

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

October 2008

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

Bluetongue vaccination campaign

Although the uptake of the bluetongue vaccination started well there are concerns at the poor response from farmers in Wales and the north of England, due in part to rumours that the vaccine may cause infertility - though the British Veterinary Association dismiss this. Only 24% of the 7.5 million doses for use in Wales had been used by the end of September even though bluetongue had been confirmed in Denbighshire from imported bulls from the Limousin region of France. To date, all of the UK cases have been from imported animals and there is concern that some imported cattle are from areas on the Continent close to a bluetongue strain 1 protection zone; the UK vaccination is only effective against strain 8 of the disease.

Harvest analysis

The UK harvest has been rain-affected and incurred high drying costs as a result. Most milling wheat contracts require grain to be at 15% moisture or below because a higher moisture content raises the risk of mycotoxins or insect infestations during storage. One estimate is that the wet weather has cost more than £300m in lost income with drying costs estimated at £168m. There has also been a knock-on effect as winter sowing of next year's crops have been delayed. The Health and Safety Executive have reported a rise in farm accidents, possibly in response to working late into the night to try and salvage the harvest. More than one in three of fatal farm accidents occur during the harvest months.

The price of wheat off the farm is trading at below £100/t (£85/t lower than the peak price) partly due to the extent to which late cut crops have become available, but mainly as a result of a substantial increase in world grain production. EU wheat production this year is predicted at 137.6m tonnes, 26m higher than in 2007. Russia, the Ukraine and India have also experienced record harvests. Australia, though still suffering problems with drought, has seen an increase in production of 75% over the previous year. The United States Department of Agriculture predicts that the world harvest will be 676m tonnes, compared to 611m tonnes the previous year.

EU pesticide legislation

Concern continues to mount at new EU legislation on pesticide registration (see July briefing) with a vote expected before the end of the year. The move to ban "hazardous" pesticides on health and safety grounds sounds plausible but the UK industry is predicting that between 15-85% of current products may be removed from the market depending on the criteria finally adopted. The proposals are being guided through the European Parliament by the German MEP Hiltrud Breyer, representing the Green Party, who claims that the manufacturers will be in a position to respond by developing safer alternatives. The industry points out that it takes an average of 10 years to develop a new product at a cost of £200m. The agricultural industry is asking for an impact assessment to be conducted before final decisions are made. An economic assessment of the impact of reducing pesticide availability is that this will result in 10p increases per loaf of bread, 3p per litre of milk and 40p per kg of pork, leading to overall food price inflation of at least 10%.

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Farmland prices

Evidence from Land Agents suggest that the price of farmland in England has peaked for the time being, with no increase in values during the third quarter of 2008. Average agriculture land values are around £5,100/acre, compared to just under £4,000/acre in 2007. Predictions for the start of 2009 suggest that farmland prices could fall by 9%.

Hill farming scheme

Farmers are concerned at the new proposals to replace the Hill Farm Allowance (HFA) - see September briefing - being suggested by Natural England. HFA would be replaced by an Uplands Entry Level Scheme (UELS) which pays farmers according to a points system based on the environmental benefits and features that are on the farm. However many upland farmers point out that they already utilise these points under existing schemes and that they will be unable to increase this tally to qualify for the additional money, leading to a severe cash shortfall when the HFA is phased out. Farmers also claim that the proposals undervalue important environmental features such as stone walls and stone-based hedge banks in terms of their landscape value and the cost of maintaining them.

Seasonal workers shortage

The NFU's 2008 seasonal labour survey of 150 growers shows that the shortage of labour experienced in 2008 cost an average of £140,000 per grower. Two thirds of those surveyed said that they had lost money as a result of labour shortages. The government is due to end the Seasonal Agricultural Workers Scheme (SAWS) in 2010 and the situation is expected to get worse.

Food inflation has slowed

The rate of food inflation has slowed, though the price of food was a main feature in the overall inflation rate. The British Retail Consortium (BRC) shop price index showed that the overall price of food was 10% higher in August 2008 than August 2007, and fresh food in particular had increased by almost 12%. However the rate of food inflation had slowed to 0.5% compared to 2.5% between June and July. Analysts suggest that food prices will continue to rise for the rest of the year but at a slower rate than for the first six months of 2008.

Defra criticised

The House of Commons Public Accounts Committee has criticised defra for poor financial management. Defra exceeded its funding limits for two successive years resulting in cuts that left it unable to cope with unforeseen circumstances such as the 2007 floods. Although defra received funding of £3.617bn from the Treasury in 2007-8 it failed to finalise its budgets until 5 months into the financial year, leading to mid-year budget reductions to avoid overspending.

Linking with the public

The "Year of Food and Farming" has officially ended but the organisers are keen to ensure that the legacy endures. The Farming and Countryside Education charity (FACE) is continuing with initiatives to keep schools abreast of developments in agriculture and has launched a website www.thinkfoodandfarming.org.uk.

Commission for Rural Communities

The Commission for Rural Communities (CRC) was established in 2006 to be an independent rural adviser to government with a particular focus on social disadvantage and economic under-performance. It is governed by a board of independent commissioners and three new Commissioners are required. The posts are remunerated for 3.5 days per month and expenses are paid. Further details from publicappts@defra.gsi.gov.uk or telephone 0207 270 6166 quoting reference PAPPT 64. The closing date for applications is November 3rd.

Best wishes,

Nick Read