

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE
FUTURE OF AGRICULTURAL SUPPORT IN SCOTLAND

WRITTEN SUBMISSION FROM SRPBA

The SRPBA is grateful for the opportunity to contribute to the Rural Affairs and Environment Committee's discussions on the future of agricultural support in Scotland. The vast majority of our members own and/or manage agricultural land in Scotland so the development of CAP policies is crucial to all of their businesses.

The SRPBA is an active member of the European Landowners' Organisation (ELO) and our comments reflect the submission made by ELO to the recent European Commission consultation and impact assessment on CAP towards 2020.

Budget

At the outset it must be noted that it is almost impossible to make meaningful comment on the future of agricultural support in the EU when we are doing so in the absence of budgetary information. First and foremost the CAP must be adequately funded for the goals it sets out to achieve. Land management businesses cannot promise to deliver unaffordable outcomes.

The SRPBA believes it is perfectly rational that the EU should devote up to 0.5% of its GDP to the policy which seeks to ensure a sustainable food production base and high standards of environmental and management across 70% of its territory which is agricultural and forest land. We defend this even in circumstances of tight public budgets.

The policy must however show that it is well-tuned to achieving what the public want and expect and that its measures are implemented in a cost effective way to achieve these objectives.

Key Points

For the SRPBA (and ELO) the key points in the reform are:-

- Changes to the CAP should not undermine the goal of increased market orientation. Farmers should not be making decisions based purely on chasing public funding but should be aiming for market orientation.
- The CAP must be adequately funded for the goals it sets out to achieve.
- Funds should be distributed to enable an end to modulation in 2013.
- Redistribution of CAP resources should be forward looking and objectively based; we support the shift to regional average payments – suitably phased in.
- Once the move to area based payments is underway there is no useful role for separate payment entitlements and this will remove the “slipper farmer” issue.
- Some kind of basic payments decoupled from agricultural products and prices should be a continuing part of the CAP. The justifications offered are:-
 - They provide the basis for keeping agricultural land in good agricultural and environmental condition which is an intelligent contribution to food security

- They provide some surety and stability for farmers' incomes
- They compensate for higher regulatory costs
- To pay for public goods provision
- The additional focus on public goods should be done by more explicitly purchasing environmental goods through Pillar 1.
- Any greening of Pillar 1 must involve actions which are simple to perform and complement rather than undermine existing agri-environment schemes.
- The reform has to put support for marginal areas onto a firmer more durable basis and this would be helped by moving from the negative concept of Less Favoured Areas (LFA) to the positive concept of Environmentally Favoured Areas (EFA).
- Co-financing should be more flexible in future.
- Payment capping is not necessary and will inhibit needed farm restructuring.
- Inactive, non-farmers should not be receiving CAP payments but narrowing the definition of "active farmers" is unnecessary and will introduce unnecessary bureaucracy. The SRPBA believes that active land management is a more appropriate term than active farming.
- We should not make a religion out of the 2 pillars. It is unhelpful to suggest that Pillar 2 is the virtuous part of the CAP to be preserved for ever and Pillar 1 to be phased out. There has been a mixing of functions between the 2 Pillars but the distinction should be retained. We should avoid splitting similar measures between Pillar 1 and Pillar 2.
- The current audit system must be reformed to ensure greater fairness and penalties which are proportionate and targeted and incorporate more room for discretion and flexibility.
- If there is to be equity in terms of the distribution of the CAP budget, especially to New Member States, then we must ensure that this policy of equity extends to Scotland particularly in relation to Pillar 2.

With reference to the Pack Inquiry reports recommendations, the SRPBA suggests that rather than focusing on the detail of each recommendations, we must ensure that the Scottish Government and the industry is in agreement with the general principles of the recommendation.

SRPBA
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