

Devon Churches Rural Forum Farming Notes – Spring 2017

Compiled from information given by Joanne Jones (FCN Co-ordinator and Dairy Farmer), Andy Jerrard (Rural Support worker and Market Chaplaincy Co-ordinator) and David Moore (Dairy Farmer) – with many thanks

Dairy

The dairy sector had seen a steady improvement over the past few months, and for those on non-supermarket contracts, the price was beginning to reach the cost of production, but has now held steady, or for Arla producers, dropped in March with another possible decrease expected.

This has led to lots of uncertainty for many and was a surprise with world market prices holding and milk production down on the same time last year.

Prices rose because capacity dipped as production dropped with farmers leaving the industry. The average price per litre of milk at present is around 27.5 pence per litre, but the situation remains unstable and the general mood is moving back to concern because of the uncertainty of the direction of the market and even with the price rises, milk is still being sold at or less than the cost of production.

Across the country there has been a drop of about 8% in the number of dairy farms and some think a similar number of dairy farmers may leave the industry in the next twelve months, due to the continuing low milk prices. Also, in some cases banks have asked farmers to repay loans borrowed in the past twelve months within the next three years – or leave the industry.

Many Devon dairy farms are family owned businesses, which can be more resilient, partly because they are owned outright and so there are no rental costs but also because the “wages” taken from the business can be very low.

TB

There have been large losses due to TB in the past two to three months – more than would have been expected. TB does run in cycles and occasionally a series of outbreaks is seen, but there haven't been so many for a while. TB seems to be increasing once again. One dairy farm in north Devon has recently suffered a loss of 250 cows from one herd and many other farms have also been severely hit.

The [harvest report](#) last autumn explained some of the difficulties farmers face in terms of stock loss, movement restrictions and cash flow problems as new animals cannot be brought onto a farm until several weeks after the last positive test. TB movement restricted markets are now available for farmers to be able to sell some of their stock that is not infected, but which comes from a restricted herd, but the rules governing these movements change quite often, and moving and trading affected cattle remains very difficult.

Sheep

The winter weather has been the best for several years for sheep farmers as it has been largely dry and mild. The sheep haven't trodden in the wet pasture and lambing has been easier as sheep and lambs have been able to cope outside. There has been some outbreaks of Schmallenburg, but thankfully not as severe as in previous years.

The moorland flocks began lambing in Holy Week while the lowland flocks are mostly finished. Everything so far suggests it has been a good lambing season both in numbers born and survival.

The price paid for lamb is slightly better than last autumn, but since Christmas the price has decreased, and there weren't the price increases in lamb that usually occur about two weeks before Easter. Lambs are currently selling for around £20 less per head than they were last year and prime lambs may not be selling for any more now than they cost as store lambs before Christmas – however, this may be expected in about 2 years in ten in the normal course of events. The cause for these price fluctuations is not clear. It seems unlikely to be due entirely to currency fluctuations.

Beef

Beef prices are very good - the price of store cattle remarkably so. Last year calves were expensive but are much cheaper this year.

Arable

The winter and spring weather has been much better than last both for lambing and getting crops sown. The winter corn is coming on well with planting conditions good last autumn. The maize will be sown towards the end of April and into May when the soil has warmed up. The spring corn was sown at the end of March but has not yet surfaced (as of second week April). The spring has been a little cold, but not unusually so and soil is drying out well.

The grass is growing remarkably well because of the mild winter and the sunshine will bring out the sugars. Though some may cut a catch crop, most silage cutting will not begin for a few weeks.

The price of grain is up since this time last year. Most of the corn produced in Devon is used for animal feed, so whilst those selling are benefiting from the higher price, there is some knock on effect to higher costs of inputs for those buying in.

Basic Farm Payments

Many farmers are still waiting their BPS payments - thankfully not as many as previous years, but for the individual businesses affected, it is causing great stress and worry. They should now all have received at least 75% of their payment.

