

## Farmers Club Talk - 10th July 2017: Chris Musgrave

Good afternoon, and thank you for offering me this opportunity to set out my own vision for how I see us maintaining a profitable farming business with a care for the environment post BREXIT.

So, let us start with a few facts:

Our Government has committed to maintaining subsidies at the same level as EU spending until 2022- three years after the end of BREXIT. Agri-environment schemes will be fully funded, even when they continue beyond the UK's departure from the European Union.

But, as Michael Gove has made so plainly clear - and I quote from the Sunday Times of last week - 'fat cat landowners who just sit back and rake in the cash will see some of this money sent elsewhere". And one of the things that he wants to see is how we can better support investment in environmental goods rather than simply rewarding people for the number of acres they have.

Now, 2022 is still quite a long way away and, if recent history is to be repeated, the pace of change that we are currently experiencing on a worldwide basis is set to remain with us – and in this respect, who knows who will be in Government over the next few years or, for that matter, what policy changes we are going to be subject to?

However, while the shape of the UK's post CAP regime remains uncertain, the direction of travel towards greater environmental

improvements alongside food production is pretty clear, with growing demands to orientate any further subsidies towards the provision of public goods related to the protection of the environment and climate change.

We all acknowledge that budgets will continue to be under pressure in this period of austerity, and that it will become ever harder to justify continued support for UK farming. Hence, we all need to gain a much better understanding of how to achieve the most productive balance between profitable farming with a care for the environment.

To this end, I would like to share with you an initiative that we, a group of farmers up on the Marlborough Downs, have developed over the past five years, and how, by working together, we have demonstrated a significant and positive impact on the local environment whilst continuing to farm commercially. I truly believe that this model is a potential blueprint that could be widely replicated, and that the lessons we have learnt along the way could serve to inform other farming groups.

To set the scene, for the past 25 years I have managed a group of neighbouring estates, the owners of which share the same approach to both farming and the environmental management of their land.

We are right on top of the Downs at up to 900 ft and alongside the Ridgeway National Trail. Generally, the soils are chalk, with a clay cap up on the summit.

The three estates are all primarily arable enterprises, cropping a mixture of winter wheat, spring barley, spring beans and more, recently, opium poppies for both morphine production and for seed for the culinary industry. For the greater good of each unit, and for the obvious savings in both associated costs and efficiencies, the three owners have, for many years, chosen to share facilities and resources.

Alongside the core arable business, we have diversified to a large extent with our other enterprises, being a racehorse training facility at Barbury Castle Estate, with Alan King as our resident trainer; the Barbury International Horse Trials, which have just taken place this weekend; a couple of private/semi-commercial shoots; a wedding barn; a point-to-point course; commercial lets; and various other add-ons - for example, we host the Great British Endurance Riding Championship.

So, all-in-all, a reasonably diverse trio of Estates, which have also embraced the opportunity to create a wonderful natural environment alongside all the aforementioned activities.

Since I arrived, almost 35 years ago, I have witnessed the complete transformation of the landscape, from what was an arable prairie to

the classic vista of archetypal English country estates. This has been achieved by the sympathetic planting of almost a million trees, twenty tree miles of hedgerows, and the creation of nine traditional dew ponds. The latter may seem a paltry number over a couple of thousand acres, but the importance of these nine small ponds cannot be overstated.

There is no natural water-source on the Downs. It's a typical arid chalk landscape, and any rainfall quickly filters through the bedrock and into the groundwater, leaving the surface bone dry. By creating dewponds, traditionally lined with impermeable clay, we have introduced a reliable permanent water source, and the increase in biodiversity is immediately evident. The amount of wildlife that begins to appear is truly magnificent – everything needs water, and providing it has probably been the single most significant impact we've had on our local environment. And if you can do this in the context of a profitable farming business, then this is extremely rewarding both in an environmental capacity as well as becoming a significant capital asset.

In 2012, I was able to take the concept of collaboration between neighbouring holdings a step further. This opportunity originated with the publication of a report called "Making Space for Nature". This was a review of England's wildlife sites prepared by a team of ecologists, environmentalists, scientific advisers, and business leaders, chaired by Professor Sir John Lawton. The report was quickly followed by a Natural Environment White Paper which

introduced, for the first time, the concept of landscape-scale conservation management.

