

SHADOW SCRUTINY PANEL

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AGRI-ENVIRONMENT SCHEME

**SUBMISSION ON BEHALF OF
THE ENVIRONMENT & PUBLIC SERVICES
COMMITTEE**

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AGRI-ENVIRONMENT SCHEME

1. Background

- 1.0 The policy had been developed following the Agriculture & Fisheries Committee agreeing in August 2000 to develop an Agri-Environment Strategy. A Strategy was developed, with papers discussed and agreed in January 2001.
- 1.1 On July 25th 2002 The States agreed the then Agriculture & Fisheries Committee's Policy (25 "pour" 19 "contre") which sought approval of policies to safeguard and enhance the environment, by adopting paragraph (a) of the proposition.
- 1.2 This policy had two components one of which was an Agri-Environment Scheme.
- 1.3 In addition on 26th July 2002 the States adopted paragraph (b) (vi) of the proposition of the Agriculture and Fisheries Committee (19 "pour" 16 "contre"), endorsing the recommendation of the Committee that additional funding, additional to the 2002 funding, amounting to £700,000 should be granted for Year 1 of the 3-year funding programme set out in Annex 1 of the accompanying Report in order to safeguard and enhance the environment.
- 1.4 The Agri-environment scheme proposal was entered into the FSR 2004 conference as a growth bid (see Annex A) but failed to achieve sufficient support to attract funding.
- 1.5 The scheme was further developed during 2003 and advice was taken from a sub-group of the Jersey Environmental Forum on the composition of the scheme components. At this stage the re-worked scheme was re-branded as Countryside renewal and submitted to the FSR2005-07 conference as a growth bid (see Annex B). Once again the scheme failed to achieve sufficient support to win funding
- 1.6 Key elements of the Countryside renewal strategy will be brought forward in the context of the Rural Economy Strategic Plan which is being developed as part of the overall States Economic strategy.
- 1.7 Comparative Developments in the EU system

In the recent round of Common Agricultural Policy (CAP) reform discussions the aim is to develop a new Single Farm Payment (SFP) system. This will mean that 2004 will see the last of Arable Area Payments and lead to cross-compliance where farmers and growers must comply with land management rules in order to achieve their SFP.

- The first is the Statutory Management Requirements (SMR) - Articles from 18 existing EU Directives and Regulations that farmers and growers have to abide by. These are already part of Jersey and UK law and farmers and growers should be abiding by them already.
- The second strand is that land must be kept in 'good agricultural and environmental condition' (GAEC). A number of management requirements are being discussed:-
 - a) all farmers & growers to draw up Soil Management Plans in Year1 to be

implemented in Year2.

- b) 2-metre uncultivated field margins
- c) controls on overgrazing and under grazing, and special protection for some habitats.
- d) Landscape features to be maintained through existing policies e.g. SSSIs, Tree Preservation etc
- e) Any obstruction of a right-of-way.
- f) A closed period for hedge trimming (--March to --July)
- g) Permanent pasture to be maintained (re-seeding will be allowed)
- h) On land 'fallowed' by the Single Farm Payments green cover will have to be established, scrub prevented, and limits set on fertilizer, manure and slurry application.

2. The Scheme Objectives

- 2.0 The Scheme aims to improve the care of the Island's countryside by bringing additional environmental benefits for the population of the Island.
- 2.1 The Scheme aims to minimise the risks of pollution from agricultural sources - primarily slurry and nitrates.
- 2.2 The Scheme aims to enhance the image of farming by adopting progressive practices that benefit the environment
- 2.3 The Scheme aims to support the marketing of Jersey produce based on environmentally friendly agriculture demonstrating greater care of the countryside.
- 2.4 The Scheme aims to improve the image of Jersey with benefits to other industries such as Tourism.

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3. The Need

- 3.0 The countryside of the Island is one of its greatest attractions, but it does not look after itself. It is recognised that the countryside is shaped by farming activities, and that the great majority of farmers wish to protect the environment.
- 3.1 There is a strong consensus throughout many organisations in the Island that stewardship of the countryside by farmers is important and that they should be encouraged and assisted to play a full part in protecting and enhancing the environment.
- 3.2 Public subsidies should be increasingly re-directed toward environmental measures and the procurement of "public goods".
- 3.3 The risk of pollution from normal farming practices and from waste products can be addressed therefore minimising the costs to the States in dealing with pollution incidents.
- 3.4 The Island would gain
 - Reduced nitrate levels in water supplies.
 - Protection of water supplies from other agricultural pollutants.
 - Increased access to the countryside.
 - Wildlife and landscape protection.
 - Enhanced biodiversity of species in the countryside.
 - Maintenance and further development of landscape features such as banks, hedgerows, woodland etc.
 - Increased areas of semi-natural habitats.

