



**Ymddiriedolaeth
Genedlaethol
National Trust**

Further consultation on European Parliament reports – July 2012 to October 2012
CAP2 1 – National Trust

**A response to Environment and Sustainability Committee CAP Task and Finish Group
letter of 24th July 2012**

Introduction

The National Trust welcomes this opportunity to further contribute to the conversation on the impact of the European Commission's legislative proposals for Common Agricultural Policy reform in Wales. The Trust owns over 50,000 hectares of land in Wales which we manage for the benefit of the nation. The majority of this land is farmed, either in-hand or by one of over 240 tenants. Our aim is to support farmers in managing our land in order to attain high environmental standards, and to ensure that the full range of functions provided by land in our care is realised. This includes production of food, timber, renewable energy, water catchment and flood control, carbon storage, biodiversity, protection of landscape and cultural significance, and provision of opportunities for recreation and inspiration.

A) DIRECT PAYMENTS

1. Greening

We believe that the proposed greening measures should be improved to make them more integrated and consistent with agri- environment schemes. In due course, the overall approach should evolve into a more sophisticated system, not least enshrining the whole of pillar 1, if the two pillar system is to be retained. We suggest that there should remain a clear distinction between the mandatory requirement for greening in Pillar 1 and additional funding which can be accessed through Pillar 2 which compliments, builds upon and adds value to the requirements of Pillar 1.

With regard to Amendment 69 we would urge that caution is taken over the proposal to extend the automatic provision of greening payments to all farmers who qualify for a national Agri-Environmental Scheme. We believe that if entering a national Agri-Environment scheme becomes the baseline for receipt of Pillar 1 greening payments there will be a rush to join such schemes, in the case of Wales, Entry Level Glastir. Such schemes have limited funding and administrative capacity and we believe that such a rush would reduce the power of EL Glastir and equivalent schemes in other countries to provide genuine environmental benefit.

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2. Active Farmer

We strongly support the ambitions of the Commission to make the CAP more publicly beneficial and accountable by ensuring direct payments are better targeted at businesses genuinely involved in farming activity. However we have been clear that the '5% of income' test would be a flawed method to achieve this goal. The specific wording of the proposals would lead to a significant impact on conservation organisations like the National Trust focused on High Nature Value farming and delivery of wider public benefits. There is a real risk that the new 5% payments rule would render the National Trust ineligible for Pillar 1 direct payments which in Wales would also impact on Pillar 2 payments. There is also a risk that any active farmer test would disadvantage those farmers who have moved to more extensive farming, and who have successfully diversified their farm business, possibly even with rural development support. For these reasons we fully support **Amendment 29** which removes the '5% of income' requirement.

We also agree that a negative list as suggested in **Amendment 32** will help to eliminate those that are not genuine farmers or land managers. However a negative list does not serve to protect the payments of organisations such as our own. We believe any organisation whose charitable or constitutional purpose is the conservation of wildlife and natural resources should not be excluded from Pillar 1 support.

3. Flexibility between pillars

We welcome **Amendment 39** which would allow several Member States including the UK to increase the amount they are able to transfer from Pillar 1 to Pillar 2 by an additional 10 percent. We believe this relatively higher rate will benefit Wales by allowing us to retain the current modulation rate between pillars. There is strong evidence that increased investment in agri-environment schemes has a strong economic 'multiplier effect' and provides a steady income stream to farmers in return for the delivery of environmental public goods. For these reasons, we will continue to support modulation that allow much needed resources to be shifted from Pillar 1 into Pillar 2 where it supports the Welsh farmers who want to do more for the environment as part of their farm businesses.

The National Trust supports further mandatory greening of Pillar 1 which would not be subject to opting out. Under these conditions, unallocated greening funds would not occur. However, under current regulations we realise that when non-compliance occurs unallocated greening funds will exist. In these circumstances, we support **Amendment 43** as a measure which would give increased flexibility and could give a boost to Pillar 2 by allowing unallocated greening funds from Pillar 1 to be transferred to Pillar 2.

4. Capping

We would also like the Task and Finish Group to support the National Trust in our position on capping. We strongly support the ambitions of the Commission to make the CAP more publicly beneficial and accountable by limiting the level of direct payments. Creating a much stronger public benefit 'dividend' from any direct subsidy is warmly welcomed. However, while being sympathetic to the intention behind the Commission's proposals for 'capping' payments, they do not take account of the damaging consequences for organisations like the National Trust focused on High Nature Value farming and delivery of wider public benefits.

