

Partners for success

A farm regulation and charging strategy

November 2005



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Secretary of State's foreword





Improving the long-term sustainability of farming in the UK is crucial to the industry's future. To achieve this goal, farmers face a number of challenges, which were highlighted three years ago by the Policy Commission on the Future of Farming. The Government's response was the Strategy for Sustainable Farming and Food, setting a path towards a more sustainable future.

Since then, reform of the Common Agricultural Policy (CAP) has brought farmers closer to the market, making them better able to respond to the needs of their customers.

Following the reform of CAP, it is time to look again at the outcomes we wish to achieve, how best to achieve them, and what this requires from the farming industry.

Regulation remains an important policy tool. However, the industry has been very clear about the cumulative impact of regulations, especially the administrative burdens they impose. In 2004, I published a Defra Regulation Taskforce report which highlighted the need for a new approach to the regulation of farming. More recently, the Government accepted the findings of two further Better Regulation initiatives published with the 2005 Budget, the Hampton Review on inspection and enforcement and the Better Regulation Task Force *Less is More* report. This Farming Regulation and Charging Strategy for England reflects the findings of these reports and responds to their recommendations.

The strategy sets out a new partnership between industry and government to deliver the results that we are all committed to: a better environment, improved animal health and welfare, safer food and working conditions and a sustainable industry. This means regulating better in the widest possible sense; less red tape, using innovative approaches such as voluntary initiatives, and improving risk sharing.

I look forward to working with the industry and colleagues across Government to turn this strategy into a reality.

A handwritten signature in black ink that reads "Margaret Beckett". The signature is written in a cursive, flowing style.

*Rt Hon Margaret Beckett MP
Secretary of State for Environment, Food, and Rural Affairs*

1. Aim



- 1.1 The Government is committed to sustainable farming. This means moving towards:
 - a more competitive sector, highly responsive to the market and customer trends;
 - a sector that has minimal negative impact on the environment;
 - a sector that derives most of its returns from the market but is rewarded with public money for the provision of public goods, rather than its level of production; and
 - a sector that can restructure for long-term economic viability and better environmental performance.
- 1.2 The recent reform of the Common Agricultural Policy (CAP), the prospect of further changes and long-term historical trends are having a fundamental impact on the nature of farming in this country. How farmers respond to these changes, to market forces and to environmental incentives will determine the future of individual businesses and of the industry as a whole.
- 1.3 Farmers in England feel that they face an unnecessary burden from paperwork and red tape associated with the rules and regulations imposed on them. At the same time, farming has been exempted historically from some of the rules that have been applied to other industries and businesses. Indeed, it has been shielded by government from some of its business risks in a way that other businesses have not.
- 1.4 This Farm Regulation and Charging Strategy seeks a new relationship between government and the farming industry – a partnership focused on the outcomes we want to achieve. Through this partnership we will work together to promote the economic and social viability of farming while enhancing environmental protection, biodiversity, wildlife conservation, animal health and welfare, worker health and safety and food safety.
- 1.5 The farming sector is mainly made up of small businesses. We need to take greater account of the nature of the sector and the cumulative impacts imposed by regulation. There are a number of ways in which we can work towards agreed results, and regulation is only one of them.
- 1.6 The choice of a package of voluntary and regulatory measures in any particular case should be made on the basis that it is the most effective and efficient way of achieving the desired results for farmers and government. This should address farmers' concerns about the need for proportionate, well designed measures that involve a minimum of bureaucracy. However, farm regulation in the traditional sense will continue to have a large part to play. We need therefore to ensure it is more effective and better targeted. Regulations must be easier to understand and comply with, and involve fewer burdens and red tape.
- 1.7 This new relationship also means that the industry must take more responsibility for managing animal disease prevention and controls and its risks to public health. Together we must work at reducing unwelcome impacts on the environment. This means regulations and regulatory costs falling more into line with those of other sectors.

Aim

- 1.8 We recognise the unique position of farming in providing public benefits to the environment and human health above and beyond what is expected from normal farming practice. The strategy aims to strike the right balance of responsibilities for government and the industry in achieving better standards. Getting this balance right is all the more important as farming continues to change and evolve over the next decade, with new risks and opportunities emerging.

Note: This strategy covers England only. Ongoing work in the Devolved Administrations is outlined below. The strategy applies to farming-specific regulation; measures which apply more generally to all businesses (such as taxation) are out of the scope of this strategy.



2. A common purpose

Vision for the future

2.1 This vision inspires the strategy and represents where we want to be in ten years.

Farmers and agricultural businesses, government and other interested parties will work together to:

- promote an economically and socially sustainable farming industry that protects the environment and achieves high standards of animal health and welfare, food safety and worker health and safety, as set out in the Government's Strategy for Sustainable Farming and Food;
- deliver the following results:
 - tackle air and water pollution, and manage resources such as soil and waste more effectively;
 - halt the loss of biodiversity and protect natural features and habitats;
 - manage the risks of animal and plant diseases, and prevent disease outbreaks and their spread;
 - produce safe, quality food; and
 - make the industry a safe place to work
- achieve these results through appropriate packages of voluntary, regulatory and market-based measures;
- cut unnecessary red tape and duplication for farmers between regulations and assurance schemes, ensuring that government controls are well designed and cost effective for farmers.

Farmers and agricultural businesses will:

- understand what they need to do to deliver these results;
 - understand the risks that their businesses pose to the environment, biodiversity, food safety, animal health and welfare and worker health and safety, and act to mitigate these risks;
 - take responsibility for and manage the risks associated with achieving agreed standards and pay their fair share of the costs of ensuring that the farming industry achieves these standards;
 - comply with regulations because they accept that it is in their own interests to do so, for the benefit of their own business, the wider agriculture sector and the public in general; and
 - know how to get advice and information to help them fulfil these responsibilities, and have the right skills and capacity to comply.

Government will ensure that:

- national and European farm regulations:
 - are only introduced when necessary;
 - are evidence based, cost effective and proportionate to the risks they address and benefits they provide;
 - keep administrative burdens to a minimum; and
 - allow businesses the flexibility to innovate and plan for their long-term future.
- farm regulations and charges provide incentives for good practice, such as lower inspection rates for businesses demonstrating effective management of risks posed to the environment, animal health and welfare, food safety and worker health and safety;
- farm regulations, supporting information and guidance are understandable, tailored to business needs and clearly communicated. Where practicable, farm businesses are only asked to provide information on their business to a single government source at intervals that fit their business activities. Inspections and advice are not duplicated or in conflict with each other; and
- enforcement is proportionate to the nature of the failure to comply, with minor breaches being met with targeted swift advice or small penalties and persistent or serious breaches with heavy penalties.

Note: 'Government' here means all levels of government departments, local government, and government inspectorates and enforcement bodies.

Why intervene?

- 2.2 Most farmers recognise the need for government to intervene in their activities, both through regulation and alternative mechanisms. They accept the essential part that this intervention plays in limiting the unwelcome impacts of farming and helping to promote a baseline standard for all within the industry. We all share an interest in delivering better results for animal health and welfare, worker health and safety, food safety and the environment.
- 2.3 Farming already plays an active part in achieving these aims, but substantial challenges lie ahead. Annex A sets out major regulatory proposals likely to impact (both positively and negatively) on farming over the next ten years. Each of these will be subject to its own consultation process. Decisions over the design and timing of the proposals will be made separately, informed by this strategy. They highlight the need to achieve better standards in farming for environmental protection, animal health and welfare, and food safety. Two of the most substantial challenges are:
- tackling diffuse pollution of water by farming. Most diffuse pollution of rivers and waterways comes from agriculture. Clean-up costs for drinking water are at least £211 million per year for the consumer; and
 - better management of the risks and consequences of animal diseases, for instance by improving the traceability of livestock, to achieve the standards set out in the Animal Health and Welfare Strategy for Great Britain.

