



Organic Centre Wales
Canolfan Organig Cymru

Response from the Welsh Agri-food Partnership Organic Strategy Group
prepared by Organic Centre Wales, IBERS, Aberystwyth University SY23 3AL
to the Welsh Assembly Government consultation on:

Sustaining the Land: A Review of Land Management Actions Under Axis 2 of the Rural Development Plan for Wales 2007-2013

<http://new.wales.gov.uk/consultations/currentconsultation/envandcouncurrcons/reviewoflandmanagementaxis2cons/?lang=en>

Organic Centre Wales (OCW) was established in 2000 as a focal point for the dissemination of information on organic food and farming to producers and other interested parties in Wales. In 2003, it was agreed that it should extend its focus to public education, public procurement, policy and strategy development, thus providing support to the whole of the organic community in Wales. It is based at Aberystwyth University.

OCW is run by a partnership of three organizations actively involved in organic farming research and knowledge transfer in Wales: ADAS, The Organic Research Centre Elm Farm and Institute of Biological, Environmental and Rural Sciences at Aberystwyth University.¹

Organic Farming

As noted in the consultation document, organic farming delivers to many of the current and wider objectives of the Rural Development Plan: it also has the benefit of being a food production system which by design focuses on building and maintaining soil fertility, largely by a strong focus on soil organic matter.

The objectives and principles of organic farming are enshrined in the new Council Regulation 834/2007 which takes effect from 1 January 2009 and are presented below to demonstrate their synergy with current EU, WAG and RDP objectives..

Extract from Council Regulation 834/2007

Article 3

Objectives

Organic production shall pursue the following general objectives:

(a) establish a sustainable management system for agriculture that:

- (i) respects nature's systems and cycles and sustains and enhances the health of soil, water, plants and animals and the balance between them;
- (ii) contributes to a high level of biological diversity;

¹ The funding for OCW comes from the Welsh Assembly Government (WAG) and Farming Connect (with additional support from the European Union EAGGF Objective 1 funds) to carry out the co-ordination functions, with additional funding for delivery through a separate WAG Organic Conversion Information Service contract and the Farming Connect Organic Development Programme.

(iii) makes responsible use of energy and the natural resources, such as water, soil, organic matter and air;

(iv) respects high animal welfare standards and in particular meets animals' species-specific behavioural needs;

(b) aim at producing products of high quality;

(c) aim at producing a wide variety of foods and other agricultural products that respond to consumers' demand for goods produced by the use of processes that do not harm the environment, human health, plant health or animal health and welfare.

Article 4

Overall principles

Organic production shall be based on the following principles:

- (a) the appropriate design and management of biological processes based on ecological systems using natural resources which are internal to the system by methods that:
 - (i) use living organisms and mechanical production methods;
 - (ii) practice land-related crop cultivation and livestock production or practice aquaculture which complies with the principle of sustainable exploitation of fisheries;
 - (iii) exclude the use of GMOs and products produced from or by GMOs with the exception of veterinary medicinal products;
 - (iv) are based on risk assessment, and the use of precautionary and preventive measures, when appropriate;
- (b) the restriction of the use of external inputs. Where external inputs are required or the appropriate management practices and methods referred to in paragraph (a) do not exist, these shall be limited to:
 - (i) inputs from organic production;
 - (ii) natural or naturally-derived substances;
 - (iii) low solubility mineral fertilisers;
- (c) the strict limitation of the use of chemically synthesised inputs to exceptional cases these being:
 - (i) where the appropriate management practices do not exist; and
 - (ii) the external inputs referred to in paragraph (b) are not available on the market; or
 - (iii) where the use of external inputs referred to in paragraph (b) contributes to unacceptable environmental impacts;
- (d) the adaptation, where necessary, and within the framework of this Regulation, of the rules of organic production taking account of sanitary status, regional differences in climate and local conditions, stages of development and specific husbandry practices.

Article 5

Specific principles applicable to farming

In addition to the overall principles set out in Article 4, organic farming shall be based on the following specific principles:

- (a) the maintenance and enhancement of soil life and natural soil fertility, soil stability and soil biodiversity preventing and combating soil compaction and soil erosion, and the nourishing of plants primarily through the soil ecosystem;

- (b) the minimisation of the use of non-renewable resources and off-farm inputs;
- (c) the recycling of wastes and by-products of plant and animal origin as input in plant and livestock production;
- (d) taking account of the local or regional ecological balance when taking production decisions;
- (e) the maintenance of animal health by encouraging the natural immunological defence of the animal, as well as the selection of appropriate breeds and husbandry practices;
- (f) the maintenance of plant health by preventative measures, such as the choice of appropriate species and varieties resistant to pests and diseases, appropriate crop rotations, mechanical and physical methods and the protection of natural enemies of pests;
- (g) the practice of site-adapted and land-related livestock production;
- (h) the observance of a high level of animal welfare respecting species-specific needs;
- (i) the production of products of organic livestock from animals that have been raised on organic holdings since birth or hatching and throughout their life;
- (j) the choice of breeds having regard to the capacity of animals to adapt to local conditions, their vitality and their resistance to disease or health problems;
- (k) the feeding of livestock with organic feed composed of agricultural ingredients from organic farming and of natural non-agricultural substances;
- (l) the application of animal husbandry practices, which enhance the immune system and strengthen the natural defence against diseases, in particular including regular exercise and access to open air areas and pastureland where appropriate;
- (m) the exclusion of rearing artificially induced polyploid animals;
- (n) the maintenance of the biodiversity of natural aquatic ecosystems, the continuing health of the aquatic environment and the quality of surrounding aquatic and terrestrial ecosystems in aquaculture production;
- (o) the feeding of aquatic organisms with feed from sustainable exploitation of fisheries as defined in Article 3 of Council Regulation (EC) No 2371/2002 of 20 December 2002 on the conservation and sustainable exploitation of fisheries resources under the Common Fisheries Policy (1) or with organic feed composed of agricultural ingredients from organic farming and of natural non-agricultural substances. It is recognised that not all individual organic farms achieve the objectives, but the Regulation sets minimum standards by which all certified organic farms must abide.