There was a realisation that, in order to make profound changes to the environment in which we live, farmers and other landowners need to work collectively towards common goals.

In 2011, Defra launched a competitive tender for partnerships to apply for funding for proposals to deliver nature conservation at a landscape scale via so-called Nature Improvement Areas, and the long and the short of it was that the Marlborough Downs bid was successful, and in 2012 we became the only farmer-led Nature Improvement Area - or NIA - in the country.

To put this achievement into perspective, applications were initially submitted by seventy-six partnerships, most of which were made up of the organisations which are traditionally associated with nature conservation – wildlife charities, Wildlife Trusts, National Park Authorities, AONB partnerships, and so on. The Marlborough Downs was only one of just two that were farmer-led, and when the seventy-six were whittled down to a mere twelve we became the first Government funded farmer-led landscape-scale conservation project in the entire country.

The Nature Improvement Area initiative was a three-year pilot study which has now come to an end. However, such was the enthusiasm for, and commitment to, this project that the group has

continued to work together, having rebranded ourselves as the 'Marlborough Downs Nature Enhancement Partnership'. This involves a group of 57 land managers - farmers, landowners, estate managers and gamekeepers – representing 29 land holdings, operating over almost 25,000 acres of agricultural land, working together for the benefit of the environment. As a group, we represent a substantial force, and wield far more influence, on both natural and political landscapes, than we could ever hope to do as individuals

Now, take that forwards to post 2022 when, we are advised, our direct support payments could well be cut by up to 50%, with the consequential huge hole that this will represent in any of our P & L's. And to my mind, consider what might be the consequences if you are a tenant farmer on less than 500 acres – life, post 2022, could potentially become extremely difficult.

But, if we already have the confidence of working with our neighbours on an environmental basis, could the same framework not be rolled out to our farming activities as well? Gone are the days of us all having a combine or fleets of tractors - we need to start thinking and farming more collaboratively if we are to cut costs and increase efficiencies.

Moreover, Governments are now beginning to understand and trust the principle of farmers working together. This is clearly demonstrated by the fact that, using our Marlborough Downs NIA as

a template, Defra now funds project managers (so-called facilitators) to work with groups of farmers on their own collaborative agri-environment initiatives via the recently launched Countryside Stewardship Scheme.

This Facilitation Fund has proved extremely popular, and there are currently 61 farmer groups receiving over £1.2 million annually. The concept has caught on to such an extent that, in just five years, what was once considered radical has now become a mainstream delivery mechanism for landscape management, and there is no doubt in my mind that this will continue to be the way forward. The collaborative model offers farmers and other land managers the potential to have a collectively greater impact on their local environment, enjoying the cost and efficiency benefits of large-scale operations but at the same time continuing to operate as separate successful business units.

However, this is just one example of how we might develop the concept of profitable farming with a care for the environment.

We also need to consider what other options we have in our armoury to make sure that we all continue to have profitable and vibrant businesses, whilst recognising the increasing awareness of and concern for the state of the environment.

It seems plainly obvious that, as Government support payments are cut and possibly even disappear in time, we need to look more

closely at and embrace the opportunities offered by market-led initiatives, such as those that are being delivered by Jordan's, Conservation Grade, Kellogg's and Budweiser.

There is also the scope to develop the value of natural capital and the potential for offsetting agreements, public-private Conservation Covenants, and other such schemes, all of which could be better delivered by groups of farmers working in partnership rather than individuals operating in isolation.

For example, we as landowners acknowledge that there will be ever-greater pressure put upon us as the population within this country continues to grow. With our current population of 66.8m people expected to rise to 85m by 2050, the demands on land for either food production, as an energy resource, or for producing a sustainable environment, is now set against an insatiable demand for housing, transport infrastructure and other development.

However, this rather gloomy 'inevitability' may in fact give rise to real opportunities to enhance those remaining natural areas, through initiatives such as biodiversity-offsetting. The basic premise is that any damage caused by development to the conservation or biodiversity value of a site is compensated for, or 'offset', by the provision of an equivalent and increased gain to conservation on another site.

