

I'm sure you know the cost of producing food on your farm; (you do don't you?). I'm equally sure you know the current market value of your produce.

But what about the things that you produce which don't have a market; how do you determine their value? What I'm alluding to here are "environmental goods". There is not an open market for these goods and so one can't determine a comparable value by establishing what others are charging and consumers are paying. And you can't put it on ebay to see if there is a bidder who values the way you manage your bit of South East England above all else. Yet we are told time and again that these are goods that are demanded by the public and which therefore must have some discernable value.

If you participate in a Stewardship scheme you will probably be aware that your payments are based on "profit forgone". There is, for some of these, a small element of incentive incorporated into the payment. But leaving aside the argument about how frequently these payments are reviewed, and whether they should incorporate inflation during the lifetime of the scheme, there is a more fundamental question. Why should the value of one product be used to determine the value of another unrelated product? I don't base my fees on the profit I am forgoing by being an agricultural consultant rather than a taxi driver or for that matter a movie star! I can't think of another instance where the price of goods or services is fixed by what otherwise might have been produced from the resources used.

The argument about whether funding should be targeted towards Pillar 1 (agricultural production) or Pillar 2 (environment) misses the point and also takes us along a path more likely to lead to more stick and less carrot. In order to secure rural funding from a dwindling pot there must be some sort of consensus. Achieving such a consensus amongst all those involved in the

Costing the earth



rural economy may in turn lead to Pillars 1 and 2 merging or being abandoned. The point is that in order to move forward we mustn't be slaves to the current model.

So how can farmers who are providing these environmental goods be financially rewarded. The difficulty here is that the countryside does not only have a value for those that use it directly, eg. walkers, bird watchers, horse riders and also those who derive indirect benefit, eg. drinking water and carbon capture but it also has a value for those that might like to use it at some time in the future. Here, parallels can be drawn with the health service, I don't want to use it tomorrow but I am happy to pay so that if I do need to use it it is there. Even if you had absolutely no interest in environmental goods currently being produced would you not want to ensure that the asset is preserved for future generations.

Fortunately there are far more enlightened people than me worrying about the future of rewarding farmers from 2013 and onwards. The extent to which legislation drives the production of these goods and the extent to which the public pay for them is a vexed one. It is clearly one to which the CLA and

Professor Allan Buckwell are applying themselves.

Aside from ensuring that future support payments allow farmers to produce food and environmental goods is there any other way of determining the value of the non-market goods you produce? Tourism goes some way to revealing how much the public are prepared to pay for certain landscapes but this valuation is too dependant on other factors. How about some of the world's richest men, have they managed to establish a way of placing real values on these goods? The Sunday Times says that "The global rich are going green as never before". However aside from renewable energy opportunities many of these enthusiastic investments are of a philanthropic nature. One thing is for sure creating a vibrant rural economy to secure food production and environmental benefits cannot be left to charitable donations. Don't assume that coming up with an alternative valuation to "profit forgone" will diminish the amount paid. The Land Use Policy Group (an amalgam of UK statutory environment agencies) estimates that agri-environment schemes only contribute about 35% of the true cost to farmers of delivering the schemes.

In a climate of dwindling government finances we must be in a position to lobby for proper payments for genuinely important public goods.



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