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All farms licensed to sell their produce with the description 'organic' must be inspected annually by a Certification Body which itself is registered with Defra, which acts as the competent body for the UK. These annual visits serve as an opportunity to review the farming operation and refine management, and lead to improved farming systems.

The organic regulation is simultaneously a prescription for a legally-defined method of food production, which can be supported under agri-environmental measures, and also a labelling regulation to allow consumers to be confident that their support for this method of production is based on well-regulated integrity.

This latter element, the relationship of the producer with the end market, needs steady development. Breaks in the availability of conversion aid lead to disruptive shortages and surges in output which hinder market development and undermine producer confidence.

#### Contribution of organic farming to environmental goals

As is made clear in the consultation document, organic farming has the potential to contribute to several relevant environmental goals, including reducing the carbon footprint of farming, supporting biodiversity, conserving soils and water quality and reducing pollution from pesticides and fertilizers. In addition, organic farming reduces fossil energy and other non-renewable resource use. For livestock and mixed farming systems typical of Wales, the total system productivity differences between organic and non-organic systems are less than 10%, so that the benefits of organic farming that are clear on a per ha basis can also be delivered on a per tonne food produced basis, thus helping provide a sustainable route to ensuring food security. Specifically:

- Organic crop rotations include a fertility building phase designed to restore soil fertility and organic matter, which compensates for carbon losses due to cultivation and in the longer term increases carbon storage in the soil.
- Organic farms, by not using synthetic fertilisers, pesticides and herbicides, significantly reduce fossil energy inputs per hectare compared with standard farm practice. This outweighs increases in fuel use due to mechanical weed control operations. In most cases, energy use per tonne of food produced is also lower, despite lower yields.
- The restrictions on synthetic fertilisers and biocides also reduce the greenhouse gas emissions, in particular from nitrous oxides associated with their manufacture and spreading.
- Organic standards emphasise concepts of self-sufficiency, closed cycles and low external inputs, which contribute to the sustainable use of non-renewable resources.
- Organic livestock are mainly grass fed from the farm's own resources, with reduced reliance on feeds produced elsewhere. As a result, stocking rates are lower on organic farms, balancing the greater prevalence of animals in arable organic farming systems.
- While methane emissions per unit food produced may be higher on organic farms, due to lower yields/stocking rates, these are typically more than offset by the reduction in other greenhouse gas emissions, notably carbon dioxide and nitrous oxides, resulting in reduced overall global warming potential.
- Many research studies have identified the positive impact of organic farming on biodiversity, ranging from soil organisms to plants, insects, birds and wild mammals. This is due to the reduced or non-use of fertilisers and pesticides, the diverse cropping systems and positive approach to hedge and field margin management in lowland systems. In the uplands, lower stocking rates, mixed stocking of cattle and sheep and feed/fodder production on-farm all contribute to enhanced biodiversity.
- While organic farming is often associated with lower yields compared with intensively produced crops, the FAO and others have recognised the potential of organic farming to increase yields in subsistence agriculture where access to external resources is limited, and to provide a premium export market to assist economic development. In more industrialised contexts, the productivity 'gap' between organic and conventional systems is significantly reduced if total system productivity is compared, rather than yields of individual crops, due to the benefits that can be derived from integrating crop and livestock production and emphasising livestock production from forage not cereals.

- Organic farming in Wales reached 6.4% of total agricultural land area at the end of 2007, and over 9% of arable area, including horticulture and temporary leys, where the environmental and climate change impacts are greatest.

#### Rationale for current organic farming scheme and payment levels

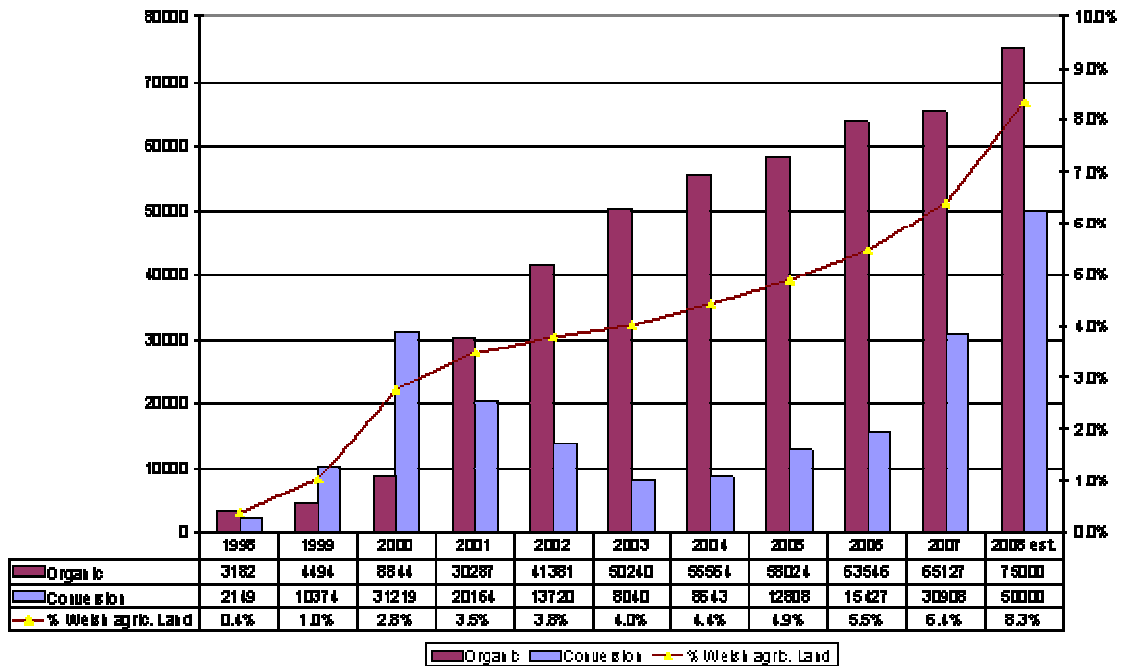
The organic farming scheme is designed as an agri-environment scheme primarily to capture the environmental benefits that can be derived from organic land management. While it also enables producers to convert and take advantage of the specialist market for organic food, this is a secondary consideration. The market for organic food both reinforces and complicates the operation of the Organic Farming Scheme. There is a case for separating the two issues, as in Sweden, by not requiring OFS participants to be certified as organic. Certification would then only be taken up when producers could see specific benefits from engaging with the market. However, a separate inspection regime would be required, increasing the transaction costs of the scheme, which is why most EU countries have opted to use organic certification (which is itself governed by EU regulations) as the basis for ensuring compliance.