Working in partnership

- 2.4 Achieving the aims of this Farm Regulation and Charging Strategy – and achieving better results for farming – relies on partnership between all levels of government and the farming industry. We need to be clear about the goals for public policy, why we have set them and the most effective means of achieving them. The partnership must be based on strong leadership, responsibility, trust and co-operation.
- 2.5 Government has clear responsibilities for regulating better, and therefore its leadership is vital to this strategy. We need to ensure we have a working relationship with farmers that is built on trust and co-operation. This means a relationship in which businesses are knowledgeable about compliance rules and comfortable with asking for advice. *Reducing administrative burdens: effective inspection and enforcement*, a review commissioned by the Treasury and carried out by Sir Philip Hampton, highlighted the conflict between the need for advice and the fear of enforcement action. Government can also strengthen trust by exploring the barriers that discourage or prevent farmers from complying with regulations, and how those barriers can be overcome. Greater co-operation between policy makers, regulators and business will lead to better-designed policy instruments and better feedback about any unintended consequences.
- 2.6 The farming industry must take responsibility for the risks it poses and show leadership in finding solutions. Strong industry leadership means working with government to seek the best mechanisms for preventing and managing animal diseases. It means being more active in suggesting viable alternatives to regulation, such as voluntary initiatives. These alternatives need to be supported by robust analysis of their practicality and benefits. Industry leadership also means making the most of opportunities to improve the professional skills and understanding that lead to improved compliance. In addition, the industry must help develop co-operative mechanisms for achieving results and a more corporate approach.

Statements by the Devolved Administrations

Wales

- 2.7 The Welsh Assembly Government supports the principles of reducing bureaucracy for farmers and better sharing of risks and costs associated with farming between government and the industry. *Farming for the Future*, published in 2001, set out a new direction for farming in Wales and included as a specific action point that the Welsh Assembly Government will continue to work with the farming unions and others to identify opportunities for better regulation. This process is already under way, with simpler forms and explanatory guidance already produced and a commitment to reducing the number of agencies so that farmers have fewer points of contact with government in Wales. The Welsh Assembly Government will publish details of progress in this area in due course.
- 2.8 An action plan has been developed to take forward those aspects of the Animal Health and Welfare Strategy (AHWS) for Great Britain over which Wales has control. The Wales plan will support the AHWS's goals of improving the health and welfare of kept animals and protecting the public from animal diseases, while ensuring the economic and social well-being of people and the environment. The strategy has several goals, including a clear understanding of the

costs and benefits of animal health and welfare and of roles and responsibilities. The Welsh Assembly Government is committed to working together with Defra on all of these matters and Assembly officials will continue to maintain close liaison with Welsh farming interests to facilitate and encourage partnership working wherever possible.

Scotland

- 2.9 Agriculture and its governance in Scotland are devolved so the specific measures to effect change differ in some respects from the rest of the UK, as well as the way in which these are managed and delivered. The Agriculture Strategy Group chaired by the Minister for the Environment and Rural Development plays a key role in the close stakeholder engagement which underpins rural policy and agriculture. There is also close stakeholder engagement on the environmental performance of Scottish agriculture, including diffuse pollution and water.
- 2.10 Opportunities for better regulation are a feature of the general approach to administration in Scotland. Following CAP reform, the introduction of the Single Farm Payment will enable the Scottish Executive Environment and Rural Affairs Department (SEERAD) to reduce administrative burdens and co-ordinate farm inspections more efficiently over time. Opportunities for further clarification will result from forthcoming primary legislation on animal health and welfare.
- 2.11 The position on charging and cost sharing is complex for some diseases, whereas for other endemic/notifiable diseases, e.g. TB, each UK administration has its own budget. This is being addressed partly through the rationalisation of compensation but the consequences of any changes arising from this review and their effect on the Devolved Administrations will need careful consideration.

Northern Ireland

- 2.12 The Department of Agriculture and Rural Development (DARD) supports the drive towards reducing bureaucracy and achieving a better balance of risks and costs between stakeholders and government as part of its action to strengthen the rural economy. The reduction of red tape and bureaucracy in relation to all parts of the agri-food industry and the rural community was a clear commitment in the *Vision for the Future of the Agri-Food Industry* report published in 2002. The DARD Strategic Plan for 2006–12 reinforces this commitment and specifies as a key action point the removal of unnecessary regulation and bureaucracy.
- 2.13 The Northern Ireland Animal Health and Welfare Strategy has a clear focus on the key themes of working in partnership and securing a better understanding and acceptance of the costs and risks involved in achieving high standards of animal health and welfare. Similar key themes are set out in the Strategy for Great Britain. DARD will work with Defra, the Scottish Executive and the Welsh Assembly Government in taking forward an agreed approach to the sharing of risks and costs as far as possible.
- 2.14 The action taken to meet the e-government target of making key services accessible electronically has also helped to reduce bureaucracy. In particular, the facility to update cattle records online has been well received by the industry and has generated a high take-up, as it has helped producers to meet cattle traceability requirements in a convenient and cost-effective way.

3. Developing a strategy – the evidence



- 3.1 In preparing this strategy, we have gathered the views of farmers, regulators and policy-makers. Farmer views were collected by ADAS (an independent agricultural consultancy). ADAS carried out in-depth analysis of 22 farms of various types and sizes and a telephone survey of over 700 farmers.
- 3.2 Sections 3.4 to 3.13 summarise this research, including some of its conclusions and suggestions for how to improve the performance of farm regulation. Sections 3.14 to 3.24 outline what lessons could be learnt from other countries and look at the estimated impacts on the farming sector of forthcoming regulations and charging proposals.
- 3.3 The whole of this evidence base is available on the Defra website at www.defra.gov.uk
- 3.4 Key findings include the following:

- 75 per cent of farmers said that the main impacts of regulation were irritation or hassle, rather than financial.
- 60 per cent of farmers considered that the main cost of regulation was additional administration, whereas 10 per cent felt the main cost was on changes to farming practice and investments.
- 50 per cent of farmers would prefer general guidance from regulations, allowing them the flexibility to make detailed decisions, while 34 per cent would prefer regulations that told them exactly what was required, with limited flexibility in how these could be implemented.
- 59 per cent of farmers surveyed said they concentrated on those regulations that carried fines or financial penalties for non-compliance.
- 70 per cent of farmers agreed that fines should be on a scale that increased according to the severity of the breach and 63 per cent agreed that persistent offenders should be rooted out and dealt with severely.
- Around 66 per cent of the regulations affecting the farming industry are now based on European Regulations or Directives.
- 21–47 per cent of farmers' total time spent on regulation is for private sector assurance schemes (Data from The Farm Practices Survey 2005).

- 3.5 Three-quarters of farmers identified hassle from administration as the main impact of regulation. This may reflect the predominance of small businesses in farming. The administrative burden of regulation can be proportionately greater for these organisations compared with larger businesses. It may also reflect the lack of certainty farmers feel about how to comply with legislation, and the financial penalties they may face for non-compliance.