- Diversified farming activities in the countryside.

4. Precedents/Other Schemes

4.0 The establishment of national agri-environment programmes became obligatory for all Member States in Europe with the introduction of Regulation 2078/92/EEC as part of the CAP Reform in 1992. Therefore the Island could be perceived to be lagging behind standard practice in this area.

- 4.1 UK Schemes of the last 10 years have included
- Countryside Stewardship Scheme
 - Environmentally Sensitive Areas
 - Farm Woodland Premium Scheme

This is now being developed as an Environmental Stewardship Scheme (ESS) as part of the latest CAP proposals in 2004. From 2005 this will encompass an Entry Level Scheme (otherwise known as 'Broad and Shallow') and the Higher Level Scheme. In addition there will be an 'Organic Entry Level Scheme'. The Scheme is envisaged to be launched sometime on 2005.

4.2 The Swiss scheme was considered by Dr Janet Dwyer, the then Senior Fellow of the Institute for European Environmental Policy to be the best model for the Island to follow.

- Eligibility for payments is cross-compliant.
- Animal welfare conditions have to be met.
- Balanced use of fertiliser has to be demonstrated.
- An appropriate proportion of farmland has to be entered.
- Regular crop rotation has to occur.
- Appropriate soil protection has to be achieved.
- Appropriate selection and targeted use of plant protection products.

4.3 MEKA scheme, Baden Württemberg, Germany

Aims of the Scheme:

- Reduction of agricultural surplus production and reimbursement of income losses incurred through environmentally-friendly farming practices
- Maintenance and protection of the cultural landscape
- Protection of habitats and natural resources
- Introduction or maintenance of environmentally sensitive or extensive methods of production, or methods of production which relieve the markets of agricultural products
- Safeguarding of the existence of a sufficient number of agricultural holdings to maintain and protect the cultural landscape.

4.4 Contrats Territoriaux d'Exploitation (CTEs) - France

Two main themes underpin the CTEs:

- In order to survive, agriculture must clearly demonstrate that it is meeting society's needs, including land management, rural employment, and the production of quality food to a high standard of food safety and with respect for the environment and for animal welfare.
- Farmers have to reaffirm their 'contract' with society, through agreements entered into voluntarily between the farmer and the state, to agree to deliver landscape and environmental protection, animal welfare, food safety and

other related benefits through a mutual and reciprocal arrangement.

5. Consultation/Activities leading to Implementation

- 5.0 In April 2001 a range of meetings were held with other States Departments to engage support and interest in developing the Scheme objectives and detailed components.
- States Environmental Adviser, P&R.
 - Members of the Environmental Services Unit of P&E.
 - Members of the Water Resources Section of PSD.
- 5.1 In May 2001 major Workshops were held to introduce the proposed concepts of the Scheme to the industry and to the whole range of environmental NGOs. The ideas and suggestions were then absorbed into the developing Scheme.
- 5.2 In July 2001 individual Workshops were held for representatives of each sector of the farming industry.
- Arable
 - Protected crops
 - Dairy
- 5.3 In May 2002 two major Forums were held to which politicians were invited along with the industry and NGOs in order to raise awareness to Scheme concepts and details.
- 5.4 Post the States decision in July 2002 Officers applied themselves to preparing for implementation of the Scheme pending funding being made available with the following aims driving a Project Plan in October of 2002.
- Increasing awareness of Scheme detail and operation in the agricultural industry.
 - Enhancing internal staff skills enabling development of relevant Farm Environmental Plans etc
 - Developing demonstration farms that could adopt a range of components.
 - Establishing an Ag-Env Forum which continues to guide the Scheme's future development and evolution.
 - Plan for the Scheme launch in 200-
 - Appoint a Scheme Manager.
 - Develop the Scheme administrative procedures, including manpower requirements within the Department and IT requirements.
 - Update and maintain the Scheme documentation as Scheme details evolve over time.
 - Establish the most cost effective monitoring of the Scheme and ensure monitoring of environmental benefits.
 - Prepare 'volunteer' farmers (through the Assessment of Opportunities and a draft Plan) for launch of the Scheme.
 - Continue to develop components with all interested stakeholders.
- 5.5 In October 2002 government officers aimed to increase public awareness through a Radio Jersey Greenzone programme with a prominent respected farmer being involved.
- 5.6 On September 11th 2003 the relevant States Committee Presidents and Chief Officers met with officers to consider progress in relation to the development of a comparable scheme in Guernsey.
- 5.7 In 2003 the original vision to establish an independent Ag-Env Forum to continue to guide the Scheme's future development and evolution was achieved as an enthusiastic sub-Group of the Jersey Environment Forum instigated by the Director of the Environment. The first meeting was held on 16th October. At this meeting the Group considered the

points raised at 5.4 realizing that everything relied on States funding being made available.