Under the new Welsh scheme, there are no additional environmental requirements. This is because many of the previous requirements are now covered by cross-compliance and GAEC and others complicated both administration of the scheme (e.g. mapping) and the relationship between the OFS and other agri-environment schemes, resulting, when schemes were combined, in unpopular dual funding deductions and delays completing agreements. The new scheme has the virtue of simplicity and the potential to reduce administration through integration with the Single Application Form once current teething problems have been resolved.

The payments are currently set to be higher during the conversion period than under full organic status in order to compensate for income reductions and compliance costs which are higher during the first two years of conversion than subsequently. During conversion, the emphasis may need to be on fertility building rather than cash crops, yields may be lower as the organic system is not fully established, costs may be higher due to diversifying the farming system, and there is normally no premium price available for in-conversion products. Once converted many of these issues do not apply (at least to the same extent). According to EU rules, premium prices need to be taken into account in calculating the payment rates, although not all farmers may benefit from them, and market conditions could change within the life of an agreement.

#### Projected uptake of organic farming and budgetary implications

In 1998, only 80 producers in Wales were organic - by May 2008 the figure is nearer 1,000 and may reach 1050 by the end of the year. Typically, 100 producers a year have taken the step to convert their farms, though in 2007 150 converted and in 2008 probably a similar number will convert. The implications in terms of land area and per cent of Welsh agriculture can be seen in the Figure below. In recent years, approximately 1% of Welsh farmland has been converted to organic production each year, reaching 8.0% in 2008. Continued growth of 100 farms and 1% of farm land converting each year will result in the second Welsh action plan target of 10-15% by 2010 being achieved, with perhaps 13% of Welsh farmland managed organically by 2013. It would not be unreasonable to anticipate 20% of Welsh agriculture being organic by 2020 if current trends are maintained.



Sources: Defra, WAG, IBERS

On the basis of previous OCW estimates, this level of conversion implies an increased spend on the organic farming scheme of about £1 million per year, although this is strongly influenced by the higher level of payments in the first two conversion years. However, as the organic sector grows, the proportion of in-conversion land should decline, reducing the cost of the scheme per farm. £5.1 million has been allocated for 1100 farms in 2009. If the number of farms increases to 1500 by the end of 2013, the budget might need to increase to £8-9 million per year by that date.

It should be noted that this year's financial difficulties are a result of both the increased interest and the closure of the scheme, with some farms converting in late 2006/early 2007 only receiving their first payments now, but receiving 2 years' payments together. This illustrates the problems that can arise with scheme closures, causing serious financial problems for producers as well as for WAG. OCW has agreed to work closely with WAG to help avoid similar problems in future.

#### Market implications of the growth of the organic sector in Wales

There is concern that the rapid increase in the organic sector this year, combined with reduced consumer demand resulting from the economic downturn, will lead to over-supplied markets and reduced prices for established organic producers. The rapid increase in 1999/2000 similarly led to over-supply problems, at that time particularly in the dairy sector, with many producers achieving organic status in 2002/03 unable to find an organic outlet for their milk. The resulting lack of market confidence resulted in a significant slow down in conversions, particularly of dairy farms, as the chart above illustrates. At the same time, demand continued to grow, to the extent that shortfall conditions were experienced in 2006/7, and there are still concerns about undersupply in the organic dairy sector now. While parts of the organic market have experienced reductions in demand this year, others, including milk, have experienced increases. The overall situation is little different to that being experienced by other non-organic sectors currently.

However, the main expansion in 2007/08 has been in beef and sheep production, and the market for these products is now well supplied. OCW is currently surveying producers to get a better understanding of when product is going to become available. It is likely that the main increase in full organic status supply will take place in or after 2010, by which time we expect to see some recovery in the demand situation. Despite this, we have identified the need to work closely with

WAG and HCC on developing the market for organic beef and lamb, particularly in terms of Welsh PGI status, Welsh retail and catering sales, including public procurement, and developing the export market of Welsh organic lamb and beef. The first joint initiatives in this direction have been taking place this autumn, and it is our intention, consistent with the Second Welsh organic action plan, to develop this work further next year.

See the Annex for recent statistical data on the Welsh organic sector.

