



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Amgylchedd a Chynaliadwyedd: Grŵp Gorchwyl a Gorffen ar y Polisi Amaethyddol Cyffredin

The Environment and Sustainability Committee: Common Agriculture Policy Task and Finish Group

Dydd Iau, 17 Tachwedd 2011
Thursday, 17 November 2011

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol**Committee members in attendance**

Vaughan Gething	Llafur (Cadeirydd y grŵp gorchwyl a gorffen) Labour (Task and finish group Chair)
Yr Arglwydd/Lord Elis-Thomas	Plaid Cymru The Party of Wales
Rebecca Evans	Llafur Labour
Llyr Huws Gruffydd	Plaid Cymru The Party of Wales
William Powell	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Antoinette Sandbach	Ceidwadwyr Cymreig Welsh Conservatives

Eraill yn bresennol**Others in attendance**

Richard Davies	Cynghorwr Uned Strategol Cymru – Ansawdd Tir, Asiantaeth yr Amgylchedd Cymru Strategic Unit Wales Advisor – Land Quality, Environment Agency Wales
Trystan Edwards	Cynghorydd ar Ffermio a Chefn Gwlad Cymru, Yr Ymddiriedolaeth Genedlaethol Wales Farm and Countryside Adviser, National Trust
Emma Hockridge	Pennaeth Polisi, Cymdeithas y Pridd Head of Policy, Soil Association
Dr Ieuan Joyce	Aelod o'r cyngor, Cyngor Cefn Gwlad Cymru Council Member, Countryside Council for Wales
Simon Neale	Rheolwr Strategaeth a Pholisi – Ansawdd Tir, Asiantaeth yr Amgylchedd Cymru Strategy and Policy Manager – Land Quality, Environment Agency Wales
Brian Pawson	Uwch-gynghorydd Amaethyddol, Cyngor Cefn Gwlad Cymru Senior Agricultural Adviser, Countryside Council for Wales
Glenda Thomas	Cyfarwyddwr, Y Grŵp Cynghori ar Ffermio a Bywyd Gwylt Cymru Director, Farming and Advisory Wildlife Group Cymru
Arfon Williams	Rheolwr Cefn Gwlad, Y Gymdeithas Frenhinol er Gwarchod Adar Countryside Manager, The Royal Society for the Protection of Birds

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**National Assembly for Wales officials in attendance**

Leanne Hatcher	Dirprwy Glerc Deputy Clerk
Nia Seaton	Ymchwilydd Researcher
Naomi Stocks	Clerc Clerk

*Dechreuodd y cyfarfod am 12.59 p.m.
The meeting began at 12.59 p.m.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions**

[1] **Vaughan Gething:** Thank you all for attending. I welcome Members to this meeting of the common agricultural policy task and finish group, which is examining proposals for CAP reform and their impact on Wales. This meeting will be bilingual. There is no need to turn your microphones on and off—that will happen automatically. You have headphones in front of you, should you need them for translation. If you have mobile phones, please turn them off so that they do not interfere with the equipment and so that you are not embarrassed by having them ring during the meeting. No fire alarm tests have been planned, so if the fire alarm sounds, please follow the instructions from members of staff in the room. There are no apologies and no substitutions; we are at full speed.

1.00 p.m.

**Ymchwiliad i'r Diwygiadau Arfaethedig i'r Polisi Amaethyddol Cyffredin:
Tystiolaeth gan Asiantaeth yr Amgylchedd Cymru a Chyngor Cefn Gwlad
Cymru**

**Inquiry into Proposed Reforms to the Common Agricultural Policy: Evidence
from the Environment Agency Wales and Countryside Council for Wales**

[2] **Vaughan Gething:** I welcome our first group of witnesses to give oral evidence today. We have Simon Neale, strategy and policy manager in the land quality section of Environment Agency Wales; Richard Davies, whom I have met previously and who is an adviser at Environment Agency Wales; Brian Pawson, a senior agricultural adviser at the Countryside Council for Wales; and Ieuan Joyce, a council member from the Countryside Council for Wales.

[3] Thank you all for attending and for providing evidence in advance, which is useful and helpful. I will invite each body to give a short opening address, and we will then move on to Members' questions. We will start with Environment Agency Wales, and we will then move on to the Countryside Council for Wales.

[4] **Mr Neale:** Thank you for inviting us to give oral evidence to the committee. We would like to make a few points at the outset. CAP is vital to Welsh agriculture. It helps farmers to be competitive and supports them in delivering environmental outcomes. This round of CAP reform is important, as one of the European Commission's objectives is to ensure that it is capable of supporting the delivery of the water framework directive. As part of the water framework directive, Environment Agency Wales is undertaking investigations into why specific water bodies in Wales fail to achieve good ecological or chemical status. To date, we have discovered that agricultural land management is an element of failure in 132 water bodies—not an exclusive element, but one of the elements. As investigations will continue for another 12 months or so, this number is likely to grow.

[5] If Wales is to achieve the requirements of the water framework directive, namely a sustainable water environment that supports a healthy ecology and a vibrant rural economy, then this round of CAP reform must deliver effective mechanisms that support our agricultural land managers to operate in a sustainable and economically competitive way.

[6] **Dr Joyce:** I would like to thank committee members for allowing us to come here and contribute to the debate. I would like to outline briefly some of the principles that have

underpinned our response to the CAP reform group here. There are two strands that underpin our evidence. One strand is trying to set agriculture and food production in a wider context of ecosystem services and land use. The other strand is looking at the sustainability of agriculture and agricultural activity. Before I go into that, however, I would like to say that CCW very much recognises and understands the importance of agriculture and food production to Wales, to our economy and to our rural culture and the vibrancy of rural areas, and to our urban communities. This is obviously important as regards the impact on landscapes, and it is important to biodiversity.

[7] Having said that, we also need to recognise that the Welsh environment is not in great shape. There are many signs that the Welsh environment has some problems. One of the great tragedies for me personally is that many of our children will never hear, and have never heard, the cuckoo, the green plover, the curlew and the yellowhammer. It just seems like a terrible loss. In terms of the cost to society, in the context of carbon in our peat soils, we are going to become net emitters of carbon in the near future, as opposed to sequestrators of carbon. That is a cost to society. Our uplands are no longer as effective as they used to be at ameliorating the effect of flooding downstream. That is another cost to society. Another problem is that our habitats are fragmented and lack resilience. They are therefore in poor condition, which is a problem for biodiversity. Finally, our agricultural systems have become very resource-intensive and lack diversity. That is another problem in the Welsh environment. I am not saying that CAP can resolve all of these problems, which are complex. However, CAP has a big influence on agriculture and land use in Wales. Therefore, getting the shape of the new CAP right, the debate that we are having today and what this committee is doing are very important in terms of enabling us to manage our land better in the future.

[8] So, what are ecosystem services? This idea is very much in line with the natural environment framework that the Welsh Government is pursuing and the consultation that will be conducted on it in the near future. What I mean by ‘ecosystem services’ is the array of things that land does for us. I very much include food production as part of that. Food is a provision in ecosystem services, and it is a crucial ecosystem service for that reason. This will be particularly true in the future, when population growth and climate change will push food production and security—as we all know—right up the agenda. CCW recognises that.

[9] At the same time, it is very important not to underestimate the importance of the other services that land provides for us. I am thinking of things as diverse as the carbon store in Welsh soils, particularly in peat soils, and the services provided by our fantastic landscape—the recreational opportunities for wellbeing and tourism as well as the intrinsic value of diversity and the benefits of things such as pollination and pest control. So, there is a whole array of different ecosystem services. CCW very much wants to see agriculture and food production as a part of that big array of different services.

[10] When we think in this way, there is a bit of a balancing act going on. Ecosystem services can compete with each other; there is some competition in the way that you manage your land for one service or another. We need to recognise that and, where farmers are producing public goods or ecosystem services that the market is not rewarding, CCW believes that reimbursing farmers for those services is a just and useful way of using CAP money. That principle is well embedded in the current agri-environment schemes. That is not to say, of course, that other markets cannot come into play, and, in the future, carbon markets may help to provide a revenue source for farmers.

[11] So, the final strand is the sustainability of agriculture. We need better resource efficiency in agriculture, a lower dependence on fossil fuels, greater self-sufficiency and a more diversified agricultural economy. If we can get those two strands right as part of CAP reform, we are going to be able to make sure that, in the future, Welsh land contributes the maximum amount it can to our society and economy, while also sustaining and maintaining a

profitable farming sector.

[12] **Vaughan Gething:** Thank you for those opening remarks. We now move on to questions from Members, the first series of which are from Llyr Huws Gruffydd.

[13] **Llyr Huws Gruffydd:** Un o'r pynciau llosg sy'n deillio or argymhellion yw'r symudiad tuag at daliadau ar sail ardal erbyn 2019, a'r effaith y bydd hynny'n ei chael ar ffermwyr Cymru. Yr ydych yn cyfeirio at hynny yn eich papurau, ond a allwch ymhelaethu ychydig ar yr hyn sy'n cael ei argymhell ac ymateb i'r hyn y mae'r Dirprwy Weinidog wedi ei ddweud o ran estyn y cyfnod trawsnewid a rhoi hyblygrwydd i ardaloedd o fewn yr Undeb Ewropeaidd—neu i Gymru, beth bynnag—i benderfynu pa mor gyflym y mae'r trawsnewid hwnnw'n digwydd?

Llyr Huws Gruffydd: One of the burning issues that emanates from the recommendations is the movement towards area-based payments by 2019, and the effect that that will have on Welsh farmers. You refer to that in your papers, but can you expand a little on what is being recommended and respond to what the Deputy Minister has been saying in terms of extending the transformation period and to give flexibility to areas within the European Union—or to Wales, at least—to decide how quickly that transformation will take place?

[14] **Mr Davies:** Ar ran Asiantaeth yr Amgylchedd, atebaf yn fy mamiaith. Yn sicr, mae'r symudiad oddi wrth y taliad fesul pen i'r taliad ar sail arwynebedd yn mynd i gael effaith ar y diwydiant amaeth yng Nghymru. Fel rhai sy'n gweithio'n agos gyda Llywodraeth Cymru, yr ydym yn gwybod bod yr holl fodolau sydd gerbron ar hyn o bryd yn dangos bod aildosbarthiad yn mynd i ddigwydd ar draws y wlad. Y cwestiwn pwysicaf i'w ofyn yw beth ydym ni fel cymuned, a Llywodraeth Cymru, yn mynd i feddwl yw rôl y taliad hwn yn y dyfodol. Beth yw'r cyfraniad a beth yw'r amcan? Mae sialensau yn wynebu'r diwydiant heddiw, ond bydd sialensau yn wynebu'r diwydiant yn y dyfodol hefyd. Byddai gwybod beth yw'r amcan o'r dechrau yn ein galluogi i adeiladu ar hynny. Yn sicr, o safbwynt Asiantaeth yr Amgylchedd, mae gan ffermwyr rôl bwysig i'w chwarae o ran cynhyrchu cynnyrch o safon. Rhaid cydnabod hynny. Mae sialensau'n bodoli y mae'n rhaid i'r gymuned eu hwynebu, ac mae gan ffermwyr rôl bwysig yn hynny o beth, boed hynny gyda'r gyfundrefn fframwaith dŵr neu goblygiadau diwygio'r CAP o ran carbon pridd ac yn y blaen. Y peth pwysicaf yw bod yn rhaid inni gadw'r rôl bwysig hon er mwyn cadw cymunedau gwledig yn fyw. Mae'n rhaid edrych ar y pethau hyn fel cyfleoedd i symud ymlaen. Wrth edrych ar y ffigurau ar hyn o bryd, byddem yn cynghori cael gymaint o gyfnod trawsnewid â phosibl.

Mr Davies: On behalf of the Environment Agency I will speak in my mother tongue. The movement from the headage payment to area-based payments will certainly have an impact on the agriculture industry in Wales. Given our close working relationship with the Welsh Government, we know that all the models on the table show redistribution across the country. The most important question to ask is what we, as a community, and the Welsh Government, think the role of this payment in the future will be. What is the contribution and what is the objective? There are challenges facing the industry today, but there will be challenges in the future as well. Knowing the objective from the outset would enable us to build on that. The Environment Agency believes that farmers have an important role to play in terms of producing quality produce. We must recognise that. There are challenges facing the community, and farmers have an important role to play in that respect, whether in connection with the water framework regime or the implications of CAP reform for soil carbon and so on. The most important thing is to maintain this important role in order to keep rural communities alive. We have to look at these things as opportunities to move forward. Looking at these figures now, we would advise that there should be as long a transition period as possible.

[15] **Llyr Huws Gruffydd:** Un o'r pwyntiau yr ydych yn ei wneud yn eich papur yw'r effaith ar y sector llaeth yn benodol. Yr ydych yn amlygu'r ffaith bod y sector hwnnw'n cyfrannu'n sylweddol at broblemau'n ymwneud â llygru o'i gymharu â rhai sectorau eraill. Yn amlwg, byddai ergyd ariannol yn y tymor byr, beth bynnag, yn llesteirio unrhyw fuddsoddiad i wella perfformiad amgylcheddol y sector hwnnw yn benodol.

Llyr Huws Gruffydd: One of the points that you make in your paper is the impact on the dairy industry, specifically. You highlight the fact that that industry contributes significantly to pollution compared to other sectors. Evidently, a financial blow would, in the short term, at any rate, hinder any investment to improve the environmental performance of that sector specifically.

[16] **Mr Davies:** Yn sicr, yr ydym yn cydnabod yr effaith y bydd hyn yn ei chael ar y diwydiant amaeth. O fewn y dewisiadau, mae modd defnyddio tipyn bach o *coupling*, boed hynny i ganolbwyntio ar y diwydiant llaeth neu'r diwydiant eidion, sydd efallai'n amaethu yn eithaf dwys. Mae'n rhaid edrych ar yr opsiynau hyn a gwneud hynny gan gofio bod yr Alban wedi gwneud yr union beth—pa effaith mae hyn wedi ei chael yn yr Alban? Mae pethau ar y bwrdd y mae'n rhaid edrych arnynt, ond yr ydym yn cydnabod eu bod o fewn y cyd-destun y bydd y symudiad hwn o daliadau fesul pen i daliadau ar sail arwynebedd yn digwydd.