Better information and advice

- 3.6 Farmers often do not clearly understand what they are being asked to do, or why they are required to keep certain records. Government needs to engage differently with the farming community about why farm regulation is needed and how compliance can be achieved.
- 3.7 Farmers are concerned about whether they are complying fully with regulations. Often the problem is not too little information, but too much. Farmers are not able to interpret clearly what they need to do because they receive so much information from a variety of sources, and because that information is seldom presented using language that easily relates to the tasks involved in farming.
- 3.8 Farmers reported that advice was provided by numerous organisations and in many different forms. At worst, messages can be contradictory and the available advice may not be tailored to farmers' needs. This view was reinforced by the Hampton Review which reported that accessing the right kind of advice quickly and easily could be difficult.
- 3.9 Defra also needs to understand the industry better, including the impacts of both current and new regulation. Without better knowledge of the industry, and its active input, we will not be able to design the best tools for the job.

Better regulatory controls

- 3.10 Farmers did not identify widespread duplication or conflict between the aims of different regulations. In addition, assurance schemes often align themselves to government regulation by mirroring compliance with certain conditions or standards as part of their requirements.
- 3.11 However, there is a lack of co-ordination of roles, responsibilities, information and data systems. This is both between government and farm assurance schemes, and across the various layers of government (central and local government, farm inspectorates and other enforcement bodies). This leads to duplicated requests to farmers for data, no ability to cross-check information and a reduced ability to target inspections according to risk.

Enforcement

- 3.12 Farmers' perceptions that they are on the receiving end of too frequent government inspections are not borne out by our research. The average farm is inspected 1.3 times each year by government regulators. However, the frequency of inspections will vary for individual farms and sectors, for example livestock farms are likely to experience higher levels of inspection than arable farmers. More frequent inspections may also be needed where problems have been encountered on a farm. Also, additional inspections from private bodies (for example, farm assurance schemes) may cause the perception of overload and increase uncertainty as to what may be identified as non-compliance.
- 3.13 The current system of penalties has evolved piecemeal and risks distorting farmers' priorities. Farmers favour graduated penalties and advice for poor performers. There is little support for 'spot' fines as farmers claim this would destroy the trust between them and regulators. However, farmers do support heavy penalties for 'rogue' businesses.

Risk sharing in animal health

- 3.14. In looking at the regulatory framework, we have also reviewed how disease risks are managed and costs are shared between the livestock industry and government in other countries. Denmark, the Netherlands, France, Germany and Australia all use some form of production levy. However, different countries use different structures for collecting and managing funds as well as different ways of managing risk and dealing with disease outbreaks. These variations reflect differences in industry structure and representation, for example how co-operative, export driven or intensive production is in that country.
- 3.15. The main lesson from these countries is that, where industries share the costs of managing disease risks with government, there is greater participation by their members in reducing risk on farms. Industry also has a bigger say in how a particular disease outbreak is managed. In England, some farming sectors, in particular horticulture, are already taking responsibility for managing disease risk and impacts. We want to work in partnership with the livestock sector to develop new risk management structures appropriate for English farming practices to deal with livestock diseases.

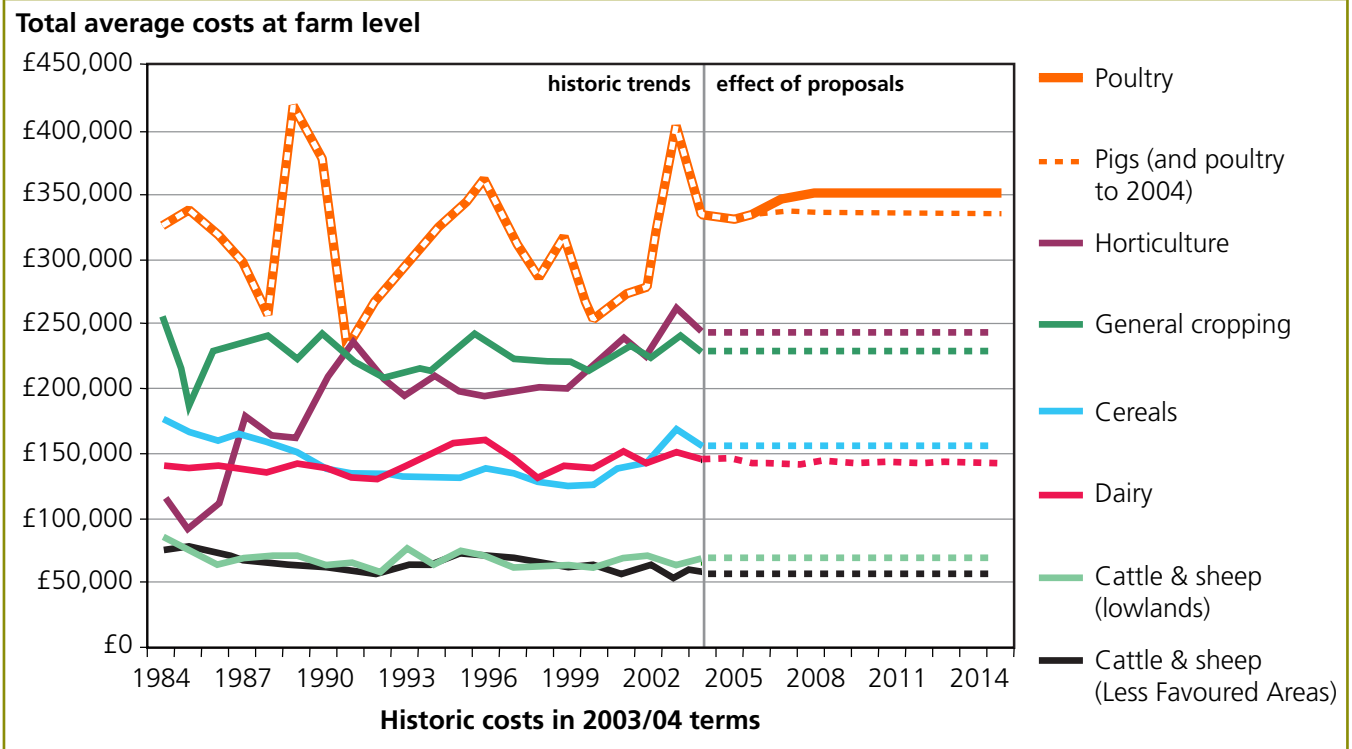
Estimated impact of future regulation and charges

- 3.16. Any assessment of regulatory burdens needs to recognise that farming is subject to an ongoing process of adjustment. Indeed, as reforms of the Common Agricultural Policy (CAP) bring farming closer to the market, it will be even more sensitive to factors such as fluctuations in consumer preference, price changes in farm inputs, exchange rate volatility etc. Farming will continue to need to react and adapt. Any further CAP reform or liberalisation of agricultural markets under the World Trade Organisation Doha Round will create further pressures – and opportunities – for English farmers. Such changes could be beneficial to consumers and taxpayers for a number of reasons, but we are aware that they may be unsettling for the farming industry.
- 3.17. Against this background, the Government has been working to develop a better understanding of the cumulative impact of planned regulation and charges.¹
- 3.18. There are inevitably great uncertainties in forecasting costs a long way into the future. Annex A lists the major new farm regulations, charges and cost-sharing proposals expected over the next five to ten years. Many of these proposals will be subject to public consultation on their nature and timing, so their design, as well as costs and benefits, may change as a result of this process.
- 3.19. Dynamic effects also add to the uncertainty of cost estimates. Like any other business, farmers adapt their activities to minimise the burden of regulation in much the same way as they respond to any other changes in costs, such as labour costs or fertiliser prices.
- 3.20. At present, our best estimate is that the proposals in Annex A could lead to average farm costs in 2015 being about 1.3 per cent higher than they were in 2004, in real terms. Total farm costs are currently around £10 billion. Figure A overleaf shows this impact in relation to normal historical variations in farming costs.