### General comments

1. This consultation opens the way for the delivery of public goods to be recognised as a valid and important farming enterprise.
2. The move from production related to decoupled Single Farm Payments is still relatively recent, and the full implications are not entirely accepted by much of the farming community.
3. A first and necessary step to negotiations over axis 2 schemes is an acceptance of modulation and an inevitable move of funding from Pillar 1 to Pillar 2, but probably more importantly, that these funds will not be a right, but can be accessed through delivery of a service.
4. Thereafter, the understanding that the Welsh Assembly Government, on behalf of the people, is willing to purchase public goods from the farmers using these funds will be easier.
5. To reinforce this message of public investment and to encourage a general engagement in the issues being tackled, any agri-environment scheme should be subject of a communications campaign aimed at the general public including other land-owners, who may be enthused to assist with the aims of the schemes.
6. A key issue in all schemes should be the fundamental importance of project officers. These staff can form a vital education and communications resource and should be the subject of investment: their importance must be recognised if there is to be a widespread understanding of the aims of the schemes. Project offices should not be identified as an administrative burden.

### Specific answers to questions

#### **Q1. Do you agree that current land management schemes deliver only imperfectly against the Assembly Government's wider environmental objectives?**

Yes. It should however be recognised that Appendix 1 does not, as the title suggests, provide an assessment of the *performance* of current schemes: it merely indicates whether the aims are explicitly expressed as measures within the current schemes. It seems clear that management according to organic principles will help in the delivery of various aspects such as water quality improved, biodiversity recovery, soil managed to retain carbon store, even if there are not specific measures in the Organic Farming Scheme directed at achieving these aims.

By not recognising that there has been delivery of more recent priorities by the existing schemes, it is likely an inaccurate assessment of their fitness for the purposes of delivery of other priorities, such as the challenge agenda, will be made.

#### **Q2. Would a move to an outcome-based approach help to overcome this difficulty?**

An out-come based approach would clearly help demonstrate whether the delivery of objectives is being achieved, but would not *per se* assist in delivering them, which would depend on the focus of

the requirements of the schemes. Strong focus on measuring the specified outcomes may also miss identifying any incidental delivery of other favourable outcomes: as the science of climate change improves, it may well be that some hitherto unspecified delivery may become important.

There are weaknesses in target-driven approaches, largely relating to the difficulty in selecting the appropriate targets. It is always tempting to select targets for their ease of measurement rather than their inherent desirability. It is also difficult to know when the optimal situation is reached: perhaps the minimum practical is more realistic.

It could be argued that the ultimate outcome of land management in Wales would be a countryside which supports communities, is highly diverse in nature at all scales, which provides food security through a diversity of foodstuffs to provide a varied diet for the population of Wales. These outcomes clearly go beyond the remit of Axis 2 schemes of the RDP, but delivery of any one alone will be an unsatisfactory outcome.

**Q3. Do you agree that a feasibility study should be commissioned to investigate the possibilities of a carbon trading approach in Wales?**

This seems sensible, although it is likely that such studies have been commissioned elsewhere and it may be possible to learn much from their work.

Useful sites include: <http://sandbag.org.uk/solution> and <http://www.carbonpositive.net/>

**Q4. Have we identified all of the main drivers for future land management support? If we have not, which other drivers do you think are important?**

- Carbon management

The carbon stock in soils is clearly important, but we are concerned about the apparently exclusive focus on soils of high organic content. The 76.6% of Wales covered with mineral soils of low carbon content does nevertheless contain more total carbon than is held in solely organic soils and should therefore be cared for

In particular it may be more possible to increase the carbon content in these soils by careful management, whereas in the organic soils it seems to be a question of reducing losses. Section 4.1.3 seems to suggest the only options available are linked with taking these soils out of food production, whereas organic farming aims to enhance and stabilise soil organic matter whilst also producing food. It is true that arable farming and short term grassland cause oxidation of soil carbon, but the rotation requirements of organic arable systems (due to the need to build fertility and provide pest and disease breaks) mean this loss can be balanced and/or avoided. Some long term comparisons of different farming systems have shown significant increase in soil organic carbon under organic management, although not all studies concur (Lampkin 2007).

- Sustainable food production

Although mentioned in the introduction, the importance to maintain productive capacity is not acknowledged in the document. It must be a main driver for future land management support.

- Diverse food production

A major contribution to diversity and economic sustainability may be achieved by reducing the focus on red meat production and increasing other enterprises. The difficulty in developing markets and risk-averse nature of farming will inhibit this, so policy drivers may be required.

- Culture & Heritage

Again, this is important but the consultation deals only with the historic environment and there are considerable social and cultural issues in society that can be addressed through land management policies. This includes maintaining communities and avoiding land abandonment.

**Q5. Are the management actions identified in section 4.1 and Appendix 2 for conserving soil carbon the right ones? Will they be effective? Are there others we should consider?**

This guidance is not clear in what it is trying to achieve: good practice guidance needs to have an aim defined – good practice for building soil carbon as a sole aim may be very different from good practice for biodiversity or for food production: it is not clear when these guidelines should be used. The terminology is weak, and relative terms such as stocking rate ‘reduced’ only work if a starting point is assumed, otherwise they will be unhelpful or meaningless.

**Q6. Do you agree that the Assembly Government should support the development of renewable energy based on woody biomass by stimulating local demand?**

We do not have the expertise to comment on this aspect of the consultation. We would however, note that although energy crops are not subject to the EC organic standards, the land on which they grow can be certified organic.

**Q7. Do you agree with the proposed approach to water Quality and Quantity management? If not, bearing in mind the legislative drivers, what approach should we adopt?**

Water quality

To an extent the recent sharp rise in phosphate fertiliser prices will ensure more careful resource management than has been seen previously. Resource management planning on a farm scale will not solve field scale issues – the key here would be to require soil testing before fertiliser applications (whether mineral or animal). Any farmers in receipt of grants should be required to record the soil nutrient status and the calculated nutrient to be added in the individual fields.

