

## CAIRNGORMS NATIONAL PARK AUTHORITY

---

**Title:** CAP Reform Consultation Response

**Prepared by:** Agriculture Working Group  
Fiona Newcombe, Head of Natural Resources

### **Purpose**

This paper contains the Agriculture Working Group's response to the Scottish Executive's consultation on the implementation of recent Common Agricultural Policy (CAP) reforms.

### **Recommendations**

That members note the response and that the implementation of the CAP reform proposals will have a major impact on the delivery of all four aims. To enable delivery of all four aims, the reforms must be implemented locally, with the Park as a Land Management Contract region. Members are invited to promote this position.

### **Executive Summary**

The CNPA believes that farmers and crofters across the Park contribute greatly to all 4 aims. The CNPA is keen to support land managers in their efforts and have identified the need to integrate land management schemes as an early priority.

The options available under CAP reform provide an opportunity to start this process. Our wish is for the CAP reform proposals to be implemented through Land Management Contracts (LMCs). The Cairngorms National Park should be designated as an LMC region. The paper includes detailed proposals about how the CAP reform proposals can be implemented as LMCs. They should be a flexible, simple system for integrating and administering agricultural support to deliver all 4 aims.

---

## CAP Reform Consultation Response

### Introduction

1. The Cairngorms National Park Authority (CNPA) welcomes this opportunity to comment on *CAP Reform: Opportunities for Scotland*. These comments reflect the policies of the Board, and have been developed through two open meetings (in Ballater and in Nethybridge) in November 2003 and a SEERAD consultation meeting in Kingussie in December 2003. They also reflect the findings reported in *New Directions for Land Management Schemes in Scotland's National Parks*.

### Why is the CNPA interested in CAP reform?

2. The Cairngorms National Park, created in 2003 as Scotland's second National Park, has four aims:
  - to conserve and enhance the natural and cultural heritage of the area;
  - to promote sustainable use of the natural resources of the area;
  - to promote understanding and enjoyment (including enjoyment in the form of recreation) of the special qualities of the area by the public; and
  - to promote sustainable economic and social development of the area's communities.
3. The CNPA believes that farmers and crofters across the Park contribute greatly to all 4 aims - and supports them in their efforts. The management undertaken by them creates the landscape and supports the wildlife that helps make this area so special. For example, the Park contains the highest density of breeding wading birds (such as lapwing and redshank) on mainland Scotland. This is directly a result of the farming systems found here.
4. Agriculture contributes to the third aim as many people visit and live in the area because of this special landscape and wildlife. Agriculture also plays a direct role in the economic and social development of the area's communities, providing employment, housing and supporting many other industries such as suppliers. The contribution of agriculture to the special qualities of the area has been recognised in a variety of publications including the Spey Catchment Management Plan and the Local Biodiversity Action Plan.
5. Agriculture in the Park has changed in the recent years<sup>1</sup>. The area of cropped land has declined, and the permanent grassland has increased. More trees have been planted. While there are fewer cattle, the numbers of sheep have increased. There is a trend towards the amalgamation of units, and employment is declining.
6. The CNPA is concerned as there is no doubt that agriculture in the Park is under threat, from:
  - low prices;
  - an ageing farming and crofting community;
  - difficulties for young entrants to start farming;
  - an overburden of rules, regulations and paperwork;
  - national schemes that do not fit local requirements;
  - a lack of funding for environmental schemes;

---

<sup>1</sup> Cairngorms Partnership (1996) *The Cairngorms Assets*.

- a lack of training (for traditional agricultural skills); and
  - a downturn in agricultural output.
7. The CNPA recognises that many of these changes and threats reflect those happening nationally. Nevertheless, the Park has been specially designated to reflect its special qualities, many of which depend on agriculture. It is essential that support and efforts be directed towards overcoming these threats in the Park.
8. The CNPA's Board has identified immediate priorities to deliver the aims and to try and mitigate these concerns. We propose the integration and simplification of land management schemes. Our vision is for a one-stop-shop approach to land management schemes, which will support land managers across the Park for their contribution towards the four aims. The Scottish Executive's consultation on CAP reform, and its implementation through LMCs<sup>2</sup> offer an early and important step towards delivering this vision.
9. The CNPA believes that the implementation of the CAP reform proposals will have a major impact on our ability to deliver the 4 aims. The reforms must be implemented locally, with the Park as an LMC region.

