

## **Wildlife and Countryside Link's response to DEFRA's consultation on Options for Reform of the Common Agricultural Policy.**

### **Introduction**

Wildlife and Countryside Link comprises 32 voluntary organisations concerned with the conservation and protection of wildlife and the countryside. Our members practice and advocate environmentally sensitive land management and food production practices and encourage respect for and enjoyment of natural landscapes and features, the historic environment and biodiversity. Taken together, our members have the support of almost 7 million people in the UK and manage an area of land equivalent to the county of Hampshire.

We support the decisions already taken by DEFRA on implementation of the reforms; namely to devolve decision making on implementation of the Single Farm Payment (SFP), to introduce it as early as possible on 1<sup>st</sup> January 2005 and to fully decouple the arable and livestock sectors. We would like to congratulate the UK delegation on negotiating a transitional arrangement that enable the financing of the roll out of the entry-level agri-environment scheme in England and allow the devolved administrations to proceed with plans for similar schemes.

Overall Link's members seek to minimise environmental damage and maximise possible environmental benefits which may be achievable through the reform of the CAP. For too long the CAP has subsidised damage of our wildlife and countryside. This is, therefore, an opportunity to halt the damage and redirect resources to more environmentally sustainable development.

### **Wildlife and Countryside Link's CAP MTR Guiding Principles:**

The proposals for CAP reform are very complex and many measures may have environmental outcomes, some of which will counteract each other. Therefore Wildlife and Countryside Link members propose that decisions on the CAP reform proposals should be guided by the following 7 principles:

**1. All Payments to farmers and landowners should be decoupled from production:**

- i. Wildlife and Countryside Link urges the government to decouple **all** payments from production. We congratulate the government on their position on decoupling and urge them to further decouple payments to other sectors where this is possible. Retention of coupling of some commodities would not guarantee environmental benefits; it would hinder the development of freer markets for agricultural and other countryside goods and could be administratively burdensome for both Defra and farmers. Therefore we think that the government should decouple the dairy premia as soon as possible so as to remove any incentive to overproduce. We can also see no reason why the seeds sector should remain coupled

**2. The government should adopt the system of Single Farm payments, which is the most efficient to administer:**

- ii. Wildlife and Countryside Link does not see any value in creating expensive mechanisms to determine the level of SFP, administer appeals and to administer and police the system of SFPs in the future. Once established the SFP should be simpler and cheaper to administer than previous area and headage based payments. The only circumstances where additional administrative costs should be incurred are where there are clear public environmental benefits to be gained. However additional benefits from complex administration need to be carefully evaluated, as it may be that greater public environmental benefits can be gained from simplifying delivery of the SFP and thereby minimising administrative costs. These savings could then be used to fund the introduction of the Farm Advisory Service earlier than anticipated or specific environmental programmes.
- iii. The system of payments should also be designed to minimise administrative costs for farmers. The payments system should not create a false new market in the provision of advice about, and trade in, entitlements; this would divert some of the value of entitlements to third party businesses and reduce the benefit received by farmers.

**3. The SFP should not reward historical production that may have been environmentally damaging:**

- i. Wildlife and Countryside Link does not support linking the future SFP to historic levels of production and therefore production systems which may have been damaging to the

environment. Although there is not an overwhelming environmental case in favour of linking the SFP to area, we think that there is a clear case against linking the SFP to historic payments. There is evidence that arable farmers who in the past caused most environmental damage received the most public funds while less intensive farmers received least support from public funds. To perpetuate this, when there is an opportunity to abandon these inequalities would seem perverse.

- ii. In support of area based payments there is evidence within Defra's own *Supplementary Regulatory Impact Assessment on Options for the Reform of the CAP- Sept 2003* that from an environmental point of view an area-based approach would be the best option as it would extend cross-compliance to more land. However reallocating support on an area basis does still not, in our view, legitimise Pillar 1 payments to farmers.

#### **4. The SFP should be equitable:**

- i. Wildlife and Countryside Link urges the government to introduce the SFP so that payments are distributed equitably and therefore accord most closely with the principle of social equity which underpins sustainable development. It should be noted that the SFP is not compensation for loss of previous support, nor is it a payment for delivering environmental benefits – if it were we would recommend distribution according to completely different criteria to those being considered. Neither is the SFP an income support payment since it will be allocated to farmers on the basis of farming activities or land occupied during the reference period and is unconnected to need. Wildlife and Countryside Link does not think that perpetuating current levels of payment would be a fair system and that previous receipt of subsidy is not a justification for maintaining future levels of subsidy. We think that an area based payment system is the most equitable within the options that are available. We do accept that subsidy reform may impact negatively upon some farming businesses more than others, however we do not agree that this justifies perpetuating an inequitable distribution of payments.
- ii. Where the reform of the payments system may have negative impacts on environmentally beneficial farming systems these benefits should be identified and supported through other measures.

