

House of Commons Environmental Audit Committee: Inquiry into the future of the natural environment after the EU referendum

Written submission from the IUCN UK Peatland Programme – September 2016

The IUCN UK Peatland Programme welcomes the opportunity to present written evidence to the House of Commons Environmental Audit Committee Inquiry into the future of the natural environment after the EU referendum. Our submission focuses on peatlands which cover over 10% of the UK land area and are of major significance for biodiversity, water and carbon as well as a being widely used for agriculture and recreation.

Summary

- Leaving the EU does not abrogate the UK government and devolved administrations from international responsibilities towards peatlands. Global conventions and agreements, under which the EU has developed its policy and legislation, recognise the huge importance of protecting and sustainably managing peatlands for biodiversity, water and carbon.
- Should the UK no longer be bound by EU environmental legislation, appropriate levels of environmental safeguard would need to be put in place to comply with International obligations towards peatland biodiversity and other benefits. This would require both a system of designated, protected areas and habitat/species wide safeguards across their entire range that acknowledges the international significance of peatlands and ensures the right level of consideration when making development planning and wider policy decisions.
- EU funding for peatlands particularly through EU Life and Rural Development funds have seen many successful peatland restoration initiatives in the UK but the overall level of funding is low compared to the scale of the challenge across the UK's 2.6 million ha of peatlands. EU Life has provided over £32million in matched funding to repair and manage UK peatlands since 1994. Annual payments in the UK, from Rural Development funds (including CAP) for peatland management are in excess of £6 million. Further significant EU funds for research and strategic work to coordinate ecosystem management have enabled vital work necessary to quantify peatland benefits, supporting better decision making implementation of policies and assessment of progress towards peatland objectives.
- Without a step change in effort and funding the loss of peatland natural capital could impose a significant burden on society. The majority of the UK's peatlands are in a

damaged state and remedial action is required to recover their ecosystem functions worth £100s of millions as well as avoiding huge societal costs (estimated in the order of £billions), from the loss of biodiversity and carbon as well as impacts on drinking water and flood management. To deliver one million ha of peatlands in good condition or under conservation management (just over a third of all peatlands) would require in the order of £700 million.

- The majority of peatlands are in rural, farmed landscapes primarily in the uplands but also in lowland areas. Large scale peatland restoration projects across the UK have demonstrated that successful peatland management can be achieved through working with farmers and other land managers, bringing benefits for both the land managing community and wider society. Vital to this success is the availability of funds and other support that addresses current market failure for the services well managed peatlands can provide.
- Agriculture payments under CAP are the largest and most widely applied funding source for peatlands in the UK but the overall funding available and limitations in the scheme have restricted uptake. A major factor for peatlands is the potential loss of opportunity costs for farmers undertaking sustainable peatland management arising from tensions with Pillar I payments and the market failure to reward farmers for delivering healthy peatlands.
- There is broad consensus that for peatlands to be conserved and sustainably managed requires a system that:
 - avoids perverse incentives which could harm peatlands
 - provides funding to cover the capital costs of peatland restoration and any loss in opportunity costs
 - provides ongoing funding support that recognises the scale and range of peatland ecosystem service benefits to society.
- Targeted funds specifically aimed at peatlands offer a more flexible approach than just relying on agriculture based payments alone. Examples of national funds for peatlands have seen considerable success in securing peatland restoration and sustainable management but there are risks if these schemes are left as short term measures. Longer term funding initiatives would give greater confidence to land managers and contractors to invest in sustainable peatland management.

About the IUCN UK Peatland Programme

The International Union for the Conservation of Nature (IUCN) is a global organisation, providing an influential and authoritative voice for nature conservation. The IUCN National Committee UK Peatland Programme¹ (IUCN UK PP) promotes peatland restoration and sustainable management in the UK through a partnership of environmental and land managing NGOs, public bodies, scientists and business. Formed in 2009 the IUCN UK PP has provided publications, briefings, consensus based scientific evidence and facilitated stakeholder activities through conferences, seminars and a Commission of Inquiry on

¹ See IUCN UK Peatland Programme website <http://www.iucn-uk-peatlandprogramme.org/>

Peatlands². The Programme has set an ambitious target to see one million hectares of UK peatlands in good condition or under restoration management by 2020 and has developed a Peatland Code aimed at enabling private funding for peatlands alongside public funds.

What are the implications for UK biodiversity of leaving the EU, in particular the Common Agricultural Policy?

