

REGULATORY APPRAISAL

AGRICULTURE, WALES

THE TIR MYNYDD (WALES) (AMENDMENT) REGULATIONS 2005

Background

1. The European Commission has proposed amendments to support the Less Favoured Areas (LFAs) across Europe. LFA is disadvantaged or severely disadvantaged land as shown in Volumes 1 & 2 of 'the Volume of Maps of Less Favoured Farming Areas in Wales', dated 20 May 1991 which is in the Cathays Park library (a map showing an approximation of LFA land in Wales can be found at Annex 1). Compensatory allowances are paid in respect of LFA forage to farmers who: farm a minimum of 6 hectares, undertake to pursue farming for at least five years from the first payment of a compensatory allowance, and apply usual good farming practice compatible with the need to safeguard the environment and maintain the countryside, in particular by sustainable farming. The Tir Mynydd scheme is the basis for paying these allowances to Welsh farmers. Any changes will be implemented from 2007 onwards. Following public consultations on the National Assembly for Wales' existing LFA scheme for 2006, changes are being kept to a minimum. However, it is necessary to make some legislative amendments to provide measures necessary to verify the qualifying criteria for Tir Mynydd which are no longer available as a result of the EU's reform of the Common Agricultural Policy (CAP) and the introduction of the Single Payment Scheme (SPS).

Purpose and intended effect of the measure

2. The objective of the Tir Mynydd (Wales) (Amendment) Regulations 2005 is to introduce legislation to:
 - allow the Sheep Annual Premium Scheme and the Suckler Cow Premium Scheme 2004 data to be re-used for Tir Mynydd 2006. This is necessary because the SPS has replaced these CAP schemes, previously used to verify Tir Mynydd eligibility criteria and minimum qualifying stocking densities required under Tir Mynydd;
 - remove the Element 2 [top-up payments that reward good, mixed farming and animal husbandry, and reflect the objective in the Regulation that compensatory allowances should help to maintain and promote sustainable farming systems]. Enhancement for organic farmers in order to prevent punitive action from the EC in respect of potential double-funding; and
 - strengthen the base for Good Farming Practice and farmers' compliance.

3. The effect will be to ensure that Tir Mynydd is compliant with EC Regulations 1257/1999 and 817/2004 before the closing date of the 2006 scheme on 16 May 2005 (the Single Application Form (SAF) deadline). This will ensure that farmers comply with EU legal requirements, or otherwise face the prospect of receiving penalties. The extent of the penalty will depend on the severity and circumstances of the breach of regulations, and initially fall within a range of 0% to 5% being deducted from the payment.

Risk Assessment

4. Failure to introduce these amending Regulations would mean that the Assembly could not apply the necessary controls for the Tir Mynydd scheme. This would result in punitive action by the EC in the form of a financial penalty (disallowance – i.e. the possibility of formal infraction proceedings against the Assembly).

Options

5. In respect of this legislation the “Do nothing option” is not an option as it would mean that the National Assembly for Wales would be breaking European law and could face disallowance. Therefore, the “Make the legislation” option, to implement the changes required to comply with European legislation, is being implemented.

Benefits

6. The benefits of Tir Mynydd are wide ranging, relating to the environment and society of uplands Wales, which cover some 80% of the Principality. The benefits include:
 - ensuring continued land use and thereby contributing to the maintenance of a viable rural community;
 - maintaining the countryside; and
 - maintaining and promoting sustainable farming systems which, in particular, take account of environmental protection requirements.

Costs

7. There are no financial implications anticipated as a consequence of these Regulations. The cost of making these regulations will be met within the existing CAPM budget. There will be no financial implications for farmers or the Assembly.

Competition Assessment

8. The competition filter test has been completed and it shows that there is no impact on market competition as a result of the Tir Mynydd (Wales) (Amendment) Regulations 2005. The Regulations are solely to reward farmers for sustainable farming in less favoured areas of Wales, and there is nothing in the Regulations that influences the market place.
9. The number of Tir Mynydd claimants in Wales is approximately 10,700 and the amount of LFA land is approximately 80%.