¹ For details of our economic evidence base, please see *Agriculture and Economics of Regulation*, a peer-reviewed paper published alongside this strategy. Available from Defra's website: www.defra.gov.uk/farm/regulation-strategy/

Developing a strategy – the evidence

Figure A: Trend in average farm-level costs over time



- 3.21 We have looked at the wider context of world agricultural markets, energy prices and consumers' food choices over the next 10 to 15 years. All the indications are that the impact of the proposals in Annex A will be marginal compared with the likely impact of CAP reform and other pressures and opportunities in the farming sector. There have long been large historical year-on-year fluctuations in farm-level costs in most sectors. These have usually been due to variations in the price of inputs such as feed and fertiliser rather than the impact of regulations. It is also important to remember in this context that each year farmers in England receive £1.6 billion of public subsidy under CAP.
- 3.22 Taking account of these broader trends, new regulatory costs may have the greatest impact on the pig and poultry sectors. Taken together, proposed welfare directives and the forthcoming implementation of the Pollution Prevention and Control (PPC) regulations could increase costs for meat chicken and egg producers by about 6 per cent. However, projections over the next 10-15 years show an increase in domestic demand for chicken meat. Subject to events such as disease outbreaks, if the market for chicken and eggs produced to high welfare standards develops further, this could help maintain production levels in England.
- 3.23 Profit margins in the pig sector have been small for the past few years and the sector has been contracting. If this trend continues, new regulatory costs, however limited, are likely to impact on profitability. The most significant costs will arise from PPC measures. These EU controls have been known to both the pig and poultry sectors for some time and the Government negotiated a delay in their introduction until 2007. The pig and poultry industries are working with the Environment Agency and Defra to ensure they are ready for the new rules coming into force.

- 3.24 The dairy sector has a key role in reducing water pollution and managing livestock manure. Early estimates suggest that the proposed new controls to achieve these objectives could increase average costs by around 3 per cent. However, these are expected to be partly offset by beneficial changes to the Over Thirty Months Scheme (see paragraph 4.19).

4. The strategy



Role of the market in changing farming practice

- 4.1 This strategy applies a simple principle to all forms of government intervention: where market forces deliver goods or benefits for the public, the Government should not step in. Where these forces either fail to deliver, or cause damage, the Government will design an appropriate mix of policy tools to influence outcomes.
- 4.2 Recent CAP reform put this principle into practice. The move to decouple direct payments from production will encourage farmers to find new business opportunities in the same way that horticulture, potato, pig and poultry businesses have already done. Farmers are now freer to react to the market to deliver the quantities, quality and price of goods required by customers. Decoupling also frees farmers from some of the CAP's incentives to over produce in ways that can damage the environment and biodiversity, such as overstocking with sheep or cattle.
- 4.3 Customer preference, expressed through supermarkets, export markets, manufacturers and catering industries exerts pressures on farming. These pressures are primarily about food quality, safety and price. Assurance schemes can provide a means by which food meeting the aspirations of particular consumers is established in the market. However, the evidence to date would suggest that the majority of customers are not prepared to pay more for food that is produced in a way that delivers the full range of public benefits. Also, there are limitations in what certain assurance schemes may be able to offer due to their voluntary nature and the lack of comprehensive coverage of the industry.
- 4.4 Where assurance schemes share aims with government, there is nevertheless scope for collaborative inspection visits. For example, key elements of the Voluntary Initiative for Pesticides have been incorporated into the standards of a number of assurance schemes. There is also scope to streamline some of the regulatory requirements imposed by farm assurance schemes and government regulation by looking for synergies in recording and inspection requirements and sharing information. Other packages of measures will continue to be needed where market forces fail to deliver goods or benefits for the public.

Recognising the different but complementary roles of assurance schemes and regulation, and where there is parity, government and assurance schemes are working together to explore ways of rationalising data requests and data checks to reduce administration loads from these regimes. We are also exploring how to work together to share data to enhance risk-based inspections.

Role of public funding in changing farming practice

- 4.5 A key aim of the Strategy for Sustainable Farming and Food is helping reconnect farmers, consumers and the public to their rights and responsibilities in relation to food production. This is supported by the Government's aim for funding regulatory services in which the

The strategy

public should pay towards regulation only when it delivers public goods.² On the other hand, the Government believes that farmers should pay when regulation:

- prevents public and environmental harm, such as reducing pollution;
- reduces their own risks, such as reducing risks from disease; or
- is for the benefit of the farming industry, such as import or export licensing.

- 4.6 Although this principle has been widely accepted for some years, it has for various reasons not been applied universally to farming. For example, the cost of ear tags used to track animal movements is borne by farmers but the cost of the systems used to track the animals movements has remained with government. Many of the reasons for not applying charging in a particular circumstance may continue to be valid. However, this strategy sets the path to reviewing farm regulation to ensure that the Government's regulatory principles² are followed more consistently. Whether farming or the public carries the costs of regulation needs to be based on an informed decision. The costs of regulation need to be acknowledged more explicitly and the charging principles should be applied. Where costs are not passed on in keeping with the principles, there needs to be a clear justification.
- 4.7 Where consideration is being given to charging for services, the administrative costs, along with the sum of the compliance costs of regulation on the relevant sector, should be taken into account. A regulatory principle is that charging will normally be based on full cost recovery. However, there may be circumstances where, in consultation with the industry, it is decided that the proposed charge be reduced, delayed or deferred indefinitely. Such a decision will be recognised as explicit support to the industry, with an expectation of review in due course.

Government will work with the farming industry in moving towards charging for appropriate regulatory services in farming, as in any other business. In doing so it will take into account the impact on the sustainability of the farming sector, which includes its economic viability. Rewards for good practice that reduces regulatory costs will be integral to charging schemes wherever possible, as will mechanisms to ensure administrative costs are minimised.

- 4.8 Any consideration of who pays for a regulation must include a more fundamental assessment of other approaches to achieving the same results. Charging creates opportunities for incentives. Other risk-based approaches, or new initiatives that do not involve regulation at all, may also be considered. Where possible, the provision of some elements of the charged regulatory service should be open to competition for more effective and efficient delivery. If direct provision by the regulator is the only option, services should be provided at reasonable cost.

In considering any new charged services provided by Defra and its agencies, alternatives to regulation will be considered, as will private competition for elements of the service.

² The Treasury's *Fees and Charges Guide* (The Stationery Office: ISBN 0115600434) sets out the Government's policy on charging for regulatory services and the Defra *Charging Handbook* (published alongside this strategy) explains how this applies to charging for Defra's regulatory services.

- 4.9 The Government remains committed to providing payments for positive contributions to public benefits where these go beyond normal farming operations. Delivery of improved farmland conservation is largely based on incentives and partnerships rather than regulation. Under the new Entry Level strand (ELS) of Environmental Stewardship, for instance, funds have been moved from EU subsidy payments and matched by government expenditure. These funds are used to reward farmers for providing simple yet effective environmental management of farmland. We expect to pay over £150 million a year through ELS to deliver wide scale benefits to soil, water, wildlife, landscape and the historic environment. This funding is in addition to the £160 million per year already being paid for more specific, targeted environmental management under existing agri-environment schemes.