Biodiversity-offsetting has been developed as a tool for environmental policy elsewhere in the world, and there is an ever increasing commercial and political interest in this jurisdiction. However, though there are examples of offsetting cases from countries as diverse as Australia, Qatar, Mexico and Ghana, this practice is still in its infancy within the UK, and has been dismissed by some environmentalists as 'a licence to trash'.

So, while I acknowledge that this is a controversial subject, as yet under developed in the UK, and that we must be acutely aware of the public debate as to its effectiveness, I genuinely believe that we do need to have this kind of debate. Perhaps not for everyone, but possibly for a certain group of landowners, biodiversity-offsetting and other such conservation contracts are mechanisms which may well provide additional income streams to help sustain a profitable future.

And, once again, landowners working together, to offer more 'bang' for 'biodiversity-offsetting bucks', will be in a far better position to offer bigger environmental gains, than individual farmers with a limited resource.

Moreover (and to my mind it's a case of having to accept that things will change), BREXIT is **going** to happen and our current payment support structure is going to have to become ever more focussed. As such, we will all need to consider efficiencies within our businesses, and by considering a more joined up approach to land

management it opens up opportunities that hitherto we have not been very good at undertaking.

Another benefit of collaboration is that, collectively, our voice is far more likely to be heard by those who, in future, will be responsible for deciding on rural policy. Any new best practice guidelines and legislation should involve farmer groups at the consultation stage if we are to avoid counter-productive regulations.

I refer, for example, to some years ago, in 2000, when the EU ruled that support payments could not be made on land which included headlands (boundary features) wider than 4 m. Rather than reducing the area claimed, farmers cut their hedges back so that they were not more than 4m (and often far less to allow for growth), resulting in no reduction in support payments but significant loss of habitat.

More recently, the EU ban on pesticide use on EFAs will have a significant negative impact on the environment.

So, while the shape of the UK's post-BREXIT agricultural policy remains uncertain, the direction of travel towards greater environmental improvements alongside food production is starting to gain traction. And to achieve this vision we must recognise that farming is part of an increasingly global system and that it cannot be dealt with in isolation. This means that everyone needs a better

understanding of how to achieve the most productive balance between farming and wildlife.

Learning from one another, working together to deliver landscape scale results, and developing a united voice with which to lobby for well thought-out regulation that will satisfy both the agricultural and the environmental sectors. **THAT IS THE KEY.** And avoiding the sort of unanticipated negative impacts we have seen in the past when decisions have been made by EU bureaucrats.

As you can see, I firmly believe in this concept of landscape management, and as we sit here today contemplating an evermore uncertain future, to me it offers a confidence that we will be able to continue to 'farm with a care for the environment' all be it in a differing manner to that which most of us are currently used to practicing.

And let us remember just why the UK farmers should be re-focusing on their futures, post-BREXIT.

In the first instance it is to attempt to maintain the status-quo, i.e., to keep people gainfully employed in a productive capacity. But, change is coming – and coming very quickly. The UK might have decided its own destiny in terms of BREXIT but it cannot ignore its

obligations on the world stage in relation to the common need for a safe environment. We have the opportunity to be pro-active leaders in order to best protect the natural environment whilst attending to the growing need for quality food production. These two aims are reaching a climactic point of collision that we have all been slow to admit to.

Yes, some farmers will find it hard, if not impossible, to survive. Change happens and brings with it casualties. However, poor political leadership can exaggerate this effect and I would call on all those with a genuine vested interest in the long-term health of our nation to accept the realities of what lies ahead, to give poll position to the concept of 'collaboration', to invest in the wisdom of knowledgeable land-holders, to avoid the pettiness and short-sightedness of bureaucratic-led 'solutions', to grasp with both hands the opportunities that lie ahead, and to have the vision to embrace the policies that will truly make the UK a leader on the world stage.

And finally and to finish on, I would like to share with you a famous saying by the philosopher Socrates, and it epitomises to me a lot of what I truly believe and what I have tried to represent to you today:

'The secret of change is to **focus** all of your energy, not on fighting the old but on building the new'.

We work in a wonderful industry, with huge opportunity – we just need to learn to embrace change.

Thank you.

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