

Written evidence submitted by Quality Meat Scotland (FSA0015)

**Scottish Affairs Committee – The Future of Scottish Agriculture post Brexit Inquiry. Submission by Quality Meat Scotland (QMS) January 2019**

***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?***

Scotland's agricultural sector is significantly different from the rest of the UK. Regionally, agriculture in Scotland contributes double the GVA and employs 64% more of the population when compared to the UK as a whole. 85% of Scotland's farmland is classified as Less Favoured Area (LFA) in recognition of the challenges associated with climate, topography and remoteness. By comparison only 17% of England's farmland is LFA. This by necessity, makes livestock farming proportionately much more important in Scotland, 38% (cattle, sheep and pigs) of agricultural output compared to 19% for England.

Currently Scotland receives just over 18% of the UK CAP budget.

In the future, the needs of the agricultural sector in Scotland will continue to be distinct from the rest of the UK. The overarching priority going forward, must therefore be ensuring there is a legislative framework in place which provides sufficient flexibility to enable any future support programme to deliver through a broad range of measures including:

- Direct payments
- LFA support
- Environmental incentives
- Business efficiency incentives
- Coupled payments for socio economically important aspects

***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?***

Scottish agriculture will continue to need outcome-based support targeted at economic and public good activity with overarching goals of food security, sustainable land management and thriving rural communities.

Scottish farming businesses, particularly livestock producers remain very reliant on support payments. Post-Brexit economic challenges are unlikely to diminish, certainly in the short term. Political assurances have been given in terms of the total budget commitments after the UK leaves the EU however there is a lack of clarity around how these assurances would translate to support on the ground. Any reduction and/or re-focusing of support has the potential to compromise business viability, particularly if introduced suddenly. Therefore, transition to reduced funding/new funding mechanisms will be essential.

As suggested above, future funding for Scotland's agricultural sector will have to deliver against wide range of objectives in a wide range of circumstances again emphasising the need for flexibility in programme design. The nature and scale of future challenges will clarify as the Brexit process proceeds but the following areas will almost certainly feature:

### Enhancing productivity

Ongoing improvements in productivity and profitability will be required if Scotland's agricultural sector is to thrive and prosper in the future. This will entail investment in technical, infrastructural and managerial aspects at farm level and in supply chains. Achievement of these aims is likely to require a mix of incentives and interventions including:

- Capital grants
- Training and CPD
- Adoption of new collaborative business models
- Industry restructuring – succession, new entrant

### Sustainable land management

To achieve the desired goal of sustainable intensification the sector must improve productivity but also strive to ensure habitats and landscapes continue to be managed sympathetically to enhance biodiversity and preserve Scotland's iconic landscapes. Reducing the sector's carbon footprint will continue to be a policy and industry priority for the foreseeable future. Therefore agri-environment schemes will need to be incorporated into the support framework to incentivise holistic management practices which deliver public goods but also allow farmers to focus on food production. Many of these approaches can continue to be promoted on the basis of win:win for example improved soil management delivering enhanced profitability, habitat diversity and carbon sequestration. Generic schemes targeting all farm systems could run in tandem with bespoke support targeting specific outcomes e.g. organics, pasture fed meat etc.

### Managing market volatility

Increased volatility in agricultural commodity markets has been a significant feature of the last decade which shows no sign of abatement in the future. Managing price fluctuations and the associated risk to businesses and supply chains has traditionally required market intervention at governmental level. Depending on eventual post-Brexit trading conditions this may still be the mechanism of choice however other methods of risk management may also need to be considered such as insurance-based protection schemes.

*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 flexibly outlined above should have the capacity to cater for the wide range of requirements across a broad range agricultural sectors and communities. In terms of the

unique requirements of LFAs and remote areas the Less Favoured Area Support Scheme (LFASS) has delivered suitably target support and provides a good model for the development of future programmes. Specifically, in terms of the risk of land abandonment and the consequential socio-economic threat to fragile communities the LFASS model is to be commended.

***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?***

Agricultural policy is a devolved responsibility of the Scottish Parliament; equally the structure and mix of agriculture is very different in Scotland to other parts of the UK. This highlights the need to tailor and target policies to meet the requirements of Scottish agriculture; which is the responsibility of the Scottish Parliament.

While a common framework would share common desired outcomes, flexibility would be needed to target funding and the means of meeting those outcomes to regional industry structure and priorities. Similarly, priorities for agreed outcomes may differ regionally so while there may be agreed outcomes for the wider overall agricultural policy the balance of funding between outcomes should be flexible to accommodate regional priorities and industry structures.

Some themes may require less regionalisation than others. For example, market management policies may be more common than perhaps environmental land management because the whole of the UK is a common trading platform for primary agricultural products.

***What should be done to meet the long-term labour needs of Scotland's agricultural sector?***

The first priority to meeting the long-term labour needs of the industry is to make that industry attractive and to make sure those attracted to our industry have the necessary skills and abilities to progress and succeed in the industry.

This requires our industry to be sufficiently profitable to deliver a return on risk and capital invested that encourages new entrants but also is sufficiently profitable to be able to offer competitive wages and salaries to those employed in the industry. This objective of fair level of income has always been a core objective of the EU's Common Agricultural Policy and should remain a core objective of any future policy.

Further strategies to encourage people into the industry should include measures to improve the perception of the industry. Positive public relations will be key to achieving this goal. The many benefits and career opportunities of working in the sector from primary production right through the chain to consumption need to be highlighted. This needs to be carried out in tandem with policies to minimise the bureaucracy and compliance costs of the industry to further enhance its attractiveness.

A second response to meeting future labour requirements is to reduce the need for manual input by the increased use, where possible, of machinery, robotics and artificial intelligence. Margins in the primary agricultural sector are minimal even with the levels of CAP support currently available. Consequently, capital investment can be limited as the time taken for that investment to be recouped is long despite the improvements in efficiency and productivity that can be delivered. Consequently, consideration should be given to encouraging capital investment through for example tax treatment or development grants. As part of this strategy further incentives to encourage small businesses to collaborate to benefit from economies of scale may also be appropriate.

One challenge our primary industry has identified is the poor availability of potential employees with the relevant basic skills and understanding of agriculture. This would be helped by the introduction of agricultural science into the national curriculum. Equally, though, our industry has identified difficulty in accessing continuing professional development options for those working in primary agriculture. This could be mitigated by reviewing and overhauling the provision of tertiary agricultural provision both in terms of curriculum content, where some feel the changing needs of the industry are not reflected quickly enough in course content, and access options, particularly for those remote from the agricultural education campus'.

### *What role can innovation & technology have in improving productivity in Scottish agriculture?*

Adoption of the latest innovation and technology both in terms of research and development and thinking will be crucial to maintaining agricultural products productivity and efficiency.

The uptake and adoption of innovative technologies and techniques has been driving agricultural progress for centuries. Productivity improvements in terms of increased crop yields and animal performance have enabled farming to keep pace with population increases. Based on global projections, the rate of improvement will have to increase dramatically to keep the world's population fed.

Scotland's world-class agricultural research back up by professional knowledge exchange services has helped deliver a reputation for cutting edge farming practices. This reputation and the practical benefits it delivers must be maintained.

Continued investment in R&D will be crucial for continued development as will implementation of well designed, engaging and effective KE programmes.

A more coordinated approach than the one currently in place would be to maximise the benefits delivered and outcomes achieved. Currently there are too many well-intentioned projects vying for farmers' attention and buy-in.