



Consultation response to:

An interim discussion document from the Scottish Government's Agricultural Champions

20 December 2017

The Scottish Wildlife Trust is pleased to submit comments on the Agriculture Champions Interim Report.

The Trust set out its thinking on the future of agriculture policy post-Brexit in our [Land Stewardship Policy](#)¹ which was published in May 2017, and we have welcomed the opportunities afforded to discuss this with the Champions and with colleagues in the Scottish Government.

We will not reproduce the detail of that policy here, but will instead offer specific comment on the points made in the discussion document.

p.8 – “We also see a need for better integration of policy across different land uses. The present system suffers from being fragmented because of different policy imperatives, for example on forestry expansion and timber supply, on renewable energy installations, on biodiversity protection, on protecting wildland, on flood management and on agricultural support.”

We agree with the above statement, however, we would like to see this very important point highlighted at the beginning of the document. Including an important point such as this towards the end, as opposed to upfront, could signify a lack of relative importance compared to other points highlighted at the beginning of the document. . It is precisely because of this (better policy integration) that the Trust, in thinking about how to respond to the challenge of developing a future agriculture policy for Scotland, proposed the solution of a Land Stewardship Policy. There is an urgent need to make progress and integrate our different land uses, so that the benefits which flow to all of us in society from land use can be optimised. This also has a direct bearing on the education strand of the document. Until we know how we are going to use our land, we will not know who we should be training in what – and yet this is the area the document proposes for early delivery. The document is right in suggesting that there is a need to consider how we train and encourage young folk into the land based industries, but we must not fully fix the policy direction there before we have decided what the full range of those land based industries are going to be, and where our priorities lie. Indeed, it is somewhat counter-intuitive to set about training the next generation of farmers, before we have decided on the shape of farming policy that will determine the future of that generation.

As the interim report points out, there is a need to continue with the work the Land Use Strategy has begun, and specifically to roll-out the regional land use partnerships approach across Scotland. This is how the catchment approach envisaged in river basin management plans, freshwater fisheries management, open hill deer management, indicative forest strategies and the biodiversity strategy can be delivered alongside work to achieve the woodland creation and peatland restoration targets in the Forestry Strategy and the Climate Change Plan. These are not tangential to the future of farming in Scotland, but central. As the prices of commodities such as

¹ Edwards, T., Hughes, J., Keegan, M., Pike, J., & Wilson, B. (2017) *Land Stewardship: a Blueprint for Government Policy*. Scottish Wildlife Trust, Edinburgh

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lamb continue to fall in real terms, and as future farm support is placed under pressure by the demands from other policy areas, so our farmers of tomorrow will be safeguarding and sequestering carbon; managing land to combat flooding; and helping wildlife to flourish; as well as putting healthy, high quality food on our plates. Different priorities will be pursued both at the level of individual farms, and the level of the catchment, and that is quite right, but visionary thinking is needed from the Champions, from Government, and from the Trust and all others who care deeply about our rural environment, and who want to see our rural economy thrive. We have the strategies, we have done the pilots, it is time now to get on and do integrated land management on the ground, and to learn and improve as we do so.

There are many examples that could be given of how an integrated approach to land use can bring benefits but we would give just one. Balbirnie farms in Fife has invested in a woodchip powered grain dryer. The drier is fuelled by thinnings and production from the farm woodlands. This brings both cost and carbon savings to the farm business, and thinning the woodlands improves their timber quality. The farm woodlands are also partially opened to livestock. This means that stock can be outwintered for longer, reducing housing costs, and extending the time period over which their grazing and manuring can improve soil health. Farm woodlands clearly have other benefits, for biodiversity, sequestering emissions, reducing soil erosion, and in increasing water infiltration and reducing the peaky run-off which causes flooding. In short, integration of land use creates virtuous circles.

P.1 the Vision of the Agriculture Strategy: "Scotland has an innovative, profitable and sustainable agriculture industry which is outward-looking and resilient, supporting our economic growth, environment and communities and contributing to global food security"... about which the discussion document states that: "Whilst no doubt the Vision and outcomes will need to be reviewed over time, and acknowledging that it would be possible to haggle over their precise wording, we are content that they still set the right broad objectives for the future of Scotland's farm sector".

