Scottish Affairs Committee - The future of Scottish agriculture post-Brexit inquiry

SUBMISSION BY WWF SCOTLAND

1. What should be the priorities of any future agricultural support system in Scotland? Are the needs of the agricultural sector in Scotland different from the rest of the UK?

The key priority of any future agricultural support system must be to:

- Transition to a sustainable agricultural model
- Support mechanisms that encourage climate-friendly farming
- Promote a healthy, fair and sustainable food production system that contributes to a thriving rural economy
- Support integrated land use and management to maximise delivery of public goods
- Maximise Scotland’s existing assets to deliver for nature, water protection and climate mitigation

Scotland’s agricultural sector is distinctly different from the rest of the UK and this poses both challenges and opportunities. The majority of Scotland’s land is used for agriculture but only 8% is prime agricultural land, suitable for growing a wide range of crops. 85% of Scotland is classified as Less Favoured Area (LFA)\(^1\). LFA is land facing physical or socio-economic constraints which make production conditions difficult. In contrast, only 17% of England is classified as LFA\(^2\). 51% of land in Scotland is poor quality rough grazing, with the remainder either mixed agriculture or improved grassland which, in agricultural terms, is only suitable for ruminant livestock production. This makes agriculture in Scotland disproportionately dependent on livestock compared to the rest of the UK. However, these constraints also mean there are huge opportunities for delivery of public goods, such as habitat restoration and creation, clean water and climate mitigation and adaptation. Land classified as rough grazing holds significant potential in terms of storing carbon and supporting rare species and habitats. Therefore, despite the constraints on agricultural production, Scotland has untapped potential for a world-leading climate-friendly farming sector, which could be fostered through a well-designed agricultural support system.

Around 40% of Scotland is classified as High Nature Value (HNV) farmland\(^3\), compared to 9% in England\(^4\). HNV farmland is associated with traditional farming and crofting practices, generally extensive livestock grazing, which has resulted in biodiversity rich habitats like the machair grasslands of the Western Isles. It contributes to the incredible landscapes that draw tourism to Scotland and provides a home for species like corncrakes and great yellow bumblebees. HNV farming and crofting is low input and low output, using traditional breeds and working with the land to keep artificial pesticide and fertiliser use low. However, despite the huge benefits of these

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\(^{1}\) [https://www2.gov.scot/Topics/farmingrural/SRDP/ANC2018](https://www2.gov.scot/Topics/farmingrural/SRDP/ANC2018)

\(^{2}\) [https://www.cla.org.uk/sites/default/files/Redesignation%20of%20LFAs%20A1814135.pdf](https://www.cla.org.uk/sites/default/files/Redesignation%20of%20LFAs%20A1814135.pdf)


traditional farming systems, HNV receives a relatively small share of the current rural support budget. This needs to change if we are to protect the landscapes, wildlife and rural communities which depend on each other.

2. What funding will Scotland’s agricultural sector require post-Brexit? What should future agricultural support in Scotland look like, and what goals should it seek to achieve?

Scotland currently receives 17% of the UK share of CAP funding. We believe that the amount of funding must remain at least the same as current levels, but that it needs to be better targeted to support delivery of public goods. The concept of public goods is a way of describing the environmental and social goods and services provided by agriculture and forestry that are not rewarded through the market. Therefore, their production needs to be supported through financial incentives or other mechanisms.

We support Scottish Environment LINK’s ten principles for future agricultural support:

1. Evidence-based
2. Beyond the regulatory baseline
3. Outcome-focused
4. Public money for public goods
5. Business-based and plan-led
6. Knowledge-based sector
7. Transparent and accountable
8. Accessible and equitable
9. Flexible and tailored
10. Monitored and evaluated

Agriculture is the single largest land use in Scotland, influencing over 75% of the land area. Traditional farming systems have a role in maintaining many important landscapes and wildlife habitats. However, more intensive agriculture has had significant negative impacts on Scottish wildlife and the wider environment, including quality of our soils and water. Agriculture and related land uses also contributed over a quarter of greenhouse gas (GHG) emissions in 2016. The most recent report by the Intergovernmental Panel on Climate Change warns that ‘transitions in global and regional land use are found in all pathways limiting global warming to 1.5°C with no or limited overshoot’. Thus, agriculture has a critical role to play in keeping the planet within sustainable limits. Despite this, Scottish Government has yet to set ambitious, statutory emissions reduction targets for agriculture, in contrast to their approach to other sectors such as transport and waste.

A recent report by Vivid Economics, commissioned by WWF Scotland, concluded that all sectors would have to make dramatic GHG emission reductions. Recognising that the agriculture sector would continue to be an emitter, it estimated that the agriculture sector could reduce GHG emissions by at least 35% whilst maintaining agricultural production. This will be essential if Scotland is to reach net-zero emissions by 2050. The land use sector as whole will have a critical role to play in scaling up GHG removal to more than offset Scotland’s remaining emissions. Future

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agricultural support must help facilitate this and drive a move towards more environmentally and climate-friendly agricultural systems.

We believe a large share of any rural support budget should be focused on ‘public money for public goods’. The main environmental public goods that are provided by agriculture are farmland biodiversity, cultural landscapes, high quality water, air and soil, a stable climate and resilience to flooding. Paying for public goods delivers the outcomes society demands whilst supporting farming, crofting, forestry and other land management activities in the process. In very many cases, these outcomes can only be achieved through the continuation of such activities. We also recognise that much more needs to be done to help farming, crofting, forestry and other rural businesses adapt and develop, improve business efficiency and explore market opportunities and to support new entrants. This requires additional support through research, knowledge transfer, advice and training.

