

Environment and Sustainability Committee

Meeting Venue:
Pierhead building, Cardiff Bay

Meeting date:
3 July 2013

Meeting time:
09:30

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda
Workshop

Agriculture and environmental resilience for Wales – Stakeholder workshops

- 1 Arrival (09:30)**
- 2 Introductions (09:45 – 10:00)**
- 3 Stakeholder workshops (10:00 – 11:00)**

Break (11:00 – 11:15)

- 4 Feedback sessions (11:15 – 12:15)**

The Agricultural and Environmental Resilience for Wales: Background Paper

Introduction

The purpose of this Paper is to stimulate debate and discussion amongst participants of the workshop on terms of reference for an inquiry into the agricultural and environmental resilience of Wales. It sets out some of key policy and legislation issues that have informed the Environment and Sustainability Committee's decision to hold the workshop.

Background

Since the start of this Assembly, the Committee has undertaken work on a wide range of subjects within its remit; energy, planning, the Common Agricultural Policy, the Common Fisheries Policy, establishment of Natural Resources Wales, water, the red meat industry, impacts of adverse weather, coastal protection and the marine environment. It has become evident to the Committee that common themes emerging from this work are the collective desire to improve the resilience of Wales and to design practical measures and projects which can be implemented on the ground to deliver this ambition.

A number of events, at both the EU and domestic level, make this moment a particularly pertinent time to hold such an inquiry. The impacts of the recent adverse weather conditions, the recent findings on the state of biodiversity in Wales, and the negotiations on the content of the reformed Common Agricultural Policy have focussed minds on the ambitions Wales has for future sustainable land management and the tools it will have to deliver these goals.

Listed below are some key policy areas which participants may wish to consider in formulating their views on potential terms of reference for the Committee's work on this issue. This is by no means a comprehensive list but will hopefully provide a useful starting point for the workshop discussions.

Key Issues

Climate Change

The previous Welsh Government published its Climate Change Strategy for Wales in 2010¹, together with its delivery plans for emissions reduction² and adaptation.³ The Welsh Government is also developing Sectoral Adaptation Plans for a number of sectors, one of which is the natural environment.⁴

The Climate Change Strategy for Wales commits the Welsh Government to reducing greenhouse gasses (GHG) emissions by three per cent per year from 2011, in areas of devolved competence (against a baseline of average emissions from 2006–10), and achieving at least a 40 per cent reduction in all GHG emissions in Wales by 2020 (against a 1990 baseline)⁵.

Agriculture and land use account for 18 per cent of emissions covered by the 3 per cent emissions reduction target,⁶ and the Delivery Plan for Emissions Reduction states that 0.20 percentage points of that target should come from the sector.⁷

Both the UK Committee on Climate Change and the Climate Change Commission for Wales have reviewed the Welsh Government's progress on emissions reduction targets. The Climate Change Commission for Wales Second Annual Report (2013)⁸ notes the following:

¹ Welsh Government, Topics, Environment and Countryside, Climate Change, [Climate Change Strategy for Wales](#), 2010 [accessed 20 June 2013]

² Welsh Government, Topics, Environment and Countryside, Climate Change, [Delivery Plan for Emissions Reduction](#), 2010 [accessed 20 June 2013]

³ Welsh Government, Topics, Environment and Countryside, Climate Change, [Adaptation Plan](#), 2010 [accessed 20 June 2013]

⁴ Welsh Government, Topics, Environment and Countryside, Climate Change, Preparing Wales for a Changing Climate, How Wales is Preparing, [Sectoral Adaptation Plans](#) [accessed 20 June 2013]

⁵ Welsh Government, Topics, Environment and Countryside, Climate Change, [Climate Change Strategy for Wales](#), 2010, p34 [accessed 20 June 2013]

⁶ Committee on Climate Change, [Progress Reducing Emissions and Preparing for Climate Change in Wales](#), 2013, p31 [accessed 20 June 2013]

⁷ Welsh Government, Topics, Environment and Countryside, Climate Change, [Delivery plan for Emissions Reduction](#), 2010, p3 [accessed 20 June 2013]

⁸ Climate Change Commission for Wales, Library, [Climate Change Commission for Wales Second Annual Report](#), 2013 [accessed 20 June 2013]

- The UK Committee reported that emissions from agriculture and land use fell 10 per cent within the baseline period^{9,10}.
- The UK Committee and Welsh Commission note the lack of progress on completing Sectoral Adaptation Plans. The Welsh Government has confirmed that for the natural environment, adaptation will be embedded within its wider Natural Environment Framework and in the forthcoming Environment Bill¹¹.

The Welsh Government will produce a Climate Change Strategy Progress Report in autumn 2013, which will report on delivery of its three per cent emissions reduction target.¹²

Agricultural Production

Challenging conditions over the past twelve months have affected agricultural productivity in Wales, particularly livestock producers in more marginal upland areas.

