The Welsh Government sets out below its responses to the Report’s recommendations.

**Recommendation 1.**
We recommend that the Welsh Government refines its definition of ‘sustainable management’ to take account of our key principles. This should be done before the introduction of the Environment Bill, and preferably feature in the draft Bill the Minister for Natural and Resources and Food has committed to providing by the end of 2014. Our key principles are:

- That any definition of sustainable land management should be based upon the Welsh Government’s definition of sustainable development and recognise the interdependence of the environmental, social and economic needs of Wales both now and in the future.

- That any definition should recognise the need for sustainable land management in Wales to protect and enhance ecosystem services and biodiversity and the public benefits they provide to Welsh society.

- That any definition should recognise the importance of ensuring that land-based business in Wales, including agricultural and forestry businesses, are profitable and can continue to support vibrant rural communities.

- That sustainable land management should seek to protect Wales’s most important and cherished landscapes.

**RESPONSE:** **ACCEPT IN PRINCIPLE**
The Environment Bill White Paper set out our intention to establish a legal definition for natural resource management in Wales and included initial proposals for definitions for the terms *Natural Resources, Integrated Natural Resource Management,* and *Sustainable Management of Natural Resources.* The definitions will underpin the interpretation and application of key provisions which will be set out in the draft Bill. Responses to the White Paper consultation have informed our thinking on these definitions and the Committee’s recommendations are helpful and will be fed into our refinement of the definitions as we progress with the drafting the Bill.

The intention is very much that the definitions will be consistent with the definition of the principle of sustainable development being taken forward through the Future Generations Bill. In doing so, it will seek to ensure that the environmental, social and economic needs of Wales, for now and the future will be recognised and that the
benefit of the use to the present generation does not diminish the potential to meet the needs and aspirations of future generations.

*Integrated natural resource management* is a natural resource planning and priority setting process that co-ordinates the maintenance, enhancement and uses of natural resources so that the long term benefits are optimised for the people, environment and economy of Wales in the present and in the future. In consulting on this approach we have received broad support from stakeholders, including land managers. Our intention is to provide a definition of the *Sustainable management of natural resources* within the draft Bill. By applying an integrated approach to the management of our natural resources it will ensure that they are more sustainably managed to deliver economic, social and environmental benefit by focusing on the resilience of our ecosystems and the services they provide. Key to the approach is the ongoing sustainability of land based industries and ‘sustainable land management’ will therefore be fully embedded within the definition of the sustainable management of natural resources, which will cover terrestrial, marine and coastal aspects.

The Bill will be complemented by Natural Resources Wales’ application of an integrated approach to natural resource management as they work with those responsible for key aspects such as agriculture and forestry in developing more sustainable approaches.

**Recommendation 2.**
We recommend that the Welsh Government includes clearly articulated outcomes for sustainable land management in its Natural Resources Policy.

**RESPONSE: ACCEPT**
The National Natural Resource Policy will be led by Welsh Ministers and will draw on evidence contained in the State of Natural Resources Report compiled by Natural Resources Wales. The Policy will set out the national priorities in relation to the management, use and enhancement of our natural resources in supporting economic, social and environmental benefits for the long term. The National Policy will therefore set out the outcomes that will focus and target our delivery and in doing so, set out how sustainable land management can contribute toward our overarching aim to ensure the long term economic, social and environmental benefits for Wales.

**Recommendation 3.**
We recommend that the Welsh Government publishes a timetable that sets out how it will develop a Natural Resources Policy between now and its expected completion date (i.e. 2016-17). This timetable should:
include details of how outcomes for sustainable land management are to be developed, incorporated and communicated;

explain how stakeholders will be involved; and

be published in advance of the Environment Bill's introduction.

RESPONSE: ACCEPT
The first statutory National Natural Resource Policy is intended to be in place by 2017, subject to the successful passage of the Environment Bill through the Assembly. Work is already underway to take the steps required to prepare for delivery of the National Natural Resource Policy, for example, Welsh Government and NRW are working on the preparation of an initial State of Natural Resources Report to provide the evidence base to inform the development of the National Natural Resource Policy. Our intention is to have draft outline versions of both of these key aspects of the new policy framework available at the time of the introduction of the Bill.

Subject to the passing of the Bill, they will then be refined into the first formal versions under the Act and consultation will be at the heart of this process to ensure that the views of all stakeholders including land managers are captured.

