

Farming and the Environment – An Uncomfortable Challenge?

None of us should underestimate the complexity of issues that our industry now faces. A diverse range of economic drivers, intricate compliance protocols, social responsibilities and an increasingly sophisticated end market. All these now overlay the extremely complicated, uncertain and risky business of growing crops and tending livestock.

Since the release of the Stern report, climate change and the environment have been taken much more seriously. The potential implications and consequences are nearly unimaginable and while there are those who may question the validity of some of the facts, the underlying trends appear both plausible and profound.

Thus, climate change has now added yet another dimension to our already complex agribusiness world. Our 'raison d'être' now encompasses the production of fuel as well as food, coupled with an overriding duty to care for the countryside we all love so much.

The impact of the global development of biofuels is simply immense. Apart from putting a higher base line into world commodity markets, it has the potential to significantly impact food stocks as well as food availability around the world. It is a sobering thought to think that the amount of ethanol needed to fill a large 4WD vehicle just once, is sufficient to feed one person for an entire year. Furthermore, it is also important to understand that a significant amount of fresh water may be required in biofuel production – yet another twist in this chain of both actions and reactions.

Although, there are those who would say that farming's environmental track record is far from inspiring, considering our vocal passion for rural life. I would argue otherwise; the industry has made and continues to make a significant environmental contribution.

After all, we have:

- Stabilised high nitrate concentration in UK rivers
- Improved fresh water quality - with 94% of sites now meeting Environmental Quality Standards
- Reduced our greenhouse gas emissions by 12% since 1990
- Initiated over 1.4 million hectares in Crop Protection Management Plans
- And have 4.6 million hectares in environmental schemes of one type or another

However praiseworthy we, as an industry, feel these achievements to be, we have to accept the blunt fact that they will not suffice for the future. But they do demonstrate what can be achieved when there is a combination of understanding, correct protocols and appropriate incentives.

It is vital that those who legislate and regulate what we do in the future understand that farming must remain both vibrant and profitable to meet tomorrow's environmental challenges, as well as providing a solid foundation to inspire future generations to work in our industry.

So, what can really be expected of us? Well:

- We must manage our soils to even higher standards to minimise erosion
- We will need to use less fuel in production
- We will need to justify the use of irrigation water as we compete with other sectors of society for this increasingly precious resource
- We will have to strive to eliminate any risk of pesticide pollution as well as reducing still further diffuse pollution levels in our water catchments
- We will need to manage crop nutrition even more precisely than we do now
- We will need to manage the waste we produce much more effectively

And as importantly, we will need to keep more accurate records of what we do and understand more fully the environmental impact of our day to day management decisions.

This is a tall order, so how are we going to achieve it?

The answer will not be wholesale conversion to organic production. Organics has its place but as a recent Defra sponsored study showed there is little evidence that organic production has a lower impact on the environment than modern conventional farming methods and so organics is, and will remain, a relatively small niche market serving a somewhat elitist customer.

However, we must understand and accept that the industry's Voluntary Initiative has come of age. Its impact in areas of 'catchment sensitive farming' is well documented; demonstrating that significant improvements in water quality are achievable when there is a good understanding of the facts and effective support in place to assist in making the correct technical decisions. You might consider their targets ambitious, but we have to play our part in helping them to achieve them. We must recognise that the Government now respects the Voluntary Initiative's place in controlling diffuse pollution. Co-operating with and developing an industry driven initiative will result in better informed and more sympathetic measures than any that are likely to be imposed by central Government.

Continuing our first rate track record of taking up new technology will show how agriculture, working with science, can provide some solutions to climate change and environmental concerns. Agriculture desperately needs an increased level of R&D to help develop answers to a whole range of problems associated with many of today's management practices. For instance:

- More precise placement of fertilisers
- More fuel efficient engine technology
- Improved spray irrigation technology

- New chemistry to combat disease and weeds with an improved environmental profile

Inevitably, this research will come at a cost. While the level of that cost must be such that the new technology is available to the majority of producers, any improved environmental qualities need to be reflected in the producer's share of retail prices. It is essential that producers and regulators are united upon this point and ensure that both retailers and consumers understand that they too must bear a portion of the cost of raising environmental standards otherwise the squeeze on our margins will be unsustainable.

Our margins will be further squeezed if the current gulf of practical understanding between producers and regulators is not bridged and if any future limits imposed on crop inputs is not driven by scientific fact. Science must be fundamental in any future decision making and compliance has to be realistic and practical. While a recent EU poll showed that there was considerable support for the continuation of the CAP 80% of people backed the concept of cross-compliance. If there is to be relaxation on penalties, prior notification and the intensity of inspections we can only hope the message gets through to our own regulators.

Of course, minimising our environmental footprint is one thing, improving the environment for wildlife is another.

Up until 2005, 17,000 Countryside Stewardship Agreements had been put in place over a period of 11 years and there were about 1.1 million hectares within either CSS or ESA schemes. The environmental benefit is undeniable and the important inclusion of many large Estates should not be forgotten when the 'capping of aid' returns to the political agenda next year.

With the continued existence of set-aside, now under threat from the 'Health Check Review', the value of these schemes can only increase. Economics will drive more intense autumn cropping of farms in the future and the development and reward for creating more diverse habitats from spring cropping needs to be re-thought. While the numbers of ELS agreements are peaking, HLS applications are woefully short of target. The simple fact is that the scheme has not been received well by either the farming community or advisers.

- High rejection rates are commonplace as points targets are continually increased to match the quality of applications and funding available. So only the very best schemes succeed.
- Funding issues up until now have meant deferral of approval and payment.
- Poor administration has led to continued frustration - getting an application pack covering the whole holding has become a challenge in itself.

If our financial support to agriculture is to move to Pillar 2 and both DEFRA and the EU seem committed to this strategy, then further development rather than exclusion from these schemes is fundamental to our improved wildlife and countryside delivery. With Natural England poised to raise the bar on entry then I have little confidence that this will happen and I fear that much of what has been achieved over the last 12 years under CSS may be undone and what a monumental disaster that would be for the environment and our image as a whole.

So, we desperately need a joined up strategy on the environment. One that rewards farmers adequately for surrendering an element of commercial production. We need to see confidence in future funding for the development of environmental stewardship and a system of administration and compliance which is economic, equitable and achievable. Stewardship must be encouraged not discouraged and this applies not just to our lowland farms but to the hills as well.

While future legislation needs to reflect the goals that we must achieve its administration has to be both proportionate and equitable. We must demand “more bang from our buck” when it comes to the percentage of funding which is currently lost in administration. Working together, educating the legislators so they understand the practical implications of their policy can only engender greater trust and better results for all of us. Decoupling of support may have given us some ‘freedom to farm’ but this now has to be balanced carefully against our current and future environmental credentials.

Accepting that climate change presents enormous opportunities for our industry, raising environmental standards is likely to limit our potential to produce. We have a unique place in today’s society, one where we are needed more than ever before. So we face an ‘uncomfortable challenge’. We have no alternative but to take the initiative because the alternative of increased regulation is likely to be considerably more unpalatable.

Philip Wynn is an independent business advisor providing strategic and management advice to a wide range of farming businesses. He can be contacted by phoning 07971 798801 or emailing philip@wynnbp.com