

CROSS-PARTY GROUP on CROFTING
Meeting 21 of Parliamentary Session 4
Scottish Parliament, room Q.1.04
Wednesday 23 April 2014 at 17.30

MINUTES

Present:

Jamie McGrigor MSP¹ (Chair)
Patrick Krause SCF (Sec)
Jean Urquhart MSP
William Neilson NFUS
Susan Walker CC
Catriona MacLean CC
Derek Flyn SCF
Ross McLaren SCRG
Karen MacRae SCF
Pam Rodway SAS
Vicki Swales RSPB
Jean Balfour SLE
Brian Inkster CLG
Gordon Jackson SG
Wendy Kenyon SPICe
Clare Slipper NFUS
Nigel Miller NFUS
Douglas Pattullo office of Jamie McGrigor MSP
Fiona Mackenzie UHI

1. Welcome and Apologies.

Jamie McGrigor welcomed everyone and invited introductions. Apologies were received from:

Russell Smith SCF; Tom Edwards SPICe; Murdo MacKay CnES; Lucy Sumsion NFUS; Sandy Murray NFUS; Dave Thompson MSP; Rhoda Grant MSP; Rob Gibson MSP; Angus MacDonald MSP; Tavish Scott MSP; Billy McKenzie SG; Richard Frew SG; John Brownlee SG; George Farlow HC; Colin Kennedy CC; Neil Ross HIE.

2. Minutes of the previous meeting

Minutes of 12 March 2014 agreed.

3. Matters arising

An Action to write to the Minister for Environment and the new chair of SNH regarding the group's concern about sea eagles was attended to. It was asked that the letters going to the Minister and Chair be circulated with the replies when they come.

¹ **Acronyms:** CAB Citizens Advice Bureau; CC Crofting Commission; CLG Crofting Law Group; CnES Comhairle nan Eilean Siar; EFNCP European Forum for Nature Conservation & Pastoralism; HC Highland Council; HIE Highlands & Islands Enterprise; HSCHT Highland Small Communities Housing Trust; HWU Herriot-Watt University; JHI James Hutton Institute; LANTRA Land-based & Environmental Industries; MSP Member of the Scottish Parliament; NFUS National Farmers Union Scotland; RoS Register of Scotland; SAS Soil Association Scotland (Crofting Connections); SCF Scottish Crofting Federation; SCRG Scottish Churches Rural Group; SG Scottish Government; SLE Scottish Land & Estates; SNH Scottish Natural Heritage; SPICe Scottish Parliament Information Centre; RSPB Royal Society for the Protection of Birds; UHI University of Highlands and Islands; WCP Woodland Crofts Partnership.

4. CAP and Crofting

Gordon Jackson, Scottish Government, gave an over view of the CAP reform process at present:

The pillar 2 and pillar 1 consultations are complete and the responses are being analysed. The pillar 1 consultation received 467 responses, 434 online. 83% were from individuals the rest from organisations and groups. The Cabinet secretary and officials will meet with stakeholders over the coming weeks. They did so recently with SCF and on 30 April will meet with the Highlands and Islands agricultural support group. Once the analysis has been completed there will be an announcement from the Cabinet secretary on his decision. Ultimately his decision has to go to the European commission by 1 August.

Vicki Swales, RSPB Scotland and representing Environment Link gave a presentation on: 'High Nature Value farming and crofting: Will the new CAP help to support it?' (Her slides have been circulated).

Main points:

40% of Scotland's agricultural land is categorised as High Nature Value.

The areas getting the highest levels of Single Farm Payment are inversely proportional to the High Nature Value status, where the highest public goods are delivered.

Scottish government is suggesting €20-€25 per hectare on the rough grazing, and €200-€250 per hectare on the rest. This is an 85 to 15% split. 61% of Scotland's agricultural land is rough grazing. Will €20-€25 per hectare be enough?

"The Scottish clause" stipulates minimum activity levels to stop "slipper farmers". The Scottish government have suggested a minimum stocking level of 0.05 livestock units per hectare but in HNV areas stocking is as low as 0.02 LU/ha. In fact more than 650,000 ha are stocked at 0.04 LU/ha and below.

Due to the way the LFASS is used in Scotland the highest payments per hectare go to farms in the more favoured areas.

There is not enough spent on agri-environment schemes in Scotland, we have the second lowest spend in the EU.

There has been a lot of support for the crofting scheme, but we will have to see what the Cabinet secretary decides.

In conclusion: it is not convincing that this reform will promote High Nature Value farming.

Discussion:

It was pointed out that much of Scotland is above 720 m so is may be simply not suitable for agriculture. It was countered that these upland areas are still suited to rough grazing.

All agreed that the SRDP is far too complicated and that money was being spent on advisers instead of on the schemes.

The market is simply not paying enough.