With increased climate/weather variability, the demarcation into winter=wet and summer= dry is no longer appropriate. Recent summers have illustrated considerable catastrophic rainfall events. This suggests that season/month-limited fertiliser application will not address the issues, which must therefore focus on slope, proximity to watercourses, presence of buffer strips (although not so relevant in flood plains) and the prevention of access by livestock.

Water quantity

Although clearly catchment or floodplain-wide schemes are preferential, it is clear that any contribution to slowing water flow within the catchment will help, so it is not an all or nothing option. The requirements suggested seem sensible. It is not clear why stock reduction ‘in the hills and uplands’ should be specifically mentioned: some floodplains carry considerable densities of livestock with concomitant pollution risks. It may be more appropriate to require stock reductions alongside major watercourses.

Livestock ‘reduction’ anyway, is a relative measure. This issue is further confused because small numbers of livestock in a small area could have more impact than high numbers evenly dispersed. The livestock and vegetation management will have an effect on how evenly the livestock graze. This issue is more likely to be successfully addressed through education than prescription, (although the associated additional shepherding needs caused by widely dispersed stock may need to be supported.)

**Q8. How should land management schemes be targeted to meet wider biodiversity objectives?**

Organic land management has been demonstrated to increase biodiversity (Hole, Perkins et al. 2005), so increasing the proportion of land managed organically in Wales will improve biodiversity. The case for improved biodiversity in the hills and uplands through organic management is not so well documented, but many organic management practices will reduce pollution, improve water retention and enhance biodiversity (Fowler, Frost et al. 2004). Therefore as well as providing support for conversion to organic techniques, continued education and training for all farmers in these organic management tools should be delivered through Axis 1 of the Rural Development Plan.

Work analysing the reduction in bird numbers suggests that as well as pesticide impacts, one contributing factor may be the reduction in cutting hay, or rather, the increase in silage making. <http://www.pan-uk.org/pestnews/Issue/Pn36/pn36p3.htm>. Research and monitoring species rich meadows has tended to confirm that species richness is maximized by management involving spring and autumn grazing, a mid-July hay cut, no inorganic fertilizer and possibly low levels of farmyard manure (Jefferson 2005). For farmers, particularly in the increasingly wet/unpredictable weather, a return to hay making would be a high risk strategy, but compensation could account for this risk, and it is likely an increase in hay fields would provide biodiversity benefits, as well as landscape aesthetics.

The italicized section at the base of page 27 in the consultation excludes close involvement of the farmer in the advice taking and outcome development. Their close involvement is vital if they are to 'own' and understand the aims and objectives of the programme, and provide their expertise of management of the land and stock.

Focussing on outcomes rather than prescriptions seems sensible; however it is clear that if the farmers are to be paid by outcome, there will be some difficulties. In the introduction to the consultation it was stated that the present delivery of public goods by agri-environment schemes cannot be measured as it is not clear what would have happened 'anyway' – in the same way, despite the best management provision for a species, success cannot be guaranteed so it would be unfair to penalise farmers for issues outwith their control. It is clear that it is vital that higher-level monitoring is carried out to provide trend data to ensure farmers are not unfairly penalised if targets are not met.

Self monitoring and self reporting under pre-agreed headings, where actions taken to deliver the targets, seems a useful way of engaging the farmer in the process: many farmers may commission outside agencies to prepare their reports. This is less than ideal in terms of farmer involvement but the financial exchange is likely to further engage the farmer in the process and it can be hoped that a greater understanding and involvement will occur over time.

***Q9. Do you agree that Better Woodlands for Wales should continue to provide support for woodland management? If not, how should this be best achieved?***

No comment.

***Q10. What improvements should be made to increase the impact of support for landscape and the historic environment?***

To increase the impact of support it is important that there is easy access public information on the measures supported, the reasons for them, and that the public have access to the places concerned. This does not have to be on an unrestricted basis, but if the public are to recognise the benefits of their investments, it is important they have a chance to see what is being done.

***Q11. Is the intention to target support for permissive access on strategic routes appropriate? Can it be improved?***

4.7.1 Permissive access

A further condition should be provision of access in areas where there are few existing routes.

It is clear that publicly funded permissive access must be publicised, both electronically (for instance through a website such as Sustrans, perhaps in cooperation with the Ramblers Association and through the WAG website) and through physical signposting on the routes.

#### 4.7.2 Educational access

We would like to see greater support for educational visits to the countryside under agri-environment schemes.

We are aware that some Tir Gofal farms which would be suitable have been discouraged by their Project Officers from joining the scheme, or were not fully aware of it, and then have to wait up to five years before they can apply again.

There are two issues in particular that need addressing. The first is the ability and training of farmers in providing a quality experience, and the second is providing support where it is most needed in the most appropriate way.

Through the Countryside Educational Visits Accreditation Scheme farmers can gain confidence in dealing with schools, and increase the quality of the learning that takes place. CEVAS is a three-day course for farmers accredited by the Open College Network which covers health and safety, links to the curriculum and communicating with young people and is run in Wales by FACE Wales (see [www.face-cymru.org.uk](http://www.face-cymru.org.uk)).

Secondly, despite the rural nature of Wales, there are many urban families who have few links with the countryside, therefore farms surrounding urban areas in particular should be supported. This would suggest that for these farms particularly the number of visits supported should be increased beyond six per year, and both costs of public liability insurance covered, and some capital support for hand washing and toilet blocks would be needed.