We do not want to be churlish in "haggling over the precise wording" however, we consider that if the purpose of the Champions' work is to set the direction for a future strategy, in keeping with the vision and objectives of the existing one, then this exercise affords an important and rare opportunity to consider how that vision is expressed, as ultimately, if the future policy is developed in a logical fashion, it will flow from that. In our Land Stewardship Policy we quoted Lord Krebs comment to the Scottish Parliament's Environment, Climate Change and Land Reform Committee that "*Current farming practices are essentially mining natural capital as though it was a depleting resource rather than husbanding it for the long-term future. We have to think broadly about the relationship between current food production and future food production. We do not want to do our grandchildren down.*"²

It is because we share his concerns that we wish to comment on the Scottish Government's vision for agriculture. For Scotland's agriculture industry to continue to be profitable, and to support economic growth, it must first be sustainable and resilient. These last two are the priorities from which the other benefits follow. That must be explicitly recognised in the vision, and then inform the approach of the future policy. A sustainable farming industry depends on a sustainable farmed environment: reaping the interest of the natural capital of the soil; not spending away the stock. We agree with the Champions that this is in the nature of the business of farming, and second-nature to our best farmers. If that is the case, there is no reason why the future policy should not make that explicit.

² <http://www.scottish.parliament.uk/parliamentarybusiness/report.aspx?r=10552>

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p.2 "Scottish farming should be led by government, but in partnership with the industry itself".

And "The strategy should also be based firmly on the evidenced needs of the farming sector, and Scotland's environment and rural communities".

It may be inadvertent, but we feel there is a fundamental omission from this statement. As the figure on p.5 of the discussion document highlights, on average, farm businesses do not make a profit without subsidy from the taxpayer. It is precisely because of this that for as long as this pertains, Scottish farming should be led by what is in the public interest of the taxpayers who support it. Secondly, since Scottish farmers are suppliers competing with international competitors to supply consumers with food, Scottish farming should be led by what the consumer wants (within regulatory limits). We think these two points should be explicit in this document, and that statements such as the one we highlighted must be amended in the final version to make this explicit.

Likewise in the second comment we highlight from the same page – while farming continues to receive substantial support from the taxpayer, the strategy should be based on the evidenced needs of how the public interest can best be served by the way we use our land. That means the needs not just of rural communities, but of all communities throughout Scotland. Indeed, the public interest in the way land is used extends beyond the investment the taxpayer is making in supporting land stewardship – all the people who live in and visit Scotland have an interest in Scotland's land – and that is recognised in public policy, and law, for example, in the right of responsible access that we all enjoy.

p.3 "Scotland is often lauded for the fact that we can 'get all the key players in one room', and this is indeed an asset."

This may be so. However, we regret the fact that the opportunity was not taken here to get all the key players in one room. As we commented above, the future strategy must have the sustainability of our land as its foremost objective. The fact that the Champions have not recognised this imperative in their discussion document, and the interpretation of "sustainability" as encompassing financial sustainability equally with environmental sustainability (flow diagram on p1) when in reality the former flows from and is dependent on the latter could in part be explained by the fact that there were no environmental stakeholders included in the working group which developed the sustainability pillar of the Champions work, something which Scottish Environment Link has highlighted.³ As this process continues, this failing must be addressed.

p.3 "Farming [...] performs many functions which are of benefit to wider society".

We entirely agree that farming can perform such functions, our objective is to ensure that through a future agriculture policy it does.

p.3 "Improving the delivery of public benefit in return for the public money invested in agriculture has been a feature of all recent policy reforms, and that trend will continue."

³ Letter from Scottish Environment Link Food and Farming Subgroup to the Cabinet Secretary for the Rural Economy and Connectivity, Fergus Ewing MSP, 5 July 2017.

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The opportunity afforded to us by Brexit is that we will be much more able to determine our own agriculture policy. The EU's Common Agricultural Policy has made some progress in this regard, but it has been painfully slow. We now have a once in a lifetime opportunity to make much better progress to implementing what must be the guiding principle of the future policy: public money for public benefit. We believe that if, as we show is possible in our Land Stewardship Policy all public support for farming is linked to the provision of public goods, then Scotland can justifiably claim to have the greenest agriculture policy of any country in the world. That must help with building the brand, as we comment on below.