Environmentally speaking things are getting worse; there are less of some of the more notable species of bird for example the lapwing and the curlew. Two factors it is thought causing this include intensification of agriculture and intensification of forestry i.e. forestry blocks.

It was noted that rabbit populations seem to have declined considerably.

At present we are spending £48 million per year on environment whereas it should be £200 million per year.

The way Scottish Government uses CAP is really as a production subsidy under a different name.

Public goods are defined as those benefits to the public that come from land-use but that are not paid for by the market, for example clean water, clean air, a rich biodiversity, a healthy environment. As the market doesn't pay for this it is essential that public money pays for public goods. In technical terms this is known as "payment for ecosystem services".

It was pointed out that the Scottish landscape is very important to tourism. A study showed that the economic damage to Scotland due to the last foot and mouth disease outbreak was far higher due to the loss of tourism than it was to the loss of meat exports.

Nigel Miller, president of the NFUS, gave a talk about CAP from the union's point of view.

Main points:

NFUS is unashamedly pro-production. The environment is of course important and is maintained by farmers and crofters.

There simply isn't enough money in the budget to satisfy everyone.

It is being suggested that Scotland has only two regions the first being arable plus temporary and permanent grassland, which would receive around €220 per hectare. The second region would be the rough grazing (RGR) which would receive up to €25 per hectare.

The RGR region is of extreme variation and where farming faces significant challenges. The flat rate 25euro per ha approach fails to recognise that variation: it will create real problems on RGR land where stocking rates are high. Producers in these situations will see significant falls in support (-50percent) to the equivalent of 12 euro per ewe. The same flat rate system rewards low intensity RGR systems near the proposed minimum stocking rate at 75 euro per ewe. Where holdings have 10percent PGRS and 90percent RGR support rises to 130 euro per ewe. Clearly this approach does not support activity and is likely to trigger destocking of productive croft hill land as well as hill farm units.

NFUS has been pushing for the Scottish clause with a minimum stocking density of 0.05 LU/ha, or other activity such as dressing or topping, this will constitute activity. It is acknowledged that some farmers will be left out due to low stocking, but there will be a mechanism for them to get in, for example if they are below the minimum stocking rate then if they show evidence of spending on inputs to land they could still get in. It is estimated that over 0.5 million ha will be taken out as non-stocked.

With the limited CAP budget the Union believes support must be targeted to activity. In hill situations support should provide the equivalent of 30 euro per ewe if possible. The Union is therefore promoting a split of the region or further coupling to link support to activity. In this scenario. minimum stocking rate RGR units would require at least 10 euro per ha while farms with stock at 0.12lu per ha or more might gain support at 30 to 45 euro per ha depending on stocking. These payments might be delivered through a mix of area and coupled support. The present proposed 70million euro RGR budget has the power to deliver these higher rates. The Union believes the budget should focus first on the most challenging hill land where stock are carried. Abandoned land should not be supported.

It's looking like there will be only 8% for coupled payments which would be used for the calf scheme.

There will be a national reserve to help young farmers comprising 2% of the budget.

Greening takes 5% of land out of production as eco-focus area. We are trying to get ineligible land such as clumps of trees etc to be agreed by the EC that it could be used as eco-focus area. They seem to be moving on this. It is very difficult to get it right designating eligible and ineligible land which leaves farmers open to severe penalties. The EC are agreeing to a 10% margin of error.

Discussion:

The figure of €25 per hectare has been used but did NFUS not suggest that some rough grazing should only receive €15 per hectare?

NM: The NFU have suggested €15 per hectare with an uplift from voluntary coupled support for sheep. The NFU are suggesting that the rough grazing needs to be subdivided with a lower rate on the very extensive areas. At €25 per hectare across the board a lot of hill farmers will lose out badly, in fact it could destroy some active hill farmers and pour money into inactive land. Many crofters in the extensive areas will be compensated for the low rate on the hill by getting a high rate on their in-bye. It is within the rough grazing region where it could all go wrong.

Will there be coupled payments for sheep?

NM: The EC have ruled it out at the moment. First they agreed now they disagree, and currently it looks like they may look at a compromise. The Scottish government will have to collaborate with the UK government as the UK is the member state. This of course brings the political situation regarding independence into the equation.

The suggestion of €15 per hectare sounds staggeringly low. Even €25 per hectare is a low figure to start with as many farmers and crofters will need at least €30 per hectare to be able to carry on.

NM: The better hills will need €60 per hectare or they will go out of business.

Why is a small cut not taken off those in the other region, those will be receiving 10 times the amount?

NM: because they are already taking the highest cuts. Some farmers in those areas are taking up to 50% cut.

Does this have anything to do with the fact that in the old historic regime they cut their stocking numbers after the reference year?