#### **5. National envelopes should be used to the full extent**

- i. Where the reform of payments may lead to the loss of environmentally beneficial farming systems this should be addressed through targeted schemes within the

national envelope. Whilst it is hoped that the CAP reforms will be beneficial for the environment, subject to UK country's decisions on cross compliance, there are likely to be areas of England where there are negative impacts of decoupling or specific issues that need to be addressed. In this regard we would support the introduction of national envelopes, to be applied across all three applicable sectors.

- ii. However we would urge caution on how these national envelopes are applied. National envelopes will still be pillar 1 payments, and as such should not be used to undertake measures that are more suitable for schemes under the ERDP. Nor should the national envelope be used to "green" pillar 1 such that pillar 1 is seen to undermine the RDR, which has wider objectives of rural support.

**6. Public environmental benefit from the England Rural Development Programme should be maximised:**

- i. Modulation should be set at the maximum possible and increased if any future opportunity permits. Shortfalls in funds in the ERDP must be made up by a longer-term goal of increasing the pillar 2 budget, over and above the 5% planned within the time frame of these reforms. Whilst we can see that increasing measures under the ERDP would be desirable, particularly providing time-limited aid to farmers facing new legislative requirements (i.e. the Water Framework Directive), we would be concerned that this would simply mean that existing ERDP measures would be squeezed. This is particularly the case given that agri-environment funding will not increase and we have yet to roll out the ELS.
- ii. If significantly more funds were available in the future Link would examine again the case for three of the proposed schemes. The three schemes in which we have an interest in supporting are as follows: those providing time-limited aid to farmers facing new legislative requirements; providing income support for farmers who use production methods that are over and above standard practice and; aid for the management of integrated rural development strategies by local partnerships under Article 33. However under current proposals we do not believe that these programmes should be adopted in preference to expanding the Agri-Environment Schemes.
- iii. Also if, in the future, more funds were available, we would also examine again the case for the provision of support to producers for quality food production, if there were clear public environmental benefits.

**7. Environmental benefits from Set-Aside should be supported:**

- i. Wildlife and Countryside Link thinks that the government should seek to maximise the environmental benefits from set aside and therefore we recommend the following measures:
  - a) We fully support the additional environmental criteria of allowing a minimum strip width of five metres. We see this measure, if well targeted, and managed to meet environmental criteria, as being a potentially useful tool in buffering and extending semi-natural habitat. Indeed a farmer could use ELS or HTS to create buffer strips around an area of semi-natural habitat and then further supplement these buffer strips with a 5m set aside strip, creating a sizeable expansion to the semi-natural habitat.
  - b) We would like to see the cessation of growing of crops on set aside unless there are clear environmental benefits e.g. from the retention of winter stubbles. We do not think that there are benefits to the environment from the growing of industrial crops that employ full fertiliser and spray programmes and therefore this should cease.
  - c) Set-aside should also be required to adhere to cross compliance rules.
  - d) Set-aside land on the farm should be targeted towards where it is most environmentally necessary. For example, archaeological sites that need to be taken out of cultivation should be set aside.

Although Defra has not yet consulted on Good Agricultural and Environmental Condition or the Farm Advisory Service we offer the following observations.

**A. Good Agricultural and Environmental Condition (GAEC)**

- i. We look forward to receiving the forthcoming consultation on cross compliance, particularly the issues of “good agricultural and environmental condition” (Article 5, as defined in Annex IV). This issue is clearly very important for the successful implementation of the CAP reform and many Link members are concerned about the definition of GAEC. It should be noted that the SFP is not a payment for environmental benefits, however the government should seek to design a system of controls which removes payments to landowners or farmers who fail to abide by the GAEC. It must not be possible for a farmer or landowner to damage the environment and retain their

payment. It should be clear that as statutory standards will rise this will be reflected in the criteria for GAEC.

## **B. Farm Advisory System**

- i. We also look forward to the consultation on the Farm Advisory System. We are concerned that the Government only proposes to introduce this in 2007, when the SFP, and the issues that come with it, such as cross-compliance, will be operational from 2005. We are concerned that farmers will not have access to the support they need on meeting the requirement for good agricultural and environmental condition, for example.

The following Link members support this statement:

Bat Conservation Trust

Buglife, the Invertebrate Conservation Trust

Butterfly Conservation

Council for British Archaeology

Campaign to Protect Rural England

National Federation of Badger Groups

National Trust

RSPB

Wildfowl and Wetlands Trust

The Wildlife Trusts

Woodland Trust