

The Chaplain for Agriculture & Rural Life, Hereford Diocese

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Dear Colleague,

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

National Audit Office (NAO) criticizes Rural Payments Agency (RPA)

A NAO report criticises the RPA for its handling of the Single Farm Payment (SFP) and suggests that the debacle has cost farmers £22.5m in additional borrowing and interest payments. RPA underestimated the complexity of work required to implement the SFP and implementation costs were £46.5m higher than predicted. 20% of farmers surveyed had experienced stress and anxiety as a result of the delays in payment. It is not yet clear whether the European Commission will levy a fine on Defra of up to £131m because payments had not been completed in time. The Chief Executive of the RPA addressed the Council of the NFU earlier in October and indicated that it could take a further two years to establish the optimum system for SFP.

Agricultural Wages decision reversed

The Agricultural Wages Board (AWB) has reversed its decision over holiday pay reported in the October briefing. The AWB had proposed introducing a new system of calculating holiday pay that took into account basic pay plus overtime in the twelve weeks preceding the holiday, including any voluntary overtime. The employers feared that people would put in considerable extra hours in order to qualify for abnormally high rates of holiday pay. It looks likely that the previous system (basic pay plus guaranteed overtime) will continue to apply.

Sainsbury establish Dairy Development Group

The retailer Sainsbury's is to establish a dairy development group to work with the industry in order to improve supply-chain transparency and efficiency. Six working groups will be set up to liaise with the company and discuss issues of mutual concern. Some other retailers, most notably Marks and Spencers and Waitrose, have already got similar groups liaising with dairy farmers.

“Ethical” spending increasing.

Research from Mintel shows that spending on “ethical” produce has risen by 62% from 2002, and will top £2 billion this year. Thirty per cent of shoppers buy fair trade where available and 40% buy free range products. A third of those surveyed felt it was worth paying more for Fairtrade, organic and locally sourced food.

An initiative by the Welsh Assembly Government (WAG) to persuade Local Authorities, hospitals and the military within Wales to source local food has led to an increase of 24% in the amount of Welsh food purchased within two years. Milk has increased from 89% purchased from Welsh suppliers to 91% (though only 29% of dairy products are from Welsh milk), and meat from 57% to 76%. However, only 25% of fruit and vegetables are sourced locally. In cash terms the value of food purchased has risen from £10m to £14.6m, though the public sector food purchases in Wales amount to £66m overall.

Latest data from the British Market Research Bureau indicates that the number of people who are concerned about the country of origin of fresh fruit and vegetables has risen from 39% to 46%. Campaigns such as “British Food Fortnight” are beginning to have an effect. Conversely the number of people who are not concerned about where their food comes from has fallen from 61% to 52%. The key to changing shoppers’ preferences is considered to be the over 50s. 54% of those over the age of 50 always or regularly buy British produce and almost a third grow their own fruit and vegetables.

Harvest figures released.

The NFU has released its estimate of the overall UK harvest which suggests that the wheat yield will be up by 3.8% with production at 15.1m tonnes, though barley production is down by 10.2% to 2.7m tonnes and winter barley is down by 7.5% to 2.3m tonnes. Winter oilseed rape production is estimated at 1.6m tonnes.

Report of the Rural Advocate

Dr Stuart Burgess, Chairman of the Commission for Rural Communities (CRC) is the “Rural Advocate” for England, appointed to inform the government on a wide range of rural issues. He published his first annual report in October, which states that one in five of the rural population live below the government’s official poverty line. If brought together they would represent a city the size of Birmingham, but because they are geographically dispersed the full impact is not recognised. Main areas of concern are a chronic lack of affordable housing, difficulties in accessing key services and poor access to training and employment opportunities. 9.5% of the population of England (20% of the total) live in rural areas and one in five rural households have an annual income of £15,000 or less.

Rural Development Programme for England (RDPE) update

The October briefing highlighted concern over future funding of the RDPE. This concern is rising after Euro-MPs rejected the idea of voluntary modulation by Member States to help pay for national programmes, a mechanism that the UK had expressed interest in using. Although voluntary modulation was included in the December 2005 EU budget deal at the insistence of the UK government, the European Parliament’s agriculture committee has rejected the proposals on the ground that it will distort competition and discriminate against farmers in individual members states. The full Parliament meets later in October and it is expected that they will demand that the Commission redrafts the proposals. Although the Parliament is only a consultee, and the Commission can still enact the legislation, it is likely to delay implementation until the Spring of 2007. Only then can the UK government put its detailed spending proposals to the Commission for approval, putting back the implementation of RDPE by further months.

I hope this helps,

Nick Read