Many who were paid in full in December are now getting letters saying they were paid too much & need to pay some back! Others had parts of their farms missing from their payment and were then fined for over claiming and are now going through long appeal processes

The worrying thing for the FCN is that the RPA (Rural Payments Agency) used to have a dedicated stress team who could be contacted if there were particular concerns about a business - this has now been disbanded and the FCN now have to go through a complaints team who cannot highlight to their inspectors to contact us before any contacts/visits are made.

The window for applying for 2017 is now open until mid may, with lots of farmers again finding parts of their farm missing from the computer system & there is no guarantee that the issue will be sorted before the May deadline, meaning more late payments this December.

Brexit

The uncertainty caused by Brexit continues to affect the industry. One result is that land prices are dropping, which in turn means rents may reduce. However, longer term, lower land prices can mean lower equity to fall back on should there be another downturn as loans tend to be secured against equity.

Joanne writes "There is concern for how support payments will change in the future - will there be a change to more conservation and less production? What funding will be available to help farms become more efficient?"

Ideally a market without the need for support would be great, but this would require such a price increase for food, that inflation would rise and this is not what the consumer or government wants.

The uncertainty is also causing fluctuations in feed and other imports as markets try to guess the future and prices going forward.

Brexit may provide great opportunities to sell our produce elsewhere in the world and we hope the government and agencies such as NFU will work together to find new markets for our produce which is produced to the highest welfare standards.

What we don't want is cheaper imports which don't meet the same standards flooding the market, which our farmers will not be able to compete with.

One of our milk companies, Arla, is a European company & there are concerns what effect Brexit will have on the movement of commodities they make around Europe & the UK which could impact further on the milk price".

As well as uncertainty over what type of support will exist for food production post Brexit and what regulations will apply, there is also much concern about whether there will be access to the single market.

Farmers were split on the question of Brexit – some hoping for lower levels of regulation and others more concerned about the single market. However, in Devon many farms' profitability is reliant on the Basic Farm Payment, so these questions are deeply concerning. The uncertainty ripples through the whole supply chain and thus many businesses associated with the agricultural market are under financial pressure, which in turn creates all sorts of other family stresses. Further, as the farming business world tends to be quite close knit, and the people one buys or sells from tend to be friends, so the pressure is worse if you can't pay your friend. The interconnectedness which brings such strength can also sometimes be a cause for additional pressure.

Other Concerns

In general farm inputs are rising higher than the cost of inflation. Animal feed, for example, is around 25% higher than the 2015/16 season. The price is continuing to increase, but at a slower rate.

Proposals for “Making Tax Digital” which were of great concern to farmers – the process of which is complicated even where there is good broadband. However, these proposals have been dropped from legislation as a result of moving legislation through before the General Election. This will enable more time to put a better system in place.

In general, farm finances remain tight. Joanne writes “Generally we are finding finances are tight, with some farmers giving up or letting their farms out - this also gives opportunities to new entrants, but is causing worry to those who don't know any other life but farming. In these cases we can work with RABI who can fund training courses to help with off farm employment. e.g. HGV courses. We also work with the Addington Fund if help to buy housing is required.

The financial strain is putting stress on families with breakdowns in relationships.

The pressure of work & time may also be partly responsible along with finances for some recent on farm accidents leading to serious injury & death and we are working with the YFC to see how we can improve farm safety, as well as supporting those involved”.

To conclude

As Andy said “you don't need loads of money, but you do need enough”. And despite the pressures, financial and otherwise, most farmers predominantly enjoy what they do – producing food and caring for our creation. David commented that “continuing imaginative diversification to improve farm income is also encouraging”.

We give thanks for all our farmers, all who work on the land, all who labour to supply what is needed for animal and farm, for vets, doctors, and all who support our farmers, as we pray for God's blessing on the crops and animals this Rogationtide.

Further information

Farming Community Network [FCN](#) helping with business, farming, financial and family issues and our Devon FCN co-ordinator Joanne Jones joannejones.farmer@gmail.com

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Royal Agricultural Benevolent Institution [RABI](#) supporting farming families

[Addington Fund](#) providing homes for farming families

[National Farmers Union](#) web site with in depth farming articles

You can sign up to receive the weekly NFU Bulletin [here](#)