Role of farming in animal disease risk management

- 4.10 Animal disease outbreaks can be very damaging, with severe impacts on farming and many other businesses, especially in rural areas. They also cause high costs for all taxpayers and concerns about animal welfare. The priority in addressing animal disease must be to reduce the risk rather than just putting in place mechanisms to deal with an outbreak.
- 4.11 The Government is committed to playing its role in providing effective biosecurity controls at borders and working for the prevention and control of preventable disease. However, risk reduction can be further developed by shared ownership of responsibility for disease prevention, through greater understanding of the costs of disease and the financial benefits of prevention. To achieve this, closer working partnerships between government and industry have been set up to encourage wider use of farm health planning as a tool to prevent disease spread and to control common disease problems in a practical and cost-effective way. These partnerships are demonstrating that, by better managing disease risks, livestock keepers can reap financial benefits as well as reducing the need for regulation. This kind of approach is essential to delivering the 'prevention is better than cure' theme of the *Animal Health and Welfare Strategy* (2004).
- 4.12 In addition to animal health planning, further financial mechanisms can encourage farmers to change the way they manage their animal disease risk. These mechanisms can also be used to set up funds to help the industry deal with any outbreak. These mechanisms exist in other countries through product boards and other industry – government disease risk management bodies. Their aims are to help change attitudes to risk management on farms and to set levels of cost sharing which are affordable for the industry. Arrangements vary in the extent to which they cover the full costs of an outbreak, reflecting the wider public benefits of disease control.
- 4.13 Incentives such as charges, levies or insurance premiums must bear on individuals to take action. This is in order to change behaviour and in the process pay part of the cost of dealing with disease outbreaks. This should reduce risks to individuals and to the industry as a whole. As an example, compensation for salmonella in pigs in Denmark is linked to evidence of risk management on the farm in question.
- 4.14 Risk sharing in animal disease aims to turn passive victims of disease to active managers of prevention and partners in control and compensation mechanisms.

The strategy

The Government will work with the farming industry and its representative bodies to explore risk-sharing mechanisms for tackling animal disease. The industry has the opportunity to play an active leading role in the design and management of these mechanisms for collecting and spending funds. We will be developing ways of achieving this in early 2006. The role of insurance in promoting good practice will be considered as part of the options.

Regulating better; achieving outcomes

- 4.15 To better achieve outcomes government needs to make full use of all the policy tools available. As well as regulation, we need to use voluntary initiatives, guidance, advice, inspection and enforcement activities. Our choice of policy tool must reflect the most effective way of delivering the right results, with regulations being used only where necessary. We must work in partnership with the farming industry to encourage farmers to achieve results with minimum cost and minimum administrative burden.

In developing new farm controls, Government will work with the industry and other stakeholders to ensure that a broad package of policy measures – not just regulation – is considered before deciding on a course of action. With the industry's greater involvement and influence over the design of policies must come acceptance of its role and responsibility in achieving agreed results.

- 4.16 Better regulation is particularly important for the farming industry. Farming is a very diverse sector, mostly made up of small and often part-time businesses. The costs of complying with regulation can be proportionately greater for these compared with larger businesses. Farmers can also face difficulties in passing on costs to the consumer in a highly competitive market.

With the help of the industry, government will assess the sum of the impacts of new regulations and ensure that these new controls impose the minimum bureaucracy and are as simple to understand and comply with as possible.

- 4.17 All regulation – past and present – should meet the Government's objectives that regulation is:
- proportional;
 - accountable;
 - consistent;
 - transparent; and
 - targeted.
- 4.18 Earlier in 2005, the Hampton Review into effective inspection and enforcement was published, highlighting the sum of the burden on industry from government regulation. It also set out a number of steps for improving the quality and effectiveness of regulation. Better regulation means ensuring that farmers are clear about their obligations and how to achieve them. It means allowing farmers to focus on results rather than unnecessary paperwork or trying to understand conflicting advice.

The Action Plan for this strategy sets out how government will work with stakeholders to achieve its better regulation goals for farming. This involves better risk assessment and targeting of regulatory effort, improving advice to farmers on how to comply, and working towards a penalty regime that reflects the severity of regulatory breaches.

Key to this will be the new Whole Farm Approach. This will provide a simple interface between government and farmers as a means of sharing data and information and will improve risk assessment by regulators.

- 4.19 The Government is also committed to implementing the recommendations of the recent Better Regulation Task Force report *Less is More: reducing burdens, improving outcomes*. In line with this, Defra has committed in its Five Year Strategy to cutting administrative burdens for the industries it regulates by 25 per cent before the end of 2009.

Government will work with the farming industry and other stakeholders to achieve significant reductions in bureaucracy and develop a programme of regulatory simplification. Details of this programme are set out in the Action Plan, which includes **commitments to:**

- develop a rolling programme of regulatory simplification to reduce bureaucracy and make controls more effective and easier to comply with. This programme will be in place by September 2006 and will involve consultations with industry on any proposals. As part of this programme, industry will also be invited to put forward its own ideas for regulatory simplification, supported by evidence and options for reform, to which government must respond within 90 working days. Recent successes and early ideas we are considering include:

Successes

- In negotiations with other Member States and the European Commission on the new Feed Hygiene Regulation, the Food Standards Agency successfully achieved a provision which will allow the use of existing lists of farms held by Defra for the registration of farms under the Regulation. This means that farmers will not receive duplicate requests for data already held by Government.
- A recent success at EU level was the negotiation of a provisional exemption for sheep ID in relation to double tagging. This means that sheep farmers will not face the burdensome tag replacement requirements that double tagging would entail.
- The UK's involvement in the development of the Trade Control and Expert System (TRACES) provides a further example of UK success in the European arena. The UK has played a significant role in the development of this electronic application route for veterinary certification (for trade in the EU in live animals, their products and germ-plasm), standardising and simplifying the process. This has resulted in a quicker turnaround in the issue of certificates and also an increase in trade, benefiting the UK livestock industry. Proposed enhancements to TRACES are expected to lead to further improvements in services to the livestock industry.

