

Rural Payments Agency failing farmers

Three leading organisations representing the agricultural industry have come together to criticise the Rural Payments Agency (RPA), the executive agency of the Department for Environment, Food and Rural Affairs (Defra) responsible for administering Common Agricultural Policy (CAP) payments.

The National Farmers Union (NFU), Tenant Farmers Association (TFA) and Country Land and Business Association (CLA) have called the RPA a 'failing agency' over its handling of the Single Payment System (SPS) and Rural Land Register (RLR) mapping update.

The SPS is the system that allows farmers to receive funding under the CAP. Introduced in 2005, SPS issues payments to farmers who comply with legal requirements in areas such as the environment, public health and animal welfare, and who

can demonstrate they keep their land in good agricultural and environmental condition. Payments are based on the number of entitlements a farmer holds.

In their joint statement, the NFU, TFA and CLA called the RPA's introduction of SPS in 2005 'disastrous', and pointed to continuing problems with the system. RPA figures have indicated that in May 2010 around 3,000 farmers had yet to receive their 2009 payments, with the delay causing distress and financial difficulties.

Part of the procedure for determining a farmer's entitlements involves RLR mapping. The RPA began a mapping update in 2008 in order to improve accuracy and note boundary changes and other features. It was intended that the mapping update would be completed in time for farmers to apply for the 2010 SPS but this has not been the case.

The NFU, TFA and CLA claim that their members were reporting that maps were failing to arrive or turning up with incorrect data and missing amendments. The bodies called on Defra and the RPA to look carefully at the submission deadlines given the delays, and assure farmers that they would not be penalised for any mistakes that weren't of their doing.

In the joint statement, the three bodies said: *"The RPA is a failing agency with a deeply flawed delivery model. It has lost our confidence and the confidence of our members. An urgent and honest root-and-branch review, backed up by a willingness to tear up the whole blueprint and start again, is vital if we are to have any chance of reaching steady state as far as delivery of SPS and Environmental Stewardship schemes are concerned."*

To view the joint statement from the NFU, TFA and CLA go to:
<http://snipurl.com/y7crr>



farm funding increases from banks

Lending to farming businesses is on the increase, with banks supporting the agricultural sector as the industry seeks to recover from the economic slowdown. According to the Bank of England, lending to the agriculture sector increased to £11.5 billion in Q1 of 2010, up 3.55% (£396 million) on the previous quarter, and up 5% (£555 million) on the same period in 2009. If the upward trend continues, lending is expected to reach £12 billion by the end of Q3 this year.

There are various factors contributing to the increase, including the fact that farming businesses are traditionally regarded by banks as having a good repayment record and strong asset base. Increased confidence within the industry has also seen farmers borrowing to replace and upgrade buildings and machinery. An increase in the number of lending facilities

available to farmers, and a period of relatively low interest rates, have also led to the rise in lending.

The latest figures reflect the fact that certain parts of the agricultural sector have more need for lending than others, indicating that the downturn has affected different types of farms in different ways. While the dairy, beef and sheep sectors has seen increased lending over the last year, lending to arable farms remained flat.

Barclays Agricultural Specialist Euryng Jones has commented in the farming media about the latest figures: *"Whilst grain and average potato prices have been poor during the year, reduced input prices have largely compensated for lower output. Our experience with arable farming customers is that most have managed to operate within existing overdraft*

limits and have not sought to increase their facilities."

Mr Jones highlighted that beef and sheep prices had been good, but producers had experienced much higher running costs, which had balanced out the benefit brought by the higher prices. And while costs to dairy producers had fallen, so had the price of milk. As a result, farms in the beef, sheep and dairy sectors have been more likely to require lending. Mr Jones also indicated that the banks are likely to continue to increase lending to the agricultural sector as the repayment track record in the sector is good and the asset base remains robust. However, he added that the falling value of the Euro, if it continues, would *"dampen farm commodity prices by making exports less competitive and imports cheaper"*.

organic increase in eggs hits demand

Organic egg producers are struggling to make a profit as prices for organic eggs fall in line with reduced demand for organic produce in general.

