

Social Impacts of Change in Agriculture Spring Conference 1st March 2007

Conference notes

Summary

There is huge concern among farmers about 'top down stuff' - regulations they cannot understand the reasons for, a lottery for getting funding for projects and distant decision making which does not understand the real situation as they see it. There is a need to put more resources into walking farmers through change and for more local empowerment through schemes like LEADER+

Introduction

Sir Don Curry, Chair, Defra Sustainable Farming & Food Implementation Group.

The pace of change up to 15-20 years ago was manageable but now a lot of people struggle to keep up. Going forward into the future will not be different. Climate change, globalisation and policy change will produce ever increasing pressure. We need mechanisms to support change and the casualties.

Is farming unique? For some industries change has meant complete demise. Farmers need to be valued and respected, have dignity and be supported. We need to help farmers develop and get new skills. Farming is not just like running a business it includes the environment, the rural economy and is a key part of the social fabric.

Letter of support from HRH the Prince of Wales as patron of the Farm Crisis Network: These are some of the toughest times for British farmers - some are full of optimism but there are others who cannot adapt and need support. Farmers need more cooperation, to keep their costs down and work with retailers. Acknowledged support for the Social Impacts Group by the Royal Agricultural Society of England.

The Social Impacts Group

Gordon Gatward, Director of the Arthur Rank Centre

The main purpose of the group is to look at the social impacts of change in farming and begin to predict where support is needed not reacting as has tended to be the case in the past. The group works mainly through the exchange of information by email and delegates were reminded that if they had information which would be interesting to others they should send them to alan.spedding@bopenworld.com who would circulate them from the group. The main theme over the past year has been SFP delays and milk prices. The group now has 61 members and the emails have been supplied by the British Institute of Agricultural Consultants, the Tenant Farmers Association, Farm Crisis Network and the National Farmers Union.

Discussion

Funding is a problem right through the Farming Help network

Sir Don Curry – it is sad that support is such a dominating subject. People should be looking at the future shape of their businesses but cannot because short term survival is their main worry.

Policy and impacts, Carmen Suarez, NFU, Chief Economist

Majoring on where policy has taken us and where we are going in the future.

Work force – there has been a reduction in full time workers but a large increase in seasonal and part time workers.

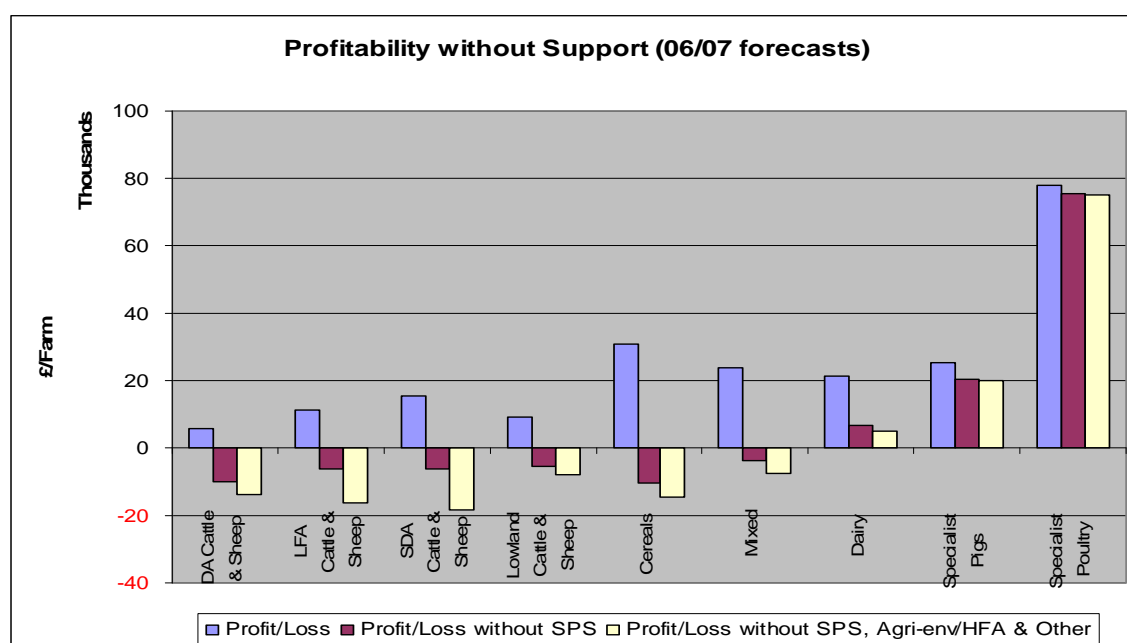
Total Income from Farming (TIFF) has declined and now is only 40% of what it was in 1995. Exchange rates have explained about two thirds of the variability in farm incomes. The figures show that when support payments are taken out farming has been losing money in all but one of the last 8 years. This indicates a difficult future for an industry which will have to rely on its markets more and more.