Early ideas

- As part of the work to develop the Livestock Register, and in order to reduce administrative burdens and costs, Defra is considering options to reduce the workload of farmers by making greater use of markets and slaughterhouses in reporting cattle movements. It is proposed that the introduction of the Livestock Register will begin in spring 2007. It will be phased in, species by species.
- Defra is exploring the possibility of removing the requirement to keep a holding register for those farms that are able to access the Livestock Register via the internet.
- Reviewing current guidance on sheep and goats and ensure that it is written in plain English (this will be shown by the 'Crystal Mark' certification).
- Continuing to review regularly the effectiveness of the Local Environment Risk Assessment for Pesticides (LERAP) scheme and look for opportunities to reduce its administrative burden.
- Working with the Rural Payments Agency (RPA) to explore opportunities for simplification of requests for information for the June survey (the Census). The aim is to deliver these savings by 2007.
- Defra, the Environment Agency (EA) and the Welsh Assembly Government have launched the joint Environmental Permitting Programme to place the different Pollution Prevention and Control (PPC) and waste management systems on to a common footing. This will streamline the permitting systems for business without undermining environmental protection. The programme, expected to roll out in 2007, aims to lower administrative burdens on operators (including farmers), simplify the rules and help deliver proportionate, risk-based regulation. This will be easier for industry to access, understand and operate.
- In addition to work on the Environmental Permitting Programme, we are working with the EA and representatives from the pig and poultry industries to review the PPC application process by early 2006 with the aim of reducing the administrative burdens it imposes on farmers.
- Defra is conducting an England-wide review of the Heather and Grass Burning Regulations and the Heather and Grass Burning Code. The aim is to secure sustainable burning practices which address regulatory burdens but also work to the advantage of biodiversity and other natural resources. One of the options to be consulted on is to remove the regulations completely, and to develop a more precise code, backed up by supporting technical material. This will provide comprehensive guidance on good burning practice within specific habitats, and for a variety of land management practices.
- Consult on options to simplify Environmental Impact Assessment (EIA) rules on agricultural management of uncultivated and semi-natural land, by making them more transparent and easier for farmers to comply with, cutting red tape and introducing thresholds below which the rules will not apply. Subject to consultation responses, we are aiming to have these simplified rules in place by spring 2006.
- In the context of future CAP reform negotiations, the UK will explore the potential for reducing the significant regulatory burdens which still arise from policy mechanisms such as production quotas, set-aside and the negative list.

Commitments continued:

- Whenever major new regulations are proposed, government will consider simplifying existing regulation to help balance the impacts of the new proposals. Where simplification is not possible, the reasons will be provided in the Regulatory Impact Assessment accompanying new proposals.
- In the wake of the 2005 Budget and the findings of the Hampton report, review the complex local delivery arrangements for inspecting and enforcing animal health and welfare regulations. This will help reduce overlap and bureaucracy and simplify farmers' interactions with government.
- Replace the Over Thirty Month rule by a rigorous BSE testing regime, boosting incomes by an estimated £52 million a year for beef and dairy producers. This will allow cattle over 30 months of age and born after 1 August 1996 to be sold for food (at a higher price than the compensation rate), if they have tested negative for BSE.
- End the Date-Based Export Scheme, which will allow exports of beef from cows tested negative for BSE to return to normal.
- Support the European Commission in its quest for simplification of CAP regulation. The Commission recently published a *Communication on CAP Simplification*. We are moving Council discussion forward on this dossier during the UK Presidency and will continue to work with the Commission and Member States to make progress in 2006.
- Cut the time spent by farmers filling in forms. Current estimates are that by 2008, the average farmer who claims under the Single Payment Scheme (SPS) will experience at least a 15 per cent reduction in overall time spent form filling for Defra and the RPA compared with time spent in 2004 under the old CAP schemes. It is estimated that this time saving will equate to about a £20 million annual saving for farmers in England.
- Achieve further cuts in the time spent by an average farmer filling in forms, reading guidance and applying for schemes by 15 per cent when using the Whole Farm Approach (WFA), by streamlining regulatory interactions between the farmer and government. It is currently estimated that total annual financial savings for farmers in England due to the WFA will be approximately £4 million by 2008, but depending on uptake this figure could rise in coming years to up to £28 million. These financial savings relate to time saved form filling, more efficient inspections and the provision of advice.
- Deliver a combined impact from the SPS and the WFA on form filling. Current estimates are that by 2008, the average farmer who signs up to the WFA and claims under the SPS will experience at least a 25 per cent reduction in time spent form filling for Defra and the RPA compared with time spent in 2004 under the old CAP schemes.
- Simplify rural funding streams, streamlining a plethora of schemes into a framework around three major funds whilst sweeping away unnecessary rules and regulations. This rationalised framework, as well as our commitment to simplified forms and administrative processes, should lead to significant time savings for those who apply for funding. We will be measuring customer satisfaction levels regularly in order to ensure we are achieving our aims.

Good practice and business benefits

- 4.20 Relying on command and control regulations using enforcement and penalties is not always the most effective way of delivering results – we may be able to achieve our goals more easily by rewarding good practice.
- 4.21 Regulation can help farmers manage their liability to employees and to consumers. By using advice from regulators, farmers can be alert to risks and understand how best to manage them. Developing records for compliance can also promote improved management and recording systems to manage staff and track inputs.
- 4.22 A key element of improving regulation for farming is the use of ‘e-business’ methods and electronic communication tools. These improve both regulatory and business efficiency. Defra is developing an internet service, the Whole Farm Approach, to help farmers manage their communications with government. This includes sending and checking data to demonstrate regulatory compliance, applying for funding, and searching for relevant information and advice.

If the farming industry – or any other industry – is to seize opportunities to reduce its costs and improve its business efficiency, it must embrace new technologies and management tools, including information technology and e-business solutions.

- 4.23 The costs of inspections in time and charges also allow potential for rewarding good practice.

Where farms can demonstrate good practice, for instance through passing inspections, or in future by using self-assessment under the Whole Farm Approach, it is reasonable for them to expect less frequent inspections, and to pay lower charges for inspection where possible.

- 4.24 Some regulation actually offers farming businesses direct economic benefits while also delivering public benefit or limiting harm. English Nature and the Environment Agency have been exploring opportunities for farmers to follow best practice and gain real economic benefits. Significant ‘win-wins’ were identified in such areas as water recycling, energy use and nutrient management. The study estimated that over £700 million could be saved per annum across all sectors, with examples of £30,000 savings per annum for a horticulture business through water saving and £1,200 for a mixed farm through management of manure. The barriers to uptake of such opportunities were lack of knowledge and lack of consideration of certain input costs on many farms.

