Cultural Services - The non-material benefits obtained from ecosystems through aesthetic, recreational and personal well-being are public goods, such as historic and landscape values and the provision of access to the countryside. As part of Welsh Government environmental legislation, we must account for the benefits and intrinsic value of natural resources, including biodiversity. In turn, these services support vibrant rural communities and fashion landscapes socially valued for their distinctive natural, cultural and heritage characters.

²² Russell, Shaun; Jones, Laurence; Reynolds, Brian; Robinson, David; Blackstock, Tim, & others. 2011 Status and changes in the UK ecosystems and their services to society: Wales [chapter 20]. In: *UK National Ecosystem Assessment. Understanding nature's value to society. Technical Report*. Cambridge, UNEP-WCMC, 979-1043.

Annex 2

Key headline asks for future land management support in Wales

Set out below are six key asks calling for a future land management system in Wales that applies the principles enshrined in Welsh law to all forms of land management. As we transition out of the EU, we must move towards new policies and payment systems that enable Wales to fully implement these principles in order to support a biodiverse natural environment with healthy functioning ecosystems.

1. The Welsh Government must be able to set land management support in context of its own legislation – the Well-being of Future Generations Act and the Environment (Wales) Act and provide a place-based approach through the National Natural Resource Policy and Area statements.
2. We want to see environmental standards at least as good as they are now, and the Welsh Government calling on the UK Government to provide strong leadership on environmental standards at an international level.
3. There should be a financial settlement for Wales to enable the full delivery of environmental objectives. A settlement based on the Barnett formula would result in less money/funding than currently comes to Wales and consequently would be an insufficient allocation of funds to enable the transition to a sustainable future for the Welsh environment.
4. Pillar 1 payments are unsustainable and should not be taken forward into future support mechanisms. In the context of Welsh legislation, public money should only be made available for delivery of public benefits. There should be an end of support to farming and forestry that externalises costs as this compromises Wales' ability to deliver sustainable management of natural resources and invest in restoration of ecological resilience to deliver the greatest public benefit.
5. Build a robust and well-resourced enforcement system based on high minimum standards.
6. Alongside delivery of public benefit, there should be a move to developing new and innovative supply chains for existing and new quality sustainable products. This will require upskilling of land managers to encourage innovation.