

**The role of agriculture in delivering
environmental benefits**

Friday 5th December, 2003
Castle Douglas, Dumfries & Galloway

**A seminar funded by WWF Scotland and SNH
Arranged by The Southern Uplands Partnership**

**The Southern Uplands Partnership, Studio 2, Lindean Mill, Galashiels, TD1 3PE.
Tel. 01750 725154 (Scottish Borders) or 01644 420808 (Dumfries & Galloway)
www.sup.org.uk**

The Southern Uplands Partnership

The role of agriculture in delivering environmental benefits CAP Review meeting – Friday 5th December, Castle Douglas.

"Give us the blue-print for the environment you want and leave us alone to deliver it."
- a workshop participant

General comments

The meeting was attended by around 25 people (see appendix) and there was a lively discussion of the issues (Chatham House Rules). The aim was to try to agree what environmental outputs agriculture should be delivering and then focus on some of the impacts of the proposed CAP reforms on local agriculture and the environment.

It was agreed quite rapidly, that the ideal environmental outputs had already been defined and agreed to a large extent through a number of local initiatives such as the Local Biodiversity Action Plan (LBAP), the Natural Heritage Futures programme, the local National Scenic Area plans and river catchment management plans and to a lesser degree through the Indicative Forest Strategy, but that no equivalent strategies existed for rural jobs or regional culture. It was suggested that some sort of Indicative Agriculture Strategy (based on all these) might be useful in guiding future land-use. Land Management Contracts would then be a way of further driving future land-use along the preferred route.

General Discussion Summary morning session:-

- 1 Under CAP agri-environmental funds have been relatively small and tended to result in “bolt-on” projects, many of which may have been expensive and cosmetic in terms of environmental benefit. In many cases farming has delivered positive environmental outcomes, but many of these have been largely incidental. Under the existing regime farm workforces are small and production focussed, upkeep of environmental schemes is often uneconomic and – where schemes subsidise rather than fund in full – payment is not sufficient, the result being a loss of landscape features.
- 2 Production driven agriculture under CAP has seen a polarisation of farming businesses between some very intensive units and others where abandonment might ultimately occur. The view was expressed that some of the present policies have focussed on off-setting damage done by intensive farmers rather than rewarding more positive systems. It was felt that many farmers would welcome the opportunity to move away from intensive, subsidy led production. There is some very good environmental farming in Dumfries & Galloway, care should be taken to see that new schemes build on this rather than simply introducing new schemes at a high capital cost and farmers already practicing good environmental management should be equally able to benefit from new agri-environmental schemes.

