

## Cairngorms Farmers Forum

Future of Farm Subsidies

Meeting 23<sup>rd</sup> February 2010

Grantown-on-Spey

Almost 70 people turned out to hear the three speakers on the night – Brian Pack, Peter Cook and Neil Williams. Meeting was chaired by David Green Convenor of Cairngorms National Park Board.

Brian Pack presented his summarised version of the Interim Report. He set out the challenges that Agriculture and the world in general faces over the next decade or so and how the industry is well placed to meet these challenges.

He told the audience that any future support payments that farmers receive will have to be justified from a taxpayer's perspective. He believes that agriculture can justify this support. Any future support should:

- **Maintain a productive agricultural sector in Scotland** – so that we maintain our capacity to respond to issues of food security;
- **Help the industry to adapt and improve** – the industry needs to continually improve its competitiveness and its adoption of new practices;
- **Maximise the delivery of public goods** – public investment in agriculture can enhance their delivery;
- **Mitigate the disadvantage experienced by Scottish agriculture** – 85% of the land is classed as LFA.

He proposed that there would be 4 main ways of delivering future support:

- **Direct Payments**
- **Top-Up Funds**
- **Rural Development Programme**
- **Less Favoured Area Payments**

The way in which Direct Payments would be paid out would be on the Macaulay Land Capability for Agriculture Classification (LCA) as shown in the following table:

LCA Class	Annual qualifying requirement	£/ha
1 – 3.1	GAEC & minimum cultivation (new GAEC) of arable land	130
3.2 – 5.1	GAEC including Stocking rate >0.12	130
5.2 – 5.3	GAEC including Stocking rate >0.12	45
6.1 - 7	GAEC including Stocking rate >0.12	15
3.2 -7	Failure to achieve Stocking rate >0.12	0

This area based payment would be two thirds of Scotland's Single Farm Payment pot.

The **Top Up Fund (TUF)** would be available to the recipients of direct payments provided they undertake activities that are targeted at achieving certain specific outcomes. About one third of the Single Farm Payment pot would be allocated to this fund

#### **Short term measures:**

Brian Pack also laid out the possibilities for changing the current payment regime in the short term. In order to tackle the issue of inactivity it is proposed to introduce a minimum stocking density to ensure that any Single Farm Payment can only be received on actively farmed land. Suggested densities would be 0.08 as a minimum up to 2.5 as a maximum livestock units per hectare figure.

He also proposed the use of Article 68 which would see a 3.5% top slice of the UK's ceiling on entitlements (dependant on other UK countries and EU agreement) being diverted into new measures like payments for beef cows, extension to the Scottish Calf Scheme, BVD eradication schemes or payments on lambs born and electronically tagged in the North west of Scotland.

**Peter Cook** outlined his vision on the future shape of agricultural support. He again emphasised the need for any farming subsidy support had to be fully justified. He showed how the support mechanisms have changed since the days of price support and Intervention, through the MacSharry reforms up to the present decoupled system of support.

He warned about the realistic expectations from any future changes – *‘what we want is very unlikely to be what we get’*

It would appear that more and more money will be directed into Pillar 2 which contains SRDP and other competitive schemes. This opens up the pot of money to non farming businesses hence diluting the payments to the agricultural sector.

Peter advocated that we should continue to maintain capacity in agriculture, not to be confused with food security. This retains the possibility of increased production in the future by keeping the land in good heart. He warned that any food security policy might see the emphasis change from meat from the hill to chickens from the East coast!

He finished off by re emphasising the importance of cross industry debate on the future, including the Pack Inquiry which he acknowledged as a great start in this process.

**Neil Williams** told the audience how he has changed his business radically over the last few years to try and make a profit in his sheep enterprise without having to depend on the ‘brown envelope’ (Subsidy payments) coming through the post. He focused on where the main costs were in his business and how he could minimise them. He suggested some novel ideas about how to support farming in the more remote areas including paying farmers to look after rural roads as they already had the equipment on site.

**Open Q&A** – the main theme of the questioning from the audience was on the lack of support for new and young entrants into the industry. Calls were made to change the current system to allow payments to these businesses but the panel were all in unison in responding that there was no chance of changing the present system as the EU would not agree.

There was also call from the floor to make sure the support stayed with the tenant and not go to the landlord. Any area payments scheme may force rental and sale values up for land.

The top up fund was welcomed but some spoke of the need to be cautious as any unused money in this ‘pot’ could not be recycled elsewhere and would end up back in EU coffers.

Meeting closed around 9:45pm