Mr Davies: We certainly recognise the impact that this will have on the agricultural industry. Within the options, it is possible to use some coupling, be that to concentrate upon the dairy industry or upon the beef industry, which is perhaps quite intensive in its methods. We need to look at these options and do so bearing in mind that this is exactly what Scotland did—what impact has this had in Scotland? There are things on the table that we need to look at, but we recognise that they are within the context that this transition from headage payments to area-based payments will take place.

[17] **Llyr Huws Gruffydd:** A oes gennych farn ar daliadau wedi eu cyplu?

Llyr Huws Gruffydd: Do you have a view on coupled payments?

[18] **Mr Davies:** Byddem yn edrych ar bob achos yn ei dro, i ddweud y gwir. Mae modd defnyddio cyplu o blaid sector o fewn y diwydiant amaeth, ond, o edrych ar yr opsiynau i gyd—gallwch edrych ar gyplu neu system y ffarmwr llai—maent i gyd yn cael eu tynnu allan o'r nenfwd cenedlaethol ar y diwedd. Felly, mae'n rhaid ichi edrych ar a gwerthuso popeth.

Mr Davies: We would look at it on a case-by-case basis, to be honest. Coupling can be used to favour certain sectors within the agriculture industry, but, in looking at all the options—you can look at coupling or the small farmer system—they all come out of the national ceiling at the end of the process. So, you have to look at and evaluate everything.

[19] **Llyr Huws Gruffydd:** A oes gan y cyngor cefn gwlad rai sylwadau?

Llyr Huws Gruffydd: Does the countryside council have some comments?

[20] **Mr Pawson:** The first thing to say is that, as you are all aware, these are very much draft regulations. One of the points that we made in our evidence was that, at the moment, it appears that member states can adopt a regional approach to area payments, but the regulations do not specifically say that regions in the European Community such as Wales can adopt a regional approach. Quite a lot of our evidence is regarding the wording that is being used at the moment. We know from talking to colleagues in the Institute for European Environmental Policy that the Commission may well have had a different intention when it drafted some of these texts, but, at the end of the day, those texts say what they say. So, our evidence is very much couched around trying to bottom out what some of these wordings actually mean or could mean.

[21] In terms of the payments, the Commission is working towards a basic payment that provides income support, but it is also looking for a greening element for a number of reasons, partly to provide legitimacy to the CAP, but also because there is a fear within the Commission that pillar 2 is likely to be reduced as part of the budget settlement, so by having something in pillar 1 and pillar 2 for greening, whatever happens with CAP in future, all our eggs are not in one basket.

[22] On the transition, quite a lot of people have flagged up in their evidence that, at the moment, the transition is 40 per cent in the first year, which seems remarkably high—not that many countries have gone to area payments so far. England is the obvious example that is close to home. There were quite a lot of problems at the start, but they went over a seven-year period, so that is 14 per cent a year, and not 40 per cent in the first year. They also had a number of issues to do with claimants who were not claiming under the historic system, particularly non-active farmers, and the sheer number of extra claimants plus the fact that they had introduced a new computer system at the same time, meant that the National Audit Office took a lot of interest in the way that DEFRA was delivering payments. So, there are issues here to do with how workable these things are.

[23] We have indicated that we are interested in coupling in the past, particularly in terms of the suckler cow sector, but the big problem with coupling, as Richard alluded to, is that, at the end of the day, any money that you use for anything, be it natural constraints areas or young farmers or coupling, basically has to come out of your national ceiling. So, you reduce the payment to everybody in order to give a bit more to a number of people, and it depends on how many that number is, but if you are not careful, you could end up in a situation in which you have a lot of administration in order to take a small amount of money from everybody and give a small amount of money back to a small number of people.

[24] **Vaughan Gething:** Before I move to Antoinette Sandbach on this, I am interested in what you have to say in your paper on sub-regional areas. One of the criticisms has been that the reforms are potentially more complex than they need to be and do not deliver one of the stated aims, namely to simplify the process. Would your sub-regional proposal, if implemented, not introduce greater complexity and greater difficulty to delivering your system?

1.15 p.m.

[25] **Mr Pawson:** I suppose that my argument on that would be that simplification is an objective of the common agricultural policy, but, at the same time, we have to look at the perverse effects of simplification. If it creates a greater problem, then surely it is better to have some complexity rather than too many problems. When the Commission says that member states can have a regional approach, I am sure that it means that regions can have a regional approach. After all, England is a region in terms of the CAP, so England has a regional approach. However, if you did not have a regional approach, you would see a lot of the money that currently goes into the lowlands going to the less-favoured areas, which could mean that you were giving more money to a proportion of farmers who may be providing more public good, but you could, in some cases, also be giving more money to farmers who already receive quite large payments and taking money away from farmers who, at the moment, only receive moderate to small payments. That could have a knock-on effect on the socioeconomics of farming, which, in turn, could have a knock-on effect on the environmental delivery of some of those farms. With regard to modelling, the difficulty is that you can model everything, and there is no guarantee that any of these things will happen, but the more that you can model to try to ascertain what the effects might be, the stronger your negotiating position. I have seen modelling that the Northern Irish have done in terms of moving money into three regions—disadvantaged areas, severely disadvantaged areas, and non-less favoured areas.

[26] **Mr Davies:** To echo what Brian is saying, Wales is not alone in facing this dilemma. England, Germany and Finland have already gone to an area basis. It is important to look at the evidence that is out there, rather than reinvent the wheel. We must look at this as an opportunity, but if there is a way to look at which scenarios were used, to try to minimise the redistribution effect of these payments, then that would be a positive step. I know that, in Scotland, there was an inquiry, the Pack inquiry, which published its report back in November 2010, and it looked at the same situation there, and the possible redistributive effect. There are parallels there, and there were similar concerns about dependency on beef and sheep and LFA status.

[27] **Antoinette Sandbach:** In terms of looking at the regional aspect, on the old IACS forms you already indicated whether you were in a less disadvantaged or severely disadvantaged area, so that kind of distinction and those data are already available, are they not?

[28] **Dr Joyce:** Yes, and therefore any sub-regionalisation on that basis will be simple to implement, one would presume.

[29] **Antoinette Sandbach:** I am slightly concerned by this idea that it needs to be looked at on a farm-by-farm basis. Is that realistic? That was the evidence of Richard Davies.

[30] **Mr Davies:** I was thinking of the severity of the possible redistribution effects, and the inherent nature of farming in Wales, with traditional family farms. We operated on a historical basis in Wales because of the small, but intensive, nature of the farms. With regard to looking at it on a case-by-case basis, it is important to look at the impact on individual farmers. I acknowledge the complexity of the issue, but there are so many other things that are linked to the income that comes to the farm; it affects the community, rural expenditure, and rural services. That is the reason why. I acknowledge that it is a complex issue, but the impact that it could have—

[31] **Antoinette Sandbach:** I understand that, but there are roughly 30,000 farms in Wales. Are you really suggesting that each one should be assessed on an individual basis?

[32] **Mr Pawson:** I think that there is a way that you could inform the modelling that would enable you to get a handle on the kind of issues that Richard is talking about. The Welsh Government has already produced evidence on what a simple flat-rate model would look like, in relation to 50 per cent of farmers gaining, and 30 per cent losing. You could look at modelling different approaches based on sub-regions, and the obvious sub-regions to test out would be the DA, the SDA and the non-LFA. You could also look at other demarcation lines, although that would be more complicated, because you would have to build new lines. Then you could look at some case studies. If you look, say, at a group of farms that will gain, or a group that will lose, you do not really know what that will mean for the individual farms. If you were to look at all 30,000 farms, it would take you forever, but you could look at a case study, where you could select a group of farms within each sub-region, if you were going to have sub-regions, and see what the impact was on their businesses. It would just be a small sample, but that case-study approach, matched with the broader modelling approach, would give you more information. The difficulty with all of this is that you can spend a lot of time and money—which, I think, is where your question is coming from—doing all of this work and it will not necessarily mean that you are going to end up with any of the things that you modelled. Clearly, you have to strike a balance between getting enough information to negotiate and gathering information ad infinitum and spending all your time and money on that.

[33] **Vaughan Gething:** William Powell, do you have a brief point on this subject before

we move on?

[34] **William Powell:** I have a question on the wider greening issues.

[35] **Vaughan Gething:** We are going to move on to greening issues now. Rebecca, do you want to start on this? I will come back to you, William.

[36] **Rebecca Evans:** Moving on to the greening requirements, I would like to take the views of the panel on the greening requirements as currently proposed in the regulations. I would also like your views on whether the greening requirements should be mandatory for all farmers.

[37] **Mr Pawson:** The first thing that we would say is that, in principle, we see advantages in the greening of pillar 1. I made the point earlier that, in essence, looking at how things may play out within Europe, it is a strategy that at least three of the commissioners seem to be engaging in, because, I think, they fear that there is not going to be that much in the way of resources in pillar 2, so they are trying to ensure that there are at least some resources in pillar 1. When it comes to the actual proposals on the table, our evidence goes into quite a lot of detail about the potential perverse effects that could arise from the way that these things are written at the moment. We see difficulties in the way that permanent pasture is defined. We also see difficulties in the way that ecological focus areas are defined. I have heard people say that the Commission means that ecological focus areas should apply only to arable land. I have heard that from people in conversation with the Commission.

[38] However, again, the regulations say that an EFA is your eligible hectares minus your permanent pasture. Therefore, presumably, at the moment, there are going to be areas of land that have been ploughed in the past five years that would still come within an EFA, so it is more than just arable land. We also see problems with the existing definition of the arable measure, which is not, one could argue, enormously relevant to large areas of Wales, except in terms of perverse effects. If you have large areas of arable land, growing three crops could deliver a benefit. However, colleagues in England say that it says nothing about block cropping. You could have a 1,000 ha farm, with 330 ha of oilseed rape next to 330 ha of winter wheat next to 330 ha of maize. It says nothing about how the crops are managed. The potential perverse effect for Wales is if you have a criterion as low as 3 ha, at which point you have to adopt three crops. A farmer may decide that he is going to grow spring barley and keep some stubble—whether that be for stock feed or because he wants to go into Glastir. What farmer is going to want to grow three crops in one field? There are all sorts of such issues that one can debate.

[39] The main difficulty that we saw in constructing our evidence for you in terms of possible recommendations was that, the way that things are at the moment, you can see some perverse effects. However, you have to be very careful in producing new suggestions that they do not produce new perverse effects. Of course, the perverse effects that we see are not going to be the same as the perverse effects seen by the Estonians or the Hungarians or the French. So, there has to be quite a lot of member-state flexibility, because we all have our own perverse effects. They are all different across the EU.

[40] **Dr Joyce:** If I may briefly contribute to the debate here, I think that it is quite useful to look at the permanent pasture measure as well. In Wales, when we think of permanent pasture, we think that we just have to keep 95 per cent of it and that that will be fine and will not have an impact on us. However, when you dig deeper into what this measure will mean, there are some concerns. Obviously, in principle, permanent pasture is a carbon store and it can sometimes be a significant store of biodiversity. Therefore, in principle, it may be a good thing to help to preserve permanent pasture. However, then you think about the perverse effects. What about, for example, a farmer who wants to start growing lupins instead of

importing soya beans from the Amazon rainforest? They will not be able to plough up their permanent pasture to make themselves more self-sufficient on their dairy farm, for example. What about farms that may want to go into woodland creation schemes? We have the Welsh Government target of 100,000 ha of new woodland over 20 years. Where is that woodland going to come from if it is not going to be on land that is currently permanent pasture? There are all sorts of perverse effects sitting within the permanent pasture measure that I think we need to get a handle on, and I think that it would also be very useful for the group to get to grips with what that might mean.

[41] **Vaughan Gething:** Before we go to William Powell and Llyr Huws Gruffydd, do you have a follow-up question, Rebecca?

[42] **Rebecca Evans:** I do, but I think that the Environment Agency was about to say something.

[43] **Mr Neale:** For me, it is about member states deciding what suits their particular circumstances as to which elements are included in the greening package—flexibility is key. In your question, I think that you were alluding to the issue of whether people involved in agri-environment schemes should be let off the greening element, as it were. That could be particularly helpful, because within the agri-environment schemes that are designed by each country there are prescriptions, if you like, that look to deal with the issues that are specific to that country. So, there are two elements to that that need to be considered more fully.

[44] **Mr Davies:** When we looked at the greening component and the contents, we did so with interest, obviously, but we realised that there was not much clarity in the CAP as to what would be delivered by that component and how it related to agri-environment schemes. In the spirit of streamlining the process and being clear about what the farmer needs to do or not to do—I hope that it will become clearer in the implementing regulations—we note that organic producers are exempt from greening, and, from our point of view, we need to ensure that all the valuable environmental goods delivered and generated by Tir Gofal, Tir Cymen and Tir Cynnal are not lost in what is on the table. So, some clarity is needed about how that relates to Glastir. If there is a means of tweaking the provisions and options a bit to make it fit for purpose and reduce the complexity of it, then I think that that would be a good thing.

[45] **Rebecca Evans:** My follow-up question was on that, so thanks.

[46] **William Powell:** To be honest, that was my follow-up question, too. *[Laughter.]* I am concerned that there should be some additional flexibility to safeguard the legacy of schemes such as Tir Gofal and the rest, because we sometimes forget that this has to fit all 27 countries, and you obviously have a different baseline in terms of what has been achieved under agri-environment schemes. It is only through that kind of flexibility, in my view, that that is possible, and I am glad that some of you seem to hold a similar view.

[47] **Mr Davies:** I would just add that, from our point of view, we are very pleased that the CAP was retained as a centrally funded policy. Then again, it is important for the Welsh Government to have as many of those issues determined within its own scope so that it can influence them, not only to suit the land managers in Wales, but to deliver the environmental outcomes that the Welsh Government wants.

[48] **Vaughan Gething:** I see that Dafydd Elis-Thomas has a question: is it on greening still?

