

## **PROPOSALS FOR THE OPERATION OF THE NATIONAL ENVELOPE UNDER THE SHEEP ANNUAL PREMIUM SCHEME FROM 2003.**

Response from the Welsh Agri-food Partnership Organic Strategy Group prepared by Organic Centre Wales and agreed at its meeting on 16<sup>th</sup> July 2002.

The proposals (for details see [http://www.wales.gov.uk/subiagriculture/content/consultations/saps\\_letter-e.htm](http://www.wales.gov.uk/subiagriculture/content/consultations/saps_letter-e.htm)) cover a range of possible options including:

- a) support for sheep management systems (to implement pilot schemes relating to grazing on commons)
- b) measures to examine potential over-stocking (to introduce support similar to beef extensification payments)
- c) promotion of mixed farming systems (to provide additional support for sheep producers who keep other animals and also grow fodder crops, to assist them in becoming more self-sufficient in their livestock feeding requirements)
- d) assistance to encourage farm assurance, producer co-operation and better marketing of sheep meat (to encourage producers to re-connect with the market by providing additional support if, for example, they are a member of a farming co-operative or farm assurance scheme)
- e) promotion of traditional breeds of sheep, to safeguard genetic resources, or to improve the genetic composition of the national flock (in particular to encourage producers to improve the genetic scrapie resistance of their flocks)
- f) to purchase quota rights that would not be re-allocated (to encourage lower stocking densities through a tendering process whereby a percentage of the envelope resource is used to purchase quota rights, some of which may be available for reallocation giving priority to young entrants)

The consultation asks respondents to address the following questions (suggested responses are included):

1. Which of the six options outlined do you favour and why?
2. From the perspective of organic farming, measures b) and c) would have most general relevance. It can be argued that certified organic producers should qualify automatically under either of these measures, particularly if the Tir Mynydd reforms change the enhancements currently available.  
  
d) should also apply automatically to certified organic producers as organic production standards are in themselves a farm assurance scheme.  
  
f) would be relevant to converting producers who are likely to reduce stocking rates as part of the conversion process, and may support the continued prioritisation of organic producers for allocation of quota from national reserves, as well as support young farmers entering organic production.

The other measures would be relevant to some but not all organic producers.

3. If you had to rank them in order of priority, how would you do so?  
c), b), f), d), e), a)
4. How many options should sheep farmers be offered (one, two or more)?  
From an administrative perspective, the scheme needs to be kept simple otherwise resources may be dissipated. Opting for one scheme only, however, would mean forgoing some of the benefits that could otherwise be achieved. Therefore 2-3 options would be desirable.
5. Would you prefer environmental measures to be funded via the SAPS national envelope or not?  
Environmental measures should primarily be addressed in a reformed agri-environment scheme, but the environmental impact of any proposed measures should be given high priority, and those measures encouraged that are likely to have most environmental and animal welfare benefits.
6. Do you think the basic premium rate should be reduced in order to increase national envelope funding?  
Yes, provided that the options available are in line with the above recommendations.
7. Should the national envelope payments be made on a headage basis linked to specific management/environmental targets; on an area basis; and/or as an on-off or time limited contribution to start up costs of pilot projects?  
We do not favour continuing the current production-distorting and potentially environmentally damage emphasis on headage payments and any move away from these can be seen as desirable. However, we acknowledge that measures to encourage extensification or purchase quota are effectively headage-based but still desirable. In the longer term, we would favour a flat rate scheme not linked to specific livestock species or cropping, so that mixed farming can be developed without the distortions of support payments. Pilot schemes by their nature will be limited to a relatively small group of producers and the benefits may also be limited.
8. Are there other options that should be considered, consistent with Council Regulation 2529/2001?  
As indicated, organic farming delivers a number of the benefits being sought by the measures above – b), c), and d) as standard – and has potential to deliver under the other headings too. The Regulation provides for payments to producers engaged in specific types of production, in particular related to quality, which are important for the local economy or the protection of the environment. This is directly relevant to organic production and supports the case that certified organic producers and producers in conversion should automatically qualify for national

envelope support.

There is scope to consider a measure currently under consideration by DEFRA for England, that of the development and application of health management plans, in order to reduce the input of pharmaceuticals (with potential environmental and human health benefits, e.g. with respect to sheep dip) while increasing levels of animal welfare. As all organic producers are required to do this as part of the certification process, this measure could be of significant benefit.

9. How often do you think that the national envelope scheme/s should be reviewed (every 3 years or less frequently)?

Every 3-4 years assuming a typical EU legislative reform period of 7 years.