

NEWS RELEASE
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TENANTS GIVE MUTED WELCOME TO PACK REPORT

The publication of the interim report of the Inquiry into Future Support for Agriculture in Scotland has received a qualified welcome from the Scottish Tenant Farmers Association and STFA is looking forward to taking part in the debate over the coming months that will inevitably shape the future of support for farming in the years to come.

In its submission to the Inquiry STFA stressed the need for continuing direct support for agriculture to provide a necessary safety net to cope with increasingly volatile markets and that a healthy and profitable agricultural industry is a prerequisite for a healthy environment able to achieve the Scottish Government's goals of a cleaner, greener and wealthier country. STFA also recognises that although the historic basis of support has, by and large, delivered support to where it is most needed it is becoming less tenable the further away we get from the base years and change has become inevitable.

The Brian Pack Report proposes four main streams of support:

- It acknowledges the need for direct support and it recommends a move to an area-based system of support as soon as practicable, once the path chosen by the EU is known.
- The report suggests the adoption of a Top Up Fund – essentially beefed up Land Managers Options – to supplement an area based payment differentiated according to land capability.
- The retention of a Rural Development Programme
- Continued lifeline support for the Less Favoured Areas

Whilst welcoming the main thrust of the report, the proposal to continue direct payments and the concept of a Top Up Fund, STFA has some reservations as to the effect that such a massive redistribution of support will have on farming businesses, particularly in the more intensive livestock areas such as Orkney and parts of Caithness which depend on support to maintain their viability. It also believes that a realistic lead-in period will be crucial in enabling farmers to adapt to such a radical overhaul of the support structure.

The Top Up Fund is an idea meriting further exploration but it is important that it is available to all and does not disadvantage the smaller producers and some tenants who, in the past have felt themselves excluded from the competitive elements of the SRDP, or who have had to obtain landlord's consent to take part in certain schemes.

The report will undoubtedly stimulate discussion and STFA will be urging members to attend the round of meetings over the next week or two. There are a number of contentious issues, such as the proposal to use Article 68, and some unanswered questions. Disappointingly the report gives little hope for delivering access to direct support for new entrants until 2013-4 at

the earliest. This will be a bitter blow to aspiring young farmers and to those who have been suffering from farming without support and a setback to one of the Scottish Government's flagship policies.

The report briefly highlights fears expressed by many tenants that area based payments are likely to increase farm rents and land values and it suggests that this problem needs more thought. However, STFA fears that the model of area base support proposed will do little to re-invigorate the tenanted sector, indeed as well as leading to higher rents, it may well encourage greater use of contract farming in arable areas and short-term rental agreements in the livestock sector. These are important issues for tenants and STFA will be canvassing members over the coming weeks and ensuring their interests are well represented.

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