[49] **Lord Elis-Thomas:** Always. *[Laughter.]*

[50] Yr wyf yn ddiolchgar iawn bod I am very grateful that the countryside

cyngor cefn gwlad ac Asiantaeth yr Amgylchedd yma yn hapus gyda'i gilydd. Carwn ychwanegu fy mod i'n rhannu'r dryswch y cyfeiriodd Brian ac Ieuan ato o ran effeithiau'r ymdrech i wyrddu'r polisi amaethyddol cyffredin. Ni allaf ddeall pam nad yw'r Undeb Ewropeaidd wedi gallu cymryd agwedd bioamrywiaeth ac agwedd ecosystemaidd briodol tuag at y polisi amaethyddol fel y mae wedi llwyddo dechrau i'w wneud gyda'r polisi pysgodfeydd y buom yn ei drafod y bore yma. Felly, fy nghwestiwn yw hwn: a oes rhinwedd i ni gymryd yr her a roddwyd i ni yn gynharach i'r grŵp hwn fynd ati i ddadlau y dylid fod bioamrywiaeth yn cael ei osod yn werth llawer cliriach yn yr achos hwn? Mae hyn yn berthnasol iawn wrth sôn am—mae hyn yn mynd yn ddryslyd yn awr—tir glas, neu dir pori glas, nid Glastir yn yr achos hwn. Gan fod pwyslais ar gadw tir glas, mae hwnnw'n mynd yn andwyol, tybiwn, i'r holl ymgais i sicrhau bod ffriddoedd a thiroedd pori eraill yn dod â bendith bioamrywiaeth, o safbwynt planhigion a phob math o ystyriaethau ecosystemaidd. Mae cwestiwn yn y fan honno.

council and the Environment Agency are sitting happily together here. I would like to add that I share the sense of confusion that Brian and Ieuan referred to with regard to the effects of the efforts to green the common agricultural policy. I cannot understand why the European Union has not been able to take a proper biodiversity and ecosystemic approach to the agricultural policy, as it has succeeded in beginning to do with the fisheries policy, which we were discussing this morning. So, my question is this: is there any merit in our taking up the challenge given to us earlier that this group should argue that biodiversity should be given a much clearer value in this case? This is very relevant in referring to—this is where it gets confusing in Welsh—pasture land or *tir glas*, not Glastir in this case. The emphasis on retaining pasture land will be detrimental, I would imagine, to the whole attempt to ensure that upland pasture and other types of pasture bringing biodiversity benefits, in terms of plants and all kinds of other ecosystem considerations. There is a question there.

1.30 p.m.

[51] **Mr Pawson:** The last part of your question was around the permanent pasture issues. At the moment, within greening, permanent pasture provisions are simply to maintain permanent pastures if you have them. If you do not have any, I presume that all you need to do to get your greening payment is to follow the ecological focus area provisions and follow the arable provisions.

[52] Another way of looking at permanent pastures would be to split them down into the kinds of permanent pastures that we would want to conserve from a biodiversity point of view, or a carbon point of view. I have seen suggestions that you could split permanent pastures into semi-natural permanent pastures, such as hay meadows that have a high biodiversity value, and say that they are not to be ploughed. There are other kinds of permanent pastures that are more recently created. Provided that you kept a certain proportion of those within a region, farmers would have the flexibility to plough some of that more recently created pasture. Another way of looking at the provisions, rather than saying that people will get a greening payment provided that they do not plough the pastures, is to say that the greening payment could be a premium, dependant on how many types of pastures you had.

[53] One issue with the regulations at the moment is that they say that permanent pastures are what will be on farms in 2014. You could argue that that could encourage farmers to plough all the bits that they do not fancy looking after. However, they would then become recently created grasslands subject to an ecological focus area, so that might not be such a good idea. There could be a more positive approach that said that, if 50 per cent of your farm was made up of permanent pastures of the semi-natural variety, you would get a payment per hectare for conserving them—not necessarily for reducing your stock levels, but for not

fertilising, scarifying and reseeded it. If you looked after a proportion of the more recently created grasslands from a carbon perspective, you would get another payment, perhaps at a different rate per hectare.

[54] Unfortunately, this runs counter to the simplification objective. That is the difficulty with simplification. How far do we want to go with making things easy to manage? It seems to me that a lot of the Commission's proposals are along those kinds of lines. How far do we want to go down that route, trying to achieve the objectives set by the Commission at the start of trying to reduce greenhouse gas emissions and conserve biodiversity? Personally, I would go for a bit more complexity and try to get a bit more of the outcome that we really want.

[55] **Dr Joyce:** From a carbon point of view, we have biodiversity and semi-natural pastures and we would seek to retain as many of our bio-diverse pastures as we can. However, if we are only looking at carbon, and at the importance of carbon stored in pasture land, there are many other ways in which you could look at that argument. If the pasture land was converted to woodland, the carbon content of the woodland would be higher than in the current permanent pasture. With carbon, we are really talking about greenhouse gas emissions. If a farmer wanted to plough the land to replant high sugar grasses and clover, to reduce nitrous oxide emissions and to reduce methane emissions as a result of the animals growing faster and using the pasture more efficiently, they would not, under this regulation, be allowed to do it, even though there may be a net greenhouse gas emission benefit. That is a perverse problem.

[56] **Antoinette Sandbach:** Clover fixes nitrates in the soil. It is a natural fertiliser.

[57] **Dr Joyce:** Exactly. Nitrous oxides are a greenhouse gas.

[58] **William Powell:** What is your view on the Commission's proposals for a mandatory scheme for small farmers?

[59] **Mr Pawson:** At the moment, there is a mandatory scheme in the regulations. However, it does not say that you have to have a scheme; it says that farmers may apply for the scheme. Presumably, if one farmer applied for the scheme, you would have to set up a scheme for that one farmer, which would mean a huge administrative cost. Another issue is with the way in which payments are made. The way in which you define a small farmer means that you pay around 15 per cent of the national average payment or between €500 and €1,000, but it does not say that a small farm is less than 10 ha or whatever. You could have a situation where any farmer could say that they wanted to be treated as if they were small farmers, because they would get between €500 and €1,000 and would be free from the constraints of cross-compliance and greening. We feel that the Welsh Government should, first of all, seek to ensure that this is a voluntary measure for member states. I can understand why certain member states want it, bearing in mind that the commissioner comes from a country that has a large number of small farms. I am not quite clear why everyone has to have it. Secondly, if you have to have that kind of scheme, farmers should, at the very least, be subject to cross-compliance, because even small farms can cause significant problems within their immediate localities.

[60] **Mr Neale:** We completely agree with CCW on this point. Our water framework directive investigations showed that both small and big farmers have the potential to be either good or poorly performing farmers. Removing a group from cross-compliance simply because they declare themselves as small farmers is a dangerous situation.

[61] **Mr Davies:** In the same vein, introducing this scheme would create an unlevel playing field between farmers within the Welsh farming environment. We would like to see improvements in environmental performance among all farming sectors, regardless of size.

However, once again, if this was introduced, it would need to be done with the 10 per cent national ceiling.

[62] **Antoinette Sandbach:** Is it not a danger, then, that some people might opt out of it altogether? If you do not create that exemption, you have no grounds on which to apply any form of cross-compliance. They will just say, ‘Okay, we will not get our €500, so we are out’, and they will not claim.

[63] **Mr Neale:** I think that that might be true. However, there are other ways of pursuing people who may be less efficient and more difficult. If it is about a water pollution issue that might have been picked up through a cross-compliance breach—but, not being in cross-compliance, they would not be in that situation—there are other ways, under certain circumstances, that you can pursue them. It is less efficient, and I think that we would acknowledge that.

[64] **Vaughan Gething:** We will move on to another subject. One thing in which we have taken an interest is the definition of an active farmer. You have both made comments on this, and I am sure that you have seen the evidence from the Welsh Government about wanting a change in the way in which it is currently defined. We are interested in your views on the current definition of an active farmer and any suggestions that you might have for amending the definition.

[65] **Mr Pawson:** There are all sorts of difficulties with the active farmer definition, but it would require much work, because you would need to know the income of a farmer. It is not entirely clear to me whether it means the income of the farmer or of the farm business; I notice that the Deputy Minister talked about not disadvantaging farms where other people go out to work in other businesses. Most farms would run their accounts on a broader basis than just the income of the average farmer. It is a bit like the capping mechanisms. There seems to be much scope for people to take advice on managing their situation to ensure that they were not caught by the rules. Having said that, 5 per cent from direct payments is a low proportion of overall farm income. Coming from the perspective of environmental advisers, a general principle in our evidence is that there should be no perverse or damaging effects on farmers currently producing a lot of public goods. For instance, there could be some farmers who are not getting that much money from direct payments, but are getting a fair proportion of money from the CAP through pillar 2 and the Wales rural development plan. If we have that kind of approach, it should be based on money that you get from all parts of the CAP rather than one particular part of it.

[66] **Dr Joyce:** A farmer producing public goods through ecosystem services will probably, by definition, be producing lower amounts of food. So, you do not want to disadvantage those types of farmers, because they are still producing stuff and it is still important to society. As a principle, it is important to make sure that, whatever the definition of an active farmer, it does not disadvantage those farmers producing public goods.

[67] **Mr Neale:** The critical thing for us is that it is an active farmer—somebody engaged in farming, and that payments are made to someone who is engaged in farming who manages the land that we all rely on in one way or another, for food, tourism, bathing water or whatever, and that the money is not paid to larger organisations that sit behind that particular activity.

[68] **Antoinette Sandbach:** What sort of organisations are you referring to?

[69] **Vaughan Gething:** That is a leading question. [*Laughter.*]

[70] **Mr Neale:** I am aware that there are companies with quite large landholdings that

may be able to claim single farm payments and the like. It is not always obvious whether they then support the people who farm land on their behalf to produce whatever they are producing in a sustainable way. For us, the key thing is that, if payments are being made for greening or whatever, that money is used in the way that it was intended.

[71] **Mr Davies:** It is quite a complex issue. I heard that they even looked into the definition of a non-active farmer. You can make it as complex as you want, but I would echo what Simon is saying. It is about linking it to the agricultural activity—the husbandry—and the farmer who keeps or breeds stock. The day-to-day actions on the farm should be considered under the agricultural activity criteria.

[72] **Antoinette Sandbach:** I am certainly slightly concerned about that definition of ‘keeps or breeds stock’. What happens if your business is fodder?

[73] **Mr Davies:** That was under one of the definitions of the direct regulation—I think that it was article 4. There is a list of the different definitions that they could use. I was just giving one example.

[74] **Antoinette Sandbach:** So you are not suggesting it is limited to that.

[75] **Mr Davies:** No, the definitions are under article 4. There is a list.

[76] **Mr Pawson:** One of interesting points, before we move off the topic of the active farmer, is the way in which the various provisions of the regulations are interrelated. We mentioned that permanent pasture is related to ecological focus areas, but active farmer is very strongly related to what you do with area payments, because of all the issues that occurred in England. There were large numbers of claimants under an area system who had not previously claimed. Presumably, if you had carried out an active farmer test, many of those would not have claimed. Then you would not have had large numbers of difficult-to-manage claims with a new computer system that caused all sorts of problems. There are interrelationships between these things. It is a good idea to have an active farmer test. As the Deputy Minister and the director of rural affairs alluded to, there is a problem with having a definition on a Wales basis. Again, one can argue for and against these things. You could say that we could have a definition on a Wales basis, and everyone else could have a definition for their particular member state, but at what point do we stop having a common agricultural policy?

[77] **Vaughan Gething:** I have one other small point on something that you referred to earlier in your evidence. We are nearly out of time. In its evidence, CCW made a point about the agri-environment schemes and the fact that the preamble text talks about having 25 per cent of the rural development budget in this area, but that the legal text does not contain that. So, this would not appear to be an area on which, if we took an interest in it, we could suggest an amendment. So, my question is about the specifics of how that would not work, as currently defined. It appears that it is suggesting that something should be happening, but there is no mechanism to deliver it. Is that a fair reflection? What would you suggest in terms of amendments?

[78] **Mr Pawson:** Our understanding is that the text in the preamble to the rural development regulations that refers to the fact that 25 per cent of the EU contribution to the RDPs must be spent on land management measures was inserted at the very last minute—I think at the request of DG Environment and DG Climate. It is actually a provision that exists in the current rural development regulation. There is a specific part of the rural development regulation—article 65, I think—that says that you must spend at least 5 per cent on LEADER. So, our view is that, given that agri-environment contributes to biodiversity targets at EU level, water framework directive targets at EU level and climate change targets at EU level, it

seems very strange that the RDR has a target of spending 5 per cent on LEADER but no target for spending 25 per cent on agri-environment. The Welsh RDP at the moment has an allocation—I am not sure what the spend is—over the seven years of about 70 per cent on land management measures. If you had that kind of revision in the RDR it would not disadvantage Wales, but it would ensure that, if Wales was putting some of that money where our sustainable development duties lie, other member states and regions would at least be constrained to a minimum. It is like the axis argument.

1.45 p.m.

[79] You could argue that it unfairly constrains you from being more flexible, but on the other hand, the axes as they currently exist prevent some member states from putting all of their money into investment measures or competitive measures, or measures that could be regarded, if delivered on a large scale, in a particular member state, as being anti-competitive.

[80] **Vaughan Gething:** Unfortunately, we are at the end of our time for the oral evidence. It has been very interesting, but the 45 minutes is already up. Thank you all for attending and for giving us the benefit of your views in this exchange with the committee. You will of course be sent a transcript of today's evidence, and if there are any inaccuracies in that, then obviously you will have the opportunity to comment and amend. We look forward to continuing this dialogue with other people across the country. Thank you for your time today.

1.50 p.m.

**Ymchwiliad i'r Diwygiadau Arfaethedig i'r Polisi Amaethyddol Cyffredin:
Tystiolaeth gan yr Ymddiriedolaeth Genedlaethol a'r Gymdeithas Frenhinol er
Gwarchod Adar**

**Inquiry into proposed reforms to the Common Agricultural Policy: Evidence
from the National Trust and RSPB**

[81] **Vaughan Gething:** I welcome Trystan Edwards, Wales farm and countryside adviser from the National Trust; and Arfon Williams, a countryside manager for RSPB Cymru. They are here to give oral evidence as part of our inquiry into the proposed CAP reforms. If you wish, there is an opportunity to make a brief opening statement. Then we will move to questions and dialogue with Members.

