

farmers' earnings up 13%

Total Income from Farming in the UK in 2013 rose by 13% in real terms compared to 2012, to reach £5.47 billion, according to the latest estimates published by the Department for Environment, Food and Rural Affairs (Defra).

Total Income from Farming per AWU (Annual Work Unit) of entrepreneurial labour (the average contribution of each farmer and agricultural worker into the economy per year) also increased in 2013 by 15% compared to 2012, to reach £28,426.

Total Income from Farming is the aggregate income generated by agricultural production including subsidies. This excludes changes in the value of farm business assets, but includes non-agricultural activities that can't be separated from the farming business, such as the provision of tourist accommodation.

In 2012 both the Total Income from Farming and Total Income from

Farming per AWU were badly affected by the poor weather. However, in 2013 they are both estimated to have recovered to 2011 levels. Total Income from Farming is just 0.7% lower than in 2011, while Total Income from Farming per AWU is 0.6% higher.

According to Defra, Total Income from Farming, is now two and a half times higher (160%) in real terms than it was in 2000. However, it is still 26% lower than the peak level seen in 1995, when the total was £7.43 billion and the AWU figure was £30,343. Total Income from Farming per AWU has performed better than Total Income from Farming owing to a decline in the number of farmers and other unpaid workers. Compared to 1994, Total Income from Farming per AWU has increased by 10% and Total Income from Farming has fallen by 15%.

The key contributors to the increase in farm income in 2013 have been

milk, poultry, potatoes and barley. An increase in the average price for milk as a result of increased demand from dairy processors lead to a £505 million rise in the value income from milk, which rose to £4.27 billion. Following the poor weather in 2012, the value of income from potatoes in 2013 increased by £210 million and barley by £199 million.

The contributors that fell in value in 2013 include oilseed rape, which decreased by £245 million, and wheat, which fell by £75 million.

To download the Defra report, go to: <http://snipurl.com/29295iq>



cuts to stewardship payments

Around 4,000 farmers could see their payments under Entry Level Stewardship (ELS) agreements reduced as Defra acts to address the risk of 'double funding' under rules introduced as part of the 2015 Common Agricultural Policy (CAP) reforms.

Under EU regulations, farmers must set aside 5% of their land as an Ecological Focus Area (EFA). They must also meet greening requirements relating to crop diversification and measures to maintain permanent grassland. Up to 30% of farmers' Basic Payment Scheme (BPS) payment is conditional on complying with the regulations. However, farmers who already receive additional payments for putting in place measures under Environmental Stewardship agreements will effectively be paid twice if they use the same measures to comply with the new greening rules.

To address this issue, Defra has decided that farmers with ELS agreements that started on or after 1 January 2012 will have their payments reduced if they include options that also count towards their CAP greening requirements. ELS agreements that began before January 2012 will not have their payments affected. Defra has listed 19 ELS options and 18 Organic ELS (OELS) double funding options for which farmers will have their payments reduced.

Farmers who are already carrying out additional greening measures on top of those for which they already receive payment may be doing enough to meet both their greening and ELS obligations and so may avoid a reduction in payments. If they are not carrying out enough greening measures to satisfy both requirements



they can either leave the ELS scheme without penalty, change their agreement to add further options, or accept the reduction.

Natural England will write to all affected agreement holders from mid-summer 2014, setting out the choices available to them.

For more information:
<http://snipurl.com/292957t>

training funding in animal health and crop growing

Thousands of farmers and growers are set to benefit from a £1.4 million funding boost for training in animal health and welfare, advanced skills for crop growers and reducing endemic disease in the pig and poultry sectors. The new funding has been secured by the Agriculture and Horticulture Development Board (AHDB) under the Regional Development Programme for England (RDPE). The funding also includes a £390,000 contribution from private industry.

The funds will be used to deliver three training contracts, including an £815,000 national project providing training in cattle and sheep health and welfare that will bring together three previous regional programmes

to target endemic disease across England. Crop growers will be able to take part in advanced skills training opportunities in agriculture and horticulture as part of a project that will benefit from £415,000 of the funding. Pig and poultry farmers will also be offered a ten month programme of workshops and seminars focusing on tackling endemic diseases through collaborative working, which has been allocated £130,000 of the funding.

The training will be delivered by providers including ADAS, Duchy College, SAC, TrainEast, Westpoint and XL Vets, as well as a number of smaller providers.

AHDB is funded by the agriculture industry through statutory levies to improve competitiveness and sustainability. In 2012 it delivered animal health and welfare training worth £1.1 million under the RDPE skills programme, focusing on combating Bovine Diarrhoea (BVD), sheep scab and general health and welfare, which delivered more than 30,000 hours of training.
<http://snipurl.com/29295x4>



in brief...