Consultation

With Stakeholders

10. In April 2004 the Assembly consulted farming and countryside interests about proposed changes to the Tir Mynydd 2006 Scheme. Thirty-one responses were received, a list of the consultees can be found at Annex 2. Overall there was consensus for the proposed changes. The consultation covered many potential changes to Tir Mynydd 2006; the general consensus was that changes to the existing Tir Mynydd scheme be kept to a minimum as they would be applicable for one year only, given that the European Commission have directed a new approach for LFA support from 2007. Consequently, it was decided to amend the Tir Mynydd scheme to only effect the changes required by European Commission legislation.

With Subject Committee

11. The proposed Regulations were notified to the Environment, Planning and Countryside Committee via the rolling programme of forthcoming legislation on 6 October 2004 (EPC(2) –09-04 (p.4), Annex 1, item no.41) and again on 2 February 2005 (EPC (2)-02-05 (p.3) Part 2). The Committee did not identify these Regulations for detailed scrutiny.

Monitoring and Review

12. As part of the Rural Development Plan for Wales, LFA/Tir Mynydd scheme payments are monitored annually by Welsh Assembly Government officials and subject to audit, including by the European Court of Auditors. This monitoring will continue. In addition, as 2006 is the last year of the current Rural Development programme, an ex-post evaluation will be commissioned.

Summary

13. The existing Tir Mynydd Regulations need revision in order to be fully compliant with EC legislation and to re-define some of the Tir Mynydd qualifying criteria. This is necessary because of EU CAP reforms and the introduction of the Single Payment Scheme in 2005.

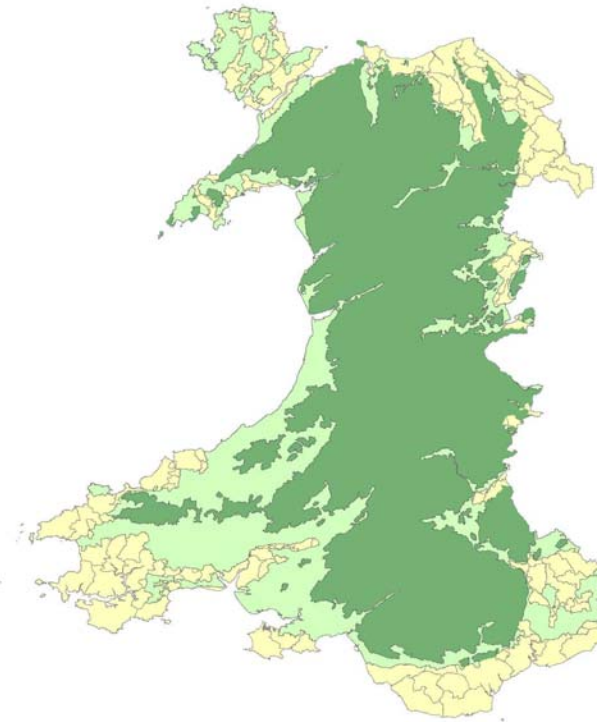
Annex 1.

**Approximation of Less Favoured Area Land in Wales categorised as either
'Disadvantaged Land' (DA) or Severely Disadvantaged Land' (SDA)**

Map 1.
Existing Less
Favoured Areas

LFA Categories

-  Non-LFA
-  Severely DA
-  DA



Uywodieth Cymru
Welsh Assembly Government

This map is based upon the Ordnance Survey Boundary Line data for the Welsh Assembly Government with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office. Crown Copyright. All rights reserved.
Unauthorised reproduction infringes Crown Copyright and may lead to prosecution or civil proceedings. Licence Number 100017916.
Cartography by G. Simons-Brooks, GDS, Aberystwyth.
Crown Copyright 2005.