[82] **Mr Edwards:** Diolch yn fawr am y gwahoddiad i ddod i siarad â chi heddiw. Yn gryno, fy ngwaith i yw gweithio gyda ffermwyr yr ymddiriedolaeth yng Nghymru a gyda'n swyddogion i sicrhau gwelliant yn y ffordd yr ydym yn amaethu'r tir. Ar hyn o bryd, mae'r ymddiriedolaeth yn dal i weithio i ddatblygu ei gweledigaeth am sut y bydd y PAC yn datblygu, felly mae'n gynnar yn y dydd i fod yn rhoi datganiad llawn. Fodd bynnag, yr ydym yn gweithio arni. O ran Cymru, yr ydym yn bryderus ynghylch y ffordd y mae rhai o'r pethau sydd wedi'u cyhoeddi yn achosi penbleth o ran sut y byddwn yn sicrhau dyfodol llewyrchus i'r cynefinoedd a'r tirlun, a hynny ar ein meddiannau ac yn ehangach yng nghefn

Mr Edwards: Thank you for the invitation to come to talk to you today. Briefly, my job is to work with the trust's farmers in Wales and with our officials to improve the way in which we farm the land. Currently, the trust is still working to develop its vision for how the CAP is to develop, so it is a little early in the day to be giving a full statement. However, we are working on it. In relation to Wales, we are concerned about the way in which some of the things already announced could cause confusion around how we will ensure a prosperous future for the habitats and the landscape, those that are part of our properties and more widely in rural Wales. A large number of the trust's tenanted farms are part of agri-environment schemes at

gwlad Cymru. Mae nifer fawr o ffermydd yr ymddiriedolaeth sy'n cael eu tenantio yn rhan o gynlluniau amaeth-amgylchedd ar hyn o bryd—Tir Gofal yn bennaf. Yr ydym yn gweld risg o safbwynt colli hynny yn y dyfodol, felly yr ydym yn pryderu am hynny. Felly, yr ydym yn awyddus i weld piler 2 yn cael ei sefydlu er mwyn atgyfnerthu Glastir ar gyfer y dyfodol. Yn dilyn ymlaen o hynny, credwn fod y syniad o symud arian o biler 2 i biler 1, sef *reverse modulation*, yn hollol anghywir.

[83] Fel y gŵyr rhai, mae'r ymddiriedolaeth hefyd yn amaethu ei hunan. O dan reolau'r Undeb Ewropeaidd, yr ydym yn cael ein gweld fel un ffarmwr. Mae'r geiriad sydd wedi dod hyd yn hyn wedi achosi cryn benbleth inni oherwydd yng Nghymru, Lloegr a Gogledd Iwerddon, byddwn yn disgyn i mewn i'r categorïau capio ac *active farmer*. Nid wyf yn bwriadu dweud llawer am hynny oherwydd, yn ganolog, yr ydym wedi llwyddo i gael gwrandawriad gyda phwyllgor Ciołoş ei hun. Felly, byddwn yn symud ymlaen gyda hynny dros yr wythnosau a'r misoedd nesaf. Yn olaf, er ein bod yn falch o weld pethau'n cael eu symleiddio yn y PAC—neu'n ymwybodol o'r datganiad am y bwriad i symleiddio—nid ydym am weld symleiddio ar draul rhai o'r gwerthoedd hynny sy'n bwysig. Yr ydym yn gweld bod y sefyllfa yn od: er taw'r bwriad yw symleiddio'r PAC, mae pethau newydd yn dod i mewn sy'n fiwrocraataidd ofnadwy ac a fydd yn golygu mwy o benbleth yn y dyfodol.

[84] **Mr Williams:** I would like to thank the committee for the opportunity to give evidence today and, hopefully, throughout the CAP process. Unlike Trystan, my Welsh is not as good as it could be, or should be, so I am afraid that I will be speaking in English. I am happy to take questions in Welsh, but I will respond in English. As you are aware, Wales is committed to halting the loss of biodiversity and the degradation of ecosystem services by 2020. That is underpinned by a suite of European targets and legislation, including the water framework directive, the habitats directive and the birds directive. This commitment was recently restated by the First Minister. The CAP could be key in helping farmers to tackle these problems by promoting thriving wildlife, clean water supplies and healthy productive soils. Also, by protecting and enhancing the natural resource base, the CAP can also help secure Wales's ability to produce food now and in the future. However, the CAP is currently not meeting this potential. Most funds are channelled through direct payments, with no clear policy objectives. Everyone in Wales contributes £100 to the CAP, on average. Therefore, it is only right to expect that the policy should deliver clear public benefits. As I said, this is clearly not the case at the moment.

[85] Because direct payments are linked to historic production levels, farms that are less

present—mainly Tir Gofal. There is a risk that that could be lost in future, so we are concerned about that. We are therefore keen to see the establishment of pillar 2, in order to strengthen Glastir for the future. Following on from that, we believe that the idea of shifting funds from pillar 2 to pillar 1, the reverse modulation, is completely wrong.

As some know, the trust is also a farmer itself. Under EU rules, we are seen as a single farmer. The wording that has emerged to date has caused considerable confusion to us, because in Wales, England and Northern Ireland, we would fall into the capping and active farmer categories. I do not intend to say too much about that because, centrally, we have been given a hearing with Ciołoş' committee. So, we will be progressing that over the coming weeks and months. Finally, although we are pleased to see things being simplified in the CAP—or are aware of the stated intention to simplify, at least—we do not want to see simplification at the expense of some of those important values. We consider the situation to be quite strange: although the intention is to simplify the CAP, new elements are being introduced that are hugely bureaucratic and will create more confusion or complexity in the future.

intensive and more environmentally friendly generally receive lower levels of CAP support. These are the farms that are most able or have the most potential to deliver environmental goods and services. Therefore, future payments must generally reflect the level of environmental benefit that these types of farms can deliver. To conclude, the Commission's proposals for the CAP must be radically revised and improved in order to achieve real environmental gains, as opposed to the current greenwash with which we have been presented.

[86] **Vaughan Gething:** Thank you both for your opening statements. We have all read and considered the written evidence that we received from you in advance. We will now have questions from Rebecca Evans, Llyr Huws Gruffydd and Antoinette Sandbach.

[87] **Rebecca Evans:** I would like to open with some questions on the greening requirements. What are your views on the requirements as they currently stand in the draft regulations? Are there any specific amendments that you would like to see?

[88] **Mr Edwards:** Nid ydym wedi ein hargyhoeddi gan yr hyn sydd wedi'i gynnig. Teimlwn fod y cynigion hyn yn wan. Mae'r taliad o 30 y cant a gaiff ei ailddyrranu wedi'i lunio ar gyfer ardaloedd nad ydynt yn berthnasol i Gymru. Tir glas yw'r rhan helaethaf o dir Cymru. Yr unig argymhelliad sy'n berthnasol yn hynny o beth yw'r argymhelliad i ystyried cael tir glas parhaol, ac nid ydym yn hapus â hynny ychwaith. Gan fod y cynllun hwn wedi'i lunio ar gyfer 2014, byddai cymryd y cam hwn bron yn gyfystyr â rhoi rhyddid i amaethwyr droi eu tir dros y ddwy flynedd nesaf, gan y byddent yn cael *baseline* ffafriol yn sgîl hynny.

Mr Edwards: We are not convinced by what has been proposed. We feel that these proposals are weak. The 30 per cent payment that will be reallocated is mapped for areas that are not really relevant to Wales. Welsh land is mainly pasture land. The only recommendation that is relevant in that sense is to consider having permanent pasture land, and we are not happy with that either. Given that the scheme is planned for 2014, taking this step would almost be like giving farmers a licence to plough their soil over the next two years, because they would have a favourable baseline in the wake of that.

[89] Ategef y ffaith nad yw'r cynllun yn gwahaniaethu o gwbl rhwng tir nad ydyw wedi'i droi ers 40 i 50 mlynedd—sef tir sy'n cynnwys pob math o fywyd gwylt, sy'n cynnwys pridd sy'n dal llawer o garbon ac sy'n helpu atal llifogydd drwy ddal dŵr—a thir a gafodd ei droi tua phum mlynedd yn ôl a lle tyfwyd *ryegrass* er enghraifft. Felly, teimlwn fod y cynigion hyn yn wan iawn ar hyn o bryd. Yn fwy na dim, teimlwn nad ydynt yn rhoi unrhyw fath o sail i'r ailddyrraniad o 30 y cant, o ran rhoi gwerth am arian i bwrs y wlad.

I would add to that that these plans do not differentiate between land that has not been ploughed for 40 or 50 years—land that incorporates all kinds of wildlife, that includes soil that captures a lot of carbon and that helps to prevent flooding by retaining water—and land that was ploughed about five years ago and where ryegrass was recently grown. Therefore, we feel that these proposals are very weak at present. More than anything, we do not feel that these proposals provide a firm foundation for that 30 per cent reallocation, in terms of providing value for money to the public purse.

[90] Fel sefydliad, yr ydym yn awyddus iawn i weld cynllun Glastir yn datblygu i fod yr un mor gryf ag yr oedd Tir Gofal tua 10 mlynedd yn ôl. Yr ydym yn pryderu, felly, bod y cynigion sy'n rhan o argymhellion gwyrdd y PAC yn tanseilio'r dyhead hwn.

As an organisation, we are very eager to see the Glastir scheme develop to be just as strong as Tir Gofal was about 10 years ago. We are concerned, therefore, that the proposals that are part of the greening recommendations of the CAP undermine this aspiration.

[91] **Mr Williams:** Obviously, we welcome the inclusion of the 30 per cent greening in pillar 1. We think that this is a very positive step forward and, done properly, it could have massive potential to deliver environmental benefits in Wales. Unfortunately, the plans currently being presented under the greening agenda either have very little relevance within a Welsh context, or will not deliver much in the way of additional benefit. The permanent pasture element is too broad.

2.00 p.m.

[92] It captures any type of pasture from grassland in continual rotation through to ecologically diverse grassland. There needs to be some sort of delineation or classification to make that meaningful. The other two elements of greening are referred to in an arable context. The 7 per cent set-aside option applies to land, but does not include permanent pasture. So, within a Welsh context, by the time you have taken permanent pasture out of the farming system, you do not have a huge amount of land that that will apply to anyway. That will deliver very limited benefit. With regard to the crop rotation, because only 2 per cent of land in Wales is arable, there is not going to be a huge benefit derived from that. The facts, presented as they are at the moment, mean the restrictions on arable might be counter-productive within a Welsh context. The Welsh farming environment is grass based.

[93] Organisations, such as the RSPB, and agri-environment schemes are geared up to try to encourage farmers to diversify and, if anything, adopt environmentally beneficial arable systems. Presented as they are at the moment, the proposals would work against what would benefit the environment in Wales. There is also a weak linkage between pillar 1 and pillar 2. We are of the opinion that greening should be the first step towards delivering greater environmental security. Therefore, greening should be the first action that a farmer could take. There then needs a clearer linkage between that and agri-environment in order to be able to build on that.

[94] On the other point that Trystan made, we have concerns about the base year 2014. Setting something in the future is building up a problem. Potentially, a lot of land could be ploughed up to ensure that greening does not impact on future farming in Wales.

[95] **Rebecca Evans:** What is your response to the Deputy Minister's view that farmers already making environmental gains under existing agri-environment schemes should automatically receive the greening payment?

[96] **Mr Williams:** The greening payment should be the first step. Farmers receiving pillar 1 payments adhere to the greening element of the agreement, and then agri-environment payments should be in addition to that and built on the greening. It should not be integral. If you are receiving agri-environment payments you should not automatically tick the greening box. Greening should be first, with agri-environment on top.

[97] **Mr Edwards:** O'n safbwynt ni, yr ydym wedi ei gwneud yn eithaf clir nad ydym yn cytuno â rhoi'r eithriad i ffermydd organig, ar y sail bod ffermio organig yn golygu dwysáu'r defnydd o bridd ac yn y blaen. Felly, nid yw yn dilyn bod ffermio organig wastad yn mynd i fod yn rhywbeth gwyrdd. Os nad yw ffermydd sydd mewn haen uchel o gynlluniau amaeth-amgylchedd, fel Tir Gofal neu'r elfen sydd wedi'i thargedu yng nghynllun Glastir, yn cael eu cynnwys nid wyf yn meddwl y dylai neb fod yn rhan

Mr Edwards: From our perspective, we have made it quite clear that we do not agree with giving the exemption to organic farms, on the basis that organic farming requires intensive use of the soil and so on. Therefore, it does not necessarily follow that organic farming is always going to be green. If farms at that high level in terms of the agri-environment schemes, such as Tir Gofal or the targeted element of Glastir, are not included, I do not think that anybody should be part of them. We are supportive of

ohonynt. Yr ydym yn cefnogi piler 1 gwyrdd, ond dylai ddatblygu dros amser. Os ydym yn caniatáu i rai pethau, fel yr elfen organig, beidio â chael eu cynnwys, a ydym yn sicrhod y safonau yn symud ymlaen gyda'r cynlluniau gwyrdd? Nid yw hynny yn bendant. Felly, buaswn yn cadw pawb allan.

greening pillar 1, but it should develop over time. If we allow certain things to be exempt, such as the organic element, can we be sure that those standards are progressing along with the green schemes? There is no certainty of that. So, we would keep everyone out.

[98] **Antoinette Sandbach:** I wanted to put your evidence in context. Both the National Trust and the RSPB are huge landowners. In the case of the National Trust, I think that you manage or own 200,000 ha—

[99] **Lord Elis-Thomas:** It is bigger again since yesterday—

[100] **Antoinette Sandbach:** Yes. Is that just in Wales?

[101] **Mr Edwards:** No. It is 200,000 ha across Wales, England and Northern Ireland. It is 50,000 ha in Wales.

[102] **Antoinette Sandbach:** I think that the figure for the RSPB is 19,000 ha. I would like to know how much of that land is tenanted. I think that it is important to know that and what proportion of your tenants are claiming, effectively under Tir Gofal, so that we have an understanding of the context of your evidence.

[103] **Mr Edwards:** Four per cent of the landholding we have in Wales is farmed in hand. If you take the Hafod y Llan estate, the Snowdon farm, out of that equation, it becomes insignificant: it is less than 1 per cent of the landholding. Of course, the complication for us in Wales is that we have an awful lot of common land—the Beacons, Abergwesyn, Migneint, Llanllechid and Abergwyngregyn. That is all grazed, and some of those farmers are tenants and some of them are third parties.

[104] **Antoinette Sandbach:** I think that it is useful for us to know that so that we can understand the situation. Could the RSPB also indicate how much of its land is tenanted? I think you have 19,000 ha in Wales.