Meanwhile, the Welsh Government is also currently preparing an Agriculture Strategy, with stakeholder engagement underway and consultation on a draft strategy planned for early 2015. This will complement the developing National Natural Resources Policy for Wales and will articulate how delivery of an integrated approach to natural resource management translates into priorities for the agriculture sector.

Recommendation 4.
We recommend that the Welsh Government explores ways in which existing schemes, such as Glastir, can be designed to empower land owners to take decisions about how sustainable land management is delivered on the ground. We ask the Welsh Government to provide us with details of how this will be implemented before the end of 2014.

RESPONSE: ACCEPT IN PRINCIPLE
The Welsh Government acknowledges the extensive role of land managers within sustainable land management and the necessity that their input into policy formulation be actively encouraged.

The recently published response to the public consultation on proposals for Glastir under the next RDP 2014 – 2020 includes a number of proposals for changes to the Glastir scheme framework.

Under the next RDP Welsh Government will rationalise the Glastir Scheme design framework to increase land managers' accessibility to all components of the scheme and introduce more flexibility to land managers when making key decisions on how
they can best deliver scheme objectives in practical terms without sacrificing the environmental outcomes that Welsh Government is seeking to achieve.

A significant development for Glastir under the next RDP will be the provision of facilitated support to advise land managers on the formulation of appropriate and specific land management agreements fitting to individual farms and businesses.

The Welsh Government will aim to build on the successful elements of the current provision of advice in relation to Glastir. This will ensure that farmers and foresters will have access to the necessary mentoring, training and advice in order to enable them to apply the correct management to achieve scheme objectives while also ensuring the needs of the farm or forest business will be met.

Farmer support groups will be facilitated and funded, particularly for components of Glastir where co-operative approaches are being encouraged. Support will concentrate on assisting potential applicants to develop their business in a holistic sense.

Further changes to the framework will include the removal of the requirement to participate in Glastir Entry to be eligible to enter all other components of Glastir and also the introduction of a single application process for Common Land under Glastir.

**Recommendation 5.**
We recommend that NRW, within its pilot schemes, evaluates the potential use of directed choice models of delivery and reports back to the Committee on the outcomes of these evaluations at the end of the pilot projects.

**RESPONSE: ACCEPT IN PRINCIPLE**
It is obviously for NRW to consider how directed choice may operate in practice within its pilots schemes as the body responsible for ensuring that the natural resources of Wales are sustainably maintained, enhanced and used. However, as the Committee’s report recognises, NRW’s pilot schemes are expected to consider how this approach should best operate and the findings will inform policy in future. Provided that the principle of ‘directed choice’ is consistent with a process of outlining the priorities for the sustainable management of natural resources, which are then interpreted and applied on the ground by land managers, then the principle complements the approach being taken forward through the Environment Bill.

**Recommendation 6.**
We recommend that the Welsh Government develops and adopts an evidence framework to assess progress towards delivering sustainable land management in Wales. The framework should:

- identify existing data sources and gaps in knowledge;
- include clear objectives as to what indicators of progress we will need to measure;
from this it should set out a prioritised action plan for improving the gathering of data;

provide an indication of the resources we will need to deliver our objectives; and

set out the role of different organisations in the data gathering process.

This work should build on the work already being done by the Welsh Government in relation to biodiversity data and support the delivery of the Environment Bill. We ask that the Welsh Government implements this recommendation by the end of March 2015.

RESPONSE: ACCEPT IN PRINCIPLE
The Environment Bill illustrates the Welsh Government’s commitment the use of evidence to inform policy. The Bill will put in place a statutory framework which will drive the quality and consistency of evidence in relation to the management of natural resources. The State of Natural Resources Report to be produced by Natural Resources Wales will assess the current state and projected future of our natural resources and recognise the fundamental connections between social, economic and environmental conditions. This report will serve as an essential evidence base to underpin a National Natural Resource Policy. In addition at a local level, the area-based approach will in turn set out the evidence and opportunities for the management of natural resources at an area level. Importantly, this approach will feed evidence into the overarching framework to be established in the Future Generations Bill, including into Wellbeing plans.

Recommendation 7.
We recommend that the Welsh Government develops pilot schemes to include land managers in the data gathering process. In doing so, it should ensure that the data gathered and any conclusion drawn from the data are meaningfully fed back to land managers. We ask that the Welsh Government provides us with details of how and when it will implement this recommendation when responding to this report.

