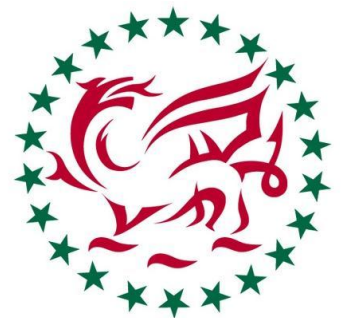




WLGA response to the National
Assembly for Wales'
Environment and Sustainability
Committee CAP Task and Finish
Group invitation for comments
on the European Parliament
Common Agricultural Policy
reports

September 2012



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INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. Following our response to the Inquiry into the proposed reforms to the Common Agricultural Policy in November 2011, WLGA once again welcomes the opportunity to contribute to the continued work of the Task and Finish Group (T&F Group).
4. This response has been put together in consultation with local government stakeholders across Wales. Local government has a direct interest in the wellbeing of rural communities across Wales, including the contribution that farming makes to the rural economy. WLGA will respond to the issues as set out under the summary provided by the Task and Finish Group.

Draft Report on a regulation establishing rules for direct payments

Distribution of direct payments

Regarding Amendments 53 and 55, WLGA agrees with the T&F Group that greater flexibility for Member States is required. As stated in our response to the Welsh Government CAP Reform consultation (March 2012)ⁱ, we favour a more gradual easing into the move to area payments, with a lower starting point of around 20% to give farmers more flexibility, to absorb better any potential negative impacts brought about by rapid changes, and to ensure a smoother adaptation. As a result, given that we also are concerned by the instability that could arise by a large redistribution of

payments we also support Amendment 56, that in 2019 no farm's entitlements are reduced by more than 30% as compared with 2014.

Entitlements

Regarding Amendments 50 and 51, WLGA would support widening the years within which a farmer is required to have activated an entitlement. Flexibility is needed to ensure that farmers who had genuine reasons for not claiming payment entitlements in 2011 are not disadvantaged in 2014. WLGA is also concerned that the reference year of 2011 could prevent new entrants from joining the industry, and therefore supports Amendment 59 to support new entrants to farming and to use the national reserve to allocate entitlements to farmers who began their agricultural activity after 2011. The proposed reference year should not have a substantial effect on the rural economy in Wales and should not act as a barrier to those who wish to enter the agricultural sector in Wales.

Given the amount of land either for sale or to let in Wales is extremely small, the impact of land banking in Wales should be minimal. Nevertheless, WLGA expresses concerns about land banking, which could artificially raise land and rental prices, create uncertainty for tenants and aid landlords efforts in maximising their entitlements. As a result, WLGA supports the view that further safeguards are needed in the report to minimise the possibility of land banking.

Greening

In line with T&F Group's suggestion, WLGA supports Amendment 69, whereby farmers who are undertaking measures under existing agri-environment schemes and which go beyond the greening requirements should automatically receive the greening payments.

Although the emphasis on 'greening' the future CAP is commendable and should be encouraged, WLGA expresses concern regarding the greening requirements, which

could result in certain restrictions and reduced flexibility, a reduction in market orientation and additional bureaucracy. Following further consultation, WLGA would support a wide 'menu' of options rather than compulsory allocations for specific pre-determined outcomes. An options 'menu' would provide farmers with more flexibility and allow them to better address their own needs and circumstances.

WLGA also supports the call to extend the greening payment automatic provision to *Glastir*, in order to ensure that as many farmers in Wales benefit from the greening payments as possible. It is important to ensure that the greening proposals help, rather than hinder, farming businesses and their ability to produce and compete. Farmers in Wales will also need sufficient support in order to successfully adapt to the thresholds introduced by the greening proposals.

Small Farmers Scheme

On Amendments 18 and 102, WLGA supports the suggestion to make the Small Farmers Scheme voluntary. WLGA supports the Scheme as it provides farmers with flexibility and simplification regarding the greening payments. The Scheme could be beneficial to enable an entry point to farming for some individuals or organisations, however further information on the Scheme is needed to provide full assessment of the right level of implementation.

Given its potential benefits for farmers in Wales in terms of less stringent cross-compliance requirements and greening requirement exemptions, WLGA would support Amendment 104 which would provide farmers with additional funding under the Scheme. This support depends however on defining a small farm at the local level in accordance with the subsidiarity principle. This definition is crucial to prevent funding earmarked for farm businesses being potentially allocated to lifestyle businesses.

Young Farmers

Although WLGA supports the prioritisation of young farmers in the proposals, as providing young farmers with opportunities to manage agricultural businesses is vital to securing sustainable rural communities and economies in Wales, WLGA supports the Group's view that support should be provided to all new entrants, and not only those under the age of 40. Providing young farmers with long-term sustainable support and relevant training and skills to ensure their businesses are viable seems sensible and therefore WLGA would support Amendments 86 and 87, provided that this support is given to all new entrants.