[105] **Mr Williams:** Does that figure include the north Wales farm as well?

[106] **Antoinette Sandbach:** Sorry?

[107] **Mr Williams:** Is Vyrnwy included in those figures?

[108] **Antoinette Sandbach:** Well, you are in the process of—

[109] **Mr Williams:** That is something that—

[110] **Antoinette Sandbach:** I do not know. It is your evidence. It says that the society manages 19,000 ha in Wales.

[111] **Mr Williams:** Yes, part of that is the large holding that we manage in north Wales, which is not something that I have considered at all within this evidence because of all the developments going on at the moment. It is not something that has featured in my thoughts about reforming the CAP. In fact, our holdings have not coloured our thoughts on CAP reform. I do not have the exact details with me on what we farm in hand and what we tenant, but I can get you the details. However, at the moment, we are ensuring that what graziers we have are not unduly affected by future developments of CAP and CAP reform.

[112] **Antoinette Sandbach:** Obviously, both organisations, as landowners, have access to substantial resources through the charitable donations that are given to you. Other farmers in Wales do not have access to that. In particular, in relation to the capping requirements, certainly the RSPB and, I think, for example, the National Trust have received £100,000 each from the Welsh Government in relation to environment and sustainability issues. Again, ordinary farmers do not have access to that. Why do you feel it is appropriate for you to be able to claim above €300,000? Should that money not go to smaller farmers who do not have access to the sort of resources that you have as organisations?

[113] **Mr Williams:** In the Welsh context, the RSPB receives £40,000 as direct support from the Government—

[114] **Antoinette Sandbach:** I have an answer from John Griffiths to a written question that confirms that the RSPB received at least a payment of £100,000, as did the National Trust. One of your two organisations—I cannot remember which—has received more than £256,000-worth of support.

[115] **Mr Williams:** I am not trying to be evasive—

[116] **Antoinette Sandbach:** It is a written answer—

[117] **Vaughan Gething:** Let him answer the question.

[118] **Mr Williams:** The information that I have received—and I checked today before I came out because I thought this question would come up—was that the direct payments that the RSPB receives for the land that is farmed, which is farm land the same as any other, is £40,000. So, I am at a loss to explain where that figure of £100,000 or the larger figure came from. It is not an answer that I have been given by the organisation.

[119] **Antoinette Sandbach:** It has been given to the organisation—

[120] **Vaughan Gething:** Rather than cross-talking and having a cross-examination, you can put the figures directly to him with a written question and he can come back to us, so that we can get clarity on that. That will be fine.

[121] **Mr Williams:** Yes, absolutely.

[122] **Mr Edwards:** Nid wyf am ddadlau nad ydym yn mynd ar ôl arian fel y taliadau sengl a Thir Gofal. Yr ydym yn edrych ymlaen at ddyddiad dechrau Glastir a fydd mewn chwe wythnos. Yr ydym yn rhan o'r cynllun hwnnw hefyd, ac yn bwriadu gwneud y gorau ohono. Mae'n bwysig nodi'r hyn yr ydym yn ei wneud gyda'r arian, sef ei ddefnyddio ar y tir, ac er mwyn gwella mynediad. Yr ydym yn cyflogi pobl leol i reoli'r tir, sydd â gwartheg, defaid a merlod arno. Mae gan yr ymddiriedolaeth bedair miliwn o aelodau, ac mae arian sylweddol yn dod i mewn er mwyn gwneud gwaith cadwraeth. Mae ein lefel o atebolrwydd yn ddychrynlyd. Yr ydym yn defnyddio'r arian, gobeithio, mewn ffordd hollol dderbyniol.

Mr Edwards: I am not going to argue that we do not go after money such as the single farm payments and Tir Gofal. We are looking forward to the start date of Glastir, which will begin in six weeks. We are part of that scheme as well, and intend to make the best use of it. It is important to note what we do with the money, in that it is used on the land and to improve access. We employ local people to manage the land, which has cattle, sheep and ponies on it. The trust has four million members, and substantial money is received to do that conservation work. We have incredibly high level of liabilities. We use the money, I hope, in a completely acceptable way. You mentioned that an ordinary farmer would not be able to use the

Gwnaethoch sôn na fyddai ffermwr cyffredin yn cael defnyddio'r arian—nid ydym yn mynd ar ôl unrhyw arian na fyddai unrhyw ffermwr cyffredin yn mynd ar ei ôl.

money—we do not go after any money that any ordinary farmer would not be able to access.

[123] **Vaughan Gething:** We need to move on because of time. Dafydd Elis-Thomas has one point on greening and then we will move on to another subject.

[124] **Yr Arglwydd Elis-Thomas:** Nid wyf yn meddwl bod yn rhaid i mi ddatgan diddordeb fel un sydd yn talu rhan fach iawn o'ch cyflogau chi'ch dau. Y mae'n bleser cael clywed eich brwdfrydedd. Ni wn a glywsoch y dystiolaeth flaenorol gan Gyngor Cefn Gwlad Cymru ac Asiantaeth yr Amgylchedd Cymru, ond mae'n ddiddorol eich bod chi'n dweud yn union yr un pethau â nhw. Ydych chi'n meddwl bod gwerth i ni fynd ati o ddifrif i osod egwyddorion bioamrywiaeth a'r agwedd ecosystemau yn uwch i fyny yn y cynllun hwn? Teimlaf fod y gwyrddu hwn yn tueddu i fod yn *greenwash* yn hytrach nag yn wir wyrddu. Gallai hyn fod yn andwyol i'r math o ffermio amgylcheddol sydd wedi tyfu yng Nghymru yn ystod yr 20 mlynedd ddiwethaf.

Lord Elis-Thomas: I do not think that I need to declare an interest as one who pays a very small portion of your wages. It is a pleasure to hear your enthusiasm. I do not know whether you heard the previous evidence from the Countryside Council for Wales and the Environment Agency Wales, but it is interesting that you are saying exactly the same things as they said. Do you think that it would be worthwhile for us to try seriously to give the principles of biodiversity and the ecosystems approach more prominence in the scheme? I feel that this greening tends to be a greenwash rather than real greening. This could be detrimental to the kind of environmental farming that has been developed in Wales over the past 20 years.

[125] **Mr Edwards:** Cytunaf yn llwyr. Does dim o'i le â'r syniad o wyrddu'r CAP, ac mae wedi'i ddatblygu gydag EU 27. Yng Nghymru, yr ydym wedi ymwneud â Thir Cymen a Thir Gofal, ac yr oedd gennym yr ardaloedd amgylcheddol arbennig cyn hynny. Mae gennym enw gwych o ran rheolaeth cefn gwlad. Mae *reverse modulation* yn cael ei argymhell ar hyn o bryd, a bydd llai o arian yn mynd mewn i hwnnw. Mae hynny'n ein dychryn am ei fod yn gam am yn ôl. Mae datblygu strategaeth sy'n cynnwys bioamrywiaeth, y tirlun, gwarchod henebion ac ati yn hanfodol.

Mr Edwards: I completely agree. There is nothing wrong with the idea of greening the CAP, and it has been developed with EU 27. In Wales, we have been involved with Tir Cymen and Tir Gofal and we had the environmentally sensitive areas prior to those. We have an excellent track record in terms of rural management. Reverse modulation is being recommended at present, and less money will go into that. That is frightening for us, because it is a backward step. Developing a strategy that takes into account biodiversity, the landscape, safeguarding ancient monuments and so on is crucial.

[126] **Mr Williams:** Placing the delivery of environmental goods and services at the forefront of the CAP is something that we definitely need to do. The Welsh public needs that, and it is set to benefit Welsh farmers as well. The vast majority of farmers in Wales farm in less favoured areas with natural constraints—areas of Wales where there is a significant environmental resource. Those farmers are hardworking people who could be in a position to receive public payment rewards for delivering a whole raft of environmental goods and services, such as bio life, carbon storage and water storage—the types of things that their land is perfectly suited to do. Doing that and preserving and protecting Wales's natural resources would also enable farmers to farm. The payment goes to protecting the environment and one of the products of that management will be, within a Welsh context, beef and sheep, so that farmers continue to farm the land. It is important to make the point that, throughout this, we are very positive and supportive of farmers in Wales. We are well aware that the natural

environment is a product of their management, therefore, it is only right that those farmers are rewarded for providing the rest of Wales with the goods and services that we all need.

[127] **Vaughan Gething:** We have around 20 minutes left and I would like to get through at least two different subject areas, so we will move on to another subject with Llyr Huws Gruffydd.

2.15 p.m.

[128] **Llyr Huws Gruffydd:** Yr wyf am symud ymlaen i drafod pwnc sydd wedi bod yn flaenllaw iawn ym meddyliau nifer o ffermwyr oherwydd yr impact sylweddol a sydyn, o bosibl, y bydd yn ei gael, sef symud o daliadau hanesyddol i daliadau yn seiliedig ar ardal erbyn 2019. Mae'r argymhellion yn sôn am bum mlynedd, ond mae'r Dirprwy Weinidog wedi dweud bod angen saith mlynedd o drawsnewid a hefyd wedi galw am hyblygrwydd ynglŷn â pha mor gyflym mae'r trawsnewid hwnnw'n digwydd. Hoffwn glywed eich sylwadau a'ch ymateb i'r argymhellion hynny.

Llyr Huws Gruffydd: I want to move on to discuss a topic that has been uppermost in the minds of many farmers because of the significant and, possibly, sudden impact that it will have, and that is moving from historical payments to area-based payments by 2019. The recommendation is that it should take five years, but the Deputy Minister has said that seven years of transition are needed and he has also called for flexibility regarding how quickly the transition happens. I would like to hear your comments and your response to those recommendations.

[129] **Mr Williams:** The Commission has stated clearly that the movement from historical to area-based payments will take five years, but the Deputy Minister would like it to be done over a seven-year period. With regard to the timescale, as long as we get to where we want to be, that is, as long as we get to payments that genuinely reflect the ability of landowners to deliver environmental goods and services and that support farmers, we would not say that we have to stick to a period of five years. We would be quite happy with a seven-year transition period. There has to be adequate time for the farming industry in Wales to respond to the type of changes we are calling for. That is the position that we want to get to. We certainly would not want to put farmers through any more hardship than they will already face as a result of these changes. We want to be as supportive as we can when this happens. However, we are clear that payments should be linked to environmental output. Due to the changes that that would entail, the longer the time that we have, the better, as long as it is still a reasonable period of time.

[130] **Mr Edwards:** Yr ydym yn argymhell hyblygrwydd. Os ydym yn cyrraedd y terfyn ac mae'r maes chwarae yn wastad, byddwn yn hapus gyda chyfnod o saith mlynedd. Rhoddaf enghraifft i ddangos pam nad ydym yn credu y byddai pum mlynedd yn ddigon gyda toriad 40 y cant i ffermwyr yn y flwyddyn gyntaf. Mae rhai o'n tenantiaid yn yr ucheldir sy'n cadw gwartheg a defaid yn derbyn taliad sengl eithaf cryf oherwydd yr oeddent ar 1.4 uned da byw yn ôl yn y cyfnod cyfeirio, ac y maent wedi aros ar y system hwnnw. Yr ydym yn gefnogol iawn o'r syniad o geisio cadw defaid a gwartheg yn yr ucheldir. Felly, unwaith mae rhywun yn tynnu'r gefnogaeth honno, os nad oes rhywbeth fel yr *envelope*, sy'n cael ei drafod

Mr Edwards: We recommend flexibility. If we reach the end and the playing field is level, we will be happy with a period of seven years. I will give an example to demonstrate why we do not believe that five years is sufficient with a 40 per cent cut for farmers in the first year. Some of our tenants in the uplands who keep cattle and sheep receive a good single payment because they were at 1.4 livestock units back in the reference period, and they have stayed on that system. We are very supportive of the idea of trying to keep sheep and cattle in the uplands. Therefore, once someone takes that support away, if there is not something like the envelope, which is being discussed as part of the plan, coming in to help herds in the

fel rhan o'r cynllun, yn dod i mewn i helpu buchesi yn yr ucheldir, er enghraifft, gallwn weld dirywiad yn y math o boriant cymysg sy'n fanteisiol yn gyffredinol.

[131] **Llyr Huws Gruffydd:** Sut ydych yn ymateb i awgrym y Dirprwy Weinidog bod y Llywodraeth yn barod i ystyried cefnogaeth wedi ei gyfli ar gyfer rhai o'r sectorau dwys?

[132] **Mr Edwards:** Yr ydym yn poeni'n enbyd am golliant gwartheg. Yn ddiweddar, mae un o'n ffermydd wedi stopio ffermio gwartheg ac mae hynny wedi cael effaith ar y fferm mewn ffyrdd nad oeddem wedi eu hystyried. Er enghraifft, nid oes rhaid iddynt gadw silwair. Ar ochr y caeau hynny, yr oedd clytwaith anhygoel o flodau gwyllt ac yr oeddent hefyd yn tyfu ar ochrau nentydd, ac yn y blaen. Pori gyda defaid yn unig fydd y fferm honno yn y dyfodol. Mae pethau bach fel hynny yn peri pryder. Felly, mae angen cypli yn y ffordd iawn. Gallaf siarad drwy'r dydd am sut i gypli'n iawn, ond mae manteision iddo mewn rhai sectorau.

[133] **Mr Williams:** Coupled support has the potential to be seen as a bit of a retrograde step and I guess that the danger is that coupled support could be used to support the more intensive parts of the industry, which could lose a significant amount of money as they move from historical to area-based payments. However, as Trystan has said, coupled support, if directed towards the uplands, where you could couple it to stock grazing or beef grazing, would certainly help the 80 per cent of farmers within the more marginal parts of Wales; it would help to manage those parts of Wales that have the ability to deliver, to protect our wildlife and water supplies, and to store our carbon.

[134] Coupling would be one way of doing that. There are also other payments and mechanisms within the CAP that could also be directed into these more marginal parts of Wales. There is the potential for an LFA-type payment and for a Natura 2000 payment. There is also talk of high-nature value farming. All of those types of things could be directed towards the uplands and the more marginal parts of the country, where farming tends to struggle—farmers are not as competitive and the industry there is not geared up to respond to the market as well as in the more intensively farmed parts of Wales. So, when we are looking to direct support, it should go to those parts of the country and to those farmers best equipped to ensure that the money results in the achieving of environmental objectives.