P.3 "The position of food production in the public value debate is a complex one. [...] We believe the public interest in this area lies in having security of food supply, produced from the most appropriate land, and safeguarding best land for food production wherever possible."

Whilst predictions suggest that the area that can be tilled in Scotland is likely to increase over the medium-term,⁴ the very best land which can grow the widest range of crops will remain seriously limited in Scotland. This must be taken into account in the future placemaking strategies in Scotland, yet at present, local authorities in the East of the country are promoting local plans which expand many existing settlements, and in so doing we are building on the best of our agricultural land. We must not let the short-term need to provide housing reduce what is perhaps our most precious natural asset.

p.4 "we also need to invest similarly in developing a societal brand which, like any branding exercise, will be a long term undertaking."

We believe that part of the development of this societal brand involves showing the taxpayer how their money is invested by farmers and other land managers in stewardship with optimises the use of land in their interests. Producing healthy, safe food from sustainable farmland yes, but also sequestering carbon, helping us adapt to climate change e.g. by adopting natural flood management techniques, and safeguarding and enhancing farm wildlife. Developing such a brand will be a challenge, but we believe that taxpayer buy-in to the concept of land stewardship will be key to ensuring that Government will be able to provide support for it into the medium-term.

p.4 Strategic theme 1 – "Continuity over the next five years..."

p.5 "Whilst continuity will be the watchword for the next five years" ...

Faced with a period of change that has been unprecedented for forty years (since the UK joined the EU and thus the CAP) it is understandable that the Champions are drawn to suggest that a period of stability is needed to allow farmers to adjust.

However, we cannot accept that the next five years are about continuity. To take two examples, the first of which is emissions from agriculture: the latest Scottish figures show that agriculture and related land use was responsible for over one-fifth of total emissions in 2015 (22.4%).⁵ The sector has achieved a reduction from 14.6 MtCO₂e to 10.8 MtCO₂e in 2015. That reduction of 25.8% is welcome. However, it lags behind what has been achieved overall (-37.6%). If the Scottish Government is going to achieve its climate change targets, then agriculture will have to make a greater contribution to that emissions reduction than it has to date, not least because other sectors which have made a proportionally greater contribution to date will find it harder and

⁴ <http://www.climatechange.org.uk/adapting-to-climate-change/indicators-and-trends/agricultural-intensification-can-production-be-increased-sustainably/area-prime-agricultural-land-land-capability/>

⁵ <http://www.gov.scot/Publications/2017/06/9986/342095>

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harder to continue to reduce emissions at the same rate. This means that Scottish farming must continue to change.

Second, the figure presented on p.5 of the report shows that average farm business income net of subsidies has been negative in each of the six years 2010-11 to 2015-16.

Published in 2001, the then Scottish Executive's Forward Strategy for Scottish Agriculture⁶ set a vision of "a prosperous farming industry". The first set of actions in the strategy (1-6) were all aimed at improving the financial performance of Scottish farming. The strategy included at Annex A, an analysis of the sectoral performance of Scottish farming. This looked at differences in net farm income (NFI)⁷ in four sectors, in the top and bottom quartile of farms, and the average, in the sample included in the 1999-2000 farm accounts survey. For convenience the average figures for all farms in each sector are included in the table below.

Table 1: Average income and subsidy for four sectors of Scottish farming (£/hectare and £/livestock unit) 1999-00

| | Income | Subsidy | Income net of subsidy |
|---|--------|---------|-----------------------|
| Cereal farms – per hectare | £85 | £245 | -£160 |
| General cropping farms – per hectare | £25 | £223 | -£198 |
| Dairy farms – per livestock unit | £19 | £87 | -£68 |
| Mixed cattle and livestock farms – per livestock unit | £20 | £244 | -£244 |

Source: Annex A, Forward Strategy for Scottish Agriculture, Scottish Executive, 2001.