#### **Why should the CNPA be an LMC region?**

10. The CNPA strongly supports the introduction of LMCs (via CAP reform) as a simplified and flexible mechanism for agricultural aid in the Park, for economic, environmental and social objectives. We propose that the Park is an LMC region. We believe that the Park would be a useful pilot and region for LMCs, as:
- the CNPA could act as a co-ordinating body;
  - there is a strong record of collaboration through the Cairngorms Partnership to be built upon;
  - identification of economic, environment and social priorities has started (for example, through the LBAP, Communities Council Group and agricultural waste schemes);
  - integration of land management schemes is underway (for example, the moorland project); and
  - we are well placed to deliver a wide range of public goods, and provide excellent value for money.
11. The CNPA also recognises the importance of the provision of advice for achieving integrated land management schemes. Although the opportunities to provide advice in the CAP reform proposals are not included in the current consultation, we suggest that they are developed as soon as possible.
12. Our vision is that every farmer and crofter should have the opportunity to receive face-to-face advisor support to prepare a development plan. This would identify all agricultural (and off-farm) activity; identify and integrate funding streams; and other sources of help, such as those available under LMCs, Leader plus, etc. *The Whole Farm Review Pilot Scheme* could provide a useful model for developing for such a scheme.

---

<sup>2</sup> The Scottish Executive has announced plans to introduce LMCs as a flexible, simple system for integrating and administering agricultural support. A tiered system is proposed, with a menu of economic, environmental and social options available.

## Specific Answers To Consultation Questions

### **Should a fully decoupled system of farm support be applied in Scotland (i.e. without use of the recoupling options or the national envelope provision)?**

13. The CNPA supports a fully decoupled system of farm support to reduce bureaucracy. Nevertheless, we believe that it is essential that the CAP reforms support all 4 aims of the National Park. During our consultation period specific concerns were raised about the future of beef farming, and for the environmental impact of the reforms due to the loss of mixed farming. We are keen to explore mechanisms that would address these issues.
14. We require further information about the impacts of the reforms before being able to address this question. Some (but not all) of these impacts are difficult to predict until after they are introduced. We propose that provision is made for national envelopes to be introduced for the beef, sheep and arable sectors to address issues that arise. We recognise that national envelopes give greater flexibility to design locally specific solutions, and so support them rather than recoupling.
15. We understand through informal discussions with SEERAD that it is necessary to introduce national envelopes immediately - i.e. there is no opportunity to introduce them as necessary. This is a very unsatisfactory situation, as we require flexibility to use national envelopes to resolve problems that arise. We make two proposals to resolve this:
  - That SEERAD attempt to seek to make changes with the European Commission to enable national envelopes to be introduced at a later stage where necessary.
  - That SEERAD undertake and publish as much work as possible on the impacts of the reforms, to enable planning for national envelopes. We welcome and recognise the work published so far, but call for further work to be done, particularly at the regional scale, and on environmental and socio-economic outcomes.
16. If this kind of analysis or change is not achievable, then the problems identified through decoupling (i.e. loss of beef farming and impacts of environment through loss of mixed farming) should be addressed through the rural development measures.

#### **If not:-**

### **Should use be made of any of the recoupling options? Please provide views on which of the available recoupling options should be retained and why.**

17. The CNPA does not support the use of any of the recoupling options, as this gives little flexibility for designing local solutions.

### **Should use be made of the provision for a national envelope? If so, in which sectors? Please also comment on how the illustrations provided could be developed further, or other ways in which a national envelope could be designed.**

18. The CNPA requires further information about the impacts of the reforms before being able to answer this question. Some (but not all) of these impacts are difficult to predict until after they are introduced. We propose that provision is made for national envelopes to be introduced for the beef, sheep and arable sectors to address issues that

arise. We recognise that national envelopes give greater flexibility to design locally specific solutions.

19. We understand through informal discussions with SEERAD that it is necessary to introduce national envelopes immediately - i.e. there is no opportunity to introduce them as necessary. This is a very unsatisfactory situation, as we require flexibility to use national envelopes to resolve problems that arise. We make two proposals to resolve this:
- That SEERAD attempt to seek to make changes with the European Commission to enable national envelopes to be introduced at a later stage where necessary.
  - That SEERAD undertake and publish as much work as possible on the impacts of the reforms, to enable planning for national envelopes. We welcome and recognise the work published so far, but call for further work to be done, particularly at the regional scale, and on environmental and socio-economic outcomes.
20. If this kind of analysis or change is not achievable, then the problems identified through decoupling (i.e. loss of beef farming and impacts of environment through loss of mixed farming) should be addressed through the rural development measures.