RESPONSE: ACCEPT IN PRINCIPLE
The Welsh Government recognises that farmers provide an excellent resource in terms of data collection but such a resource is only useful to policy formulation if it is incorporated into a coherent structure of data gathering.

Examples of data gathering mechanisms that already exist include the Glastir Monitoring and Evaluation Programme which is making use of an innovative modelling framework allowing for early sight estimates of scheme impact.

The 4 year monitoring and evaluation programme for the Glastir scheme was procured by Welsh Government in 2012 and is led by the Natural Environment Research Councils’ Centre for Ecology & Hydrology at Bangor University.

A significant part of the programme involves an extensive range of farmer surveys including a farming practice survey to gather data on modifications to farm practices
in response to uptake of the Glastir scheme and a survey of the impacts of the Glastir Efficiency Grants on the carbon footprints both on-farm and in the wider rural community. Whilst acknowledging the importance of involving farmers in data collection, it should be noted that robust peer reviewed science on environmental impacts needs consistent methodologies and expertise for which it will not always be appropriate to involve farmers.

The first Glastir Monitoring and Evaluation Programme Annual Report has recently been published and is widely available on line and in hard copy on request. Regular six monthly stakeholder meetings are held including farming representatives to report on progress and publicity mechanisms such as Gwlad are used to cascade results and actions as they become available.

**Recommendation 8.**

We recommend that the Welsh Government ensures that the Rural Development Plan and the revision of the Glastir scheme are utilised to drive better transfer of knowledge from our research centres to land managers on the ground and to support and facilitate the transfer of knowledge between land managers. Additionally, this support should extend to encouraging research and development to reflect the needs of land managers.

**RESPONSE: ACCEPT**

The recently published response to the public consultation on proposals for Glastir under the next RDP 2014 – 2020 includes a number of proposals designed to improve knowledge transfer within Glastir. Specific proposals include increased usage of the well received development officers, allocation of funding for farmer-farmer support groups (particularly for elements of Glastir where co-operative approaches are being encouraged) and a review of the Glastir communications strategy. Beyond these specific proposals there is also an emphasis placed on increased use of digital means of communication and education and a general aim to improve land manager’s understanding of the aims, objectives and processes of Glastir.

The Welsh Government are currently finalising proposals for knowledge transfer, advice and innovation for the Rural Development Plan 2014-2020. As part of this process it will put in place a range of Knowledge Transfer activities to support better transfer of knowledge to land managers and the communication of research needs to the scientific community. Measures will include an expanded network of farm and forest demonstration activities focused on disseminating and promoting the latest innovations, tools and techniques to support sustainable land management.

In further support of knowledge transfer initiatives IBERS are developing the establishment of Pwllpeiran as an international upland research platform. On this basis there will be extensive scope for Welsh Government to work with IBERS to demonstrate innovation to the industry, and potential wider knowledge transfer in the future.
Recommendation 9.
We recommend that the Farming Connect-style approach to support services should be expanded to provide bespoke services to land managers, including the forestry sector, in relation to sustainable land management practices.

RESPONSE: ACCEPT
The Welsh Government will build on the success of the current Farming Connect programme to provide the Farming and Forestry sectors with an enhanced programme of knowledge transfer, advisory services and innovation support under the next Rural Development Plan 2014-2020.

Recommendation 10.
We recommend that the Welsh Government considers including provision of advice and support on succession planning to existing farmers in the next Rural Development Plan.

RESPONSE: ACCEPT
Improving mobility, bringing in new blood and fresh ideas, is a cornerstone of the Welsh Government’s approach to modernisation within the agriculture industry. The Minister for Natural Resources and Food commissioned Malcolm Thomas to carry out a review into the Next Generation into Farming and will be making a statement on Malcolm’s response in due course.

As part of the next Rural Development Programme, the Welsh Government is proposing to incorporate comprehensive advice and support for farmers to enable effective farm business succession planning to take place.

Our approach to natural resource management is intended to support the resilience of land-based businesses. In applying the approach it will prioritise action to increase resilience and the range of benefits that our natural resources provide. It is crucial that resilience is at the heart of succession planning for farmers as well as the opportunities for diversification based on the services that natural resources can provide.