#### ***Q12. Are the proposals for fully integrated monitoring and evaluation appropriate? How should we determine what outputs and outcomes should be measured?***

See responses to Q2 and Q8.

#### ***Q13. Have we identified all of the main options for future land management support? If not, what other options do you think should be explored?***

We are not convinced that areas for higher tier actions should be limited by geographic targeting. It should be possible to identify priority actions for all areas of Wales, be they species and habitat actions, carbon and soil, public access or landscape and heritage. If all areas have both base level and higher level actions, those farmers that wish to focus their farming businesses around Axis 2 delivery, will be able to do so.

Once key priorities in areas have been agreed, be they access, heritage, habitats for particular species, the project officers can be trained, and literature produced to support all land owners in the area. Public events should be run to enable land-owners without access to CAP support to know the key issue for their area and to find out how to help. The public can meet their local farmers and engage in dialogue and perhaps engage in community actions to support the targets.

There is uncertainty in farmers' minds of the inevitability of the move from Pillar 1 to Pillar 2 funding meaning that farmers will need to be very confident that the agreed rates for activities in Axis 2 measures will increase as SFP rates decline, or they will be unwilling to enter long-term commitments.

If each area has identified priorities, there is a potential for development of the scheme with changing local or global necessities and priorities can change. This would either mean that farmers already in the schemes would need to have options to take up more measures through the

programme or there will need to be a steady increase in farmers coming into the scheme over the years.

**Q14. Do the options fully address the key objectives underlying public expenditure on environmental land management? Do you think that one or more of the options represent value for money?**

The options appear to address the current key objectives underlying public expenditure, but we are mindful that objectives change and it is not clear how schemes can be created in a flexible way to reflect these likely changes.

Value for money cannot be judged until the scheme details are sorted out, including monitoring and evaluation and administration.

**Q15. Which option(s) do you prefer, and why?**

Comments on option 1

We do not see that option 1 (a) is a viable option.

Option 1 (b) has the advantage that it could be delivered in the timeframe required, although even this may be challenging.

We also note that mixed stocking regimes could be specified but are very hard to regulate. For the biodiversity benefits it is important that cattle and sheep graze the same ground – having cattle graze some fields and sheep others is no benefit either for biodiversity or animal health and parasite resistance. Experience at Pwllpeiran also demonstrated that benefits were obtained from cattle grazing but they were only needed once every three or four years. The grazing management has to be targeted at the outputs required and needs the experience of the farmer and the farmer's full understanding of what is to be achieved.

There are similar arguments relating to maximum and minimum stocking rates – minimum stocking must be stated over an area yet livestock can congregate in specific areas and cause considerable problems: again management is the issue.

An option for a Tir Mynydd enhancement would be to support organic management (which could be at a rate lower than the current £40/ha.) If this was so, it would leave the way clear for the grassland rate for the OFS for non-LFA areas to be higher: the payment rate for grassland has been artificially low due to the overcompensation for LFA grassland and the difficulty in distinguishing land types.

We also note the need for highly trained and competent project offices and the need for sufficient resourcing to enable them to do their job well.

Note also our comments under question 11 relating to educational visits.

It should be possible to provide Tir Gofal options to participants in the Organic Farming Scheme but it would be important to be able to maintain a steady increase in organic land area because of the problems caused to the market due to stop-start schemes. This could work by farmers joining the OFS and having preferential access to Tir Gofal when the windows open: this would also ensure the Tir Gofal options selected were suitable to support the organic system.

Comments on option 2

To support organic farms in this option, it would be necessary to increase the basic rate of payment per hectare to cover the additional costs of organic management, as well as allowing a lower points threshold for access to the scheme.

As stated above, we are not convinced that areas for higher tier actions should be limited by geographic targeting. It should be possible to identify priority actions for all areas of Wales, be

they species and habitat actions, carbon and soil, public access or landscape and heritage. If all areas have both base level and higher level actions, those farmers that wish to focus their farming businesses around Axis 2 delivery, will be able to do so.

Although this scheme seems to offer many advantages according to the analysis, and seemed to be the favoured option at our meeting to discuss the issues, we are concerned about the achievability of such a major change in the timescale.

We are also concerned that the detailed payment and administrative arrangements are not clear and can mean the difference between a good and poor scheme; therefore this is a cautious expression of preference. We had discussions on flat payment rates: despite the attractive simplicity of these proposals we do not see how there can be a flat rate that is fair to enough farmers. If different deliveries are required by each farm it seems inevitable there would need to be complex arrangements to describe the requirements for each farm, which would then need to be measured against the overall objectives, to ensure that this system is equitable.

### Option 3

This scheme proposes maintaining an organic option across all of Wales and also gives farmers in particular areas access to Tir Gofal options. It seems an attractive option which delivers many advantages but it likely there would be a huge income redistribution issue.

### ***Q16. What transitional arrangements should be put in place to minimise disruption in moving to a new system?***

This is almost the most important issue, however it is also the most complex: the acceptability of any change cannot be decided in the absence of firm policies relating to CAP reform and reductions in the Single Farm Payment. Current schemes that are acceptable and attractive at current SFP levels will be very different if/when SFP levels drop as it is suggested they might. It seems potentially dangerous to embark on major re-prioritisation and financial re-distribution programme when the Pillar 1 and Pillar 2 issues are not yet resolved. There may be political will in Brussels for a dramatic reduction in the SFP, but if farmers do not accept that way forward negotiations over Axis 2 will be meaningless and/or extremely complex, such that it will not be possible to reach agreements on Axis 2 schemes in the time frame suggested.