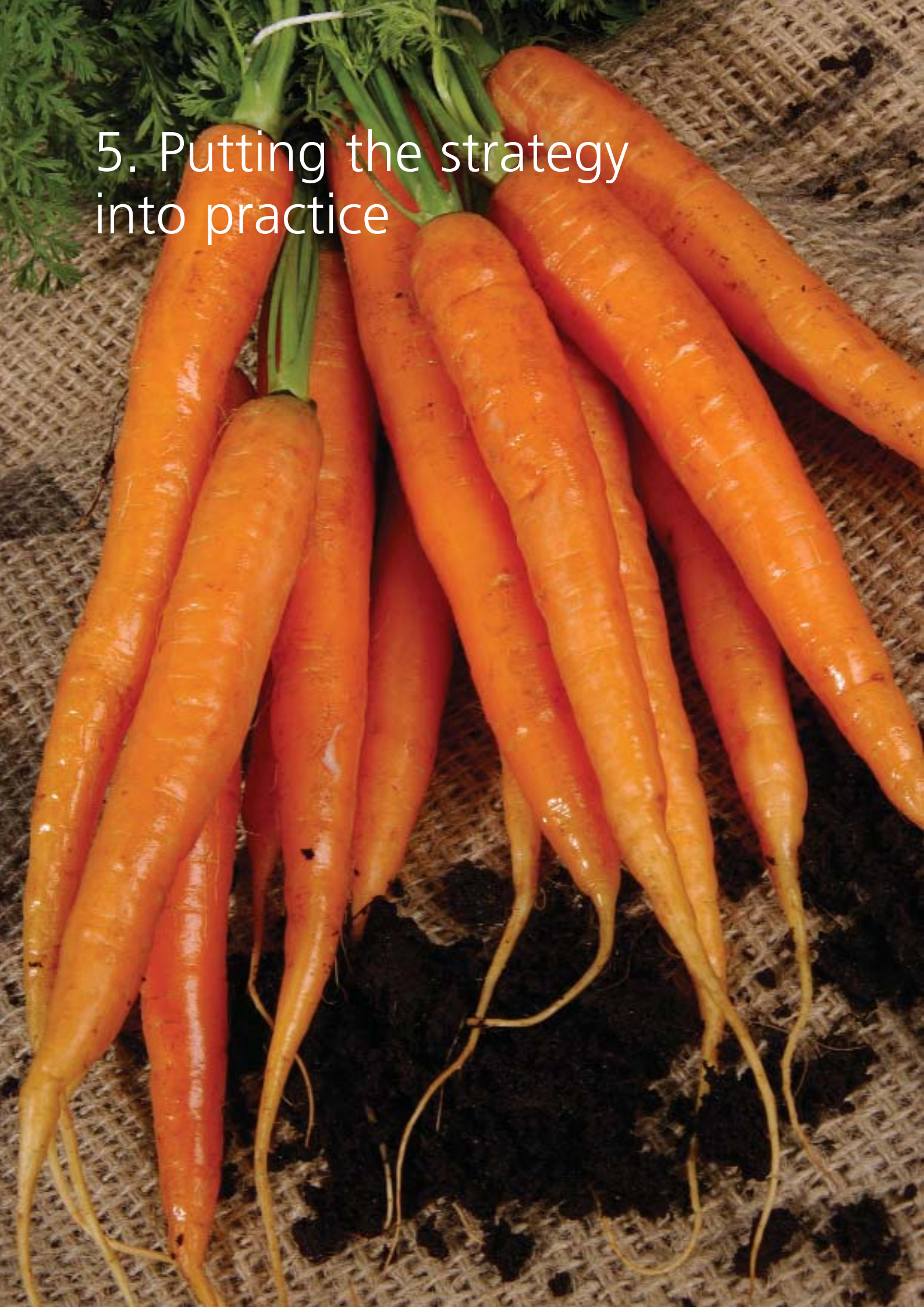
The farming industry and government should work together to identify ‘win-wins’ when considering new controls. To enable this, government will ensure that industry is involved early enough in the policy-making process and has sufficient information to contribute effectively. Where results can help businesses, the industry has a role to play in quantifying and communicating these benefits more effectively.

4.25 We need a better shared understanding of what makes for more effective enforcement mechanisms and tools.

Defra has published its enforcement policy statement. This sets out the four principles (proportionality, consistency, transparency and targeting) by which Defra and its agencies will comply, in order to secure more outcome-based, risk-based and consistent enforcement.

In delivering this, we will review with industry our current enforcement powers to work out which are the most appropriate and effective, making recommendations for change as appropriate.

5. Putting the strategy
into practice



- 5.1 An action plan implementing the strategy is being published along with this document. The plan highlights the themes of major importance to stakeholders, which reflect the main principles in the strategy. It sets out some of the underlying evidence and provides a series of commitments from industry and government that will help make our vision a reality.
- 5.2 This action plan is a living document that will be kept under review. We are developing criteria for measuring and monitoring the success of the strategy. We will publish these on the Defra website 6 months following publication of the strategy.
- 5.3 The action plan is available in hard copy on the Defra website. A number of supporting documents listed in Annex B are also available on the website.

Annexes



Forward look of significant new farm regulation for the next five to ten years

During our research, farmers often expressed anxiety at the lack of information about what new policies are coming their way, when they will come into force, and how they will impact on their business. We recognise that such uncertainty is a barrier to long-term business planning. The table below reflects our current knowledge about the proposals we expect to have a significant impact³ on farmers' costs. It aims to give farmers a more transparent picture of what is on the horizon.

Most of these proposals will be subject to public consultation on their nature and timing. Their design and costs may change as a result of this process. Therefore, this list provides early indications, which may be amended to reflect these consultations and/or changes in the legislative framework. In addition, new proposals may need to be added over time if new policies are required to meet the needs of the future, for instance further CAP reform or as a result of unforeseen events such as a disease outbreak.

Start of impact	Measure	Purpose
2005	Animal by-products legislation – cost sharing for Fallen Stock Scheme	Reduce BSE risk by prohibiting the burial of fallen stock on farm
2006	EU Waste Framework Directive	Ensure waste is recovered or disposed of without endangering human health or causing harm to the environment
	New EU emission standards for tractors and non-road mobile machinery	Reduce the level of particulates and nitrous gases emitted by tractors and other machinery, to contribute to cleaner air
	Changes to the Nitrate Vulnerable Zones Action Programme	Prevent excessive amounts of nitrates going into water courses
2007	Integrated Pollution Prevention & Control	Reduce pollution to air, soil and water and minimise dust, noise, heat and smell arising from agricultural activity
	Broiler Welfare	Lays down minimum standards of protection for broilers
	Livestock register	Provide more accurate and more easily accessible information on livestock identification and movements. Will improve disease prevention and control, and reduce administrative burdens
2008	Sheep electronic identification	Improve sheep traceability, with benefits for disease prevention and control, and for food safety
2009	Risk-sharing mechanism for animal diseases	Address risks and share costs between Defra and farmers of any potential outbreak of animal disease

³ Defined as: imposing average annual costs over £275 per farm. This includes compliance costs (e.g. the costs of changing production methods, or of investing in changes to farm equipment) and administrative costs (e.g. time spent reading guidance, filling forms, preparing for inspections etc).

Annex A

Table 1 (Continued)

2012	Water Framework Directive	Safeguard and improve water quality in ground and surface water, for coastal and inland waters
	Laying Hens Directive	Minimum welfare standards for laying hens in enriched cages and alternative systems e.g. free range, and banning battery cages

The benefits

Table 2 – Known benefits of some key proposals

Proposal	Benefits (typical annualised UK figures)	
EU Waste Framework Directive & Landfill Tax changes	£170m	Improved air quality, reduction in damage to soil and water
EU Water Framework Directive	>> £560m per annum	Improved water quality
Integrated Pollution Prevention & Control	To be determined	Reduction in ammonia emissions

A framework to assess cumulative impacts

We are developing a framework to assess the cumulative economic impact of government regulation and charges in the pipeline. The government and the farming industry will need to work together to refine this. Our full analysis will be published on the Defra website alongside the strategy.

Supporting documents

- Agriculture and the economics of regulation (summary paper)
 - Economics of regulation, charging and other policy instruments with particular reference to farming, food and the agri-environment (Keyworth and Yarrow, Regulatory Policy Institute)
 - Farmers' adjustments in response to increased regulatory costs (Martin Upton, University of Reading)
 - Methodological framework for assessing the cumulative burden of regulation
 - Cumulative impact of forthcoming regulatory proposals on the economics of farming
 - A study of long-term trends affecting the farming industry (English Farming and Food Partnership)
- Study on the impacts of regulation on agriculture (ADAS UK Ltd)
- A study of farm regulation from the perspective of the regulator (Alison Blackburn)
- A survey of local authority enforcement of animal health and welfare legislation (Ian Gibb)
- Report on the Defra stakeholder workshop on better regulation of farming; 26 April 2005
- Regulatory Impact Assessment
- Defra Charging Handbook
- Impact of Single Payment Scheme on farm administration (Promar International)

Glossary



Administrative burden

The costs on businesses of complying with information obligations (e.g. form filling, record keeping, etc) stemming from government regulation.

