agriculturegroup news
issue 1
2010
LEADING ADVISERS IN THE AGRICULTURAL SECTOR

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pig and poultry farmers at risk

More financial support for vulnerable pig and poultry farmers, is being called for following the publication of the Chancellor's Pre-Budget Report (PBR) in December 2009, which included plans to make savings of £92 million through more cost-effective management of the Rural Development Programme for England (RDPE).

In particular, the NFU has echoed the concerns of car, steel, chemical, brick and glass manufacturers about the cut in tax relief on the Climate Change Levy from 80% to 65%, which takes effect from 2011.

The NFU is concerned that the reduction will impact on the ability of horticulturists and pig and poultry farmers to claim against investments in energy-saving equipment and processes. Many have introduced new heating systems to reduce their carbon emissions.

Following the publication of the PBR, NFU president Peter Kendall claimed the announcement sent out contradictory signals, and whilst the Department for Environment, Food and Rural Affairs (Defra) is taking steps to assist farmers to meet the challenge of the Climate Change Levy, the announcement from the Treasury will discourage farmers and growers from participating in the scheme.

He said: *"Farmers have worked hard to reduce emissions and have received scant recognition or financial support for their efforts. This announcement will have a significant negative impact on these businesses which previously could have claimed up to 80% relief for investments in energy-saving equipment and processes."*

Mr Kendall added: *"The claim that the Treasury intends to find £92 million through "more cost-effective management and efficient use of the RDPE" in fact amounts to a decision to cut some of the national co-financing for agri-environment schemes while drawing down additional European Union (EU) rural development funding made available due to the weak pound. It is generally believed this support should have been targeted to more vulnerable farmers or focused to help English farmers and growers become more competitive and tackle climate change."*

The Climate Change Levy was introduced in April 2001 to encourage businesses to become more energy-efficient and reduce their greenhouse gas emissions. It plays a key role in helping the UK to meet its targets for reducing greenhouse gas emissions.

To read more about the Climate Change Levy go to: www.cclevy.com

To read more from the NFU go to: www.nfuonline.com/x44315.xml

UK200Group agriculture

single payments: 2009 and 2010

Many farmers' cash flows have received a welcome boost this winter with 2009 Single Payments arriving early in December. EU regulations allow payments to begin from the 1 December each year. In England, 86,500 farmers received their payment in the first couple of days of the month. This represents 80% of the estimated total of 107,500 claims. A total of £1.31 billion was paid out, just over 70% of the estimated total fund of £1.86 billion. The RPA is often the focus of the industry frustration, but some credit must be given. This is a much improved performance on previous years; in 2008 only 21,000 farmers had received their payment by 16 December.

By comparing the percentages of applicants paid and total funds distributed however, it can be seen that a number of the larger, often more complex claims, were slower to be paid. At the turn of the year there were still 16,500 farmers waiting for their Single Payments.

The administrations in Scotland and Wales have always been more prompt in issuing payments – helped by the smaller number of claimants and the simpler system. In Scotland 90% of claims were paid by the end of September. In Wales, 82.5% of farmers received their payments on the 1 December.

Turning to this year's claim, farmers should have received a pack of information from the RPA. This includes new cross-compliance guidance (including claimed simplifications in some areas). Also issued is a Policy Update high-lighting some rule changes for 2010. One of these rule changes is a minimum SPS claim size of 1 hectare, instead of the previous 0.3 hectare.

The actual forms will not be issued until February or March in all parts of the UK. There is a potential problem in England for the 2010 SPS though. All claim forms are supposed to be 'pre-populated' with field data, but the RPA is updating its mapping records, and the project is falling behind schedule, comments Richard King, The Andersons Centre. It is not clear whether this will delay the dispatch of forms to farmers, or what data will be able to be printed on the forms. At least producers will have two more days to complete their applications – the usual deadline day of the 15 May falls on a Saturday this year, so forms can be submitted until the 17 May.
www.theandersonscentre.co.uk

avoiding plastic 'going underground'

New proposals to reduce the amount of agricultural plastic being sent to landfill have been put forward by the Department for Environment, Food and Rural Affairs (Defra), the Scottish Government and the Welsh Assembly Government.