To achieve the changes hoped for: for a monitored, evaluated, target-driven scheme that delivers against multiple objectives, the time frame could reasonably take from now until the end of this RDP. It seems far more sensible to adopt certain changes to current schemes as outlined in option 1 now, but start serious work in full consultation with stakeholders for new programmes to be up and running for the next RDP.

The frequently heard argument that the Axis 2 scheme must be available to all is pertinent; however, some farmers will only move into Axis 2 schemes when forced by reducing SFP rates. This is an advantage in enabling a gradual take up of any new scheme, as the administrative difficulties in recruiting thousands of farmers in a short time-frame are enormous, and likely to be very costly in administration.

Our final point is that those that have already engaged in agri-environmental delivery, and are already in Tir Mynydd, Tir Gofal and often also the Organic Farming Scheme, are largely locked into low input farming and transition arrangements should ensure they retain a sufficient level of support to enable their continued survival.

## Conclusions

1. We support the proposals to achieve closer integration of agri-environment schemes, including Tir Mynydd and the Organic Farming Scheme, and to seek to deliver carbon-related objectives alongside current biodiversity, soil and water protection objectives
2. We believe that there is a case to explore inclusion of animal welfare and agro-forestry type programmes, as provided for in the European regulation
3. We believe that there is a case for closer integration of the Organic Farming Scheme and Tir Gofal, at least to achieve a single application process, provided that:
  - a) A stop/start approach to funding is avoided so that markets are not disrupted by producers delaying conversion until new Tir Gofal funds are available
  - b) The benefits of the somewhat painful process of changing the Organic Farming Scheme to be administered through the Single Application Form are not lost - the habitat options may need to be seen as supplementary to the OFS core to make this work

This suggests that a stand-alone combined Organic Tir Gofal scheme may be preferable.

4. We believe that the OFS funding levels envisaged in the consultation are not compatible with the problems faced this year and the Minister's statement on October 22<sup>nd</sup>. Assuming an average annual intake of ca. 100 farms per year, which is consistent with the growth of the organic sector in Wales in the last decade, then a growth of ca. £1m per annum in the OFS budget will be necessary.
5. We believe that the market impacts of the supply growth can be absorbed in the long term - as experienced in previous recessions, the demand reductions resulting from the economic downturn will be reversed as the economy recovers - if supply is not available to respond, then the market growth will be supplied by imports as happened in the 1990s.
6. The Organic Farming Scheme should not be used as a mechanism to artificially encourage or limit the numbers entering the organic market. Periods of closure have in the past led to a build-up of farmers waiting to enter the scheme, resulting in larger numbers converting simultaneously when the scheme reopens, and more serious market disruption when full organic status is achieved.
7. Given the uncertainty relating to modulation and reductions in Pillar 1 support, it is a very difficult time to assess the levels of support needed through Pillar 2. Modelling should be carried out to ensure that farmers already orienting their businesses around agri-environment provision are in receipt of sufficient funds to continue this work throughout the period of change.

### Other comments:

The commentary in section 4.6 on agreements with Welsh Archaeological Trusts is interesting and similar arrangements could be investigated with Wildlife Trusts and/or environmental/wildlife records centres in Wales.

### References.

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**Annex: Statistical data for the Welsh organic sector, 2006 and 2007**