Advice channels

Methods of communicating advice, e.g. media, internet, demonstrations.

Agriculture

Includes horticulture, arable crops growing, fruit growing, seed growing, dairy farming and livestock breeding and keeping, the use of land as grazing land, meadow land, osier land, market gardens and nursery grounds, and the use of land for woodlands where that use is ancillary to the farming of land for other agricultural purposes (as defined in the Agriculture Act 1947).

Agri-Environment Schemes

Schemes that provide financial incentives for land managers (particularly farmers and foresters) to adopt environmentally beneficial land management practices.

Assurance schemes

Schemes run by private sector organisations that set standards and manage certification procedures, for example on organic status, food safety, animal health and welfare, and some environmental measures throughout the food chain. They aim to provide reassurance both to buyers within the food chain and to consumers that certain specified production standards have been observed.

Bureaucracy

See Administrative burden above.

Charge

The fee/price paid for a regulatory service or the act of requesting such a fee.

Charging scheme

The mechanism, formally adopted by Defra, by which charges are assessed, applied, invoiced and collected.

Compliance costs

All costs of conforming with regulation, including for example any investment or changes to business practices.

Cost sharing

Mechanism to influence behaviour through the creation of financial incentives. It considers the risks and responsibilities inherent in an activity (such as keeping animals) and determines how the resulting costs may be apportioned between parties (risk owner, beneficiary, and /or taxpayer).

Customers

Those who receive a service or product, directly or indirectly, from an organisation.

Decoupling

Breaking the link between farm subsidies and agricultural production.

Delivery body/agent

A body formally contracted to deliver services on behalf of an organisation, whether directly owned, agency, or outsourced delivery function.

Diffuse pollution

The result of the accumulation of minor discharges of polluting material from disparate sources in a river catchment.

Enforcement

The policing of a regulation to check whether those being regulated are adhering to the rules and, if they are not, encouraging them to comply and ultimately taking action including prosecution if the law is flouted.

European Directive

A type of legislation issued by the European Union which is binding on Member States in terms of the results to be achieved but which leaves to Member States the choice of methods by which they achieve these results.

Externality

Impact of transaction on parties not directly involved in it, which is not taken into account by the price mechanism.

Farmers

Those with an agricultural business (see Agriculture above).

Farming

Agricultural management of the land (see Agriculture above).

Fee

A fee is normally a charge made under legislative authority.

The Framework Agreement

Document which aims to improve the delivery of animal health and welfare services through setting out what Defra, the Welsh Assembly Government and local authorities (through LACORS) should do, and which provides benchmarked standards for delivery.

Good practice

The standard of farming which a reasonable farmer would follow in a particular region or area.

Government

Central and local government bodies (e.g. ministerial departments, non-departmental public bodies (NDPBs), agencies, local authorities).

Government intervention

Any action by government designed to change the behaviour of individuals, companies and groups to achieve defined policy objectives. Intervention covers both:

- constraining of behaviour thought to have undesirable consequences (reduce social 'harms'); and
- encouraging, enabling or facilitating a behaviour thought to have desirable consequences (increase social 'goods').

In this strategy, the term 'intervention' encompasses this broad range of government actions, and 'regulation' (see below) means rules set out in legislation, or as a result of powers given by legislation, which are usually monitored and enforced by a public agency. Intervention covers a range of instruments used to influence behaviour, such as regulation, but also market-based instruments, taxes and subsidies (which usually require legislation to implement them). 'Softer' instruments, such as publicity and persuasion, advice, voluntary agreements and codes of practice, also fall within our broad definition of intervention.

Graduated penalties

Penalties that reflect the severity of an offence.

Guidance

Material providing methods or measures on how to follow certain rules, usually in the form of booklets or leaflets.

Hampton Review

Review of regulatory inspections and enforcement, carried out by Sir Philip Hampton, and published in March 2005. Its aim was to find out what can be done to reduce the administrative burden of regulation on business.

Implementation

Her Majesty's Treasury's Green Book defines the term as: "The activities required... to put in place a policy, or complete a programme or project, at which point 'normal' service is achieved."

Incentive

A financial inducement (i.e. a lower charge or specific payment) designed to encourage a change in the behaviour of payers.

Inspectorates

Government bodies charged with enforcing legislation through inspections.

Intensive production

A method of agricultural production relying on high inputs to produce a high level of outputs.

Knowledge transfer

The transfer of knowledge from one individual to another.

Legislation

Acts of Parliament and the legal instruments made under those Acts.

Market forces

Includes fluctuations in consumer preferences, price changes in farm inputs, exchange rate volatility and fluctuating land prices.

Negative list

In England, the list of crops (comprising fruit, vegetables and potatoes (fvp)) which cannot be grown on land used in support of a claim under the Single Payment Scheme (SPS), unless the SPS entitlements accompanying the claim have fvp authorisations attached.

Outcome

The actual environmental, economic, social or other benefit delivered as a result of agreements, projects or other work.

Output

Any task or activity that comes out of a project that leads to the completion of a project.

Policy instruments

Tools used by government to implement public policy.

Policy maker

Official responsible for analysing, consulting on and implementing EU or national legislation or national objectives.

Policy measures

Approaches or methods designed to achieve policy outcomes.

Product boards

Used in the Netherlands with similarities to UK levy boards.

Production levies

Charges raised from farmers, usually by professional or sector-based bodies, calculated on the basis of the volume of production.

Public goods

A good that cannot or will not be produced for individual profit since it is difficult to get people to pay for its large beneficial externalities. A public good possesses two properties: once it has been produced, each person can benefit from it without diminishing anyone else's enjoyment. Second, once it has been created, it is impossible to prevent people from gaining access to the good.

Public policy

Actions which the Government takes to address problems and issues raised in society.

Red tape

See Administrative burden above.

Regulation

Often referred to as 'classic regulation', the introduction of rules by government, accompanied by mechanisms for monitoring and enforcement, usually performed through a specialist public agency. These rules are usually in the form of legislation (which is often, and confusingly, known as 'regulation'), or are introduced as a result of powers given by legislation. These are also known as 'command and control' rules.

Regulators

Bodies who enforce regulation, including Next Steps agencies, non-departmental public bodies, inspectorates and in some cases, local authorities.

Regulatory costs

Costs incurred from regulation, including compliance and administrative costs.

Regulatory Impact Assessment

A document that must accompany all government policy proposals and which identifies any significant economic, environmental and social costs and benefits that are likely to have a direct, or indirect, impact on business, charities or the voluntary sector.

RPA

Rural Payments Agency.

Stakeholder

A person or body who has an interest or stake in an organisation or policy.

Subsidy

Money given to producers to reduce costs and hence the market price of a good or service.

Her Majesty's Treasury's Fees and Charges publication defines the term as: The amount by which the income for a service is deliberately planned to be less than its full cost.

Sustainable farming

Ensuring availability of food to consumers that is produced within environmentally and socially accepted standards; an economically viable, competitive and flexible industry; effective use and protection of natural resources; conservation and enhancement of the landscape; and respecting a high level of animal welfare.

Voluntary initiatives

An alternative tool to regulation operated by an industry, based on an agreement to meet certain standards or requirements.

Whole Farm Approach

The Approach aims to develop a single set of core data that will identify, from the farmer's perspective in particular, where there is a regulatory requirement and the actions necessary to fulfil that requirement. From the Government's perspective, the Approach is a long-term project working towards an integrated solution to support the farming industry across the entire range of its activities.

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