[135] There are farms that may lose out here, which is why, going back to an earlier point, this transition period needs to be as long as possible, to allow those farms to adapt. That is why consideration needs to be given to supporting these guys, through innovation, efficiency, advice, measures, and, possibly, some good business planning as well. We must ask ourselves whether some of the farming is located in the best places, and, in some cases, farm enterprises may have expanded beyond their environmental safety limits as well. So, the move to the uplands or to the farms that are more able to deliver environmental objectives could certainly be supported by the use of the coupling.

[136] **William Powell:** In your evidence and in your remarks just now, you have both

uplands, for example, we could see a decline in the mixed grazing, but mixed grazing is generally beneficial.

Llyr Huws Gruffydd: How do you respond to the Deputy Minister's suggestion that the Government is prepared to consider coupled support for some intensive sectors?

Mr Edwards: We are very concerned about the loss of cattle. Recently, one of our farms has stopped cattle farming and that has had an impact on the farm in ways that we had not considered. For example, they do not have to keep silage. On the side of those fields, there was an amazing patchwork of wild flowers and they also grew on the sides of streams, and so on. Now, only sheep will graze on that farm in the future. Little things like that are a cause for concern. Therefore, coupling needs to be done in the right way. I could talk all day about how to couple in the correct way, but there are advantages to doing this in some sectors.

acknowledged the importance of farmers as custodians of the land and deliverers of environmental benefit. It is widely acknowledged that one of the things that threatens that in the longer term is the average age profile of farmers in Wales—the average age of farmers is now well up into the 60s. What are your views about the proposals for a young entrants' scheme? The RSPB in particular has been critical of how high the bar is set with regard to environmental benefits. What are your proposals to improve that situation?

[137] **Mr Williams:** Our position on CAP reform is that payments must have clear environmental objectives. There must be some form of environmental delivery through the payments. Ideally—and it may sound extreme—we would like to see the CAP delivered via a pillar 2-type approach, so that the actions are targeted and have clear objectives. Our main concern with regard to the new entrants' payment is that, while we are supportive of ensuring that the industry remains vibrant and healthy, which means that new blood needs to come into it—I am not sure whether 40-year-olds are new blood, but the industry does need that input of new farmers—there are no clear environmental objectives attached to it. So, at a minimum, we would hope that that would be subject to cross-compliance and greening and, if possible, tied into additional environmental benefits through inclusion in the entry-level scheme for Glastir. We would then be much more able to support that type of scheme.

[138] **William Powell:** That could mean a lot more pressure on pillar 2, with regard to driving down the overall budget, which probably accounts for trying to secure that under pillar 1.

[139] **Mr Williams:** Do you mean that 2 per cent?

[140] **William Powell:** Yes.

[141] **Mr Williams:** Again, any money used should be used to its full impact. There is a concern that there are start-up measures elsewhere within the RDP. So, we want to see this developed, because there is potentially a double-funding issue.

[142] **Mr Edwards:** Yn ymarferol, ychydig iawn o ffermydd a welwn yn newid dwylo o ran ein daliadaeth ni. Mae gennym dros 100 o ffermydd sydd â ffermdai ac yn y blaen, a thua 150 darn o dir, ac yn anaml iawn y dônt i fyny ar osod. Felly, yr hyn sy'n digwydd, wrth reswm, yw bod rhywfaint o olyniaeth yn digwydd, ond nid oes llawer o gyfleoedd newydd yn dod.

Mr Edwards: On a practical basis, we see few farms changing hands with regard to our own tenancies. We have over 100 farms with farm houses and so on, and around 150 pieces of land, and they very seldom come up for rent. So, what happens, of course, is that there is an element of succession, but there are not many new opportunities arising.

[143] Yn ddiddorol, yr ydym yn bwriadu gweithio gyda Ffederasiwn Cenedlaethol Clybiau Ffermwyr Ifanc yn y dyfodol agos. Mae cyswllt wedi ei wneud rhwng ein mudiad â mudiad y ffermwyr ifainc, felly yr ydym eisiau gweld sut bydd hynny'n datblygu.

Interestingly, we are looking to work with the National Federation of Young Farmers' Clubs in the near future. We have links within our organisation with the young farmers' federation, so we want to see how that will develop.

[144] Cyfeiriodd yr Arglwydd Elis-Thomas at fferm arall a ddaeth i'n perchnogaeth ddoe, Llyndy Isaf, ac mae cyfle yno inni ymestyn ein dwylo a gofyn i bobl beth y maent eisiau inni ei wneud. Yr ydym yn edrych ar botensial ffermio cyfran fel un opsiwn, sef

Lord Elis-Thomas referred to another farm that came into our ownership yesterday, Llyndy Isaf, and there is an opportunity there for us to reach out and ask people what they want us to do. We are looking at the potential for share farming as one option, namely

cynnig y cyfle i rywun i ddod i mewn a hefyd prentisiaeth o dan ein gofal ni i ddechrau, ond, yn raddol, yn datblygu i fod yn denantiaeth lawn. Felly, yr ydym yn ymwybodol iawn ohono. Cyn belled ag y mae diwygio PAC yn y cwestiwn, mae'n 2 y cant arall, ac yr wyf yn falch mai ym mhiler 1 y mae ac nid piler 2. Dyna ein safbwynt, ond nid ydym wedi mynd i ryw ddyfnder mawr ar sut buasem yn gweld y cynllun yn gweithio eto.

providing an opportunity for someone to come in, and also providing an apprenticeship. Those apprentices would be under our care to begin with, but, gradually, they would develop to take full tenancy themselves. So, we are very aware of that. As far as CAP reform is concerned, it is another 2 per cent, and I am pleased that it is in pillar 1 and not pillar 2. That is our stance, but we have not gone into any great depth on how we would see the scheme working as yet.

[145] **William Powell:** It is good news that you are contemplating getting more involved with regard to young entrants' schemes, particularly at a time when some of the local authorities throughout Wales that have farmholdings that are traditionally kept for that purpose are releasing them quietly, leading to another option being lost.

[146] **Vaughan Gething:** Antoinette Sandbach, did you have a different area to pursue? I know that you indicated that you wished to ask a question earlier.

[147] **Antoinette Sandbach:** Yes. Can you give us your views on the risk-management element that has emerged in these proposals?

[148] **Mr Edwards:** Y cwbl y buaswn yn hoffi ei ddweud yw nad ydym wedi datblygu'r hyn yr ydym yn ei feddwl am hyn eto. Yr oeddwn yn siarad gydag Arfon yn gynharach, ac mae'n well imi drosglwyddo iddo. Byddwn, wrth reswm, yn datblygu ein syniadau. Yr ydym wedi bod yn canolbwyntio ar y darnau eraill yn gyntaf.

Mr Edwards: All that I would like to say is that we have not developed our thinking about this subject as yet. I was speaking with Arfon earlier, and I had better transfer you over to him. We will, of course, develop our thoughts on this. We have been concentrating on the other parts first.

[149] **Mr Williams:** Again, the difficulty with the environmental connection here is where the benefits to the wider public are. This is public money that could potentially be used for eco-insurance purposes or for covering things such as disease outbreaks or environmental incidents such as flooding. It is seen more as a kind of stabilisation tool rather than farmers addressing the risks themselves. It is a safety net that would prevent competitive development and prevent farmers from tackling some of the problems that they need to tackle. It will not help the industry to develop, and it is not what we would consider a valid use of public money.

[150] **Antoinette Sandbach:** May I ask about one other discrete area? There has been a lot of talk about pastureland, but there is a reasonable amount of woodland in Wales. I would like your thoughts on the forestry aspect, rather than the pasture aspect, because we have not heard much in this task and finish group about the forestry element. Both of you, with your landholdings, will have a reasonable amount of forestry experience, as well as pasture-management experience.

[151] **Mr Edwards:** Yr ydych wedi fy nal. Nid wyf wedi paratoi ymateb ar y mater hwn; ond, oes, mae gennym brofiad eang o reolaeth coed—coed caled a choed pinwydd. Yr ydym yn gweithio'n agos gyda'r comisiwn ar y pinwydd. Yr ydym yn manteisio ar weithio gyda'r comisiwn ar

Mr Edwards: You have caught me out. I have not prepared a response on this issue, but, yes, we have wide experience of woodland management—hardwoods and evergreens. We have been working closely with the commission on the evergreens. We are taking advantage of working with the

'Coetiroedd Gwell i Gymru'. Poeni ydym ni, gyda hwnnw'n dod i ben, er bod elfen o blannu newydd o fewn Glastir, am y coed hynafol a'r coedwigoedd bychain sydd wedi rhyw lithro o dan y rhwyd CGG. Mae CGG yn rhy gymhleth. Felly, poeni ydym ni nad oes dim byd eto a gobeithio y bydd rhywbeth o dan biler 2 i sicrhau bod ffermwyr yn gallu dod â'u coedlannau dan well rheolaeth.

commission on 'Better Woodlands for Wales'. Our concern is, as that is wound up, although there is an element of new planting within Glastir, about the ancient woodlands and the small woodlands that have slipped under the BWW net. BWW is too complex. Therefore, our concern is that nothing is in place yet and our hope is that something will be in place under pillar 2 to ensure that farmers can better manage their woodlands.

2.30 p.m.

[152] **Mr Williams:** Again, I was caught on the hop because the Forestry Commission has not been a big part of the consideration of this. Within Glastir, there is going to be a whole suite of management options, replacing the Better Woodlands for Wales scheme, which we are supportive of, as it will encourage those landowners to manage their woodlands proactively. We support the wildlife aspect, but obviously, good woodland management could contribute to a low-carbon economy, for example, through more wood fuel. It could be used to encourage flood-risk management. Additionally, it could be used as a carbon store, as could be the case with the target of 100,000 ha of woodland creation. We are supportive of that, with the caveat that as long as it is the right woodland in the right sort of place, that it contributes to the development of the Welsh countryside and does not have a negative impact by being placed in the wrong places.

[153] With regard to Trystan's point about the small woodland, there may be scope for the greening element to come in here, because what has been presented, at the moment, within greening is of little environmental benefit to Wales. If we accept greening, as it stands at the moment, it might not cause too many ripples in the agricultural sector, which could be seen as a good thing in some parts. However, if we want to move environmental enhancement on in order to achieve real gains towards environmental objectives and directives, maintaining the status quo is not going to work. Something like a mechanism to include small woodlands within the 7 per cent in pillar 1 would be a positive step forward. If that could then have strong linkage between the pillar 1 and pillar 2 management approach, that would be even better. The problem is the multi-annual approach of pillar 2 and the one-off approach of pillar 1. There needs to be a way, if that is going to happen, to get away from this one-off annual commitment in pillar 1. The potential exists and it is something that we should pursue.

[154] **Vaughan Gething:** We will take a final comment from Trystan before we wrap up.

[155] **Mr Edwards:** Arfon mentioned that the annual aspect of the greening is the concern. Obviously, woodland is a long-term thing and it needs to be taken on a multi-annual basis, and not swapped from 7 per cent of the area one year, to another 7 per cent in another year. One of the underlying problems with the greening is its annual nature, which, over the long term, even during the period of the CAP, has little meaning.

[156] **Vaughan Gething:** I know that we have not covered every single area in the proposed reforms. We were never going to be able to do so in the session, but we have covered an interesting spectrum of what is being proposed. There is some challenging evidence for us to consider, with the other views we have heard. You will receive a transcript of today's evidence session to check for any inaccuracies. If there are any amendments that you want to make, come back to us. I am sure that we will continue to have a dialogue, as this reform process is not going to end suddenly in the next couple of months. Thank you for attending today.

[157] **Antoinette Sandbach:** I want to hand you the information that I was questioning you about earlier.

[158] **Vaughan Gething:** No, we need to move on.

[159] **Antoinette Sandbach:** I have the letter here, dated 11 November 2011, and I would like to hand it to you, with the details of the grants.

[160] **Vaughan Gething:** We can take that up and if you would like to come back to us on a particular point that would be useful.

2.35 p.m.

**Ymchwiliad i'r Diwygiadau Arfaethedig i'r Polisi Amaethyddol Cyffredin:
Tystiolaeth gan y Grŵp Cynghori ar Ffermio a Bywyd Gwyllt a Chymdeithas y
Pridd
Inquiry into Proposed Reforms to the Common Agricultural Policy: Evidence
from the Farming and Wildlife Advisory Group and the Soil Association**

[161] **Vaughan Gething:** Welcome to the final evidence session of today's meeting of the Common Agricultural Policy Task and Finish Group. For the benefit of our new witnesses, you do not need to turn the microphones on and off, they will come on automatically. The meeting is bilingual, so interpretation is available through the headsets if you need it. You can speak, answer or ask questions in English or Welsh.

[162] I welcome Glenda Thomas, the director of FWAG Cymru—I do not know whether you use the acronym—and Emma Hockridge, head of policy at the Soil Association. Thank you both very much for your written evidence, which the committee has had time to consider and read. I invite you to make brief opening statements. There will then be questions from Members. Glenda, would you like to start?

[163] **Ms Thomas:** Diolch yn fawr ichi am y gwahoddiad i ddod yma. Fel y bu imi ddweud yn gynharach wrth yr Arglwydd Elis-Thomas, nid wyf wedi paratoi pethau yn y Gymraeg gan fy mod wedi meddwl y byddwn yn siarad yn Saesneg. Trof i'r Saesneg am funud.

Ms Thomas: Thank you very much for the invitation to come here. As I said earlier to Lord Elis-Thomas, I have not prepared in Welsh as I thought that I would be speaking in English. I will turn to English for a moment.

[164] FWAG Cymru—and I am glad that you feel that you can use the acronym, because hopefully we are well known here now—is in the business of trying to ensure that farmers are fully supported while they focus on agricultural production in harmony with sound environmental management. Of course, their agricultural production is very important and more of an emphasis is being put on that and on local sourcing. Sound environmental management has been re-activated by FWAG Cymru with the understanding that environmental management meant the whole remit of ecological services that has come to the fore. So, that includes water quality, carbon sequestration, soil structure and so on.