Recommendation 11.
We recommend that the Welsh Government takes a coordinating role to pull together and disseminate the work already happening through individual projects on the delivery of ecosystem services. It may wish to consider the case studies we have gathered and published at http://tiny.cc/ey27ex

RESPONSE: ACCEPT IN PRINCIPLE
We welcome the Committee’s support for the ecosystem approach and the identification of the case studies of good practice in ecosystem service delivery. The principles underpinning the ecosystem approach are at the heart of our policy
approach to natural resource management and have shaped the proposals being
taken forward through the Environment Bill.

Lessons from the individual projects undertaken to date are important as we develop
our approach, particularly to Payments for Ecosystem Services (PES). In terms of
coordinating and disseminating the work being done by individual projects, given
their role this would however be best taken forward by Natural Resources Wales.

Recommendation 12.
We recommend that the Welsh Government sets out how it will support the
development of payment for ecosystems services and the timescale within
which it envisages meaningful markets for ecosystem services being
developed and/or accessed in Wales. We ask that it provides us with this
information before the end of 2014.

RESPONSE: ACCEPT IN PRINCIPLE
The two approaches to taking forward Payments for Ecosystem Services that are
reflected in the Committee’s report are both features of our developing Welsh
Government policy in this area. Welsh Government will consider how best to align
support under the RDP to the delivery of ecosystem services. We will also continue
to investigate other means of stimulating market based mechanisms to provide
investment to secure and enhance ecosystem services that are overseen by land
managers outside the RDP.

As the Committee is aware, we have commissioned research into the potential
opportunities to develop markets for ecosystem services in Wales. The research has
just concluded and will be published before summer recess. I will give all the
recommendations made in the report full consideration in the development of our
policy and I will be publishing a road map detailing our next steps in the autumn.

Recommendation 13.
We recommend that the next Rural Development Plan provides support for the
piloting and development of the delivery of ecosystems services both through
Glastir and through other sections of the plan including knowledge transfer
and innovative forms of funding such as loans. In meeting this
recommendation, the Welsh Government should give careful consideration to
how it designs payment rates for different schemes.

RESPONSE: ACCEPT IN PRINCIPLE
The Welsh Government proposes to seek out and pursue opportunities to embed
additional ecosystem service funding within Glastir. The proposed new Glastir
scheme has a wide range of activities based around outcomes which have the
potential to attract additional investment such as

- Management to promote carbon storage and sequestration
- Land management payments for water storage and quality
- Infrastructure grant support for soil carbon and water management
- Woodland management and creation
- Landscape scale action to benefit biodiversity
- Renewable energy

There is potential for exploring alternative payment mechanisms in terms of reward for land managers for delivery of environmental products and services through the RDP, which is outcome based and directly attributable to environmental products, goods and services. The conditions and circumstances required to incentivise private funding to supplement land management activity under the RDP are often locally specific e.g. the First Milk case study. Welsh government officials will continue to explore such local opportunities as and when they become aware of them.

Welsh Government also proposes to support more established mechanisms such as the Woodland Carbon Code and the development of the Peatland Carbon Code which are better placed to be applied at a national level.

RDP funds will also be used to support co-operation and facilitate the exploration of different approaches to encourage private funding for sustainable land management activities.

With the launch of the Nature Fund we have already established a fund that can be used to support the piloting and development of Payments for Ecosystem Services projects. In supporting such innovative approaches, the fund will provide key learning for the delivery of the RDP.

In addition, to support the development of Payments for Ecosystem Services, the Environment Bill will include a power of innovation to provide NRW with enhanced experimental powers to trial new approaches. This will be important to ensure that learning from the application of trials in Wales is used to maximise the potential benefits of this approach and minimise risk of unintended consequences.

**Recommendation 14.**
We recommend that the Welsh Government and NRW leads on work to develop partnerships to attract and support projects with investment from private sector enterprises.

**RESPONSE: ACCEPT IN PRINCIPLE**
The Nature Fund provides an example of how we are proactively taking forwards innovate ways of working in this area. We have already published the ideas received from partners in relation to the Natural Fund and bids have now been invited for projects which support this approach and provide evidence to inform types of action that should be taken in relation to payments for ecosystem services. The fund provides an opportunity for new partnerships to be formed as well as for private sector enterprises to play an early role in the development of ecosystem services.

In addition, our Green Growth Wales prospectus sets out the steps we are taking to encourage investment in Wales by green business. This outlines how we intend to work with the private sector to leverage in new investment into this area.