5.8 The Group comprises

- James Godfrey (Dairy, land management & conservation))
- Graham Le Lay (Farming)
- John Fa (Ecology, conservation)
- David Ellam (Pollution control, waste treatment)
- Hugh Forshaw (Zoology, species conservation))
- Bruce Labey (Botany, farming, horticulture)

This group met again in mid-December to scrutinize the documentation and range of components.

5.9 In 2004 the comments of the Forum were incorporated into all the documentation and Component guidelines with a meeting with officers in March reviewing all components to ensure they had been updated and a range of new environmental components absorbed following the integration with new colleagues from the Environment Department.

6. **Resource implications**

6.1 In 2002 it was envisaged that the Scheme would be incorporated into the present workload (with relevant re-prioritisation of work) of the then Agriculture & Fisheries Department with only the addition of a Scheme Manager whose job description was provided by Dr Janet Dwyer.

6.2 Year 1 support for the industry and Scheme administration was to amount to £700,000 (Admin being less than 15% of the total), Year 2 £1.8 million, Year 3 £1.7 million, Year 4 £1.6 million, Year 5 £ 1.5 million. The aim was to achieve the greatest environmental gain by reducing pollution in the early years.

6.3 The FSR 2005-07 bid sought £1.2 to £2 million and envisaged a manager being employed to over see the scheme.

6.4 With the integration of the States countryside environmental functions with agriculture there is the possibility of achieving management of this Scheme within present resources if radical re-prioritisation of the Islands needs is agreed by all stakeholders.

7. **An alternative Strategy to achieve funding independent of Government Aid**

Work is just beginning on a new strategy for the rural economy which will form part of the Government's overall economic strategy. Within this work it is anticipated that mechanisms might be found to generate the sort of activity anticipated by the agri-environment/Countryside renewal scheme that are less dependent upon central funding.

DEPUTY J.A. HILTON

VICE-PRESIDENT

ENVIRONMENT & PUBLIC SERVICES COMMITTEE

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Annex A.

FSR 2004 Growth conference

Agri-environment.

The Economic Development Committee has proposed an Agri-environment scheme at a cost of £700,000 recurrent. The scheme is proposed as an environmental measure, reflecting the public interest in the countryside and the requirement that agriculture must comply with statutory environmental standards.

The Environment and Public Services Committee supports this proposal and has agreed to combine its own proposal for growth in this area to simplify this decision conference. This agreement has been achieved on the basis of assurances concerning the scheme's design and implementation, which are as follows.

- The scheme will include the cost of providing expert environmental advice by officers of the Environment Department in respect of:
 - the design of scheme components
 - the production and the assessment of the adequacy of farm environmental plans
 - the monitoring of delivery
- The scheme will also include the cost of baseline monitoring to establish a true starting position for those environmental parameters that the scheme is designed to affect. Such monitoring to be continued for the lifetime of the scheme to ensure that the investment of public funds is yielding real improvements
- Preference will be given to scheme components judged by the environment department to deliver the greatest and most urgently needed environmental benefits.
- The existence of the scheme will not affect a person's responsibilities to comply with statutory requirements, for example those that arise from the water pollution law.
- The rule of conditionality should be applied to incentivise take-up. That is that participation in this scheme should be a pre-condition for receipt of direct support payments.
- The further development of the scheme and its components will be managed through cross-departmental working arrangements.

Expert environmental advice to the scheme will cost £60K in year one (2004), reducing to £30K in subsequent years. To maintain the value of payments to farmers the joint growth bid for 2004 is now set at £760K.

Annex B GROWTH PROPOSAL FSR 2005/2006/2007

Committee: Environment & Public Services

Planning & Environment

Department:

Environment

Service:

Description of necessary growth identifying the benefits that will be achieved

COUNTRYSIDE RENEWAL – AGRI-ENVIRONMENT

This growth bid proposes that savings made from the FSR process in relation to the current Agriculture and Fisheries budget of circa £8 million are re-invested in a new countryside renewal scheme. This scheme will be based around the previously debated and approved **Agri-environment scheme**. Assuming that a saving of 15% is achieved on £8 million this would give a scheme worth £1.2 million per annum by 2007. Such a measure would give welcome support to the agricultural industry without generating unwanted production (and waste to be disposed of) while at the same time giving a huge boost in quality to the major marketable product of the tourism industry. Given the scale of the transformation that is sought it is also proposed that this “re-allocation” of the £1.2 million is treated as a bare minimum and that a request for £2.0 million is lodged to support more extensive measures and their uptake. This is consistent with the resources indicated in the Policy that was approved by the States in 2002.

