Further evidence from Nature Matters NI, July 2018

Nature Matters NI is a campaign led by a coalition of environmental organisations in Northern Ireland (NI). We’re on a mission to protect nature in NI so that we can secure the best future for our environment after we leave the European Union (EU). Nature Matters NI is the public facing campaign of the Northern Ireland Environment Link (NIEL) Brexit Coalition, representing circa 100,000 members in NI.

Nature Matters NI previously submitted evidence to the agriculture inquiry in April 2018, and we wish to thank the committee for their correspondence since, and the opportunity to submit a further response.

Our response is in light of the final evidence session held by the committee on 17th of July when questioning George Eustice MP Minister for Agriculture, Fisheries and Food.

Key Asks for NIAC and the Agriculture Inquiry report

- The principles of ‘public money for public goods’ must apply throughout the UK or risk an unlevel playing field
- NIAC to provide recommendations within the Agriculture Inquiry report on available legislative options for NI if the NI Assembly is not restored in time for the passage of the Westminster Agriculture Bill in Autumn 2018
- NIAC to call for the Department for Agriculture Environment and Rural Affairs (DAERA) paper on future agriculture policy proposals to be made public

Farm Support Post Brexit

In our previous responses to the Northern Ireland Affairs Committee (NIAC) we stated our support for the direction of travel of ‘Health and Harmony’ which is seeking to put the environment at the heart of future farm support. As stated by Minister Eustice during the evidence session, farm support would move away from a “arbitrary area-based scheme” and move towards “a new system, which would work on payment for public goods/outcomes”.

Environmental organisations in Northern Ireland, and around the UK, have long supported a public goods approach to agriculture and view Brexit as a once in a lifetime opportunity to set agriculture on a sustainable footing for the foreseeable future.

Agriculture and environment remain devolved competencies and we support the goal of flexibility of policy design when considering future options for the different parts of the UK. However, we do believe that a level of consistency must be applied across the UK when considering the basis of future support. When questioned on the nature of future support by members of the committee, Minister Eustice stated that if the public goods approach was not workable in certain circumstances that the approach would not be mandated. Nature Matters NI do not support this assertion and believe that it would be a backwards step for NI, is not based on evidence and would be a huge missed opportunity our important agriculture industry and our precious landscapes.

We also believe there are wide ranging views on what a policy based on ‘public goods’ would mean for the agri-food industry and individual farmers. At its most basic level, Nature Matters NI believe a public goods policy is not about taking public subsidy away from
farmers. Instead it is about reframing that same public money for the delivery of clear outcomes. This should not be seen as a threat to public expenditure, but as the best way of securing public expenditure for the long term and ensuring a sustainable and safe supply of food. We drew attention to the below evidence in our previous submission and believe it is important to reiterate.

‘A recent report Assessing the Costs of Environmental Land Management in the UK estimates that In Northern Ireland, the level of funding needed to achieve our environmental objectives requires an eight fold increase based on current costs. These costs are focused on land management interventions, and do not reflect the total costs associated with either future farming or environmental objectives. In addition to costs associated with land management, there will be a need to invest in support activities including advice, research and monitoring and evaluation. Such investment, should work alongside rural development funding and support to foster innovation.

To ensure sufficient investment towards achieving our environmental goals, existing levels of funding associated with the CAP should be maintained, particularly for an initial 10-year period1. Within this, the proportion of funding associated with environmental farming and land management policies should be significantly increased. As stated previously, a transition towards a public goods payment system provides the strongest rationale for long term public investment, and the best chance for a stable and certain policy post Brexit.

Budget allocation across the four countries of the UK should be based on need and not the Barnett Formula. If the Barnett Formula were to be applied, Northern Ireland, Scotland and Wales would experience a severe shortfall in funding in comparison to England. The devolved nations would also run the risk of having their budgets squeezed in the event that the UK government cuts their own agriculture budget2. This would significantly reduce the UK’s ability to meet its international and domestic environmental objectives and commitments.’

Comparison with Agriculture in Wales

Although farmers in Northern Ireland are more reliant upon direct support than England, Scotland and Wales, this does not in itself justify their continued use post 2022. This has been acknowledged by stakeholders and the Department of Agriculture Environment and Rural Affairs in an unpublished paper which seeks to offer some options for the future of agriculture policy in NI. A continuation of the status-quo would not support improving resilience of farm business and it would dampen the incentive to be efficient, competitive and the ability to manage risk proactively. Numerous critics have highlighted how direct area payments are an ineffective use of taxpayer’s money, providing little in terms of environmental outcomes, food production/security or long-term protection against volatility, of which we have referenced in detail in our original response.

With an overriding focus on providing Pillar I direct payments, the CAP represents a largely inefficient, ineffective and inequitable policy3.

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Nature Matters NI notes that on numerous occasions within the hearing, the case was made for distinct difficulties and differences (small family farms, small farm businesses, unfavourable land etc.) facing the NI agricultural industry and that a heavy reliance on direct area payments is a result of these difficulties. It has been suggested that a support system largely focused on the provision of environmental public goods is not suitable in a Northern Irish context as direct area support represents an almost ‘existential need’.

However, when we compare NI’s agri-sector with that of Wales, we see similarities, not differences. Welsh farmers and land managers face many of the same constraints as their Northern Irish counterparts, as noted in the table below.

