



*Dear Colleague,*

**March 2007 Briefing**

A few notes which I hope may be helpful in your conversations with farmers.

**Supermarkets rapped by All Party Parliamentary Group**

A report by the All Party Parliamentary Group on Dairy Farming has criticised supermarkets for the poor milk prices paid to dairy farmers, and did not accept that market forces alone were responsible. It has called for fairer milk prices and the establishment of an industry regulator. Over the last 15 years the price of milk in the shops had risen by 11% whilst the price paid to farmers had fallen by 10%. If market forces alone were responsible then the supermarket price should reflect the fall in commodity price paid to farmers.

**Welsh survey on TB infection in badgers**

A report commissioned by the Welsh Assembly Government, entitled "*Survey of Mycobacterium bovis infection in badgers found dead in Wales*" presents the results of post mortem examinations of 457 badgers found dead between October 2005 and May 2006. The rate of TB infection in badgers correlated with the regions where TB was most prevalent in cattle, ranging from 26% in Gwent to 15% in Pembrokeshire. Overall, one in eight badgers are infected with TB. A separate study, to be published in March, suggests that the incidence of TB in observed social groups of badgers has risen from 1% to 15%.

**Farm Sunday**

Farm Sunday builds on last year's campaign in which farmers are encouraged to open their farms to visitors and explain what agriculture is about on a designated Sunday. This year's event is scheduled for 10<sup>th</sup> June. In 2006 more than 300 farms participated. Further details are available from [www.farmsunday.org](http://www.farmsunday.org)

**Rural Payments Agency changes tactics**

In 2006 the Rural Payments Agency (RPA) failed to pay the Single Farm Payment (SFP) on time to thousands of farmers in England. This year partial payments are being sanctioned earlier in the payment cycle. During February and March, farmers with claims worth more than €1000 (£680) will receive a partial payment worth 50-60% of the value.

**Brussels debates Voluntary Modulation**

The budget for the Rural Development Programme, the "second pillar" of the CAP which pays for agri-environment schemes, is still not confirmed since in the UK much of the spend would be paid for by Voluntary Modulation i.e. taking money away from the SFP to put into these wider schemes. Although Europe has agreed modulation rates that apply across all member states there is reluctance to allow the UK to alter the rates above those already agreed, even though it has been part of UK thinking for some years. The European Parliament has formally voted against VM and a decision is expected in April.

**The Rev'd Nick Read OBE ARAgS, The Chaplain for Agriculture & Rural Life**

**The Rectory, Pembridge, Hereford HR6 9EB**

**Tel: 07973 361055**

**agchap@btinternet.com**

**[www.hereford.anglican.org](http://www.hereford.anglican.org)**

### **Avian Flu update**

Following the outbreak of avian flu at the Bernard Matthews Holton plant in Suffolk the source of the outbreak has still not been confirmed. The H5N1 strain found in four of the rearing sheds was identical to that found at two Hungarian goose farms in January, which suggests that a poultry-to-poultry transmission is the most likely source. The government chief scientific adviser has suggested that rats or birds may have acted as the vector between contaminated waste turkey product in a processing plant on the Holton site and turkey sheds on the same location. However the authorities in Hungary are disputing the hypothesis.

There is general agreement that defra responded well to the outbreak and that the biosecurity measures put in place were effective. The one area of concern has been the transportation of turkey carcasses, following gassing, from Suffolk to a rendering plant in Staffordshire to be disposed of. Defra argued that rendering was the best way to dispose of carcasses and ensure that the virus was destroyed, and that the plant in Staffordshire had the capacity to deal with the large number of birds in question (159,000).

### **Farm income figures released**

The National Audit Office has revealed that the UK's Total Income From Farming (TIFF) in 2006 was £2.72bn, a rise of 7% in real terms from the 2005 figure. However, whilst the cereal sector did reasonably well, milk, poultry and pig producers failed to show any appreciable gain overall. TIFF is the income generated by production within the farming industry, including subsidies. Although the figure was an improvement over 2005, viewed against a historical background it still ranks as just £800m above the record low of £1.92bn in 2000, and contrasts with £6.91bn in 1995. Diversification continues to contribute to farm incomes, of the 60,000 farms able to sustain a farmer for at least half of the time, diversified enterprises contribute 22% of total farm income. In 28% of farms with diversified enterprises, the income from the diversification contributes more than the income from the remainder of the farm business.

New Bank of England figures show that lending to farms in the last quarter of 2006 was at an all-time high of £9.6bn, a 2.7% increase over the same period in the previous year. However, farmers also had £4.1bn on deposit, a 14% rise over the previous year.

### **Competition Commission Enquiry**

The Competition Commission is investigating the relationship between multiple retailers and producers, with particular emphasis on grocery products. Further details are available from [www.competition-commission.org.uk](http://www.competition-commission.org.uk)

I hope this is helpful,

*Nick Read*