

# P. C. TINSLEY LTD.

Farms:

HURN HALL, Holbeach Hurn  
GRANGE FARM, Whaplode St. Catherines  
CRANESGATE FARM, Whaplode

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25/11/13

Rt Hon Owen Paterson,  
Secretary of State, DEFRA,  
Nobel House,  
17 Smith Square,  
London SW1P 3JR.

Dear Mr Paterson,

Jim Godfrey has recently taken over the Chair of the Commercial Farmers Group from me; however as I have been leading our work on CAP Reform I am writing on behalf of the Group as a whole. Individual members have been asked to respond to the official consultation that ends on November 28<sup>th</sup>.

The CFG has supported the NFU, CLA and others in relation to CAP Reform and we continue to do so. Our role is not to duplicate their work but to look ahead at policy which will determine the success of UK commercial Agriculture in the future. Rather than simply repeat what the "Alliance" on CAP Reform will have said to you, we wish to look in policy terms at what we believe we should strive to achieve by 2020 and beyond. There are five significant strands of Agricultural policy which will be fundamental, business competitiveness, innovation of farming systems, policy simplicity, environmental policy and encouraging young people to come into the industry.

#### Business competitiveness:-

We must never forget that Agriculture is a business which in spite of subsidy largely remains a competitive environment. Our ability to compete is affected by supply and demand worldwide and the very important element of exchange rates. The relationship between Total Income from Farming and the relative strength of sterling is manifestly direct. Any policy that reduces UK farmers' competitive ability will be detrimental in terms of innovation and reinvestment and I would suggest willingness to be environmentally positive. The reality is that the Single Farm Payment has been important in relation to all those outcomes. You will know that farm profitability has been heavily influenced by the receipt of the SFP; in some years without it the majority of UK farms would have made a loss. It may be a small proportion of gross income but it is a significant proportion of net income. It is therefore understandable that the "Alliance" wants to be treated equitably with our main EU competitors in terms of the level of transfer of funds from Pillar 1 to Pillar 2.

#### Innovation of Farming Systems:-

The Commercial Farmers Group has been accepting and publicly saying for some time that we should have a phased reduction of the Single Farm

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Payment, equitably applied across the EU. To achieve a total reduction of all but environmental support and funding of Research and Development by for example 2025 we shall need to have policy that has encouraged greater farm efficiency. You and your team at DEFRA have been very supportive on Bovine TB and challenging the technophobes on Genetic Modification. However if we genuinely wish to see a reduction in subsidy we shall need to go further on an EU wide basis; it will be elements such as novel plant breeding techniques, novel animal husbandry approaches, a rethinking of pesticide policy, work on the understanding of the biology of soils, and robotics which will determine EU Agricultural competitiveness. We should be transferring a proportion of the Modulated element of the Single Farm Payment into Research and Development on an equitable basis across the EU; as much modulated money should go into R and D as is directed into the Environment and the outcome might be more environmentally positive. That is argument for another letter!

## Simplifying Farm Policy:-

As well as having policy that treats farmers equally across the EU, encouraging competitiveness by investing in applied research and removing distortions such as Capping of subsidy payments, we need to be clear that the existing social justification of the CAP should be removed. If countries persist in wanting to maintain inefficient farming they should do that on an individual national basis subject to means testing and audit scrutiny. This social element should not be part of the CAP and the UK should not be involved. Policy needs to be simplified for cost and trade distortion reasons and such that competitive disadvantage is unlikely to occur between member states.

## Environmental Policy:-

Whilst believing as an ex member of the Curry Committee that the Entry Level Scheme has done a reasonable job, in the light of present greening proposals the ELS should indeed come to an end. A combination of Cross Compliance and a cheap to administer requirement to take a small percentage of land out of production with a targeted outcome depending on location should be the basis of future policy until and if we need all available land for the production of food and energy.

The part of modulated funding not used for Research should be used for specific environmental projects equivalent to the existing HLS with desired outcomes stated and measured.

We do understand why you believe the uplands should be more favourably treated but equally even on these areas we should attempt to keep the farming element as competitive as possible.

## Encouraging young people into the industry:-

We require an industry that offers more than quality of life; young potential farmers, managers and employees need to believe there is the potential for

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worthwhile reward. If we can achieve that there will be no problem finding enough people to take up Agriculture as a career. The Curry Commission looked at this issue, as has David Fursdon and his group recently, and both backed away from artificial schemes to encourage early retirement. Most farmers do not take adequate pension provision and rely on their assets to finance their old age. We must encourage more flexible apprenticeships such that apprentices can work on a number of farm units in any given year and we do need to encourage older farmers to offer a career ladder to talented young men and women. Organisations such as Velcourt do a brilliant job of introducing young people into the industry and on a smaller basis, whether it is contract farming or some other form of shared venture, they do give opportunity and should be encouraged. We must stop thinking of land ownership being a prerequisite for a farming career.

In conclusion please do not put your farmers at an economic disadvantage with your interpretation of the CAP Reform. Let us in return help you to champion a phased equitable reduction in direct farm support across the EU. We must achieve simpler policy next time it changes, removing social elements and encouraging competitiveness. We should recognise the need to fund Research and Development to make the EU the most competitive block in world Agriculture. We need to be realistic and intelligent about Environmental spend. Now is the time to take a lead on policy for the next Reform such that the industry across the EU has time to adjust.

With best wishes,

Mark Tinsley, BSc, FRAgS.