

Diocese of Hereford Agriculture & Rural Life

Serving the Church of England in Herefordshire,
South Shropshire & parts of Powys & Worcestershire



THE CHURCH
OF ENGLAND

Dear Colleague

June 2008

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

CAP Health check

Details of the EU Commission's Common Agricultural Policy (CAP) "health check" were published recently with the intention of simplifying the payment system for farmers, reducing interventions into the market, and boosting rural development (see also February 2008 briefing). The proposals allow for member states to introduce an area-based payment system (which already operates in England), though it will not be compulsory and few member states are expected to adopt it, and there will also be a new minimum payment threshold of 250 euros and/or 1ha of land. This will remove very small claims, estimated to be 14% of claimants within the UK. Some cross-compliance measures will change i.e. linking the payment to environmental standards of land management, and more money will be siphoned away from direct payments to be used for environmental schemes. Compulsory set aside is to be abolished and milk quotas will be phased out by 2015.

To pay for more environmental benefits the level of compulsory modulation will be raised, which takes money from "pillar 1" (the single farm payment (SFP)) and shifts it to "pillar 2 (rural development/environment programmes). The rate of modulation will vary depending on the level of single payment received by individual farmers and will increase each year until 2012. Thus by 2012 farmers receiving less than 5,000 euros in SFP will not have any compulsory modulation, whilst those receiving more than 300,000 euros will have 22% modulation, with various rates between these two extremes. This effectively means cuts in support for larger farmers though the savings that result will be retained by each member State and may be spent on programmes concerning climate change, renewable energy, water management and biodiversity. UK farmers believe that this will penalise them more than many other EU countries.

The UK government has adopted the most radical stance of all member states, calling for the abolition of the CAP in its current form and especially an end to direct payments. This is in stark contrast to France, which will hold the EU Presidency for the second half of 2008, which is arguing for least change to the current system.

Bluetongue vaccination programme

Veterinary surgeons within the Bluetongue Protection Zone are reporting a very good response from the industry to the vaccination programme. As doses of the vaccine become available the boundaries of the Protection Zone are gradually being increased since under EU law the vaccine may only be used within a Protection Zone, though the outer boundary of the Bluetongue Surveillance Zone has remained the same.

Rent reviews

Surveys suggest that rent increases of more than 50% are being suggested for the Michaelmas rent negotiations for agricultural tenancies. Landlords are arguing for this on the back of rising commodity prices. Farmers representatives are saying that this level of increase is unsustainable.

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

Bovine TB

Defra has a PSA (Public Sector Agreement) target – the target set by the Treasury in return for that part of defra's budget – to improve the health and welfare of kept animals, and protect society from the impact of animal diseases. Within this target it seeks to limit the spread of bovine TB into areas currently free from the disease. Defra claims it is on course to achieve this though between 1st January and 31st March this year about 10,000 cattle were slaughtered and 7,881 herds remained under movement restrictions. The long-awaited response to the EFRA Committee report on badgers and bovine TB remains in abeyance, even though it was announced in February that a decision was imminent. The latest news is that the government is expected to reject calls for a badger cull and may wait for details of the Welsh Assembly's limited cull before finally deciding. The Badger Trust has asked that all cattle attending agricultural shows should be tested for bovine TB before attending the show as they are implicated in the spread of the disease. This has angered farmers who say that badgers are a much more important, and unrestricted, vector.

Rising costs are a cause for concern

Red diesel (diesel at a lower rate of tax and coloured red to distinguish it from ordinary diesel) is costing farmers up to 59p/litre, compared to 36p/litre one year ago. Forecasts suggest it could reach 75p/litre by 2009. This is having a serious knock-on effect for contractors and farmers as harvest approaches. An annual publication on farm accounts show that the average cost of production for winter wheat was just under £80/t in 2007 and is expected to be £110/t this year. Recently released figures from the Bank of England show that farm debts for the first quarter of 2008 were just over £10bn, nearly £700m higher than 12 months ago and only just lower than the highest year on record.

Farmers continue to express concern that prices for food are not being allocated fairly along the food chain. Production costs in the chicken meat sector have risen by nearly 25% (14p/kg liveweight) in the past year, but prices passed down to producers have not kept pace. It is estimated that the average broiler producer made a loss on every bird produced, even though there is strong consumer demand for British chicken and free-range supplies are having to be imported to keep pace with demand.

Labour shortage predicted for this year's harvest

Recruitment agencies have seen a 30% reduction in interest from eastern European countries when recruiting for this year's harvest workers. In Scotland alone it is estimated that up to one fifth of the soft fruit crop may fail to be harvested as a result. Wages in Poland have risen by 13% in the last year and the pound has weakened against foreign currencies, reducing the incentive for people to travel to the UK for work, and there has also been a reduction in the number of workers allowed to enter the UK under the Seasonal Agricultural Workers Scheme (SAWS) from 25,000 to 16,250. The scheme has also been restricted to workers from Romania and Bulgaria, ruling out workers from Russia and the Ukraine.

Survey boost for farmers markets

In a survey of 1600 people by the Real Food Festival, held in Earl's Court, London, during April 48% of respondents said that farmers markets were key to the survival of British agriculture, and 62% were concerned at the adverse impact of supermarkets on British food producers. 36% of the respondents actively looked for locally sourced food.

Best wishes,

Nick Read