Estimates of net farm income = £ per farm (including some diversification)

Farm type	2005/06	2006/07 Provisional	% change
Dairy	24,300	19,100	-22
LFA cattle and sheep	9,300	9,000	-3.2
Lowland cattle and sheep	4,100	7,500	82.9
Cereals	12,700	27,000	112.6
General cropping	22,500	47,700	112.0
Pigs	29,000	23,700	-18.3
Poultry	97,500	74,700	-23.4
Mixed	15,600	20,100	28.8
All types	17,100	20,600	20.5

Incomes for arable farms have improved markedly as have those for lowland cattle and sheep but dairying, pigs and poultry have fared badly. The levels of income per farm are also interesting - notably low for cattle and sheep farms. Note that net farm income does not allow for the labour of the farmer and his/her spouse (though it does include an allowance for rent for owner occupied farms so they will tend to be better off than the figures suggest).

The figure below shows profitability predictions for different types of farm with and without support payments. All but dairy, sheep and beef and specialist pig and poultry farms are expected to be in the red if support payments are subtracted. The figures show clearly how cattle and sheep and arable farms have been kept going by farm support and they will find getting adequate returns from the market alone very difficult. In practice many will use the Single Farm Payment to keep their loss making enterprises whilst they can.



One impact of the changes in support will be increased income volatility

Cross compliance - Not just about costs and lost income but about hassle – some of penalties for what have usually been honest mistakes have been disproportionate.

The delays in farmers receiving their single farm payments have meant that most development plans have been put on hold. But the reform and the form in which Defra decided to implement it will shape the sector in the years to come.....especially as any further reform will follow similar principles

CAP Health Check (2008) is officially, about making sure that the 2005 reform works properly but it is likely to bring significant changes. The agenda includes:

- o Administrative simplification
- o Total Decoupling
- o Set-aside to end? It doesn't make much sense nowadays
- o (Compulsory) Modulation / Rural Development
- o Future of milk quotas – the writing is on the wall!
- o Review of intervention regimes
- o Minimum holding size – there were 40k new claimants in England – member states should have the right to decide higher thresholds.
- o Capping of payments
- o Exchange rate for conversion of payments
- o Risk management instruments

Impacts on tenants – Policy and Action Needed **George Dunn, Chief Executive, Tenant Farmers Association**

Farming is more than just a business – it is way of life - culture, history and community.

Comparison to “Family” - “Family means no one gets left behind” (Lilo and Stitch)

Finding that balance in the farming community - we need campaigns on PR as well to attend to the the poorer impacts

We need to co-ordinate efforts.

A lot of the support people need is long term

Big Issue 1 – Regulation

This is a big problem for the tenanted family farm. People want to comply. Very, very few want to buck the system. Inadvertent mistakes have been treated as fraud by RPA. Farmers are walking on eggshells with regulators rather than working with them. The Environment Agency can only afford to do advisory visits to farms once every five years – so they are not geared up to help farmers keep to the rules.