The average net farm income on Less Favoured Area sheep and cattle holdings in Wales was £16,300 per farm in 2010–11; a 39 per cent decrease on 2009–10. In contrast, the average net farm income on lowland sheep and cattle holdings in Wales in 2010–11 was £22,900, representing a decrease of 5 per cent on the previous year¹³.

Poor weather and unfavourable exchange rates in 2012 created volatile lamb prices which presented challenges for producers; however average prices remained the second highest on record¹⁴. Production costs across the industry continued to increase; the biggest contributors being feed and forage (for lambs), power, machinery, finance and general farm costs¹⁵.

⁹ The UK Committee on Climate Change's report provides an analysis of emissions trends in 2010 against baseline data, using indicators from the Welsh Government's indicator framework.

¹⁰ Climate Change Commission for Wales, Library, [Climate Change Commission for Wales Second Annual Report](#), 2013, p11 [accessed 20 June 2013]

¹¹ *Ibid*, p10 and p15

¹² *Ibid*, p5

¹³ Hybu Cig Cymru, [Corporate Plan for Meat Promotion Wales \(HCC\) 2012–2015](#) [accessed 20 June 2013]

¹⁴ Hybu Cig Cymru, [HCC Market Bulletin Summary, January 2013](#), [accessed 20 June 2013]

¹⁵ Hybu Cig Cymru, Publications, Farming and Industry Development, [Cost of Production](#) [accessed 20 June 2013]

In March and April 2013 farms across north and mid Wales were affected by severe adverse weather conditions which included heavy snowfall and drifting. This resulted in the deaths of considerable numbers of adult sheep and lambs.

The Welsh Government provided a package of support to the industry which included a temporary derogation to allow on-farm burial of livestock in certain cases, an extension of normal hours of operation for fallen stock companies and £500,000 funding to farming charities to support pastoral and advice related work and to help farmers with the increased cost of animal feed^{16,17}.

The Minister for Natural Resources and Food also commissioned a review into the wider resilience of the agriculture industry in Wales, with interim findings expected to be announced before the Assembly's summer recess and the final report in November 2013¹⁸.

Further high profile events this year that have negatively impacted on the livestock industry are the Europe-wide contamination of beef products 'scandal', and the closure of the Welsh Country Foods abattoir on Anglesey, which was the major lamb processing facility in north Wales and employed over 300 people¹⁹.

This year, the Committee has conducted inquiries into the contamination of beef products and the impact on the severe weather on the agricultural industry, and has hosted a round table discussion with stakeholders on general issues affecting the red meat industry.

Biodiversity

In 2010, the Sustainability Committee of the previous Assembly held an inquiry to investigate why Wales has failed to meet its 2010 biodiversity targets.²⁰ The Sustainability

¹⁶ Alun Davies AM, Minister for Natural Resources and Food. [*Written Statement – Addressing the impact of severe weather on the farming community*](#), 16 April 2013 [accessed 20 June 2013]

¹⁷ Alun Davies AM, Minister for Natural Resources and Food. [*Written Statement – Addressing the impact of recent severe weather*](#), 23 April 2013 [accessed 20 June 2013]

¹⁸ Alun Davies AM, Minister for Natural Resources and Food [*Written Statement – The resilience of agriculture in Wales*](#), 22 May 2013 [accessed 20 June 2013]

¹⁹ Vion Food Group, News and Press, [*Welsh Country Foods Announces Site at Risk of Closure*](#), 11 January 2013, [accessed 20 June 2013]

²⁰ National Assembly for Wales, Environment and Sustainability Committee, [*Inquiry into Biodiversity in Wales*](#), January 2011 [accessed 20 June 2013]

Committee made a number of recommendations aimed at ensuring that Wales would meet its 2020 targets to halt biodiversity loss and to restore any habitats and species as far as possible. The recommendations included asking Welsh Government to: ensure its departments developed their own sub-targets on biodiversity loss; review the impact of Glastir on biodiversity; streamline public sector grant funding for biodiversity projects; use existing departmental budgets to deliver multiple outcomes such as improving health by supporting people's enjoyment of their local environment; improving the data and evidence base; and using legislation to impose a duty on relevant bodies to promote biodiversity. Many of these recommendations were accepted by the Welsh Government of that time.

