

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 Briefing 2010

A few notes which I hope might be helpful in your dealings with farmers and preparations for harvest festivals.

Government affirms commitment to badger cull

At the Dairy Event at the NEC, farm minister Jim Paice indicated there would shortly be an announcement about implementing a limited cull of badgers as part of a package of measures to control TB. Work is being undertaken by government lawyers to prevent a challenge similar to that which has delayed the cull planned for Wales. The latest research and computer modelling suggests that the proposed cull in Wales would have three times the effect than originally predicted in controlling the incidence of bovine TB. The Welsh Assembly Government has launched a consultation on a draft legislative order to extend TB controls to camelids, goats and deer.

Subsidies and farm incomes

The farm business consultancy, Andersons, has indicated that farm subsidies are still necessary to ensure medium-sized livestock farms are in profit. Although there have been better market returns, higher feed, straw and forage costs have reduced the margin and profits are only likely once subsidies and payment from agri-environment schemes are included. Within the last month fertiliser prices have risen by 13%.

Concern over future funding for agri-environment schemes

Concern is growing that the government's spending review in October will lead to scaling back of funding for a number of agri-environment schemes, and especially the Higher Level Stewardship (HLS) Scheme. Currently, over 3,500 farms are expected to sign up for the scheme in the next twelve months. Since HLS started in 2005 more than one million hectares of farmland have been brought under active conservation management but the renewal date for many of these falls due in 2010-11. Although the scheme is partly funded by the European Union, 50% must come from member states and the "modulated" funding from the Single Farm Payment Scheme (SFPS) which levies a proportion of SFPS to put into agri-environmental schemes.

The Rev'd Nick Read OBE FRAGS, The Chaplain for Agriculture & Rural Life

The Rectory, Pembridge, Hereford HR6 9EB
Tel: 07973 361055
agchap@btinternet.com
www.hereford.anglican.org

Harvest round-up and economic data

Dry weather at the beginning of the season led to low volumes of forage and suggested there would be relatively lower yields of arable crops. Wheat prices have risen over previous years, but input and harvesting costs have also risen. Wheat prices internationally are rising due to lower yields in Russia, the US and Canada and food prices are expected to continue to rise. Russia has already banned grain exports in an effort to keep more of its harvest for home use and the Ukraine, the world's largest exporter of barley and 6th largest exporter of wheat, may limit exports for the rest of the year.

Beef prices have been relatively poor and there has been heavy import competition from Ireland. Feed costs have risen on the back of higher grain prices, compounded by the shortage of fodder. The National Beef Association, which represents the sector, is predicting a serious exodus of producers from the sector if the prices don't improve.

The problem with rising feed costs is also having a significant effect on the pig sector where feed accounts for up to 60% of the cost of pigmeat. All of the key ingredients for feed - wheat, barley and soya - has risen in price and industry figures suggest that the average cost of production for English pigs will rise from the 2009 average of 127.9p/kg to 146.35p/kg by November. This compares with a current average deadweight pig price at around 145p/kg in recent weeks. The industry is forecast to be making a loss by the final quarter of 2010.

Lamb prices are forecast to remain relatively strong. Retail demand is higher than supply due to a reduction in the breeding flock over recent years. Ewe numbers are 4% lower than in 2009 and this year's lamb crop is anticipated to be c2.5% lower as a result. Forecasts suggest a reduction in sheep meat production of 4% for 2010 over the 2009 figure of 305.000t.

Dairying continues to suffer from poor returns and the price paid per litre is still at break even or worse. The number of dairy farmers has halved in the past ten years. The UK milk production in 2009-10 was the lowest since the early 1970s even though yield per cow increased by c12%. An emergency fund set up to help dairy farmers across Europe has been extended by €300m, adding to the €280m set aside by the European Union in 2009. The fund will help the dairy sector restructure, provide financial assistance for deprived areas and fund research into developing dairy products. The NFU and the National Federation of Women's Institutes have launched a campaign to highlight the tactics used by supermarkets which threaten the future viability of the farming industry. The "Great Milk Debate" will take place in London on November 16th.

Resources for you

If you are struggling to compose a Harvest Festival for this year then visit the Arthur Rank Centre website: www.arthurrankcentre.org.uk, which has extensive material available for downloading.

I hope this is helpful,

Nick