The point we are making is an obvious one – based on this brief examination, it seems clear that Scottish farms have, in the aggregate, struggled to make a profit without subsidy over the last fifteen years at least. The Champions are right to focus on the productive efficiency of Scottish agriculture (strategic theme 4), and indeed, they there repeat for 2015-16 the same sectoral top and bottom quartile analysis as the Forward Strategy did in 2001. Sadly, the findings are remarkably similar. Against this backdrop, and we would add that the Scottish Government clearly has all the data at its fingertips to deepen this analysis, we suggest that change delayed is pain deferred. More of the same for another five years cannot be the recipe.

p.4 Strategic theme 1 – "securing the payments to which Scotland is entitled".

The Champions do not say what they mean by this. This could be a reference to the debate over Scotland's share of the "convergence uplift" which the UK received from 2014. It could be a reference to the review of UK agriculture funding promised by the UK Government for 2016 but which has not happened. Or both.⁸

⁶ <http://www.gov.scot/Resource/Doc/158242/0042839.pdf>

⁷ A measure of farm profitability now replaced with Farm Business Income (FBI).

⁸ For details, see section 4 of http://www.parliament.scot/ResearchBriefingsAndFactsheets/S4/SB_14-69_CAP_2014-20_rev.pdf

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The Trust has begun analysis which shows that if the principles of a future UK agriculture policy were founded on rewarding farmers for their stewardship of natural capital, Scotland could be in a very strong position to argue for an even fairer share of UK agriculture funding. Something that, as support for farming looks likely otherwise to be ever more constrained, could be extremely important as we go forward, especially given the ongoing profitability problem on which we have just commented.

p.6. Strategic theme 3. Enhancing Scotland's natural capital

"farming has always been about preserving and enhancing natural capital – soil, water, wildlife and other assets which are vital for the long-term future of the business as well as the environment."

We contrast these comments with those of Lord Krebs which we cited earlier. Without supporting evidence to back it up, which is absent from the Champions report, the comments above are mere assertion. Indeed, as the Champions go on to acknowledge on p.7, there are problems with biodiversity, water quality, emissions and soil health on Scotland's farmland.

We can certainly agree that farming has the potential to be about preserving and enhancing natural capital, and completely agree that the best of Scotland's farmers already recognise the importance of doing just this (though as the Champions point out, many may not think about it in those terms).

As we have just suggested above in our comment on payment entitlements, we believe Scotland's farmers have nothing to fear from an approach founded on natural capital, and potentially a great deal to gain.

In some sectors of Scottish farming, natural capital has been preserved by farming practices, while in others it has been drawn down and spent. A classic example of the former would be the machair land of the Outer Hebrides which produces food, and which also support a rich array of wildlife. An example of the latter would be the continuous cropping on some arable farms of the East coast, where soil has eroded, soil organic matter levels have dwindled, and there have been catastrophic declines in the populations of some formerly abundant farmland birds. Thus for some farming systems it is a case of preserving natural capital, with others it is a case of restoring it. We return to the comments we made at the outset on the Scottish Government's vision for agriculture and the importance of the environment as the foundation of the pyramid: the future profitability and resilience of Scotland's farming is contingent on preserving and enhancing natural capital. This theme should therefore be the first, and priority theme in the Government's approach to agriculture policy moving forward.

p.7 "We feel that a new focus on soil health is needed. [...] Encouraging appropriate grazing levels and tillage systems could help avoid soil erosion and underpin long-term sustainable production."

We agree that a new focus on soil health is needed. The Champions do not say how this is to be encouraged, but we would caution against incentivising this with payments. We say this because we believe that maintaining soil health is so utterly fundamental to good farming practice that a case that it should be incentivised by the taxpayer is, in our view, unsustainable.

Conclusion

As we said at the outset, we welcome the opportunity to submit comments to the Agriculture Champions, and we wish them well in their continuing endeavours, and eagerly await their final report and recommendations. We hope that our comments are received in the constructive spirit in which they are intended, and we look forward

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to continuing to engage with the Champions, with the Scottish Government, and with the many other contributors to this important public policy debate as we chart a path towards a future agriculture and Land Stewardship Policy for Scotland.

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