

## **Peter Peacock MSP**

Speech in the Scottish Parliament

26 February 2010

### **Inquiry into Future Support for Agricultural in Scotland**

First, I apologise to members, as I may have to leave before the debate concludes or may be in and out of the chamber during the debate as I try to sort out transport arrangements that are affected by the weather.

The Pack inquiry is clearly a very important piece of work, and its emerging conclusions are already proving controversial for many who see their particular interests potentially threatened by what might come about.

I am very conscious of the immense complexity and interactions of the different forms of payment.

The objective of the Pack report is obviously to have planned consequences from whatever emerges, but the danger is the unintended consequences.

That is why the consultation phase is particularly important, because it will flush out the arguments and assess what the alternatives will be.

As others have said, there is still a long way to go in the debate.

I speak from a Highlands and Islands perspective.

The most marginal and least productive land is probably all in the Highlands and Islands, which holds the largest part of the less favoured areas.

However, the area is also a key part of national sheep meat production and cattle production.

It is also a key part of the stewarding of our national natural environment in vital habitat protection and delivering in biodiversity.

It is also characterised by population sparsity, and it still has a fragile rural economy. In many places, it is still threatened by population decline.

In recent times, we have witnessed significant declines in sheep and cattle numbers, although recent price recovery might stop that trend.

The falls in sheep and cattle numbers also threaten the vital infrastructure that supports agriculture: transport, feedstuff suppliers, agricultural engineering and the like.

That in turn brings further threat to population in these areas.

As I have said, many crofters and farmers see many threats in the emerging Pack report thinking.

For example, they see threats from the area payments, with hard-to-achieve minimum stocking densities, and implications from the strong focus on food production for the least productive land area.

That is why it is vital that we get the national objectives clear and right.

The objectives need to accommodate the particular needs of the Highlands and Islands and the aspirations of the area to contribute more to the national objectives.

Those objectives need to be much broader than just agricultural production; they must include wider rural development and the securing of public goods.

Pack's interim report highlights the need for clear objectives, so let me dwell on those for a minute.

Future support regimes can and must deliver a wide range of public goods.

In the Highlands and Islands context, the national objective of greater food production to deliver greater food security for the nation means that the Highlands and Islands area needs to be enabled to play its full part in that process.

The objectives should also be about building stronger local food markets for environment, tourism and local-value-added reasons.

They should also be about managing land in such a way that it contributes to climate change mitigation and increases biodiversity, so that, for example, there is compensation for the loss of set aside.

They should be about managing land for its landscape value as a wider part of tourism and domestic leisure strategies.

The national objectives should also be about bringing new entrants and new ideas into land management and food production.

They should be about helping to sustain local and rural infrastructure for other industries, such as leisure, tourism, renewables and education.

The objectives should be about helping to diversify the rural economy by providing other earning opportunities for people in rural communities.

The objectives should be explicitly about securing vibrant sustainable rural communities and should explicitly mention population retention.

In that regard, before the Pack inquiry issues its final report, it would do well to reflect on the Royal Society of Edinburgh's worthwhile recent report on those and other matters.

The policy mechanisms need to ensure a good and fair distribution of resources into the rural economy. In that regard, I believe that direct payments to crofters, farmers and other land managers are an effective form of distribution that will remain a vital part of policy well into the future.

For me, the Pack inquiry's interim report is strong on that point while also emphasising food production as a core objective.

However, I want the inquiry's final report to be much stronger on the need for environmental stewardship, securing biodiversity and managing landscape and habitats. I also want the final report to be much stronger on the need to retain the human population in remote areas.

The interim Pack report suggests four different streams of support.

As usual, the devil is in the detail.

For example, different balances of funding among those four streams of support will result in different outcomes being achieved. As I have said, I support the continuation of direct payments.

I note that Pack says strongly—and I think that this must be right—that we need to move away from historical payments as the basis for those.

However, moving to area-based payments will not be without its own challenges.

I can see the logic for minimum stocking levels to address the weaknesses that existed in previous area-based systems and to reduce the prospect of slipper farmers, but it will be much more challenging for those on more marginal land and for crofters with extensive common grazings to meet the proposed levels than it will be for those who are on better land.

The tenanted farming sector believes that, depending on the level at which they are set, area payments might also have implications for the release of land for tenancies and for new entrants.

I can see the logic of having a top-up fund, but it also poses difficulties—I concur with what Liam McArthur said about article 68.

Many questions need to be answered about that.

The interim report proposes that we should continue with the SRDP, which is an important mechanism for securing public goods.

However, the report is disappointingly light on details.

The Pack report will feed into the discussions on the less favoured area support scheme, but Pack is limited on what he can say about LFASS because of considerations that are going on elsewhere.

I hope that the cabinet secretary can say what he will do to ensure that we dovetail the outcomes of the LFASS debate into the wider debate on agriculture support so that we have a whole picture of what is happening.

I see that the Presiding Officer is frowning at me, so I will sit down at that point.