- 3 There may be conflict between the message that farmers should be providing organic and niche market products and the message that they need to intensify to compete in a world market. Big units can survive on a world market basis. Can Dumfries & Galloway sustain a few intensive, market driven units and a number of extensive, subsidy rewarded environmental farms?
- 4 The public appreciate and enjoy the diverse landscapes and the landscape features, different types of views and contrasting habitats found in the relatively small area of Dumfries & Galloway. The perception of the public and of farmers must change so that environmental work is seen a core part of what farmers do. Environmental management should be as legitimate an activity as beef production.
- 5 It was suggested that agriculture needs a regional blueprint as to what is required, this should be prescriptive about what/where and should offer the farmer choices and the opportunity to maintain current incomes. In discussion it was agreed that documents already existed (LPAP, SNH Heritage Futures, NSA Landscapes, Archaeological Strategy, Indicative Forest Strategy) which contain the information to draw up such a blueprint. A possible format might be similar to the Indicative Forestry Strategy (the Ayrshire IFS being the most recent), clarifying “sensitive”, “preferred” and “potential” areas for various activities with designated areas complimented by agri-environmental schemes. It was suggested that farmers adopting agri-environmental schemes in areas preferred by the strategy should receive additional funding. It was proposed that any blueprint for the area should focus on local “drivers” – i.e. demand, opportunity, strategy, etc. Adherence to national drivers could result in loss of distinctive regional features. A view is needed as to what is wanted – although it is hard to be prescriptive about exactly what and where. There will be often be conflicting interests, not just between neighbouring farmers but between what local people want and what environmentalists feel is best.
- 6 It was fully recognised that landscapes and habitats currently seen as desirable were created/maintained by past farming/land management practice (e.g. muirburn) and that without continuity of management these would be lost. Land Management Contracts could allow farming systems to be tailored to local situations, enhance what exists and provide continuity.
- 7 It was also recognised that what needs to be protected and enhanced includes archaeological and historical heritage as well as habitats and wildlife.
- 8 A range of habitats were identified as of particular value, of which permanent pasture was by far the most extensive. It seemed that the major opportunity for environmental gains would be in the marginal areas between the most intensively farmed lowland and most extensively farmed hill. In these areas many key species identified for Dumfries & Galloway are found and more extensive methods of farming are practiced. These tend to be smaller agricultural units, where conservation/habitat interest is great (permanent pasture, rush pasture, blanket mire, remnants of broadleaf, watercourses and springs). These farms are often in family ownership, suggesting a long-term commitment to the business and to the land, and where a current reliance on subsidies (50-60% of income) means that an alternative option will be needed post CAP. There is a risk that with the current shakedown these marginal areas may change by default – agri-environmental schemes could provide an opportunity for these farmers, rewarding farms with specific species and habitats.

- 9 While this type of unit has potential there is little of the desired arable cropping at present, and the equipment needed for cropping has often been disposed of. However this could be overcome and sacrifice crops would have a very positive impact on some species. Post-decoupling there would be no restriction on restoring some arable cropping (although there is an issue over definition of permanent pasture and where it must be retained).
- 10 While agri-environmental schemes may offer benefits, change will be driven by economics. CAP is driving agriculture at present; this review could provide an opportunity to make policy better fit the needs of Scotland and even regions of Scotland.
- 11 Tax rules are a major driver for forestry and need to be taken into account when looking at CAP reform. New schemes will mean a steep learning curve for farmers, particularly as many are older sole traders and previous competitive schemes have deterred some from applying to join agri-environment schemes.

Throughout the morning discussion returned to the point that Environmental gain must be a part of a wider rural development. Ways to develop new jobs and to hold young people in the countryside are vital. Environmental gains must be linked to access, farm diversification, nature based tourism and tourism generally to this end.

Building on the morning's discussion, the starting point for the afternoon session was that:

- ideal outputs are already known, they need to be linked to agricultural benefits
- diversity (of land-use, farm type, rural enterprise and habitats) needs to be maintained
- Land Management Contracts have great potential
- a regional strategy is desirable
- GAEC will provide a baseline for environmental benefits
- polarisation of farming businesses is occurring
- Rural development requires local flexibility as well as national priorities.

General Discussion Summary - afternoon session:-

- 1 The extent and use of modulation will effect environmental and community benefits. While moving the majority of modulated money to the second pillar would be painful, it might be more productive and beneficial than possible re-coupling measures. While pillar one payments will be lost, much of the money will return to farming through the RSS and other schemes running until the new 2007-13 programming session. Modulation would provide additional funds for diversification. The more modulated funds there are the faster changes might be made. It is likely that 10% modulation would result in tier 1 and 2 LMCs being available to all who want them – i.e. non-competitive
- 2 ESAs already allow Dumfries & Galloway access to significant funds compared to other parts of Scotland, they have been a lifeline to some farmers and perhaps farms in ESAs will have most to offer under CAP reform. ESAs have provided a means of targeting funds, the right amount of money and prescription resulted in many of the desired outcomes being delivered. The size of the pot depends on modulation and the outcome depends on how the pot is distributed – fewer, big projects or a larger number of smaller ones. It was suggested that it might be best to offer an accessible, appropriate scheme across the whole country of a size that can deliver the desired outcomes.