Approximately 83,000 tonnes of non-packaging agricultural plastics (NPAP) are generated by farms across Britain each year, with the majority ending up in landfill. The amount of waste NPAP disposed of by uncontrolled burning or burying on farmland amounted to 80% of the total waste NPAP, before the introduction of the Agricultural Waste Regulations 2006. This also created environmental hazards.

Under the new proposals, which are now subject to a period of consultation, a target of recycling 80% of waste NPAP within four years would be set. Currently, only around 20% is recycled. The National Farmers Union (NFU) has welcomed the proposals but has warned that it will only support the proposals if farmers are ensured easy access to affordable waste services.

The NFU has been working with Defra, plastic manufacturers, farm waste collectors and other stakeholders on the development of a statutory manufacturer responsibility scheme for non-packaging farm plastics. The idea behind the scheme is that manufacturers would have a statutory obligation to fund the collection and recycling/disposal of the plastic material they place on the market. This statutory obligation would apply to all non-packaging farm plastics, including silage wrap, crop covers, mulch film, polytunnel film, net wrap, baler twine and tree guards.

Aarun Naik, Environment Policy Adviser for the NFU, said: *"The NFU has always been supportive of the general principle of manufacturer responsibility. However, for the NFU to consider supporting changes in this area we would want to be confident that any proposals will ensure improved farmer choice and access to waste services, provide more affordable collection - particularly for those farmers with only small amounts of plastic - and increase the overall volume of farm plastic that is collected and recycled."*

The consultation document, along with more information
http://snipurl.com/u3dkh

in brief...

Savills predicts farmland values to rise

Property firm Savills has predicted that Grade 3 arable land could rise to £7,000 per acre in England and more than £5,000 per acre in Scotland by 2015. The firm has developed a new economic model to predict land prices, which takes into account key factors such as farming income, wheat prices and yield. Furthermore, the results indicate that the average price of all farmland in Britain could grow by around 6% every year in the short to medium term.

For more on this story go to:
http://snipurl.com/u3dks

Pork industry launches labelling code of practice

The Government has announced that a new code of practice will be introduced for the labelling of British pork and pork products. The Department for Environment, Food and Rural Affairs (Defra) says that firms who sign up to the code will have to display the origin of the pork on the packet, which is designed to get rid of ambiguous terms such as 'produced in the UK'. The decision was agreed by members of the Pig Meat Supply Chain Taskforce, which includes producers, processors and retailers, and businesses can start signing up to the code from February 2010.

To read more on this story go to:
http://snipurl.com/u3dkx

Low interest rates and weak sterling good news for farmers

Low interest rates and the weakness of sterling are proving beneficial to UK farmers, according to a report in Farming UK. Low interest rates have helped farmers who have borrowed money, while the weakness of sterling has led to an increase in Single Farm Payments and a boost in exports. For example, beef exports grew by 17% between 2007 and 2009, while sheep meat exports grew by 21% during the same period.

To read more on this story go to:
http://snipurl.com/u3dlc

Butter and cheese exports increase year on year

UK exports of butter and cheese increased significantly between 2008 and 2009, according to recent statistics. DairyCo's recent Datum report shows that exports of butter during the first ten months of 2009 were 66% higher than during the same period in 2008. Meanwhile, cheese exports during the first ten months of 2009 grew by nearly 20% compared to 2008 figures. The majority of this growth comes from exports to European Union (EU) countries from the UK, which has been boosted by the strength of the euro against sterling.

For more on this story go to:
http://snipurl.com/u3dlm

Half of EU budget allocated for agriculture

Nearly half of the 122.9 billion euro (£110 billion) EU budget for 2010 has been allocated to fund agriculture and natural resources. A total of 58 billion euros (£52 billion) has been earmarked for these areas, which is a 6% increase on the 2009 budget.