|                                                                         |                       | Defra Welsh certification data |               |             | OCW autumn 2007 survey | Wales total agric. 2006 | 2007 organic share of 2006 Welsh agric. |
|-------------------------------------------------------------------------|-----------------------|--------------------------------|---------------|-------------|------------------------|-------------------------|-----------------------------------------|
|                                                                         |                       | end 2006                       | end 2007      | Change      |                        |                         |                                         |
| <b>Holdings</b>                                                         | <b>Number</b>         | <b>710</b>                     | <b>857</b>    | <b>21%</b>  | <b>710</b>             | <b>24313</b>            | <b>3.5%</b>                             |
| <b>Land use</b>                                                         |                       |                                |               |             |                        |                         |                                         |
| <b>Total area</b>                                                       | <b>Hectares</b>       | <b>78973</b>                   | <b>95865</b>  | <b>21%</b>  | <b>no data</b>         | <b>1499606</b>          | <b>6.4%</b>                             |
| <b>Cereals</b>                                                          | <b>Hectares</b>       | <b>2144</b>                    | <b>2361</b>   | <b>10%</b>  | <b>4100</b>            | <b>40931</b>            | <b>5.8%</b>                             |
| <b>Other arable</b>                                                     | <b>Hectares</b>       | <b>1557</b>                    | <b>1618</b>   | <b>4%</b>   |                        | <b>19777</b>            | <b>8.2%</b>                             |
| <b>Potatoes</b>                                                         | <b>Hectares</b>       | <b>99</b>                      | <b>96</b>     | <b>-3%</b>  | <b>140</b>             | <b>2026</b>             | <b>4.7%</b>                             |
| <b>Horticulture</b>                                                     | <b>Hectares</b>       | <b>244</b>                     | <b>322</b>    | <b>32%</b>  | <b>110</b>             | <b>1211</b>             | <b>26.6%</b>                            |
| <b>Tillage</b>                                                          | <b>Hectares</b>       | <b>4044</b>                    | <b>4397</b>   | <b>9%</b>   | <b>4350</b>            | <b>63945</b>            | <b>6.9%</b>                             |
| <b>Temp grass</b>                                                       | <b>Hectares</b>       | <b>10564</b>                   | <b>11286</b>  | <b>7%</b>   | <b>no data</b>         | <b>99661</b>            | <b>11.3%</b>                            |
| <b>Arable land</b>                                                      | <b>Hectares</b>       | <b>14608</b>                   | <b>15683</b>  | <b>7%</b>   | <b>no data</b>         | <b>163606</b>           | <b>9.6%</b>                             |
| <b>Permanent grass</b>                                                  | <b>Hectares</b>       | <b>63103</b>                   | <b>78976</b>  | <b>25%</b>  | <b>no data</b>         | <b>1266464</b>          | <b>6.2%</b>                             |
| <b>Woodland/other</b>                                                   | <b>Hectares</b>       | <b>1262</b>                    | <b>1206</b>   | <b>-4%</b>  | <b>no data</b>         | <b>69536</b>            | <b>1.7%</b>                             |
| <b>Livestock numbers (excluding non-organic stock on organic farms)</b> |                       |                                |               |             |                        |                         |                                         |
| <b>All cattle</b>                                                       | <b>Head</b>           | <b>41612</b>                   | <b>45096</b>  | <b>8%</b>   | <b>43850</b>           | <b>1322788</b>          | <b>3.4%</b>                             |
| <b>Dairy cows</b>                                                       | <b>Head</b>           | <b>9346</b>                    | <b>11069</b>  | <b>18%</b>  | <b>13000</b>           | <b>280968</b>           | <b>3.9%</b>                             |
| <b>Est. milk output</b>                                                 | <b>Million litres</b> | <b>50</b>                      | <b>61</b>     | <b>22%</b>  | <b>60</b>              | <b>1573</b>             | <b>3.9%</b>                             |
| <b>Beef cows</b>                                                        | <b>Head</b>           | <b>8470</b>                    | <b>8985</b>   | <b>6%</b>   | <b>10500</b>           | <b>223616</b>           | <b>4.0%</b>                             |
| <b>Est. finished cattle</b>                                             | <b>Head</b>           | <b>8000</b>                    | <b>8500</b>   | <b>6%</b>   | <b>7850</b>            | <b>140000</b>           | <b>6.1%</b>                             |
| <b>All sheep</b>                                                        | <b>Head</b>           | <b>279361</b>                  | <b>367597</b> | <b>32%</b>  | <b>289000</b>          | <b>9350699</b>          | <b>3.9%</b>                             |
| <b>Ewes</b>                                                             | <b>Head</b>           | <b>148935</b>                  | <b>179122</b> | <b>20%</b>  | <b>140000</b>          | <b>4072678</b>          | <b>4.4%</b>                             |
| <b>Lambs/yearlings</b>                                                  | <b>Head</b>           | <b>129359</b>                  | <b>185762</b> | <b>44%</b>  | <b>149000</b>          | <b>5020955</b>          | <b>3.7%</b>                             |
| <b>Other</b>                                                            | <b>Head</b>           | <b>1067</b>                    | <b>2713</b>   | <b>154%</b> | <b>no data</b>         | <b>257066</b>           | <b>1.1%</b>                             |
| <b>Poultry</b>                                                          | <b>Head</b>           | <b>153800</b>                  | <b>120689</b> | <b>-22%</b> | <b>no data</b>         | <b>6122800</b>          | <b>2.0%</b>                             |
| <b>Laying hens</b>                                                      | <b>Head</b>           | <b>45823</b>                   | <b>28102</b>  | <b>-39%</b> | <b>41000</b>           | <b>1173974</b>          | <b>2.4%</b>                             |
| <b>Est. eggs</b>                                                        | <b>Mill. dozen</b>    | <b>1.1</b>                     | <b>0.7</b>    | <b>-39%</b> | <b>0.8</b>             | <b>30.0</b>             | <b>2.2%</b>                             |
| <b>Table birds</b>                                                      | <b>Head</b>           | <b>80018</b>                   | <b>83750</b>  | <b>5%</b>   | <b>no data</b>         | <b>4029995</b>          | <b>2.1%</b>                             |
| <b>Est. finished birds</b>                                              | <b>Thousand</b>       | <b>280</b>                     | <b>293</b>    | <b>5%</b>   | <b>no data</b>         | <b>20150</b>            | <b>1.5%</b>                             |
| <b>Other poultry</b>                                                    | <b>Head</b>           | <b>28059</b>                   | <b>8837</b>   | <b>-69%</b> | <b>no data</b>         | <b>286364</b>           | <b>3.1%</b>                             |
| <b>Sows</b>                                                             | <b>Head</b>           | <b>16</b>                      | <b>82</b>     | <b>413%</b> | <b>55</b>              | <b>2983</b>             | <b>2.7%</b>                             |
| <b>Other pigs</b>                                                       | <b>Head</b>           | <b>194</b>                     | <b>649</b>    | <b>235%</b> | <b>450</b>             | <b>22183</b>            | <b>2.9%</b>                             |
| <b>Goats</b>                                                            | <b>Head</b>           | <b>35</b>                      | <b>28</b>     | <b>-20%</b> | <b>no data</b>         | <b>no data</b>          | <b>no data</b>                          |
| <b>Camelids</b>                                                         | <b>Head</b>           | <b>318</b>                     | <b>323</b>    | <b>2%</b>   | <b>no data</b>         | <b>no data</b>          | <b>no data</b>                          |
| <b>Horses/donkeys</b>                                                   | <b>Head</b>           | <b>214</b>                     | <b>390</b>    | <b>82%</b>  | <b>no data</b>         | <b>no data</b>          | <b>no data</b>                          |
| <b>Deer</b>                                                             | <b>Head</b>           | <b>342</b>                     | <b>426</b>    | <b>25%</b>  | <b>no data</b>         | <b>no data</b>          | <b>no data</b>                          |
| <b>Other</b>                                                            | <b>Head</b>           | <b>138</b>                     | <b>545</b>    | <b>295%</b> | <b>no data</b>         | <b>no data</b>          | <b>no data</b>                          |