- 3 The point was raised that it is not whose money it is or who gets it, but what is the public benefit? From the taxpayers point of view flexible, targeted funding is preferable. Beyond 2006 significant links between what the public want and what farmers provide should be seen. At present most support goes to the most intensive farms – under reform, there is the opportunity to use funds where the public benefits are greatest.
- 4 The challenge is to find a mechanism to inform the LMCs – which should allow both farmers and the public to see the way forward. Reform should restore the market currently skewed by headage payments and Good Agricultural and Environmental Condition (GAEC) will provide minimum environmental standards across all farm types while allowing farmers freedom to farm as they like, opting in or out of agri-environmental schemes. Organising and delivering the reform will certainly be challenging and might involve agencies such as SAC and FWAG.
- 5 It is hard to grasp all of the issues before the LMC position is clear. LMCs will not come into effect immediately, additional stakeholder discussion will be involved before proposals are put to the Commission later in 2004.
- 6 The basis for future payments was raised – flat rate or historic or some combination of the two? All involve a degree of redistribution. Ring-fencing funds might make farmers more comfortable about change – even if other models might have potential for greater local benefit. There is a perception that Dumfries & Galloway does badly compared to other regions but there is contra-evidence for this. Ring-fencing to farm businesses would be excessively complex and probably ineffective.
- 7 Support based on historic payments (rather than flat-rate) would result in more trading of entitlements but this would be similar to the quota system which seems to be quite acceptable to farmers and public. It was not clear whether trading in entitlement would impact on the future environmental benefits of the scheme.

There seemed to be general consensus that agriculture must change. As it does, there will be an impact on habitats, species, and rural development (or lack of it) generally. Support must seek to develop sustainable rural communities. If the agricultural industry is not profitable the environmental benefits and landscapes which the industry provide, and which the public enjoy, will cease.

Other points raised during the day included:

- the potential for businesses specialising in contracting environmental services to benefit under new schemes
- the environmental impact of land sold from agriculture into forestry
- the potential for special labelling on a regional basis was discussed, but there is confusion between all the labels at present and too many producers would qualify for there to be a genuine niche market derived.
- the potential for long term rotational set aside of pasture in order to let hawthorn and scrub woodland recover.
- the differences between agricultural and ecological definitions; is permanent pasture five years or forever; is rank vegetation good (as part of an ecological process) or bad (because it renders a field agriculturally unrecognisable)?
- Dumfries & Galloway's rapid turnover in land ownership, yet estates are having trouble finding people to take on farms (lack of capital, not lack of interest) so there are still more farm amalgamations.
- land purchase and values in the region being influenced by incomers (often from Ireland)

- the decline in training for agriculture from colleges/universities.
- hobby farming/second income farming is not as significant an issue in Dumfries & Galloway as elsewhere, primarily due to distance from major populations. More interest in farmhouses with a little land for retirement.
- the effect of entitlements being linked to businesses rather than to the land
- how to address chronic changes in the countryside (gradual loss of heather, hedgerows, grasslands, etc), and how to envision and value potential new landscapes.
- how to design a subsidy system that allows regional vision to be fed into the rural development process.

In summary, the meeting asked “what agricultural environment we want in the Southern Uplands” and answered that “we want it as it is (i.e. mostly permanent pasture) but with more ecological diversity, better ecological management and stronger socio-economic prospects”.

The meeting highlighted four main areas of consensus:-

- diversity is key
- farmers need to be able to choose support from a wide menu of options
- the options need to recognise that a few farms are intensive and specialise in food production and many are extensive, effectively specialising in providing public benefits such as nature conservation.
- regional strategies need to be available so that additional incentives can be offered to farmers who agree to provide certain public benefits in preferred geographic or ecological zones.

The involvement of the WWF and SNH in this seminar looking at the environmental impact of CAP reform was noted and appreciated by the delegates attending.