

The Chaplain for Agriculture & Rural Life, Hereford Diocese

The Rev'd Nick Read OBE ARAgS

The Rectory, Pembridge, Hereford HR6 9EB

Mobile: 07973 361 055

e-mail: agchap@btinternet.com

Dear Colleague,

October 2006

A few notes which I hope will be helpful in your dealings with the farming community.

Ombudsman to investigate Rural Payments Agency

The Parliamentary Ombudsman is to investigate the way the Rural Payments Agency handled the Single Payment Scheme, concentrating on case studies which have been submitted for investigation. Ten are already under investigation and a further twelve are pending. The ombudsman is able to look into complaints of injustice arising from maladministration from public bodies. It is not able to oblige agencies to pay compensation but it can recommend that they do so.

Biofuels in the spotlight

The Environment, Food and Rural Affairs Select Committee (EFRA) has published a report, "*Climate Change: The Role of Bioenergy*" which puts pressure on the government to show greater commitment to bioenergy and to increase support for biomass production. According to EFRA the UK is lagging behind other countries in this regard. We do not have the land capacity to rival countries such as Brazil but we could match European countries such as Austria, Sweden and Denmark. Ninety per cent of Ford Focus cars sold in Sweden were Flexi-Fuel vehicles that can run on blends of ethanol and petrol, and many housing estates built in those countries require compulsory district heating schemes.

Concern over funding of the Rural Development Plan for England

The "second pillar" of the Common Agricultural Policy is money targeted at wider agri-environmental concerns, which will come on stream under the umbrella of the Rural Development Plan for England (RDPE) (the first pillar is the direct subsidy payments via the Single Payment Scheme). There is concern that there will be a serious shortfall in funding for RDPE because of the EU budget deal agreed last November. The UK's allocation for the period 2007-2013 is 1.9 billion euros or approximately £1.3 billion (compared to £11.6 billion for Poland, £7.3 billion for Italy and £7.1 billion for Germany). Whilst direct comparisons are difficult this compares to about £1.7 billion received by the UK for the period 2000 – 2006, but the extra money available since 2003 is derived from compulsory "modulation" (taking money from the pillar one payments and transferring it to pillar two), so that on a like-for-like allocation funding to the UK has fallen by 412 million euros.

Our allocation is based on the amount that we claimed historically and reflects 3.5% of the budget for the EU15 (the fifteen member states within the Community before enlargement took place), or approximately 2.5% of the total funding Brussels dispenses for rural development within the enlarged Community. There is serious concern that this shortfall will prejudice many of the projects that are gaining momentum and which are producing material gains for the environment. The NFU estimates that for England alone there could be a £300 million shortfall in spending on environmental schemes. One option for the UK government is to increase the modulation rate to British farmers by up to 20% but there is concern from the farming industry that this will put them at a serious competitive disadvantage compared to the rest of Europe.

Mixed fortunes for the dairy industry

Andersons, the farm business consultants, have produced results from several studies trying to look at future strategies for dairy farmers. They show that unless milk prices improve dairy farmers will be making a loss of 0.1p per litre by 2007/8 and that this shortfall would be much greater but for Single Farm Payments and the environmental schemes (see above for concerns over funding of these). Since June 2002 retail prices for dairy products have increased by 19.5% whilst farmgate prices have fallen by 1.3%. Average milk prices to the farmer had fallen by 0.8p to 18p/litre. In contrast, some of the dairy processors feel buoyant about the future and predict a number of new dairy products coming onto the market. UK industry is lagging on the global stage, only two of the world's top twenty dairy companies are British but there has been significant investment in new plant and new products.

Wrangling over agricultural wages

The NFU, which represents employers, is threatening legal action over the Agricultural Wages Board's decision to change the way in which farm workers' holiday pay is to be calculated, due to come into operation on 1st October. Under the new proposals holiday pay will be calculated based on the employees total working hours in the twelve weeks immediately prior to taking holiday, including any voluntary overtime. Previously only compulsory overtime was included in the calculation. The industry fears that workers will load the hours immediately prior to their holidays and benefit with a substantial increase in holiday pay as a result.

Bovine TB results

The apparent decline in the number of new incidents of bovine TB continues, though the figures do not indicate that the disease is in retreat, but that it is spreading at a slower rate. To the end of July 2006 there were 2008 new cases (including confirmed, unconfirmed and unclassified) compared to 2353 in the same period last year, a 15% reduction. Consequently the number of animals slaughtered due to TB has also fallen - to 13,098 for 2006 so far, compared to 18,899 for the same period last year.

Avian Flu update

Although no new cases have been reported, the risk of avian flu returning to Europe is rising as wild birds begin their annual migrations to winter feeding grounds. The EU has approved two new vaccines for poultry to use in the event of an outbreak.

Research into organo-phosphate poisoning

Defra funded research into the effects of organo-phosphates (OPs) on human health could be terminated early because of concerns expressed by the Veterinary Medicines Directorate (VMD). The VMD claims that the lack of a farmer control group jeopardises the research, whilst the researchers – based at University College London, claim that it is almost impossible to find farmers who have never been exposed to OPs in the first place. They have suggested using other rural workers, but VMD is not accepting the argument. The research is half way through the four year project and would make a valuable contribution to a very contentious debate. Within the diocese the support group OPUS exists to help those who have suffered as a result of exposure to pesticides, please contact me if you want more information.

I hope this helps,

Nick Read