According to statistics from the Soil Association's Organic Market Report 2010, sales of organic produce in the UK fell by 12.9% during 2009, to £1.84 billion. Dairy products, including the sale of eggs through supermarkets, fell by 6.5%. Only organic milk sales increased, growing by 1% during the year.

Much of the fall in demand for organic eggs has been blamed on the impact of the recession during 2009, as consumers tightened their belts and switched to buying cheaper food items, such as supermarket own-brand labels.

Kelly Watson, poultry adviser for the National Farmers Union (NFU), told the UK200Group: *"The recession did cause some consumers to switch to cheaper products. However, in practice*

this meant ethical consumers, who purchased organic eggs, simply switched to free-range eggs, which they regarded as the next best option."

Mrs Watson claims this has led some egg producers to cut their losses and allow their organic eggs to be used in cheaper packs.

She said: *"At the end of the day, it is the supermarkets that dictate prices. We would like to see supermarkets introduce long-term contracts that are fair to all parties."*

However, some of the blame has been placed at the feet of the egg producers themselves, as many have increased the size of their flocks to make the most of opportunities in the free-range egg sector.

According to statistics from Defra, nearly 6.5 million cases of eggs were packed during Q1 of 2010, up 6.2% on the previous year.

Free-range eggs accounted for just over 39% of all eggs packed in Q1 of 2010, compared with just under 35% in the same period of 2009. Organic eggs accounted for just over 3.8% of all eggs packed in Q1 of 2010, compared with over 4.2% in the same period of 2009.

To view the Soil Association's Organic Market Report 2010 go to: <http://snipurl.com/y7cyl>

For more information on these egg statistics from Defra, go to: <http://snipurl.com/y7dlz>



in brief...

Thefts from agricultural businesses on the increase

The number of thefts from agricultural businesses is rising, with thefts of animals, implements and vehicles; in particular tractors being targeted. Figures released in early 2010 by the insurer NFU Mutual showed that tractor thefts rose by 15% in 2008. Reports also suggest that tractors are increasingly being 'stolen to order' and exported to places such as Africa, Eastern Europe and the Middle East. The statistics have prompted NFU Mutual to recommend a range of security measures for tractors including using security lighting in yards, fitting approved tracking devices or immobilisers and etching the vehicle's registration number on the windows.

For more on this story go to: <http://snipurl.com/y7e0w>

Increase in farmer penalties unacceptable, claims NFU

NFU Scotland has labelled the increase in the number of penalties levied on Scottish farmers as "unacceptable". The reaction comes after recent figures show that the number of farmers who have been penalised for errors in cattle identification and registration more than doubled between 2008 and 2009. NFU Scotland has said that the penalties are disproportionate and has called for the Scottish Government to press the European Union (EU) for a fairer system.

For more on this story go to: <http://snipurl.com/y7e54>

Pig farming back in profit

UK pig farmers are averaging profits of £4 per pig for every animal carcass sold, according to statistics from the Deadweight Average Pig Price, compiled by British Pig Executive (BPEX) and the Agriculture and Horticulture Development Board.

Average pig prices have increased from £1.40 per kg in January to £1.45 per kg at the end of April this year. BPEX, in a bid to increase the amount of pork produced, has launched a Two Tonne Sow (2TS) campaign to help English pig farmers to reach an average of 2,000 kg of pig meat per sow - the current average for the European Union by 2012.

The latest pig market updates can be downloaded from the BPEX website <http://snipurl.com/y7dqf>

More information on the 2TS campaign can be found at: <http://snipurl.com/y7dth>

EU fines on Welsh farmers rocket 175%

The level of fines imposed on Welsh farmers in 2009 rocketed by 175% compared to the previous year, according to recent figures. In 2009, Welsh farmers paid more than £2 million in fines for minor infringements, such as errors on application forms for the SPS and EU schemes, compared to just over £780,000 in 2008.

The president of the Farmers Union of Wales said that he had "long-standing concerns" about the proportionality of the financial penalties.