More recently in his response to the State of Nature Report, the Minister for Natural Resources and Food, Alun Davies, announced: the creation of a Biodiversity Strategy Board to identify new and clear priorities for biodiversity action in Wales; that a biodiversity summit would be held at the Royal Welsh Show in July; and that an audit of currently available evidence and data would be completed.²¹

The Ecosystems Approach

In January 2012 the Welsh Government published a consultation on proposals to develop a new framework for managing the Welsh environment based on an ecosystems approach to managing natural resources.²² The Welsh Government stated that embedding this approach would:

...ensure that Wales has increasingly resilient and diverse ecosystems that deliver environmental, economic and social benefits now and in the future.²³

The Government stated that this approach will require holistic management, integrated regulatory approaches, management on a spatial scale and partnership working. To deliver this approach the Welsh Government committed to improve evidence and understanding of Welsh ecosystems, pilot ecosystem based approaches to local resource management and to simplify and integrate existing processes for regulating natural resource management. More recently the Minister for Natural Resources and Food, in his remit letter to Natural Resources Wales, asked the body to further the ecosystems

²¹ Welsh Government, Alun Davies, (Minister for Natural Resources and Food), [*The Pollinator Action Plan and response to the State of Nature Report*](#), (Oral Statement), 4 June 2012 [accessed 20 June 2013]

²² Welsh Government, *Sustaining A Living Wales*, January 2012 [accessed 20 June 2013]

²³ *ibid*

approach²⁴ and spoke in his statement in response to the State of Nature report about opportunities for new markets for environmental services.²⁵

In 2009, in its report on the Future of the Uplands of Wales, the Assembly's Rural Development Sub-committee concluded that the future of land management in the uplands of Wales was inextricably linked to the payment of farmers and land managers for the non-market environmental goods they could provide:

The economic, environmental and social viability of the uplands will be increasingly dependent on land managers being paid for environmental services'.²⁶

The Report concluded that there was a need to move beyond the notion of paying farmers for actions on a costs incurred and income foregone basis as with current agri-environment schemes and to encourage private sector investment in the delivery of ecosystems goods and services. The Sustainability Committee of the third Assembly found that some of these principles held true not only for the uplands of Wales but for land management in all areas.²⁷

However, the UK National Ecosystems Assessment found in 2011 that 30 per cent of all services from all ecosystems in the UK were found to be in decline while others such as soil quality were degraded.

Tools for delivery: CAP Reform and the legislative agenda

The outcome of the negotiations on CAP Reform will have a significant impact on the agricultural industry and environment of Wales. The movement from historic based to area based payments will lead to a redistribution of direct income support between farms in Wales and will affect the resilience of some farm businesses. The precise impacts of the greening measures are unknown but will require changes to the current agri-environment scheme Glastir. The Minister for Natural Resources and Food has already

²⁴ Welsh Government, *Natural Resources Wales Remit Letter 2013-14*, March 2013 [accessed 20 June 2013]

²⁵ Welsh Government, Alun Davies, (Minister for Natural Resources and Food, *The Pollinator Action Plan and response to the State of Nature Report*, (Oral Statement), 4 June 2012 [accessed 20 June 2013]

²⁶ National Assembly for Wales, Rural Development Sub-committee, *Future of the Uplands*, April 2010 [accessed 20 June 2013]

²⁷ National Assembly for Wales, Sustainability Committee, *Inquiry into Biodiversity in Wales*, January 2011 [accessed 20 June 2013]

committed to reviewing Glastir in light of the outcomes of the negotiations on CAP Reform.²⁸

The Welsh Government has already consulted on broad plans and proposals for the next rural development plan for Wales which is likely in the short-term at least to be the key source of funding supporting sustainable land management in Wales.²⁹ It is already known that the agreement on the EU's multiannual financial framework means that there will be less funds for the rural development plan during the next seven year period.

In Wales, the Welsh Government has committed to publishing an Environment Bill which may include proposals to support the delivery of an ecosystems approach in Wales. The Minister for Natural Resources and Food stated that the future Environment Bill could provide a platform for new ways of managing land and water and for generating markets for and income from environmental services.³⁰ A White Paper on the Bill is expected to be published in autumn 2013. The Welsh Government is also in the process of developing Bill's on Planning and on Sustainable Development.

Suggested themes for discussion

The following questions cover some broad themes that the Committee has been exploring. This is not an exhaustive list and is included to stimulate thinking prior to the workshop.

- What are the key drivers we need to be considering with regard to the current vulnerabilities in the Welsh agricultural and environmental sector?
- What are the key mechanisms for increasing the social, economic and environmental resilience of the Welsh agricultural and wider rural land base?
- What sort of collective vision should we hold with regard to the agricultural and rural land base?
- How, and by what policy means can resilience be enhanced over 5, 10, 20 year periods?

²⁸ National Assembly for Wales, [RoP](#), (16:24pm) [accessed 20 June 2013]

²⁹ Welsh Government, [Rural Development Plan 2014–2020: Next Steps](#), January 2013 [accessed 20 June 2013]

³⁰ Welsh Government, Alun Davies, (Minister for Natural Resources and Food), [The Pollinator Action Plan and response to the State of Nature Report](#), (Oral Statement) 4 June 2012, [accessed 20 June 2013]



- What are the limits and opportunities for public policy, and how can the private and civic sector be stimulated to enhance resilience? How can we sustain and develop a vibrant farming population which can contribute to public needs?