[165] The general point that we would like to emphasise is that every farmer has to consider those important key conservation and environmental aspects on their farms, whether they are small, intensive or extensive, and we are a little worried about the focus on percentages. I can see from the earlier debates that this is due to simplicity, but it is also, perhaps, for inspection purposes as opposed to trying to get where we want as far as the policies are concerned. As an organisation, we would like to see more trust being put in the farmers. The previous schemes

have shown that we can trust more and we do not have to inspect as much. We should enthuse and inspire. We should get rid of bureaucracy, paper trails and so on.

[166] The other worrying thing, although we are trying to steer away from this, is the pitching of production against the environment. If you start talking about massive percentages of greening, it frightens people and is not, psychologically, a good way to put something across. Once again, as has been alluded to by others, the massive momentum that has been created in Wales on the environmental management front has been fantastic—at least, since I have been involved in farming. I believe that farmers are conservationists. We have led on many things in Wales, such as environmentally sensitive areas, Tir Cymen, Tir Cynnal was fantastic on ecological services and water quality, and we have also had Tir Gofal and the organic farming scheme. We want to keep up that momentum. We have had a huge problem with Glastir, which has caused general agitation within the farming community. We have been trying to get that into a better form and to move on with agri-environment schemes in Wales. Hot on the heels of Glastir are CAP proposals and the green issues that go alongside it, which need to be handled gently. Whatever comes out in them, it is about the way in which they are presented, managed and supported. That is the point that we would like to make as the FWAG.

[167] **Vaughan Gething:** For anyone watching, FWAG stands for the Farming and Wildlife Advisory Group.

[168] **Ms Thomas:** Neu'r Grŵp **Ms Thomas:** Or *Grŵp Ymgynghorol Ffermio Ymgynghorol Ffermio a Bywyd Gwyllt*, i roi *a Bywyd Gwyllt*, to give it its Welsh title. ei deitl Cymraeg.

[169] **Vaughan Gething:** Okay, and over to Emma Hockridge from the Soil Association for some opening comments.

[170] **Ms Hockridge:** Thank you very much for inviting us here today. To put us in context, the Soil Association represents organic farmers across England, Wales and Scotland, so our viewpoints regarding CAP reform focus on the elements of importance to organic farms in particular, although we have a much broader remit in terms of sustainable food and farming in general.

[171] With regard to the recent legislative proposals, we welcome the emphasis that they put on creating jobs within agriculture, and we also welcome the greening elements within that. As representatives of organic farmers, we are pleased to see the automatic inclusion of organic farmers after the Environmental Audit Committee said that the biodiversity and general environmental benefits deriving from organic farming were proven, so they were included.

[172] We recognise that there will be much to play for in terms of the negotiations as they go forward. However, we would ask the Welsh Government to ensure that there is a level playing field for Welsh organic farmers compared with the rest of Europe. We have some interesting figures for the differing levels of monetary support for organic farmers across the European countries. Unfortunately, England, Wales and Northern Ireland come out extremely low in that regard, so we would ask for that fairness.

[173] We also welcome the emphasis on innovation in the proposals, and we would ask you to support that. That is all for the moment.

[174] **Vaughan Gething:** Thank you very much. We will start with questions from Llyr.

[175] **Llyr Huws Gruffydd:** Nid wyf am **Llyr Huws Gruffydd:** I do not wish to

swnio'n ailadroddus, ond maent yn dweud bod tri chynig i Gymro, felly af yn ôl at yr un cwestiynau a holais i'r tystion eraill, er tegwech ac i bawb gael cyfle i ymateb i'r un pwynt. Byddwch yn ymwybodol bod tipyn o ofid wedi cael ei fynegi ynglŷn â'r newid a fydd yn digwydd o daliadau hanesyddol, a bod yr argymhellion yn nodi y dylai ddigwydd o fewn pum mlynedd, yn dechrau ar 40 y cant. Mae'r Dirprwy Weinidog yn mynd i ddadlau y dylai ddigwydd o fewn saith mlynedd gan ddechrau ar 20 y cant. Beth yw eich argraffiadau ynglŷn â'r effaith a gaiff hynny ar y diwydiant a pha un a ydych yn cytuno â'r hyn sy'n cael ei argymhell?

[176] **Ms Thomas:** Yr ydym yn poeni'n arw y bydd yr effaith fwyaf ar ffermydd teulu bach dwys, felly hoffem weld yr amserlen saith mlynedd yr oeddech yn sôn amdani. Bydd yn rhaid inni edrych ar y sefyllfa yng nghyd-destun yr hyn sy'n digwydd ar y ffermydd bach hynny. Bydd y taliad Tir Mynydd olaf yn digwydd y flwyddyn nesaf, felly bydd hynny'n cael effaith anferthol. Yr ydym wedi gweld y ffermydd teulu bach dwys yn stryglo'n arw i gael mynediad i Glastir, felly yr ydym yn poeni y bydd eu taliadau'n fach o dan Glastir. Y ffermydd hyn yn aml yw'r rhai sy'n gorfod buddsoddi arian yn y gwaith cyfalaf i gael mynediad i Glastir yn y ddwy flynedd gyntaf, felly bydd un gnoc ar ôl y llall, cyn bod ergyd arall yn dod. Y peth pwysig o'n safbwynt ni yw cadw'r ffermydd hynny fel bod sgiliau *stockmanship*, *animal husbandry* ac *environmental management* yn mynd ymlaen i'r genhedlaeth nesaf, gan fod y sgiliau hynny yn bwysig o ran cynhyrchu bwyd ac o ran yr amgylchedd.

[177] **Llyr Huws Gruffydd:** Mae tanfuddsoddi wedi bod yn seilwaith y sector llaeth dros y blynyddoedd, er enghraifft, ac felly a fyddai ergyd ariannol bellach yn golygu y byddai llai o gyfle i fuddsoddi i wella perfformiad amgylcheddol hefyd?

2.45 p.m.

[178] **Ms Thomas:** Rhaid gwylio hynny hefyd, oherwydd y ffordd yr ydym yn mynd—mae'r cynllun ffermio sensitif i ddalgylch afon yn dod i ben yn awr, ac nid yw yn y parthau perygl nitradau beth bynnag,

sound repetitious, but they say that a Welshman has three chances, so I will go back to the same questions that I put to the previous witnesses, for the sake of fairness and so that everyone has an opportunity to respond to the same point. You will be aware that some concern has been expressed about the change from historical payments, and that the recommendations note that it should happen over five years, beginning at 40 per cent. The Deputy Minister intends to make the case that it should happen over seven years, beginning at 20 per cent. What are your views on the impact that that will have on the industry and whether or not you agree with what is being recommended?

Ms Thomas: We are concerned that the greatest impact will be on small intensive family farms, so we would like to see the longer timeline of seven years that you mentioned. We will have to look at the situation in the context of what is happening on those small farms. The final Tir Mynydd payment will be made next year, so that will have a massive impact. We have seen the small intensive family farms have great difficulty in gaining entry to Glastir, so we are concerned that their payments will be small under Glastir. These farms often have to invest in capital work to gain entry into Glastir in the first two years, so it is a case of one knock after another, before another blow is struck. The important thing as far as we are concerned is that those farms are maintained so that stockmanship, animal husbandry and environmental management skills are transferred to the next generation, as those skills are important in terms of food production and the environment.

Llyr Huws Gruffydd: There has been underinvestment in the infrastructure of the dairy industry over many years, for example, so would another financial blow mean less of an opportunity to improve environmental performance as well?

Ms Thomas: We have to watch that, too, because of the way that we are going—the catchment sensitive farming scheme is finishing now, and that is not in the nitrate vulnerable zones anyway, so some way of

felly byddai rhyw ffordd o gael mewnbwn grant cyfalaf i ffermydd yn dda, gan nad oes dim i'w weld yn y dyfodol agos. Rhaid edrych yn fanwl ar effaith rhyw agwedd 'un maint i bawb'. Fel arfer, os daw rhywbeth i mewn, mae goblygiadau iddo, felly byddaf yn edrych yn fanwl ar y rheini i gyd.

getting a capital grant input into farms would be good, as there is nothing on the horizon. We will have to look in detail at the effects of some one-size-fits-all approach. Normally, if something comes in, there are consequences, so I will keep a close eye on all of those.

[179] Mae hynny'n ymwneud â'r cyplysu—

That is connected to the coupling—

[180] **Llyr Huws Gruffydd:** Dyna oedd fy nghwestiwn nesaf. A oes gennych farn ar hynny?

Llyr Huws Gruffydd: That was my next question. Do you have an opinion on that?

[181] **Ms Thomas:** Dylem edrych ar hynny'n fanwl iawn, gan mai'r tro diwethaf y cawsom gyfle oedd pan ddaeth yr Alban â hynny i mewn i helpu gyda'r da eidion, a'r un peth gyda'r ffermwyr dwys, fel llaeth a chig eidion: mae'n bwysig. Hefyd, pwynt a wnaed yn flaenorol yw'r ffaith bod gwartheg mor bwysig o safbwynt rheolaeth amaethyddol. Mae pob math o bethau'n dod allan o hynny.

Ms Thomas: We should look at that very closely, because the last time that we had an opportunity was when Scotland brought it in to help with cattle, and it is the same with intensive farmers, such as dairy and beef: it is important. Also, the point was made earlier that cattle are so important with regard to agricultural management. All sorts of things come out of that.

[182] **Yr Arglwydd Elis-Thomas:** Yr oeddet yn sôn yn y papur dy fod yn poeni y gellid effeithio ar y momentwm sydd wedi ei sefydlu gyda'r gwaith amgylcheddol dros y blynyddoedd gan y cynigion hyn os nad ydym yn ofalus. Carwn wybod rhagor am y gofidion hynny.

Lord Elis-Thomas: You mentioned in your paper that you are worried that the momentum that has been created by years of environmental work could be affected by these proposals if we are not careful. I would like to know more about these concerns.

[183] Yn gysylltiedig â hynny, a allet feddwl am un mater arall yr ydym wedi ei godi sawl gwaith eisoes heddiw? Efallai nad dyma'r ffordd gallaf o fynd ati i gynyddu bioamrywiaeth ac agwedd ecosystemau ar y tir, ac efallai fod gwyrddu'r PAC yn fwy o'r hyn a elwir yn *greenwash* nag o wyrddu.

Linked to that, could you consider another matter that we have raised several times today? This is perhaps not the wisest way of going about increasing biodiversity and an ecosystem-based approach to the land, and this element of greening in the new CAP might be more of what we term 'greenwash' than it is greening.

[184] **Ms Thomas:** Atebaf hyn, cyn gadael i Emma Hockridge ateb. Nid ydych wedi cael cyfle i ateb eto, nad ydych?

Ms Thomas: I will answer this, before letting Emma Hockridge answer. You have not had a chance to answer yet, have you?

[185] Mae'r momentwm yn bwysig, ac nid i'r cynlluniau amgylcheddol yn unig, gan fy mod yn credu i'r diwydiant amaeth ymdopi drwy greu momentwm ei hun drwy bethau fel y cynllun mapio llaeth, ac mae gan Hybu Cig Cymru ei gynllun mapio hefyd. Mae'r ffermwyr yr ydym yn dod ar eu traws bob dydd, sef y rhai sy'n llwyr fasnachol, am wneud y gorau o'u ffermydd. Mewn ffordd,

The momentum is important, and not just for the environmental plans, because I believe that the agriculture industry has coped by creating its own momentum through things like the dairy roadmap scheme, and Hybu Cig Cymru has its roadmap scheme, too. The farmers that we come across every day—the full-on commercial types—want to make the best of their farms. In a way, I feel that we

teimlwn fod gennym lwyth o waith i'w wneud i gael Glastir i weithio, fel yr wyf yn siŵr eich bod oll am iddo weithio—mae rhwystr seicolegol yn y gair ei hun, onid oes? Mae pobl yn troi oddi wrth y gair oherwydd yr hyn sydd y tu ôl iddo. Yr oeddem hefyd yn poeni y caiff ffermwyr fraw efallai o weld y gwyrddu o 30 y cant; iddynt hwy, mae hynny'n golygu grug, coed, dŵr, rhosydd ac yn y blaen. Felly, cewch ddadl ar ffurf ffermio yn erbyn cadwraeth yr oeddem wedi symud oddi wrthi.

[186] Ar eich ail bwynt, yr ydym wedi bod yn ystyried pethau fel ag y maent o'n blaenau yn awr. Pe baech am wneud rhywbeth llawer llymach o fewn hynny, yr wyf yn siŵr y gellid gwneud gwaith arno, gan symud i ffwrdd, efallai, o fusnes y ganran. Yr hyn yr oeddwn yn ceisio ei ddweud yn y datganiad oedd bod canran yn un ffordd o wneud pethau; pe baech yn gallu cael 100 ha o laswelltir asid, ni fyddai llawer o fudd eicolegol—efallai y byddai atafaelu carbon neu beth bynnag—ac y gallai un llyn yn llawn o fioamrywiaeth fod yn werth mwy. Y broblem sydd gennym yw nad ydym yn gallu rhoi pris ar nwyddau amgylcheddol. Yr ydym yn chwarae o gwmpas ac yn rhoi pris ar sail incwm a gollwyd a chostau gwneud pethau. Nid ydym yn gallu dweud, 'Mae'r goeden hon werth hyn a hyn i'r trethdalwyr' neu beth bynnag. Mae hwnnw'n gwestiwn mawr yn y cefndir, ac yn cael effaith ar y ffordd yr ydym yn meddwl am yr holl bethau hyn.

have a pile of work to do to get Glastir to work, as I am sure that you all want it to work—there is a psychological barrier in the word itself, is there not? People turn away from the word itself because of what is behind it. We were also worried that farmers would perhaps be alarmed to see the 30 per cent of greening; to them, that means heather, woods, water, heathland and so on. So, you are going to get the farming-versus-conservation-type battle that we had moved away from.

On your second point, we have been considering things as they are currently before us. If you were to do something much more drastic than that, I am sure that some work could be done on it, moving away, perhaps, from this business with the percentage. What I was trying to say in the statement was that percentage is one approach; if you could get 100 ha of acid grassland, that would not have much ecological benefit—there could be some carbon sequestration or whatever—and that one lake that was alive with biodiversity could be of more value. The problem that we have is that we cannot put a price tag on environmental goods. We are fiddling at the edges and putting price tags on the basis of profits forgone and the costs of doing things. However, we cannot say, 'This tree is worth this much to the taxpayer' or whatever. That is a huge question that sits in the background and has an impact on the way that we think about all of these issues.