Work with the agri-environment sub-group of the Jersey Environmental Forum has indicated that the scheme design would have to be modified to gain the support of the industry. In particular the scheme would need to be voluntary and without conditionality (a practice whereby direct support payments are withheld unless there is participation in the agri-environment scheme). However it is accepted that participation in the scheme would require the prior completion of a Farm environmental plan which would identify suitable scheme components to be chosen. The JEF sub-group includes senior representatives of the arable and dairy sectors.

Administration costs of the scheme would be kept to a minimum consistent with the proper accountability in the allocation of public money. Payments would be administered by the Economic Development Department based on claims certified by the scheme manager. It is anticipated that the scheme at £1.2 million would require 1 FTE and at £2.0 million 1.5 FTE

OBJECTIVES OF THE COUNTRYSIDE RENEWAL SCHEME

- To improve the care of the Island’s countryside by bringing additional environmental benefits for the population of the Island. E.g. Enhancement of biodiversity, protecting wildlife and the landscape etc.
- To minimise the risks of pollution from agricultural sources - primarily slurry and nitrates
- To enhance the image of farming by adopting progressive practices that benefit the environment
- To support the marketing of Jersey produce - based on environmentally friendly agriculture
- To improve the image of Jersey - with benefits for other industries

COMPONENTS OF THE COUNTRYSIDE RENEWAL SCHEME

1. Prevention of pollution and safe disposal of waste products

- To establish slurry stores on all dairy farms within five years
- To provide energy and waste management audits and advice

2. Protection and enhancement of biodiversity

- To support permanent arable reversion with maintenance agreements
- To plant new hedgerows, restore derelict ones and improve structure

- To create ponds and wetlands
 - To maintain a green cover crop over winter to increase the range of habitats
3. Protection and enhancement of the visual attractiveness of the landscape
 - To demolish and remove derelict glasshouses
 - To remove unsightly farm tips
 - To encourage planting of new woodland
 - To establish traditional meadows using natural grass species
 4. Provision of greater access to the countryside for the public
 - To create new footpaths, bridle paths and cycleway
 5. Encouragement of less intensive farming systems
 - To encourage conversion to organic production to increase biodiversity and reduce inorganic chemical use
 - To move to a more extensive livestock production system

Why is this growth necessary? (Quote any Legal or Policy imperatives)

Jersey faces a turning point in the use and management of its agricultural lands. It is clear that profitability is falling in both the arable and dairy sectors leading to a contraction in agriculture and the area of land that it occupies. Land rents are falling and parcels of land are becoming untended. Glasshouse units have been abandoned in several locations and are becoming derelict and unsightly

Jersey's countryside is well recognised as being a strategic asset. Successive tourism surveys demonstrate that this is the principal factor that people refer to when asked why they come to the island. There is a growing market for holidays in locations with attractive countryside to walk in and interesting flora and fauna to observe.

At the same time the requirements relating to environmental performance and animal welfare standards in farming practice are becoming more stringent as customer demands in UK and European marketplaces are passed on through the supply chain. In addition there are domestic requirements for better practice to protect water quality, both in terms of direct pollution of surface and groundwaters and also in respect of diffuse pollution such as nitrates and pesticides that can cause failure of standards in drinking water. The desalination plant for instance is run mostly to provide pure water to dilute stream water to acceptable limits.

How will the growth be achieved?

This growth bid proposes that savings made from the FSR process in relation to the current Agriculture and Fisheries budget of circa £8 million are re-invested in a new countryside renewal scheme. This scheme will be based around the previously debated and approved **Agri-environment scheme**. Assuming that a saving of 15% is achieved on £8 million this would give a scheme worth £1.2 million per annum by 2007 which would be topped up to £2 million in line with the resources voted for in principle in the 2002 States debate on agricultural policy

Costs. £2,000,000

Recurrent? yes/no **2005 only?** yes/no

Consequences of non-achievement of proposed growth

Land continues to fall out of agriculture, land rents drop and the countryside becomes untended and neglected. Diffuse pollution issues are not addressed and the reputation of Jersey's agricultural practices declines, further affecting market share. Farm incomes fall and old style production support continues to create product that may not go to market, generating a waste burden to be dealt with.

Opportunities to take advantage of a growing tourism market for short break high value holidays related to walking in the countryside are missed and business goes elsewhere.

The quality of the countryside worsens and Jersey begins to lose its position as an

The quality of the countryside worsens and Jersey begins to lose its position as an attractive place to live and do business.