For more on this story go to:
http://snipurl.com/u3dls

Skills strategy must ensure future of farming, says industry

Representatives from the farming industry have joined forces to develop a skills strategy for the agricultural sector. The AgriSkills Forum, which includes the National Farmers Union (NFU), the Agriculture and Horticulture Development Board and Lantra, the Sector Skills Council for environmental and land-based sector, is developing the AgriSkills Strategy, which will be launched in spring 2010. The development of the Strategy comes after Lantra estimated that the agriculture sector will need an extra 60,000 workers over the next decade to meet production demand.

For more on this story go to:
http://snipurl.com/u3dmd

To download the draft AgriSkills Strategy go to:
www.lantra.co.uk/agriskills

Global wheat production to drop for third year

Global production of wheat will fall for a third consecutive year during 2010/11, the International Grains Council (IGC) has predicted. A drop in the number of plantings, as well as a return to more average yields after a period of growth, will mean that the wheat harvest will drop by 23 million tonnes to 645 million tonnes.

To read more on this story go to:
http://snipurl.com/u3dly
http://snipurl.com/u3dm8

milk flow potential

The increasing global demand for milk represents a commercial opportunity for UK producers.

NFU president Peter Kendall highlighted growing international demand for dairy products as an opportunity for UK producers at the NFU's Northern Dairy Conference in December. Mr Kendall told delegates that global demand could potentially drive up the price of milk and therefore the profits of UK producers, but warned that dairy farmers require more certainty on prices.

His comments come after financial services provider Rabobank published a report in December 2009, which predicts that global dairy consumption will increase by 2.8% between 2011 and 2013. The fastest growing markets for dairy products are China, the Indian subcontinent, the Middle East and Mid and Southern Africa.

The opportunity for UK producers arises because other dairy-producing countries are facing restrictions to their output. New Zealand faces a shortage of land for new production facilities, while Australia faces water shortages. The market will therefore require 'additional contributions' from Europe or the USA. However, the report claims that the price of milk will have to increase 'considerably' if UK producers are to meet production costs and manage to keep up with demand.

A number of milk buyers have increased their prices for milk, including First Milk, a farmer-owned dairy business, which announced plans to increase the price of its milk by 0.25p per litre. From 1 February 2010, First Milk's standard litre milk price is 21.65p per litre. The firm's chairman Bill Mustoe said the price rise was one of several projects to 'reduce costs and improve profit streams'.

To read more on the Rabobank report on global milk demand go to: http://snipurl.com/u3dj6

Highlights of Mr Kendall's speech at the Northern Dairy Conference can be found at: http://snipurl.com/u3djd

For more information from First Milk go to: http://snipurl.com/u5nq0

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tax and winds of change

There are a few reasons to be almost cheerful in the light of the months to come so if your glass is half empty here are a few drops of comfort to top it up, comments agricultural lawyer, Simon Morgan.

Tax liability slashed

Farmers and food processors that hold large stocks at the end of the financial year could slash their tax liability this year. HM Revenue & Customs has changed its stance over the treatment of depreciation within closing stock valuations, following a pair of court cases involving Mars and William Grant & Sons Distillers.

These long running disputes, now settled against the Revenue, mean that depreciation in fixed assets which related to the production of unsold stocks can be carried forward as part of the cost of that unsold stock and do not need to be added back in the year of manufacture.

Windfarms

Farmers have long known that the most lucrative crop to grow on their land is a housing estate but after that, pylons and cable oversails, telephone masts and pipeline wayleaves are all useful additions. Now wind turbines are becoming a popular planting with rumours of five figure sums being paid per turbine.

Unfortunately, killjoy neighbours frequently scare the planners from granting permission for these sites. However, help is now at hand. The new National Policy Statement, if it proceeds as drawn, will improve the chances of wind farm development being successful. Apparently 5,000 of the things are required within the next ten years. Sadly not everyone can benefit as the winds only blow strongly across certain areas. However, those who own land in such areas can face the future with renewed optimism. As they say: 'it's an ill wind!'