[187] **Ms Hockridge:** On the historical payments transition, we have not looked at this in detail, but we very much support what Glenda says on this. From talking to Welsh organic farmers and others, the key area is that there is a need for an element of stability and a longer run-in to be able to plan. Particularly for organic farmers, the element of conversion and, looking even further ahead, where the markets will be are other key areas. So, we are concerned about that.

[188] On the greening element, with regard to the pillar 1 element and the greening measures that are put in, they are obviously somewhat clumsy, because they have to cover the whole of Europe. We recognise the way that the Commission has gone about trying to at least put in these greening measures. They are not perfect, but when you must look across the whole of European Community, it is difficult to come up with measures that are suitable for all areas. The stronger greening elements must come under the pillar 2 schemes, and we would welcome further discussion about how they will all look, once things are more certain.

[189] **Rebecca Evans:** I assume, following those comments, that you would support the Welsh Government's view that there should be a greater menu of options within the greening element and that the elements from the menu that are to be implemented within the nation

should be chosen at a national level. What sort of other elements would you like to see—perhaps things like carbon management? What would a good menu look like?

[190] **Ms Hockridge:** In an ideal world, we would welcome that view. From our point of view, the difficulty is that it is useful to have that steer from Europe, in some ways, to ensure that all member states are being as strong as they can with regard to the greening element. We would not welcome it if that was used as a method to water them down further, which may or may not happen. So, yes, we would certainly like to see greater flexibility.

[191] The carbon sequestration issue is key, particularly to Welsh farmers with regard to the use of extensive grazing and extensive grassland. There is some really good research coming through about the benefits that that is having with regard to the benefits of carbon sequestration for climate change and the reduction of emissions. So, we see that as being a useful way forward, building on some of the elements in existing environmental schemes, such as the better use of buffer strips and hedgerows. A lot could definitely be done on that.

[192] **Rebecca Evans:** We have heard some mixed views about the Deputy Minister's proposals that the farmers already making environmental gains under agri-environment schemes should automatically receive the greening payments. I want to give you an opportunity to put your views across on that.

[193] **Ms Hockridge:** The Welsh organic group was in a meeting with the Deputy Minister before this session and that issue came up. As I mentioned in the opening statement, we welcome the fact that organic farmers are included in that. The issue with regard to organic farmers is that there is a legal system in place that means that they must work to a particular level of environmental benefits. If other schemes are being proven by peer review and research, and come up to a similar standard while meeting the greening elements, that would be fine from our point of view. However, we would want some kind of test around that; we would want to see the research to prove that they were coming up to a similar standard.

[194] **Vaughan Gething:** On this point, do you have a view, Glenda?

[195] **Ms Thomas:** Yes, it is to be welcomed that organic farmers can go into that greening element without having to do anything extra. There is probably scope for a gradation then for all other farmers, because there will be conventional farmers who are almost organic, and farmers within agri-environment schemes who are on a gradation as to how much they are putting into that scheme. Of course, it would be more complex to look at all that, and have the inspections that you wanted in force, unless you could go on trust, as I mentioned earlier.

[196] **Vaughan Gething:** Would you have a view, then, on whether it would be preferable, as the Deputy Minister suggested, for farmers already in recognised agri-environment schemes to get the greening element, or should there be a gradation?

[197] **Ms Thomas:** On gradations, you probably cannot say, 'This one ticks the box—full stop'. I am not sure, but you would expect the ones on agri-environment schemes to be nearer the mark than the others, although not necessarily—as we know, the agri-environment schemes do not always tick all the boxes. A lot of our members are not in an agri-environment scheme at all, and they are doing an awful lot for the environment, so we would not like them to be excluded. They might be doing it through small grant schemes like Clwydian A and B, or they might be doing it through catchment sensitive farming and nitrate vulnerable zone grants, or just because they want to do the right thing. I can think of dairy farmers who are doing a lot, so it is not a case of agri-environment or not. That is what I am trying to say. Yes, there is certainly scope to look at that carefully.

[198] **William Powell:** In their written evidence to us, and also in their remarks, the RSPB

and the National Trust both expressed some concern around the exemption for members of the proposed small farmers scheme from the greening element. Do you share their concerns? What proposals would you have around the form that such a scheme should take?

[199] **Ms Thomas:** We have given this a lot of thought, but we have not really come to a conclusion on it.

[200] **William Powell:** Like many other areas of this process.

[201] **Ms Thomas:** Yes, obviously we want to encourage all farmers to do as much as they can on the green side. We do not want to impose too much on somebody who is not perhaps a full-time agriculturalist. On the other hand, as we know, there can be an awful lot of agricultural diffuse pollution and what have you caused from one overstocked field—

[202] **William Powell:** The foot and mouth disease outbreak started with quite a small operator.

[203] **Ms Hockridge:** Just to add to that, we would certainly like to support small and family farms wherever possible, but it seems to me that this is not quite the right way to go about doing that. As Glenda said, there can be detrimental impacts, no matter what the size of the farm, so I think that it is important that they are following similar greening measures, but there could be other ways to support them. We have not done a great deal of thinking about what that would look like, but it is certainly possible.

[204] **William Powell:** I would also like to express support for a derogation for organic farmers vis-à-vis the greening requirements, but I wonder if Glenda has expressed a view on that. If you have, Glenda, I did not catch it.

[205] **Ms Thomas:** We accept that it is a good idea that organic farmers are exempt, but we are also saying that there are a lot of so-called conventional farmers who are almost organic, so they could be part of that gradation system. It is not as simple as organic farmers ticking the green box, or saying to a conventional farmer, ‘No you don’t’. Within that gradation are the agri-environment elements and whatever else you are doing with regard to greening.

3.00 p.m.

[206] **William Powell:** I have one final question. What views do you have on the proposed young farmers’ scheme? Are you content that it should come out of pillar 1 as opposed to the current arrangements out of pillar 2 through the RDP?

[207] **Ms Thomas:** FWAG Cymru has focused on the environmental aspects of the proposals. Having said that, our view is that we want to keep farmers and farming families farming. Whatever it takes to ensure that the next generation is there with the skills of their mothers, fathers and grandfathers and so on, we need to bring in those measures and give them that full support so that they can develop their stockmanship and environmental management skills going forward.

[208] **Ms Hockridge:** We have not looked at this area in detail, but it seems useful to support young farmers. It is, perhaps, a relatively blunt instrument—there may be other ways of doing that through some of the pillar 2 work, as well as having a broader scheme. For example, we have a project at the Soil Association for apprentices on organic farms. That attracts people who do not have a farming background but are keen to get practical experience on farms. So, perhaps schemes like that could be looked at in a broader sense.

[209] **Antoinette Sandbach:** We have heard quite a lot of evidence about the definition of

‘active farmer’. Do you have any observations in relation to the EU definition?

[210] **Ms Thomas:** I heard the debate earlier, but we have not really given much thought to that. I can see where we are trying to get at—I assume that the active farmer is someone who is actually there, on farm, doing something with regard to land management. That is fine and good and to be applauded. However, on the other hand, with regard to young farmers, we know that there are a lot of sleeping partners, shared farming and contract farming. We do not want to discourage that, because it is helping to bring youngsters into the industry—they are the active farmer, but there is someone else in the background. I think that it will be quite complicated to capture all of that.

[211] **Antoinette Sandbach:** To summarise that, effectively there is a huge variety—it is not just landowner and tenant.

[212] **Ms Thomas:** Yes.

[213] **Antoinette Sandbach:** Do you think that the current European Union definition of active farming—where more than 5 per cent of the income has to come from farming activity—threatens shared farming agreements or contract farming?

[214] **Ms Thomas:** I do not know. I have not really looked at it. As a general comment, with whatever we bring in, we need to ensure that we are not blocking some of those pathways of encouraging farming going forward. We have not looked at it in any detail, sorry.

[215] **Ms Hockridge:** We have not looked at the issue of active farmers; I do not have a particular comment on that question.

[216] **Antoinette Sandbach:** I will move on to the red tape aspect. The stated aim of some of this CAP reform is simplification, but the more evidence I hear, the less simplification I see. How would you like to see the simplification process in the way that it impacts on farmers? It seems to me that the amount of form filling that they have to do is already quite extensive in terms of complicated regulations.

[217] **Ms Thomas:** It is not something that we have looked at per se, but we would like to see as little form-filling as possible. We are in the business of helping farmers with a lot of the form-filling that surrounds agri-environment and so on. We recognise that there needs to be some, but we do not want this to be a barrier to the uptake of any environmental measures, though I have not given too much thought to how we would implement that. I have a lot of thinking to do, have I not? [*Laughter.*]

[218] **Vaughan Gething:** We all have.

[219] **Antoinette Sandbach:** We are all doing that.

[220] **Yr Arglwydd Elis-Thomas:** Mae'r **Lord Elis-Thomas:** As is the European Comisiwn Ewropeaidd yn gwneud hynny Commission. hefyd.

[221] **Ms Hockridge:** I was just going to comment that there is still a lot to be decided at the European level, and I still have some faith that the stated aims of this simplification process will come through. However, I agree that, at the moment, it seems rather complex, and there is a lot that is still unclear. I have not been here for other rounds of CAP reform, so I am not sure how this measures up to the past, but it seems that there could be further delays as well. It is difficult to say whether that is due to some of this complexity.

[222] In terms of where things could be simplified, we would be keen to see greening measures retain relatively strong controls but, at the same time, be as easy for farmers to adhere to as possible. There has to be a balance between red tape and getting the outcomes that we want.

[223] **Antoinette Sandbach:** So, in respect of the red tractor scheme or the farm assured scheme, do you feel that being part of such a scheme would tick certain boxes and be sufficient to mark you out as being low risk in a particular area?

[224] **Ms Thomas:** That is certainly a way forward, and it is already happening unofficially, if not officially, as is membership of the FWAG Cyntaf premier scheme, or at least I hope so. In that scheme, we roll up at farms a couple of times a year and provide guidance and support for farmers to help them through this maze, and we try to make sure that they are doing what they should be doing environmentally, in terms of cross-compliance, agri-environment and so on. There is definitely a lot of scope to pursue that avenue. I suppose that this links with the Farming Connect programme and the farm advisory service offered as part of that, and what we are going to do with that in the next couple of years and beyond. Although we have been involved on the environmental management side of that, you will see if you look at the statistics that the service so far has mainly focused on financial issues and technical issues relating to agricultural production. So, there is also scope under that programme.

[225] **Ms Hockridge:** There is certainly potential. There seem to be a lot of cross-over farmers who are involved in multiple schemes. You might have noted the Richard Macdonald red-tape review for the Department for Environment, Food and Rural Affairs. One of the points that we put to him was that organic farmers have to cover the same elements for organic certification in the red tractor scheme and for nitrogen-vulnerable zones whereas, through organic certification, which is a legal scheme that operates through Europe, it has been proven that they are meeting those requirements. The proposal that organic farmers should be exempt from that has been accepted, because there is a letter to show that they are meeting the requirements. So, there is a lot that can be done.

[226] **Vaughan Gething:** There is one specific element of the Soil Association's evidence that is about unintended consequences. We have heard about different aspects of such consequences, but the Soil Association has flagged up a particular issue relating to pillar 2. This is about how member states could use the fact that organic farmers might automatically receive the greening payment so that nothing is done under the proposed scheme in pillar 2. Could you expand on that? Do you have any suggestions regarding amendments that could be made to try to avoid that unintended consequence?

[227] **Ms Hockridge:** Yes, one of the specific issues relating to that was the issue of permanent grassland. Many organic farmers have very long rotations in respect of permanent grassland—this would apply to a lot of Welsh organic farmers—so there could be issues with farmers not meeting the scheme requirements. We are still at a stage where such issues could be ironed out, as long as we made the Commission aware of them. That can also help the diversity of grasslands.

[228] **Vaughan Gething:** As a group, we are not only looking at the views; we are still interested in potential amendments that you would or would not suggest. If you had suggestions in future, we would want to consider them as we go through the process. We are not going to end things at the end of December and forget about the issues. It will carry on for some time. Do Members have any final points? There is time for one other question before we finish.

[229] **William Powell:** One of the great benefits, in many people's view, of the Tir Gofal

scheme was the educational visits programme, which provided greater focus on food production and farming for wider sections of the Welsh population. Now that that scheme is ebbing away, what are your views on how those kinds of benefits could be built in to pillar 2, via the rural development plan? Are your organisations currently involved in anything relevant to that?

[230] **Ms Thomas:** We would support any way of bringing that sort of idea back. We have not looked into a mechanism for doing that. We are such a small organisation that we have not been actively involved in any of these measures, but we try to help our members if they want to set up anything of that kind. That needs to be done. I met Adam Henson the other day when he was presenting the Silver Lapwing Awards 2011 in the House of Commons, and congratulated him for bringing a bit more farming into *Countryfile*. That has to be brought to the nation as a whole. I also told him that they are deprived in England, because at least in Wales we have a whole programme dedicated to farming. [*Laughter.*] They can work on that. You must bring the youngsters in, and bring the public with you, through *Lambing Live* and so on—whichever way you can do it.

[231] **Ms Hockridge:** The Soil Association has been closely involved with that, along with other charities. There is a large-scale project funded by the Big Lottery Fund—the food for life partnership—which reaches around 20 per cent of schools in England, and we are hoping to extend that into Wales soon. I have been involved with that. That gets children out to farms and teaches them cooking and growing skills, as well as improving school meals. The element of getting out to farms has been really important. An evaluation of that large-scale project is happening at the moment. It seems that the methods used in terms of how to link farms in to the scheme and giving them the support that they need to be able to do that have been successful. There are some interesting things to learn from that and we could share that with you. It seems that that is a vital element. There are probably ways of embedding that into some of the pillar 2 schemes.

[232] **William Powell:** It would be very helpful to hear that kind of thinking, and if the outcome of the analysis that you spoke of could be fed into the process as the RDP is being worked up.

[233] **Vaughan Gething:** Thank you for your evidence today, and for taking the time to deal with Members' questions as fully and as politely as possible. You will receive a transcript of today's evidence so that you can correct any factual inaccuracies. We look forward to maintaining a dialogue with you throughout the reform process. That formally ends this meeting of the task and finish group.

Daeth y cyfarfod i ben am 3.14 p.m.

The meeting ended at 3.14 p.m.