Any future system of agricultural support needs to take on board the lessons learned from the Common Agricultural Policy (CAP), with its current limitations of production focused incentives and area based payments. We need to move towards a system which is better targeted to those who most need the support and better linked to delivery of public goods. The CAP is currently being reformed, with an increased emphasis on public goods delivery, as is the proposed new system of support in England. Any new agricultural support programme in Scotland must take into account both the huge challenges and opportunities for a thriving agricultural sector. Scottish Government must make the most of the period of transition proposed in Stability and Simplicity\(^8\), to put in place the framework of legislation, advice and incentives to help farmers transition to a new system post-2024.

3. How should a future agricultural policy seek to accommodate different sectors of the farming community, especially those in remote and less favoured areas, and crofters?

The current system, driven largely by the existing CAP, is not economically, socially or environmentally sustainable. Area-based payments disproportionately benefit large land owners, as opposed to those who most need the support. The Scottish food and drink sector has a gross value added (GVA) of £3.8Bn and food and drink exports are also booming, worth £6Bn in 2017. However, the agriculture sector, which sits within the food and drink sector, barely breaks even financially without the support of subsidies. In 2017, the total financial output from farming was £3.21Bn and total cost to farms was £2.8Bn. The Farm Accounts Survey reports average farm revenue at £147,239 in 2016-2017, with costs of £165,579. Average subsidy payments were £41,307, without which farm sectors included in the survey would run at a financial loss. Mixed farms and mixed cattle and sheep farms in less favoured areas are hardest hit\(^9\). In 2016-17, 45% of farms in Scotland generated income less than the minimum agricultural wage\(^10\).

HNV farmland is generally associated with harsh climatic conditions poor soil quality and has the added challenge of distance from markets. Despite these challenges, and despite the widespread benefits of HNV farming, financial support for these farmers and crofters is a relatively small proportion of the current CAP budget for Scotland. In contrast, if we moved to a system focused

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\(^10\) [https://www2.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/Publications/FBI](https://www2.gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries/Publications/FBI)
more on delivery of public goods, we would see funds better targeted to more remote and less intensive farming systems.

4. What should be included in common frameworks between the UK and devolved administrations in relation to agriculture? What balance should it strike between having a common UK-wide approach and providing flexibility to Scotland’s needs?

The importance of a coordinated transboundary approach on environmental matters, based on minimum common standards, is well recognised but is currently strongly governed by EU policy and legislation. Therefore, there is a need for some form of UK common framework which ensures the effective protection of the environment and prevents competitive deregulation, whilst respecting the devolution settlement and geographical differences in opportunities and constraints.

The EU Environment Principles of precaution, prevention, rectification at source and polluter pays must be carried over and enshrined in UK and devolved legislation and there must be common agreement on their interpretation. These principles are hugely relevant in an agricultural context and any future agricultural policies must be developed in compliance with them. This will help ensure that a coherent and consistent approach is taken to environmental protection across the four countries and particularly where resources or impacts are shared across borders, such as air quality, water catchments and designated sites.

Scottish Government has repeatedly affirmed its commitment to maintaining at least the same environmental standards that are currently afforded by EU policies and legislation. It is essential that minimum environmental standards, at least equivalent to current standards, are maintained across the whole of the UK to support the integrity of the UK’s internal markets and prevent unfair regulatory competition.

Cooperation will also be required to underpin compliance with the UK’s international environmental commitments and obligations.

We believe that any new common frameworks should:
- Be based on a robust and transparent assessment of the environmental impacts
- Maintain ambitious common standards
- Prevent competitive deregulation
- Be developed alongside a new set of fair and transparent environmental funding arrangements
- Include shared governance arrangements
- Respect the devolution settlement
- Be jointly agree and subject to the appropriate level of scrutiny by each of the relevant legislatures

5. What role can innovation & technology have in improving productivity in Scottish agriculture?

Innovation and technology can be hugely important, particularly if we broaden the scope of agricultural productivity beyond food production to include production and delivery of public goods. Employing technology or innovative land management approaches to reduce GHG emissions improves agricultural productivity and profitability. Improving animal health, better management

11 https://www.farmingforabetterclimate.org/
of soils, nutrient management, agroecology and agroforestry have all been shown to improve food productivity, but they also deliver wider ecosystem services such as climate, water, soil and biodiversity benefits.

Research, knowledge transfer, advice and training are hugely important for supporting farmers to transition. Innovation and technology need to go hand in hand with this. However, current provisions are weak on links with farming and the environment. Future programmes must have an emphasis on sustainable farm practices rooted in agroecological principles that contribute to climate change mitigation, reductions in diffuse pollution, and reverse biodiversity decline. Whilst there are a number of existing mechanisms and initiatives designed to provide information and advice to farmers, too few have an explicit environmental remit. The Farming for a Better Climate initiative is one positive example, but the number of farmers reached by it is small and relies on a voluntary approach. There are numerous examples of the limitations of voluntary approaches in Scotland, with low uptake of even more basic measures such as soil testing, climate audits or nutrient budgeting.

The potential is huge for Scotland to transition towards a world-leading agricultural sector supporting diversified, climate-resilient and environmentally friendly farm businesses, which contribute to a thriving rural economy. There are mechanisms available, such as the Land Use Strategy, the Natural Capital Protocol and the Climate Change Plan, and regional land use frameworks would provide an opportunity to translate ambitions to delivery.

Scottish Government has proposed a period of transition to 2024, with minimal changes to current funding and payments. They intend to cap payments to release funds for testing new policy priorities12. This period must be used to innovate, to trial and test technology and integrated land use approaches to ensure that Scotland has moved to a sustainable agricultural model by 2024. The policies and legislation we develop now will determine our future success.

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12 [https://www.gov.scot/publications/stability-simplicity-proposals-rural-funding-transition-period/]