1. Leaving the EU does not abrogate the UK and its devolved administrations from international responsibilities towards peatlands. Global conventions on nature conservation, biodiversity, climate change, and wetlands all require national protection mechanisms and funding support to restore and sustainably manage peatlands. Should the UK no longer be bound by EU environmental legislation, appropriate levels of environmental safeguard would need to be put in place to comply with International obligations towards peatland biodiversity and other benefits.
2. The UK's peatlands cover around 26,000km² (10% of the total land area) and include the largest remaining semi-natural habitats in the UK, holding nationally and internationally important biodiversity. The three main types of UK peatlands, blanket bogs, raised bogs and fens are all identified as priority habitats under the EU Species and Habitats Directive. Many of the plant and animal species found on peatlands are of high conservation importance, being rare or threatened and showing marked population declines. Peatlands have been identified as priorities for action under the UN Convention of Biological Diversity and the Ramsar Convention on Wetlands³.
3. In complying with various global commitments to peatlands and nature conservation more generally, the EU has provided a legislative and funding framework that has recognised the importance of peatlands for biodiversity. The UK's suite of Natura 2000 designated sites and the wider habitat priority status given to peatlands under the EU Habitats Directive is an important feature in the UK's land managing and development planning system, ensuring that decisions are taken in light of the international significance of peatlands and their associated wildlife, with recourse to an international legal court.
4. The multiple public benefits of peatlands particularly for biodiversity, drinking water, flood management and climate change as well as their significance as a cultural and ecological archive are acknowledged internationally and the IUCN which has recently reinforced its commitment to peatlands at the World Conservation Congress in Hawaii⁴. The IUCN UK

² Bain et al (2011) IUCN UK Commission of Inquiry on Peatlands. IUCN UK Peatland Programme, Edinburgh. http://www.iucn-uk-peatlandprogramme.org/sites/www.iucn-uk-peatlandprogramme.org/files/IUCN%20UK%20Commission%20of%20Inquiry%20on%20Peatlands%20Full%20Report%20spv%20web_1.pdf

³ Reed et al (2010) Policy Options for Sustainable Management of UK Peatlands. IUCN UK Peatland Programme, Edinburgh <http://www.iucn-uk-peatlandprogramme.org/sites/www.iucn-uk-peatlandprogramme.org/files/images/Review%20Policy%20Options%20for%20Sustainable%20Management%20of%20UK%20Peatlands%2C%20June%202011%20Final.pdf>

⁴ See <http://www.iucn-uk-peatlandprogramme.org/news-and-events/news/global-call-action-peatlands-avoid-catastrophic-loss>

PP Commission of Inquiry⁵ on peatlands examined the benefits in the UK and highlighted the significant public benefits of peatlands as well as the cost effectiveness of early action to repair damaged areas and bring them under sustainable management. In 2011 the UK Government published the 'National Ecosystem Assessment' using economics research to show the true value of nature. The benefit our inland water bodies, including peatlands are worth £1.5 billion per year to the UK economy⁶. The costs of inaction and failure to restore peatlands could reach £billions in terms of climate change impacts alone from the release of stored peatland carbon⁷.

5. The international significance of the UK's peatlands has made them eligible for funding under various EU initiatives, most notably through the Rural Development fund which has seen annual payments in excess of £6million directed towards peatlands⁸ and the EU Life fund which has provided £32million since the scheme began in 1994, to repair and manage peatlands. Research funding is also vital to the delivery of sustainable peatlands providing evidence on the effectiveness of policy measures, informing decisions making on the impact of activities and in enabling peatland outcomes to be assessed against Government obligations and targets across biodiversity climate change and water. Several major research initiatives on peatlands have benefitted from European funding. In addition the EU provides funding through its Life Integrated Projects programme to help tackle ecosystem problems at a countrywide level. A funding proposal of over £10million for a UK climate change based peatland initiative under this EU Life IP programme has had to be halted, following the referendum result.
6. There remains a major challenge facing UK peatlands to bring them into good condition and avoid huge future costs to society from the loss of carbon and biodiversity as well as impacts on drinking water and flood management. Estimates from the Commission of Inquiry on Peatlands suggest a required spend of £700million is required by 2020 to bring 1million ha (just over a third of UK peatlands) into good condition or under conservation management.

To what extent do initiatives to support biodiversity in the UK depend on CAP-related payments?

1. Agriculture payments, mainly through Pillar II agri-environment schemes, are the largest and most widely applied funding source for peatland restoration across the UK, enabling

⁵ Bain et al (2011) IUCN UK Commission of Inquiry on Peatlands. IUCN UK Peatland Programme, Edinburgh. http://www.iucn-uk-peatlandprogramme.org/sites/www.iucn-uk-peatlandprogramme.org/files/IUCN%20UK%20Commission%20of%20Inquiry%20on%20Peatlands%20Full%20Report%20spv%20web_1.pdf

⁶ UK National Ecosystem assessment <http://uknea.unep-wcmc.org/Resources/tabid/82/Default.aspx>

⁷ See <https://www.theccc.org.uk/charts-data/ukemissions-by-sector/agriculture/>

⁸ Keenleysides and Moxey (2011) Review of public funding of peatland management and restoration in the UK <http://www.iucn-uk-peatlandprogramme.org/sites/www.iucn-uk-peatlandprogramme.org/files/Review%20Public%20Funding%20of%20Peatland%20Management%20and%20Restoration,%20June%202011%20Final.pdf>

the costs to be met for capital works such as blocking drains and ongoing sustainable management of livestock grazing for example. However several problems have been identified with the current limited level of funding available as well as the administration and implementation of these schemes.