Active Farmer

WLGA believes that defining an active farmer is crucial in order to ensure that eligibility of funding is focused on those that are actively engaged in agricultural activities that contribute to the achievement of the policy objectives. Any efforts to avoid complexities in the definition of active farmer are to be welcomed and therefore WLGA supports Amendment 29.

WLGA is wary of Amendment 32, which would introduce a negative list of activities and businesses to define an Active Farmer. The definition needs to be flexible for farming families in Wales who, for example, have one family member with diversification businesses and another member receiving direct payments for the core agricultural business. The definition needs to take into account the needs and circumstances of the wider farming family so that those family members not defined as 'active' farmers are not disadvantaged and are encouraged to diversify businesses and begin new initiatives in other markets/sectors.

Amendment 31 appears to contradict current efforts to encourage new entrants into farming.

Flexibility between pillars

WLGA supports the proposal to allow the UK to transfer an additional 10% from Pillar 1 to Pillar 2. WLGA recognises that both direct payments to farmers in Pillar 1 and rural development support in Pillar 2 produce real benefits for Wales' farmers, rural communities and the environment. WLGA supports Amendments 40 and 43, which would allow for the transferring of funds not used for areas of natural constraints and greening under Pillar 1 to RDP support in Pillar 2.

Local authorities require as much flexibility as possible to manage and implement the Rural Development Plan, and enhancing flexibility between pillars to support the farming industry is welcomed. These proposals will help Wales' rural communities to maximise available resources and implement substantial and sustainable operations in order to help them develop and thrive.

Draft Regulation on Rural Development

Objectives and Priorities of Rural Development

WLGA expresses some support for the addition of the competitiveness of forestry as an objective and priority for rural development funds, as forestry has the potential to provide economic benefits through sustainable timber management. However, given that only one priority (realising the jobs potential and the development of rural areas) focuses primarily on rural development, WLGA places stronger emphasis on measures that help address the issues faced by rural communities, and to stimulate and diversify the rural economy i.e. factors beyond farming, agriculture and forestry.

Future investments in Wales through the EAFRD should focus on activities that contribute towards creating sustainable rural communities. This involves achieving the right balance between support for agriculture, the environment and wider rural development activity. There is a need for continued investments in rural services and

focusing on activities including improving access to services (including high speed broadband), sustainable transport solutions, low carbon investments, village and small town renewal, tackling outward migration and fostering local development in rural areas.

Specific Measures

Regarding Amendments 24 and 27, WLGA would prefer for the incentive to go to young farmers to enable them to establish their business.

Agri-environment Climate

WLGA agrees with the T&F Group that Amendments 41 and 42 seem logical and therefore supports them. We express some concern however over the proposal to require all agri-environment schemes to go beyond the minimum greening requirements. There should not be an obligation to go beyond any minimum requirement in any regulation.

Regarding Amendment 66, although WLGA recognises that agri-environment climate schemes are important, we feel that this should be a cross-cutting theme included in the projects themselves rather than allocating such a high percentage solely to such schemes. Rural Development projects are developed by meeting the aims and objectives of the Local Development Strategies (LDS), and allocating such a high proportion of spend to this scheme could put at risk projects which directly address the issues with the LDS.

Areas of Natural Constraint

WLGA supports this amendment provided it does not delay the implementation of the next programming period. We express concern that the 31 December 2015 deadline will impact upon the current timetable for the post-2013 period. WLGA suggests that

the Commission considers a definition of areas of natural constraint along similar lines to the current Less Favoured Area criteria.

Draft Regulation on financing, management and monitoring of the CAP

WLGA welcomes moves to simplify the process and ensure that management and control systems are proportionate. We welcome amendments 85 and 94, particularly as some project deliverers who have the ability to make a real difference have been put off by the strict verifiable standards, breaches, reductions and penalties which are currently in place. These amendments would help place the focus upon delivery and the value for money within projects.

Although WLGA appreciates the need to have full and documented evidence, we would welcome greater clarity and definitions in order to avoid time spent on interpreting vague and unclear guidance.

Electronic Identification of Animals

WLGA would support Amendment 87 of the draft regulation.

Water Framework Directive and Pesticides Directive

Regarding Amendments 88 and 89, WLGA is unsure of the rationale behind removing the part of Article 91 which covers cross-compliance requirements once all Member States have adopted the Directives.

Good Agricultural and Environment Condition

Regarding Amendment 102, WLGA would not recommend removing the amendment proposed to GAEC as there is no other alternative at present.

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ⁱ <http://www.wlga.gov.uk/uploads/publications/9910.pdf>