

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

September 2008

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

Harvest Update

At the time of writing (the end of August) the harvest had been frustrated by the wet weather. Generally yields are good but crops have had to be cut wet, incurring high drying costs. There will be an anticipated shortage of wheat straw which is worth about £10/t ex-farm higher than last year.

Bluetongue

The bluetongue vaccination programme had gone well and by the 1st September the whole of England and Wales were Bluetongue Protection Zones, though this is causing movement difficulties between the north of England and Scotland. However the first cases of the disease this summer have also been recorded on imported rams in East Sussex and Hertfordshire. The rams originated from within the same area in France and were discovered after post-importation testing. The movement of the stock was legal, and the appropriate testing took place, nevertheless the infected rams may have acted as reservoirs of the disease, passing it onto the local midges for transmission. Over 2,200 farms had tested positive for bluetongue in France due to the disease circulating in 2008 and a further 6,000 had retained the disease from 2007. Some of the new cases were in the region around Calais. Whilst the majority had the BTV8 strain (which the English vaccination guards against) some in the South West of France were confirmed with the BTV1 strain of the disease.

Pig sector inquiry

English MPs are conducting an inquiry into the state of the pig sector, and especially whether current pressures are more than a cyclical imbalance of supply and demand. The final deadline for written submissions is Thursday 11th September.

Update on the dairy sector

After promising signs of renewed confidence in the dairy sector farmers are concerned that a retail price war will push the sector back into difficulty. Tesco had introduced discounted milk prices, followed by other retailers, in an effort to attract customers and in response to inflation rates of between 11% (vegetables) and over 16% (meat) in the last year. Discounting "staple" products such as milk and bread is often used by supermarkets to attract buyers to their stores, but the effects are quickly passed onto the producers' margins. Recent figures for a dairy farm in the south west show a rolling average increase in milk prices of between 5-6p/litre over the year (from about 19p/litre in April 2007 to just under 26p/litre in June 2008), but in the same period ammonium nitrate costs rose from £142/t to £320/t and gas and fuel prices increased significantly.

Paradoxically, there is growing concern that UK milk production will be unable to meet demand in the foreseeable future. 1.114bn litres of milk were produced in July, 13m litres less than last year's figure, and milk processors may have to increase their prices in order to maintain their security of supply. The weakness of sterling relative to the euro had also made imports relatively more expensive.

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CAP payments details to be publicly available

Details of subsidy payments made to individual farmers will be publicly available from 30th September. European Union rules mean that the Rural Payments Agency (that part of defra which makes the payments to farmers) is obliged to release information on CAP payments. It will be available on a single website and will list the name of the business, the payments, and the first three or four digits of the recipients postcode.

Hill farming faces uncertain future

Farmers in England's uplands may lose income under government proposals to replace the Hill Farm Allowance (HFA) with an Entry Level Stewardship scheme (ELS). The proposals are currently being tested. The new scheme carries tight restrictions on fertiliser and manure applications, and would support maintenance and repair of stonewalls. The new scheme is likely to be launched in 2010.

Tree safety proposals

Under proposals set out by the British Standards Institute farmers and landowners may be required to carry out annual risk assessments for trees which are accessible to the public, such as those adjacent to footpaths and bridleways. However it is feared that trees may be removed prematurely in order to avoid inspections taking place.

Animal Health costs

The government consultation on proposals to make livestock producers bear a greater burden of the costs of animal diseases are going ahead even though the industry boycotted the discussions following government's failure to act on bovine TB (see previous notes). Producers are expected to be obliged to join an annual fee-based livestock registration scheme which will help to establish a fighting fund for disease outbreaks. An independent statutory body for animal health in England may also be established, replacing the UK-wide agency "Animal Health" which currently operates throughout England, Scotland and Wales. The independent agency would be answerable to Parliament rather than to ministers.

The government has lodged an appeal against the High Court ruling which established that the compensation system introduced by defra for bovine TB was unlawful in relation to pedigree cattle (see August briefing). The judgement found that a compensation system based on average market values discriminated against farmers with more valuable animals. In the actual case that was brought before the High Court the farmer received just over £1,000 per animal though an independent valuation valued them at almost £3,000.

Farm input costs rise

Farm input costs have risen by 35.5% in the past year (September 2007 to August 2008) according to a buying group in the East of England. This is across all agricultural sectors and the most significant increase has been in the price of fertiliser, which has seen a rise on 156% and accounts for half the overall increase in costs. Within the fertiliser industry sales are down by about 10%, reflecting the higher prices, though the industry has experienced record profits as demand continues to outstrip supply. UK farmers have increased their borrowing by 9% over the past year, giving the industry a total borrowing requirement of £9.7bn.

Best wishes,

Nick Read