The National Trust is classified as a Single Business under EU rules and therefore required to submit a single claim for its entire farming enterprise (over 350 subsidiary farms across England, Wales and Northern Ireland). Based on a typical farm employment scenario, we risk losing up to one third of our direct payment. However, should the salary mitigation option be negotiated out we risk losing two thirds of our direct payment. Organisation like the National Trust collectively manage a diverse range of farms with the objective of securing a more sustainable and environmentally friendly approach to farming, demonstrating how environmentally sensitive farming can be economically viable. Without appropriate levels of direct support, farming to achieve these aims whilst pushing the boundaries of optimal food production would simply not happen.

At the National Trust we invest 100% of Pillar 1 payments as well as Pillar 2 payments into farming in an environmentally sensitive way. Pillar 1 payments to the National Trust will be diminished in Wales if the capping proposals come into place and this would in turn impact on our ability to access Pillar 2 funding. At the National Trust we use Pillar 2 funding to complete work which benefits environment, economy and local communities. An example of this is our management of lowland heathland and rare hay meadows in North Pembrokeshire. Our investment in such areas has not only saved habitats being lost to scrub and woodland but we have returned them to favourable condition and ensured continued public access. We have also created economic sustainability through partnership with other local land managers through the Heathland Beef Project

Certain types of large, non-profit, landowning organisations therefore manage multiple agricultural holdings with the objective of securing a more sustainable and environmentally friendly farming approach. As one of the objectives of capping large payments is to generate revenue for Pillar 2 to support such an approach to land management, it would therefore be sensible to allow Member States to treat multiple holdings of this type of organisation as individual and separate businesses for the purposes of CAP payments and monitoring, in order to recognise the positive way in which they are using Pillar 1 payments. This would also simplify overly burdensome administrative requirements faced by both the beneficiary and national paying agencies, as well as provide benefits to the EU in terms of cost reductions for implementing existing EU environmental objectives.

There is an existing amendment which proposes that cooperatives and groups which channel payments to multiple participants should be excluding from the capping requirement. We wish for organisations such as our own whose charitable or constitutional

purpose is the conservation of wildlife and natural resources to be included here and also not be subject to capping (our proposed amendments in bold):

*“In the application of the capping, the situation must be avoided whereby cooperatives and similar producer groups and **certain types of large non-profit organisations** are subject to reductions that ought to affect only their individual members or **separate farm holdings.**”*

Amendment

1a. “Paragraph 1 shall not apply in respect of cooperatives or other legal entities **including non-profit organisations whose constitutional purpose is to actively protect and manage land and/or the historic environment for conservation and public benefit,** which group a number of beneficiaries of direct payments or **farm holdings** and which receive and channel the payments before distributing them in full to their members or **farm holdings**, who, as individuals, are subject to paragraph 1 **or would be subject where a Member State chooses to recognise a group of holdings as individual and separate businesses for the purposes of this regulation.**”

A) RURAL DEVELOPMENT REGULATION

1. Agri-environment and climate

We support the inclusion of **Amendments 41 and 42**. They propose that farmers should not be double funded for their actions through Pillar 1 and Agri-Environment schemes. It means that actions, taken as part of agri-environment schemes should go above and beyond those required for Pillar 1. Ultimately we would support some actions outlined in agri-environmental schemes being transferred to Pillar 1. This would mean that those currently participating in Agri-environment schemes and those not would receive equal treatment. All would undertake some mandatory agri-environmental actions and would still have the option of taking further actions in order to qualify for additional Pillar 2 funding.

C) HORIZONTAL REGULATION

1. Cross Compliance

Certain types of non-profit organisations- like the Trust- manage multiple agricultural holdings with the objective of securing a more sustainable and environmentally friendly farming approach. It is therefore sensible to allow Member States to treat multiple holdings of this type of organisation as individual and separate businesses for the purposes of monitoring compliance, in order to simplify administrative requirements and avoid disproportionate costs faced by the beneficiary and national paying agencies. For this reason we propose the following amendment to Article 91 – paragraph 3:

“Where a beneficiary referred to in Article 92 is a legally registered non-profit organisation whose primary legal constitutional purpose is to actively protect and manage land and/or the historic environment for conservation and public benefit, a

Member State may choose to recognise their holdings or a group of their holdings as individual and separate businesses for the purposes of this Title.”

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