Defra announces reformed CAP greening criteria

Greening criteria that will apply until January 2015 under the reformed Common Agricultural Policy (CAP) have been announced by the Department for Environment, Food and Rural Affairs (Defra). To receive CAP payments in full, at least five per cent of land must be set aside by farmers as an Ecological Focus Area (EFA). However, they will also be able to choose how to meet this requirement from a list of options that includes planting 'catch and cover crops', planting Nitrogen Fixing Crops such as legumes and hedgerows, and letting land lie fallow. Commenting on the criteria, Environment Secretary Owen Paterson said: *"I have said all along the EU's CAP reform is disappointing, but we have worked hard to remove the worst aspects and to make these new rules as easy as possible and introduced flexibility on how they are implemented, as well as reducing the burden of regulations."*

Read more about the criteria at: <http://snipurl.com/2929623>

Guidance on the greening criteria is available at: <http://snipurl.com/2929638>

Arable farming profits expected to fall over next two years

Arable farming in the UK is facing falling profitability in 2014 and 2015, according to agricultural consultants. Although the yield from the 2014 harvest is expected to be at or above average, arable farmers' profits are expected to be eroded by falling crop prices for combinable crops such as wheat and oilseed rape, increasing overhead costs and higher rents, all as a result of increased production in the global market. A fall in the value of sterling, threats from disease and

weeds, and a need to adapt to the reformed CAP are also expected to have an impact. According to a business model presented at the Cereals 2014 industry event, by 2015 arable profits are predicted to have fallen by 41% in the four years to 2015.

Read more on this story at: <http://snipurl.com/292964d>

Consultation on new measures to help tackle bovine TB

Defra has launched a consultation on proposed measures to help tackle bovine TB in England and Wales. The measures include: abolishing the exemption from TB testing for cattle moving less than 10 miles within Sole Occupancy Authorities (SOAs) in annual TB testing areas in England; requiring farmers to provide the TB history of their herd when selling stock; and introducing compulsory post-movement testing of cattle moved from annual testing areas in England and Wales to the Low Risk Area of England. The consultation closes on 11 July 2014.

Read more about the measures at: <http://snipurl.com/2929655>

The consultation documents are available at: <http://snipurl.com/292967i>

Sustainable farming on the increase

The amount of land used to grow sustainably farmed crops increased by almost a third during 2013, according to the Linking Environment And Farming's (LEAF's) latest global impact report 'LEAF – inspiring and enabling sustainable farming'. The report has revealed that the number of farmers with

LEAF Marque accreditation, which is awarded to sustainable farms, increased by around 6% during 2013 to reach 955, with 59% of accredited farmers working in the cereals sector and 33% in the horticultural sector. Of the 247,000 hectares of LEAF Marque crops growing worldwide, around 187,000 hectares are in the UK.

Read more on this story at: <http://snipurl.com/292968c>



Annual hedge cutting ban extended

Defra has announced that it will extend the annual legal ban on hedge cutting by one month, meaning that from 2015 it will be an offence to cut hedges between 1 March and 31 August. Environment Secretary Owen Paterson justified the extension as necessary to "provide protection throughout the bird breeding and rearing season as required by EU legislation". However, the decision has been criticised by UK farmers, who claim it will increase pressure during harvest time. According to Richard Wordsworth, Senior Adviser on the Single Payment Scheme at the National Farmers' Union, both farmers and contractors are disappointed by the decision. Mr Wordsworth said: *"It's just pushing people into completing work when the conditions are not ideal."*

Read more on this story at: <http://snipurl.com/292969m>

early interest rate rise could increase borrowing costs

Farmers could face higher borrowing costs if the Bank of England decides to raise the base rate from 0.5% sooner than expected, economists have warned.

Anand Dossa, economist at the National Farmers' Union (NFU), said that after three years of strong investment a rate rise would push up borrowing costs in the agricultural sector. He advised farmers seeking finance to ensure they could justify what they were seeking to borrow and factor in the effect of a rate rise in their business plans. *"If you want to borrow, banks are still lending to*



farmers, but they are being much more stringent with their criteria," he warned.

Speaking at the arable industry event Cereals, HSBC Head of Economics Mark Berrisford-Smith said: *"Rates will go up – the question is when."* He told borrowers that any changes to the bank's forward guidance on interest rate policy could indicate a forthcoming rise. He said another sign would be a fall in unemployment below 6.5%, as the Monetary Policy Committee (MPC) had identified an "equilibrium" rate of between 6% and 6.5% and would have to act

once it fell within this range. *"If it goes towards 6%, then you can expect a rate increase,"* he added. He also pointed out that for rates to change, five of the nine MPC members would have to vote in favour, but were currently voting unanimously to keep the rate at 0.5%. *"Some will break ranks, so once there are two or three voting for a change and the guidance has gone, stand by you beds – it could happen at any time."*

There is more information about higher borrowing costs at: <http://snipurl.com/29295fk>

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save energy ahead of price rises

Farmers are being encouraged to consider small changes that could reduce their energy consumption as experts predict that prices could double over the coming decade.

When replacing old lighting, heating or air conditioning units, farmers should manage their budgets to allow them to invest in better quality, more energy efficient products that will save money over time. Andrew Dyke, Director at Savills Energy advised: *"As with any industry, energy has been an inconsequential cost in the past but now it is much more consequential"*.

Tom Cumberlege of the Carbon Trust added that energy could be saved through common sense measures such as switching off appliances when they are not being

used, and advised farmers to emphasise their energy saving policies to staff. He also suggested that farmers should allow good air circulation in farm buildings to ensure heat was spread around effectively, and avoid leaving doors open longer than necessary when the heating is on.

Mr Dyke also suggested that farmers should think about the cheapest times of day to draw energy, and use this to work out the best time to use certain equipment. He also advised shopping around for better energy deals. *"The days of being rewarded for being a loyal customer are gone so be aware of prices,"* he added.

Read more about the article at: <http://snipurl.com/29295ru>