For more on this story go to: <http://snipurl.com/y7ec0>

Wage increase for Scottish agricultural staff

The Scottish Agricultural Wages Board (SAWB) has proposed an increase in the rate of pay for agricultural staff. The SAWB has announced an hourly rate of £5.96 for those in the first 26 weeks of employment, £6.51 for those employed for more than 26 weeks and £3.61 for workers undertaking a Level 2 Modern Apprenticeship. However, NFU Scotland accused the SAWB of being "out of touch with reality" by assuming that the agricultural sector can afford to pay workers more than the National Minimum Wage.

For more on the rises in Scotland go to: <http://snipurl.com/y7ee7>

For more reaction from NFU Scotland go to: <http://snipurl.com/y7ehr>

And in England and Wales...

Meanwhile, the Agricultural Wages Board has recommended that farm wages in England and Wales increase by 2.8% from October this year. It has recommended the minimum hourly rate increases to £6.58, from the current rate of £6.40. However, the NFU has said the recommendations are "challenging", and commented that salaries must be market driven. It has called for the abolition of the Board.

For more on the rises in England and Wales go to: <http://snipurl.com/y7mq4>



NFU warns that Flood Act ignores food producers

The National Farmers Union (NFU) has warned that the new Flood and Water Management Act does not take the food production industry fully into consideration. The Act, which received Royal Assent on 8 April, is designed to reduce the flood risk for homes and businesses. However, the NFU argues that the Act allows the Environment Agency to take environmental action regardless of how it affects farming businesses.

To read more on this story go to: <http://snipurl.com/y7e2t>

farmers prepare for CAP reform

Farmers have set out the requirements they believe a post 2013 Common Agricultural Policy (CAP) must meet in order to remain strong and continue to support agriculture in a challenging economic climate. The National Farmers Union (NFU) has launched a policy, 'The CAP after 2013', which calls for the CAP to adapt to meet the needs of a changing market.

The CAP currently represents around 48% of the EU budget, but this is expected to decrease to around 32% by 2013. At that point the CAP

will be reformed, and this will coincide with a new EU budget, hence the discussion of a post 2013 CAP.

Key areas the NFU believes the revised CAP should focus on include maintaining the productive capacity in Europe, providing a buffer to safeguard farmers in a volatile market, supporting farmers' efforts to become more competitive, and providing incentives to improve environmental performance.

Launching the policy in Brussels, NFU president Peter Kendall said that farmers wanted to be less reliant on the CAP, but needed conditions to change before that could be the case. However, he

stated that the most important role of a reformed CAP was to ensure consumers have access to a secure and sustainable supply of high quality food.

Mr Kendall said: *"The key challenge for the next reform is to start to address the functioning of the market, to make it fairer and more balanced so that farmers stand a much better chance of making profitable returns. Until then, direct support payments to farmers will remain a crucial component of the policy."*

To view the 'NFU Policy: The Cap after 2013' go to:
<http://snipurl.com/y7clj>

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UK block on broilers?

New European legislation, set to be introduced in the UK later this year, will impose stocking limits on chickens reared for meat production. The legislation sets maximum stocking densities and minimum management and training standards designed to protect the welfare of meat chickens, which are known as broilers. However, there are fears that restrictions imposed in the UK may exceed those imposed in other EU states.

EU Council Directive 2007/43 comes into force across all member states from 30 June 2010 and will be implemented in the UK by new domestic legislation. The new legislation for England (and the devolved administrations) is expected to be made later in 2010 and will apply to all holdings with 500 or more birds, but doesn't cover breeding, free-range or organic chickens.

The Directive requires member states to ensure maximum stocking densities are restricted to 33kg/m², or 39kg/m² where certain requirements are met. These requirements include providing relevant notification and documenta-

tion, and using specific standards of ventilation and cooling systems. In addition, in certain circumstances where monitoring by a competent authority has revealed high standards and good practice over a period of time, the stocking density may rise to 42kg/m².

However, Defra announced in December 2009 that legislation set to be introduced in England will cap stocking density at 39kg/m².

There are fears that this could put English farmers at a disadvantage if other member states allow the higher stocking density cap. The majority of broilers imported into the UK come from Ireland and Poland. If those countries adopt the higher 42kg/m² cap, then their producers could undercut British farmers on price. However, the move to restrict stocking density could also increase consumer confidence in buying locally reared chicken.

To read more on the EU Council Directive go to:
<http://snipurl.com/y7bs9>