2. Most of the UK's peatlands are in rural areas under agricultural management and have been heavily influenced by past land use policy, resulting in more than 80% of peatlands in a modified and often deteriorating state through drainage, burning and livestock grazing in particular. Government financial incentives for many decades up to the end of the 20th century, led to widespread drainage of peatlands in an often failed attempt to make the land more profitable for farming and forestry. Government policy no longer supports new peatland drainage as a result of changed priorities where the public benefits of healthy peatlands and the costs of damaged peatlands are better understood. However the major issue for peatlands is the legacy of past damage and the need for restoration management to bring the peatlands into a stable state where they are no longer deteriorating and losing their biodiversity and other ecosystem services.
3. Restoring peatlands requires active management to rewet the peat, secure peatland vegetation and deliver their ecosystem services. Depending on how degraded the peatland is this remedial work can vary from simple adjustments in burning or livestock management to the blocking of drains involving farm machinery, right up to the use of large contract vehicles and even helicopters for the most eroded peatlands. Conversely, without active management to stabilise the peatlands the degraded areas will deteriorate further making future repair more costly and difficult.
4. The UK has many successful projects providing wide ranging public benefits from peatland restoration⁹. These show that achievements can be made even over large areas and multiple landholdings through coordinated projects with a lead body and the right level of funding and support. Projects across the UK have demonstrated that it is possible to integrate farming with sustainable peatland management and providing benefits for the farmer through for example retaining soil, avoiding erosion and loss of livestock in deep gullies.
5. Current measures under CAP have been an extremely important source of funding for peatlands, having delivered successful restoration covering around 46,000ha. However the scale of the peatland challenge across the UK demands a) greater funding and b) measures to ensure wider uptake, if environmental objectives and public benefits are to be delivered.

⁹ Cris et al (2011) UK Peatland Restoration; Demonstrating Success, IUCN UK PP, Edinburgh <http://www.iucn-uk-peatlandprogramme.org/publications/demonstrating-success/uk-peatland-restoration-demonstrating-success>

How should future support for UK agriculture be structured in order to ensure there are incentives for environmentally-friendly land management? What are the positives/negatives of current schemes (e.g. Countryside Stewardship) that should be retained/avoided?

1. In considering peatlands and agriculture a distinction needs to be made between upland peatlands in often marginal largely livestock based farming where opportunity costs are low and the more intensive, high value, arable farming dominated lowland peatlands. A major resisting factor to the delivery of peatland restoration and sustainable management in both the upland and lowland peatland is the potential loss of opportunity costs for farmers arising from tensions with Pillar I payments and the market failure to reward farmers for delivering healthy peatlands. This is further exacerbated by the fact that market forces and perverse incentives, still support damaging practices associated with intensive pastoralism and arable production on peatlands.
2. There is broad consensus among environmental bodies and land managers that for peatlands to be conserved and sustainably managed requires a system that:
 - avoids perverse incentives which could harm peatlands
 - provides funding to cover the capital costs of peatland restoration and any loss in opportunity costs
 - provides ongoing funding support that recognises the scale and range of peatland ecosystem service benefits to society.
3. There are various options for adjustments to agriculture payments schemes that could help shift farming activity towards long term sustainable management of peatlands through removal of perverse incentives and greater targeting of funds to the delivery of public benefits from peatlands. Considering that CAP is likely to have an impact on land management for several years adjustments to the existing schemes will also be required if urgent peatland restoration is to be delivered¹⁰.
4. In addition to agriculture payments and improvement of that system, there is a strong case for dedicated National funds for peatlands to address market failure to monetise the public benefits from peatlands. EU Life funding has worked well at enabling restoration in designated sites of international importance and there have been a number of UK Government led schemes such as Peatland Action in Scotland which has seen £10 million made available for the restoration of peatlands that have been available in all peatland areas, including those not under agricultural management. However these initiatives have been short lived lasting a few years and this can lead to lack of confidence among land managers and contract services about the financial returns of peatland management.

¹⁰ See Moxey (2016), Assessing the Opportunity Costs Associated with Peatland Restoration, IUCN UK PP <http://www.iucn-uk-peatlandprogramme.org/sites/www.iucn-uk-peatlandprogramme.org/files/Andrew%20Moxey%20Assessing%20the%20opportunity%20costs%20of%20peatland%20restoration%20revised%20v2.pdf>

5. The potential for Payment for Ecosystem Services (PES) schemes has been widely investigated¹¹. Engagement of the private business sector in peatland management has seen investment of tens of £millions by the drinking water companies looking to repair peatlands at the head of water catchments to reduce downstream costs of treating brown water from damaged peatlands. Carbon markets are another opportunity and the development of the Peatland Code¹² is aimed at providing assurance and quantification of the climate change benefits of peatland restoration for businesses interested in paying for peatland projects. Such mechanisms can work alongside public funding such as agriculture payments allowing integration of payments for multiple services at higher levels and over longer periods; a minimum of 30 years in the case of the Peatland Code.

¹¹ See Bonn et al (2014) Investing in Nature: Developing Ecosystem Service Markets for Peatland Restoration. <http://www.sciencedirect.com/science/article/pii/S2212041614000692>

¹² See <http://www.iucn-uk-peatlandprogramme.org/peatland-code>