Organisations consulted about potential changes to Tir Mynydd 2006

Farmer's Union of Wales
National Farmers Union (Wales)
Countryside Council for Wales
Wales Environment Link
National Sheep Association
Scottish Executive Environmental Rural Affairs Department
Department of Agriculture & Rural Affairs, Northern Ireland
Agricultural & Food Industry Directorate, DEFRA
Welsh Development Agency
Wales Consumer Council
The Royal Welsh Agricultural Society Ltd
Tenant Farmers Association
Environment Agency Wales
Wales Agri-Food Partnership
Wales European Centre
Campaign for the Rural Protection of Wales
Newport & Valleys Campaign for the Rural Protection of Wales
Brecon Beacons National Park Authority
Snowdonia National Park Authority
Association of National Parks
Pembrokeshire Coast National Park Authority
The National Trust
The Woodland Trust
Coed Cymru
Forestry & Timber Association
Radnorshire Agricultural and Conservation Working group
National Sheep Association
CBI Wales (Confederation of British Industry)
Council of the Welsh Highland Shepherds
Director of Corporate Legal Services
Country Land & Business Association (Wales)
Institute of Grassland and Environmental Research
Gaia Professional Ltd
Food Centre Wales
Welsh Food Alliance
WDA Food Directorate
St Merryn Foods
Welsh Lamb and Beef Promotions
Hybu Cig Cymru
Meat and Livestock Commission
Agri-Food Partnership Advisor
Farming and Wildlife Advisory Group Cymru
Royal Institute of Chartered Surveyors Wales
Farm Development Strategy Group

The Royal Society for the Protection of Birds
Edward Perkins, Agricultural Auctioneer
Welsh College of Horticulture
Gelli Aur College Farm
Coleg Meirion
Coleg Llysfasi
Coleg Sir Gar
Commission for Racial Equality
Friends of the Earth Cymru
WWF Cymru
ELWa(National Council for Education & Training for Wales)
Milk Development Council
Central Dairies Ltd
Golden Vale Dairies
South Caernarfon Creameries
ACC Dairies The Creamery
Dansco Dairy Products
WWMPG (Llaeth Cymraeg)
Dairy Crest PLC
Glaniba Cheese Ltd
Castle Dairies
The Dairy Council
Disability Wales
J Green Plant Hire
ADAS, the Food, Farming and Environment Consultants
Central Association of Agricultural Valuers
Royal Institute of Chartered Surveyors
Powys County Council
Gwynedd County Council
Wales Council for Voluntary Action
Equal Opportunities Commission
Lloyds Bank
Barclays Bank
HSBC Bank
Midland Bank
NatWest Bank Wales & Borders
Campaign for the Rural Protection of Wales
Welsh Sustainable Development Forum
Society for the Wellbeing of Horses & Ponies
Disability Wales
Calon Wen
Trade Development Group
Organic Working Group
Welsh Water
WalesYoung Farmers' Club
Land based learning Strategic Planning Group
ACC Cardiff
Royal Institute of Chartered Surveyors
Tenant Farmers Association
Welsh Local Government Association

Wales Disability Rights Commission
Women in Agriculture
Womens Farming Union Wales
Womens Food & Farming
The Federation of Womens Institutes
Welsh Affairs Womens Farming Union
All Wales Ethnic Minority Association (AWEMA)
Wales Social Partners Unit
Welsh Institute of Rural Studies, University of Wales
School of Agriculture & Forest Science, University of Wales
Organic Centre Wales, Institute of Rural Studies, University of Wales
Department of City and Regional Planning, Cardiff University
Welsh Institute of Rural Studies, University of Wales
Brittish Deer Farmers Association
Presbyterian Church of Wales
Lamb and Beef Strategy Group
National Beef Association
Wales Rural Forum
Forrestry Commission
Environment, Planning & Countryside Committee Clerk
Agri Plan Cymru
Tir Enterprises Ltd
Department of Planning, Llangefni
Eppynt Farmers Group
Edward Perkins, Agricultural Auctioneer
Fairfax & Co, Agricultural Agents
Burgess Salmon, Lawyers

140 individual farmers were also consulted.