**Should the single payment system be operated on a flat-rate area basis, instead of the individual payments approach?**

21. The CNPA believes that there are advantages to both systems, which are:

System	Advantages
Individual payments approach	No redistribution  Administratively simpler in short-term for those whose farm businesses have not changed since 2000.
Flat rate area basis	Transparent -  Easier to justify value for money to taxpayers  Administratively simpler in short-term for those whose farm businesses have changed since 2000.  Administratively simpler in the long-term as allocations are transparent  Lessens the likelihood of market trading complexities (such as those currently seen in the dairy industry)  Easier for young entrants to farming and crofting  Fairer method of attaching good agricultural and environmental conditions (same rates of payments deliver the same amounts of public goods)  Enables targeting and regionalisation of public subsidy  Could mean that more land continues to be farmed (if subsidy is attached to land)

22. The CNPA believes that not enough is known about the impacts of redistribution on the 4 Park aims to be able to support one system over the other. The flat rate area basis is more politically attractive in the long-term. It would also mean a gain for the Park as a whole (using the flat rate figure of £60 per hectare).
23. However, the CNPA are keen to avoid the effects of redistribution, both within and outwith the Park. To achieve this, we suggest that a hybrid scheme, which avoids redistribution, and moves to the flat rate area basis, is considered.
24. The CNPA suggests that SEERAD should develop its thinking on hybrid and flat-rate systems. Consideration should be given to area-based payments, which recognise different landclasses or different land types. In particular, consideration should be given to regionalising the flat-rate area basis. This could be done under Tier 1 of an LMC. As stated earlier, the CNPA believes it is essential that the Park be considered as an LMC 'region' in order to deliver our 4 aims.

**Should dairy payments be decoupled at the same time as decoupling in the other sectors, i.e. January 2005? For the years in which there will be an 'additional payment' (2004 if decoupling starts in 2005 and the three years to 2006 if decoupling starts in 2007) in which ways should this money be spent?**

25. We have no comment on this question.

**How should set-aside be operated in Scotland?**

26. Set-aside should be operated in Scotland to deliver environmental protection and enhancement, while enabling practical farming and crofting. It should be designed to help the farmer or crofter deliver as many benefits as possible. Its design should avoid spreading non-desirable plants such as ragwort.. For example, if set-aside is placed alongside watercourses, it can deliver biodiversity and help reduce pollution.
27. Set-aside should also be operated to encourage access. This should be planned carefully to avoid disturbance to wildlife and farming operations.

**Should additional rates of national modulation be applied? If so, what rate and for what purposes?**

28. The CNPA views the funding available under Pillar 2 (the Rural Development measures) in the CAP reform proposals as being the most sustainable in the long-term. We support the transfer of support from Pillar 1 to Pillar 2 as a means of protecting funding, as well as enabling the delivery of a wide range of public benefits.
29. To try to identify the rates of national modulation required and which purposes, we have listed the Rural Development Measures available under the CAP reform proposals necessary to help farmers and crofters deliver the 4 Park aims:
  - Agri-environment
  - Afforestation of agri land/other forestry measures
  - LFASS
  - Early retirement
  - Investment in agri holdings
  - Setting-up of young farmers
  - Training

- Setting up of farm relief and farm management services
  - Marketing of quality agricultural product
  - Basic services for the rural economy and population
  - Diversification of agricultural activities
  - Agriculture water resources management
  - Development and improvement of infrastructure connected with agriculture
  - Protection of environment
  - Restoring agricultural production following natural disasters
  - Meeting standards
  - Animal welfare
  - Food quality
30. Please note that this is a list of all the Rural Development measures, which, if designed correctly, the CNPA believe could help farmers and crofters, deliver the 4 Park aims, and so need to be introduced. It is not a list of requirements or expectations for farmers and crofters in the Park. The measures must be properly designed if they are to meet the Park aims. For example, afforestation should not be encouraged in areas with good habitat for breeding waders. Early retirement should not be introduced without also implementing the setting up of young farmers option.
31. The measures should be delivered regionally through LMCs. The CNPA proposes that the Park becomes a region for LMCs. However, our vision is for LMCs to incorporate funding and schemes beyond those available under the CAP Rural Development measures. That is, the above list is just a starting point for LMCs.
32. Initial calculations<sup>3</sup> suggest that maintaining the status quo (option 1 in the consultation paper) will not fund adequate rural development measures to enable the delivery of the 4 Park aims. We do not have enough information about costs to recommend options 2 or 3.
33. Nevertheless, the CNPA proposes that:
- assuming long-term match funding from the Treasury, additional rates of national modulation should be applied at high enough rates to fund these measures; and
  - the funding modulated from farmers and crofters in the Park, must as a minimum be reallocated here. However, the CNPA believes that the Park is well placed to deliver a wide range of public goods through CAP reform. There is a strong case that modulated funds from non-fragile areas of Scotland be reallocated to the Park to deliver best value for public money, and enable the delivery of the 4 Park Aims.

**Fiona Newcombe**  
**6/01/04**

**fionanewcombe@cairngorms.co.uk**

---

<sup>3</sup> For example, the funding required for agri-environment schemes alone is over £8.5 million (based on 570(no of holdings) x15 000 (mean annual value of RSS based on 2002 figures before it was indirectly capped))