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<tr>
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<th>Wales</th>
<th>Northern Ireland</th>
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<tbody>
<tr>
<td><strong>Average farm size ha</strong></td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td><strong>Less Favoured Areas</strong></td>
<td>80%</td>
<td>70%</td>
</tr>
<tr>
<td><strong>Farm Business size (small or very small)</strong></td>
<td>87%</td>
<td>88%</td>
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Despite this, the Welsh government has outlined its ambition for the future of welsh agriculture. Future support for the provision of additional public goods forming one of its key principles. It has been proposed that direct payments will be phased out gradually through to 2025, after which, farmers and land managers will have to provide specific outcomes to receive support. This trajectory towards a more outcome based approach for agriculture in Wales has been in play over recent years. Most recently, during the 2013 CAP reform the Welsh assembly transferred the maximum amount available of its Pillar One Basic support allocation across to Pillar II rural development programmes. This move has delivered significant positive outcomes, both for farmers and the environment. In contrast, NI chose not to transfer any of its money from Pillar I to Pillar II during this period.

Moving towards a system of paying for defined environmental outcomes, farmers in Northern Ireland can still count on a stable reliable income from their land, whilst also providing multiple benefits. Nature Matters NI believe this income will provide protection from volatility and build resilience. This action is essential and urgent, in the face of widespread declines in biodiversity, poor water, air and soil quality. It is not a question of stopping support for farmers, but supporting farmers to provide more for society, whilst protecting their livelihoods in the long term. A continuation of more of the same in terms of direct support, will represent a monumental opportunity missed and will expose NI to further risk and volatility in the long term as our natural capital continues to be degraded.

**The Northern Ireland Assembly**

*During the evidence session, NIAC chair Dr Andrew Murrison MP asked if Scotland and Wales had Brexit-related agriculture plans, Eustice said they had plans but NI did not have one at the moment, due to legal ‘nervousness’.*

*Eustice said he suspected DAERA would simply closely track the existing Single Farm Payment at present, assuming until the NI Assembly was restored so local decision could be made on the future of agriculture, and a whole range of other Brexit related matters.*

Nature Matters believes that simply retaining Single Farm Payments without outlining a vision for the future of agriculture here will impact upon the long-term viability of farming in NI. In the first instance, a delayed transition to a new system significantly risks putting NI farmers at a distinct competitive disadvantage to their UK counterparts who will be moving towards outcome based approaches. In the lead up to the complete removal of area based support, farmers in other regions, such as England and Wales, will be preparing for a
significant change in how they operate and function, planning their businesses to maximise new opportunities that will be presented in moving towards payments for the delivery of outcomes. Whilst these farmers will be aiming to maximise their opportunities to enhance natural capital, build resilience and develop prosperous rural communities, Northern Irish farmers may fall behind as they will continue to receive most of their support from arbitrary area based payments. At the point when an Assembly is formed, NI agriculture may be significantly behind its UK counterparts who have invested in transitioning towards more sustainable outcome based policies.

the NIEL Brexit Coalition has been involved with the Department of Agriculture Environment and Rural Affairs (DAERA) and other stakeholders on a range of different sub-groups set up in response to assessing the impact of Brexit in NI. The Trade and Agriculture Committee subgroup, made up of agri-food and environment stakeholders, has been working positively together to provide input to a position paper on what stakeholders would like to see from a new agriculture policy, post Brexit. This has reached final draft, however with no NI Assembly to sign off on the work to date, progress has stalled at a critical time. This important piece of stakeholder engagement was referred to by witness Wesley Aston and Viviane Gravy during their oral evidence session on the 6th of June 2018, asking for the document to be published so some progress can be made at this important juncture. We support calls for this important piece of work to be made public and would ask the Northern Ireland Affairs Committee to do the same.

*Asked by Murrison if the forthcoming Agriculture Bill was taking into account the possibility of a continued lack of an NI Executive, Eustice said the bill would set out powers to design new schemes in England, but would also have powers to amend retained EU law. As it applied to NI retained EU law in the short-term would bring across existing schemes, with the ability to make payments to farmers in NI.*

Again, as mentioned in our previous response;

‘First and foremost it is important to state that the NIEL Brexit Coalition supports the devolution agreement as set out by the UK government and it would be our preference to see the NI Assembly restored. As time goes on, the risk of NI being left behind other parts of the UK increases. The collapse of the local institutions, including the Northern Ireland Executive undermines the longer term durability of devolution and has created a perceived lack of confidence in the political process and participatory democracy. The current situation of ‘political limbo’ means that in effect we have no political representation at a crucial time when other devolved nations are discussing common frameworks, impacts and possible mitigations to Brexit.

A key test of this could be around the development of future legislation for agriculture. Secretary of State Michael Gove has stated his intention to put an Agriculture Bill, with some yet to be decided UK relevance on common frameworks, before the commons in 2018 (following the command paper consultation) to pave the way for widespread reform of agriculture policy. Agriculture remains a devolved issue, therefore the other devolved administrations would be expected to bring through their own legislation in this regard. The current situation leaves the agri-food industry in NI vulnerable due to the increased levels of uncertainty regarding future policy direction and legislation.’
Nature Matters NI were pleased to see committee member Mr Robert Goodwill MP to question Minister Eustice on how environmental public goods payments would be secured NI and indeed his further questioning on the content of the NI ‘Early Thinking’ paper on agriculture consisted of, to which Minister Eustice replied it was largely an options paper completed in anticipation of a possible new administration in NI. He continued that it included short-term options, including the need to roll over the Single Farm Payment scheme, a possible transition period, and a series of options on possible future policy.

We would therefore implore NIAC, as a result of this inquiry, to consider some recommendations for NI which could provide some interim legal solutions to the ongoing constitutional crisis which would mean the NI agriculture sector would not get left behind the rest of the UK.

25 July 2018