



National Beef Association

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**Subject: Consultation on the Rural Development Programme for
Scotland 2007-13:**

Dear Zoë

We are submitting our response to the above consultation with our views although we are coming into the consultation discussions at a late stage and are not able to respond in detail to this important yet daunting consultation proposal. Nevertheless we would like to kick start discussions with this short summary of our principle observations.

The Scottish Council for the NBA would like to explain that the appetite for the new rural development programmes in Scotland must be appropriate with the available funding and proper attention taken to the limits imposed by the EU budget constraints. The modest cash allocation to the UK and the possibility that essential match funding may not be approved by the Treasury will be exacerbated further if modulation rates are increased, which is needed to counter balance the loss of funding that aids food production. Furthermore, consideration must be given to the substantial gap, which currently exists for the beef sector between production costs and market income. This is a fundamental concern for us and it is suggested that further effort is required to maximise the available funds and assess priorities according to the vision for Scotland's livestock industry sustainability.

It is suggested the RDP in Scotland must be carefully tailored to produce the maximum possible benefit, for key production sectors inline with the framework laid down by the European Commission and the overview presented by the SEERAD stakeholders as a whole but strive to make sure that ambition does not exceed fiscal reality.

The livestock industry will need a period of readjustment to restructure their

businesses towards greater profitability without other income and will struggle to accept voluntary modulation rates at 10-12%, but an increase to 20%, as is being suggested, would be too much to contemplate because it would deprive farmers of the means to properly fund the business restructuring forced on them by decoupling and would also trigger avoidable, perhaps irreparable damage to supply chain efficiencies, the environment and the rural social structure.

The Council is alarmed at the very real possibility that the ambition among SEERAD stakeholders for new RDP projects, particularly the lack of measures, which fulfil the Axis I objective of improving competitiveness, will be undermined. The Land Management Contract (LMC) scheme offers a wide range of Tier 2 and 3 measures but very few are actually linked to food production. Also, in addition to the number of measures available, the assessment and delivery mechanism to access already limited funds appears complex and laborious. If funding is diverted into too many buckets, or fringe non-farming businesses, we will lose the very structures we are trying to maintain, which are essential for the profitable long-term survival of our food chain and our environment.

This being the case, we feel obliged to say that everyone involved in constructing Scotland's new approach to rural development should be prepared to accept a change in the planning process towards a more adequately streamlined application for the funds to accommodate these needs. This would mean drawing up alternative priority lists, which focus on core environmental preservation within the LFASS but sideline development schemes that only money contributed directly by government would make possible. We suggest the concept of applying minimum thresholds to maintain livestock production in each region.

There is an unavoidable link between the budget made available to fund the RDPS from 2007 by the European Commission and the likely level of payments made to LFA farmers under LFASS. Unfortunately funding levels for the RDPS and therefore the future LFASS rewards structure, have still to be agreed and this will be even more significant after 2010..

One of the most important elements that will determine the breadth and depth of the RDP programme is whether there is match funding for the new LFASS element from the UK Treasury. In view of this the Scottish Council for the NBA would like to make the following observations. It will be clear from these that in the event of there being no match funding it believes most strongly that the RDP should be shrunk to take an exactly proportionate account of the reduction in funding. The Council would not, in any circumstances, support the view that the missing Treasury funds should be replaced by an increase in the voluntary modulation taken from farmers because this would further undermine the already problematic ability of many LFA livestock farmers to stay in business, which would in turn mean less skilled people to contribute to the rural economy and less cattle to maintain good land management standards across Scotland's most valuable landscapes.

In reference to Question one to three: - We are of the opinion that the continuance of LFA funds at current levels is essential with regard to helping farm businesses to be profitable and competitive whilst at the same time fulfilling environmental controls and GAEC. However, we do not support greater weight being diverted into 'very fragile areas' as this would result in an undue proportion of limited funds being allocated to areas with a very small percentage of overall livestock production.

It is already difficult for hill farmers to enter competitive schemes like the RSS and this will become more complex if more demands are placed on available budgets.

The Tier 3 objectives target a national competitive approach allowing LAG's and local authorities to enter the framework. We challenge the redirection of modulated funding into LAG's or local authority groups because experience has indicated that these partnerships do not necessarily deliver meaningful benefits in practical terms as it is often difficult to get agreement on the agenda. Secondly, these established groups absorb a large percentage of funding into administration rather than the delivery of beneficial outcomes. We therefore suggest a ring fencing of funding parameters to maximise potential delivery and success as well as setting a structured membership criteria for each group so that all sectors involved are represented by the right professional people.

In reference to questions 14 and 16: - The introduction of RPAC's, while assisting the move towards regionalisation, runs the risk of introducing an additional layer of bureaucracy if new structures are introduced. It is suggested that existing structures should be used. RPAC's if adopted by the Executive, could provide advice for specific land based objectives if it has the right representation, for example a proportional balance between community, conservationists and livestock farming representatives.

In Conclusion:

It is clear that the budget for the RDP in Scotland will be limited and that existing programme commitments will take up a considerable proportion of available funds. In order to be effective it is important that new funding opportunities are identified and that opportunities to link funding streams together are taken. The RDPS must be fully integrated with the Structural Fund Programme to avoid the potential duplication of support to communities.

The RDPS will have important consequences for the beef industry in Scotland and it is difficult to respond accurately without clearer detail on resources, delivery structures and agreed funding mechanisms. We are expected to accept these new RD programmes without a clear understanding of the potential funding available and the structures involved. We suggest the development of a simple fact sheet to help industry representatives gain a clearer understanding of the key implications of the RDP and we are willing to assist SEERAD with the development of these.

Selected NBA Scottish Council representatives are keen to feed into the development of the guideline approaches and looking forward to entering the debate and taking forward this subject in more detail in the future.