

RURAL AFFAIRS AND ENVIRONMENT COMMITTEE
FUTURE SUPPORT FOR AGRICULTURE IN SCOTLAND
WRITTEN SUBMISSION FROM SCOTTISH TENANT FARMERS
ASSOCIATION

The Scottish Tenant Farmers Association (STFA) represents tenant farmers throughout Scotland. Its' stated aim is to support and enhance the tenanted sector and in that role welcomes the opportunity to comment to the Rural Affairs and Environment Committee on future support for agriculture in Scotland. STFA welcomes one of the key findings in the report that there is a continuing need for direct support for agriculture. It has been recognised that agriculture has a pivotal role in tackling the challenges of food security, water supply, energy supply, climate change and protecting biodiversity and that public intervention is justified in ensuring that agriculture can play its part.

The tenanted sector plays a significant part in the rural economy of Scotland It is estimated that a third of Scotland's agricultural land is occupied under formal rental agreements of one sort or another and that 80% of these holdings are in secure tenure. STFA's membership is predominantly made up of small to medium sized businesses which depend on support from the Single Farm Payment for the viability of their businesses.

As the representative body for tenant farmers STFA wishes to avoid any radical change to the support structure which could cause long-term damage to the fragile tenanted sector. The current historically based system where SFP entitlements are held by the producer or occupier of the land rather than the landowner has provided tenants with a measure of security. STFA recognises that anomalies have evolved in the system particularly for "non-producing producers" and, as we get further away from the base years, this method of calculation becomes less tenable. STFA is concerned, however, that a move to a flatter rate of payment may encourage landowners to regard entitlements as belonging to the land rather than to the producer/occupier. STFA believes that such a move would be severely detrimental to the letting of land.

1. What should the direction of travel be for the future of agricultural support in Scotland?

STFA firmly believes there is a continuing need for direct support payments to agriculture. The recent figures on Scottish farm incomes published by the Scottish Government on 27th January demonstrate the vital contribution the Single Farm Payment makes to Total Income From Farming and the vulnerability of Scottish agriculture to a reduction in direct support due to budgetary constraints.

STFA supports the general thrust of the Pack Inquiry to encourage profitable agricultural activity which, in return will lead to better delivery of other targets such as climate change and environmental benefit.

2. Are the recommendations made by the Pack inquiry appropriate and achievable? Does the Committee agree with maintaining the two pillar system for delivery, targeting direct payments at more active farms and dividing support for land into different packages for LFA and non-LFA areas?

The general principles of the Pack recommendations are appropriate but it will be difficult to strike the balance between delivering a support scheme which is simple and easy to administer, and one which gives a fair redistribution of support reflecting agricultural activity. STFA is concerned that an area based support payment may lead to increases in land values and farm rents. It is crucial that SFP be awarded according to the level of activity of the individual producer and is seen as accruing to that producer to help reduce the impact in rents.

There is a continuing need to maintain the two pillar delivery system. Direct support must remain a priority and should remain separate from Pillar 2 schemes. STFA has reservations, too as to the wisdom of moving a portion of LFASS to Pillar 1 as proposed in the Pack Inquiry

It is essential that future direct payments are restricted to those actively farming as soon as possible, preferably well in advance of CAP reform post 2013.. STFA was disappointed that the Scottish Government has had to drop planned changes to the enforcement of breach rules regarding undergrazing which would have discouraged non-active and “slipper farmers”.

STFA agrees with the principle of flatter rate area payments based on levels of activity supplemented by top up payments based on the delivery of national targets such as mitigation of climate change. However, we are not convinced that splitting payments into LFA and Non-LFA is the best way of allocating payments.

A flat rate non- LFA area payment has the advantage of simplicity, but is also has the potential to create a number of anomalies, particularly with dairy farms, livestock units in the non-LFA and units which are split between LFA and non-LFA designations, usually on the margins of LFA areas. The latter may prove to be a wider problem than anticipated.

A more equitable way of differentiation may be to allocate SFP payments by grazing/land-use category and activity irrespective of LFA and non-LFA, with area rates ranging from 30 – 200euros/ha for example:

Cat 1: to 0.12lu/ha

Cat 2: 0.12 -0.4

Cat 3 :0.41 - 0.6

Cat 4: 0.61-0.8

Cat 5: 0.8 + and arable

In this scenario, it would not be necessary to move LFASS payments from Pillar 2 –1 as proposed in The Pack Inquiry. LFASS is, by and large, targeting support in the right direction at present.

We agree with the principle of a Top Up Fund to reward activity, based on two basic elements subject to membership of Quality Assurance schemes:

- a) Calf scheme at similar levels to the current one
- b) Payments based on Standard Labour Requirements per livestock or cropping activity.

3. What should the priorities be for a reformed CAP in Europe post 2013? What should the Scottish Government's key negotiating points be in seeking to influence the UK Government, other EU member states and the European institutions? How many of the Pack report conclusions and recommendations can be taken forward as part of CAP reform?

Priorities:

- Activity driven support to deliver quality production.
- Provision of SFP to disadvantaged producers such as new entrants.
- Realising benefits of viable agriculture to deliver defined targets for public goods.
- Equitable distribution of support delivered with a minimum of red tape and bureaucracy.

STFA broadly agrees with most of the recommendations in the Pack Inquiry and believe they should be carried forward as part of CAP reform. Scotland is ahead of the game with the debate on CAP and the recommendations should form part of the discussions in the months ahead.

STFA