NM: post-2015 it will be area-based, there is no connection to production.

The CAP is supposed to be decoupled so it is contradictory to still be talking about coupled payments. It is also counterintuitive to be paying higher subsidies to those with better land, more choices, closer to markets etc. The 85:15 split is arbitrary, there is no rationale behind it. It just leaves very high levels of support to arable areas. They have access to good markets so need to improve their competitiveness and business practice; they should not be continually shored up with public cash.

NM: we have to compete against other European countries that have higher subsidies. If we don't subsidise farmers we will have to bring in food from the EU. Is that what you want? For example the average payment in Germany is over €300 per hectare whereas the Scottish average is €100 per hectare. The CAP should be the same across Europe.

But surely it is supposed to be a common agricultural policy across Europe. Why have we negotiated so badly?

NM: other EU countries got "sweeteners".

Does the UK budget rebate affect this?

NM: because the UK has a rebate it doesn't negotiate hard, but we can't blame the CAP budget just on the rebate. Scotland doesn't have easy agriculture, we are where we are.

Susan Walker, of the Crofting Commission, gave a crofting perspective:

This discussion is not just about agriculture. Crofting is a unique land tenure system that has kept populations in rural areas. It is envied by other countries. But if crofters cannot make a living or see no incentive in being regulated then there is the risk of a call for deregulation. Regulation is recognised to be of public benefit, cultural, population retention, environmental and so on. The crofting system has kept the population "hefted". The new legislation is increasing regulation and their needs therefore to be compensation.

Many studies have shown that crofters produce livestock at no gain, but they can't support a loss for long. The store animals coming out of the crofting areas - the goose laying the golden egg - and the factors are getting the benefit it is the invisible support to Scottish agriculture, but crofters can't keep providing store animals if they lose money. Crofts now have other value as well as for producing food.

The commission is hearing of many crofters are going to lose out under the suggested rates, particularly the small crofts. If they are crofting less than 3 ha they won't be able to claim anything. And there is the problem of underused grazings where a shareholder will never be able to get the stocking density above the minimum suggested.

5. Crofting Development Update:

Congratulations were given to the Scottish government on the paper that had been circulated addressing points of crofting development.

The point was made that CPGoC has repeatedly asked for clarity on how HIE delivers its remit for crofting development and has continued to receive the same answer. It was agreed therefore that any further questions on this should be directed to the Scottish Government.

The secretary was complimented for recording the crofting development exchange in the last meeting well.

The Minister for Environment had sent a letter of reply to the SCF outlining a potential crofting stakeholder group. This looks promising.
(Sec: it was noted that the NFUS also received a similar letter).

6. Progress regarding crofting law

including the Sump and consolidation of Acts

The Crofting Law Group sump originally was to close at the end of 2013, but was then extended to the end of February 2014. It has been kept open to allow late submissions but it must close at the end of this month. Scottish government need to submit their contributions now. The Crofting Law Group AGM will be on Friday, 30 May. In the afternoon there will be a presentation and discussion on the sump. It is necessary to get the papers out 14 days in advance.

It is intended that a final paper will be ready to fit in with the Crofting Law Group conference which will be in October, it is anticipated.

The question was raised concerning whether crofting law causes more for problem than it solves. It is clear that the Scottish government think that crofting, a regulated system, provides public goods. The 2010 Act was designed to make regulation clearer and more enforceable, but it doesn't seem to be achieving this. This is a unique system of land tenure which only affects crofts. Smallholders are not subject to these regulations. As the regulations don't appear to be helping crofting, crofters are starting to ask why they are subject to these

regulations. The commission are even hearing noises about deregulation from the Northern Isles. This is a very serious situation.

7. AOB

(i) Closure of private railway crossings

A member of the Sutherland Access Forum had been in touch with SCF over the threat of closure of private railway crossings. A report by the Law Commission on railway level crossings had been submitted to the Scottish Government. There is the perceived threat of closure of private crossings (to reduce accidents) but it would cause problems where railways divide crofts. There is also the re-assessment of the status of private crossings that could make them vulnerable to closure to the public.

Ministers have not said what their intention is regarding the report.

Action: The CPG Chair will send a letter to the Minister for Transport asking what they intend to do regarding the report.

(ii) The Pack 'Red Tape Review'

Brian Pack was unable to attend the meeting (again). Iain MacKinnon, who had asked a question regarding the Pack interim report, circulated his paper to the group.

Mr Pack will meet with the CC to discuss his suggestion to merge agencies. Any comments any group members have on the suggestion would be welcomed by the CC.

Action: Brian Pack to be asked to the next meeting.

(iii) Crofting Commission Plan

The CC Policy Plan will have some minor amendments which don't justify a formal consultation, but the revised plan will be available for scrutiny on the CC website.

8. DONM

18 June 17.30