Costs of compliance are high – eg TB testing, there is no account take of the farmers' time and hassle taken getting cattle in and for the actual testing. Also it takes the farmer away from core issues.

The solution is to meet farmers where they are –we need to spend more time, energy and financial resources on advice, demonstration and walking with them.

Big Issue 2 – Retirement and Housing

Many tenants are approaching or at retirement. They have been living off their capital and now find they have low or no net worth, heavy bank borrowings and no housing to retire to. They are able to scrape together the rent but what happens when the rug is pulled (eg by the bank or death of the tenant)?

We need to:

- Look again at a means tested retirement scheme.
- Dust down the report of the Commission on Rural Housing (only a year old) and look at its recommendations on affordable housing.
- Look and review the policy on exception sites for affordable housing.
- Look at tax-breaks for landlords willing to allow tenants to stay in estate housing at below market rents.
- Strengthen agricultural ties on houses and perhaps look to widening them to make them key rural workers.

Big Issue 3 – Land Values v Profitability

- Over the last ten years we have seen increasing land values against a background of falling profitability and this has led to stress in the landlord/tenant relationship. Tenants have been pursuing rent reductions and landlords have been resisting.
- Farmers are competing with lifestyle owners and housing development for occupation.
- Even the cost of having a dispute with your landlord has gone up.
- Freeing up the planning system could be bad for farm tenants (notices to quit and low compensation).
- County Councils are looking to sell their farms.
- There is resistance to family succession for tenants
- Taxation for landowners – it is more tax efficient being an owner occupier than a landlord.
- Lack of willingness by landlords to repair or invest (historically).
- Short term Farm Business Tenancies
- We need a realisation that farm support payments are going to be needed for some time.

Conclusions

There are issues of disconnection which is why “Year of Food and Farming”, “British Food Fortnight” and “Why Farming Matters” are important but we must find ways of being there for the whole family.

There are lessons for us as a nation. Three “F’s” which are areas of our National Life that have suffered to our detriment, Faith, Family and Farming.

Discussion

Britain has been leading the way in CAP reform but not being followed by the others. However there will be no going back.

We have a great case for asking government to be more sensitive in dealing for farming and the countryside.

Carmen Suarez – some questions: - Why was the Treasury/Defra Vision Document produced? How do we get to what it wants – do we get there regardless of what the rest of EC wants? We have not seen much progress on better regulation. What is the cost of TB going to be to the community?

George Dunn – we have “a super-tanker of regulation” and its going to take a lot to turn it round. Unfortunately “Regulation is what governments do”.

Sir Don Curry – Government has spent a lot of time on de-regulation. There is the political will at the top but at another level it just gets churned out.

GD – there should be more dialogue with actual farmers to improve understanding between regulators and regulated.

DC – agreed and shouldn't we use assurance schemes to do more of the work – voluntarily?

Revd Nick Read - with increased regionalisation regional policy needs to be influenced.

Christopher Jones – is all this regulation necessary? Farmers see it as a lot of trivia and it upsets them.

Hill farming futures – Geoff Brown

Geoff runs Cumbria Fells and Dales Leader Programme and is secretary of the Herdwick Sheep breeders. He is also engaged in developing the Cumbria plans for the delivery of the new Rural Development Programme for England.

Hill farming has been, to some extent, defined and transformed by the schemes which have supported it in the past. It has strong public goods delivery – and hill farmers understand this well.

Hill farmers are now facing the real life challenges of adding value and creating new markets – not for everyone especially bearing in mind the “inflexible and handicapped” land they farm and the uncertainties about future support.

What are hill farmers thinking?

Recent focus group in the north

- All had made more market focussed changes but largely only at the margins
- Only one said that he had not used his SP to meet his costs of production (invested in another farm enterprise)
- Others realised that they needed to make substantial changes but were very challenged about what sort of changes they might make and in the meantime there was the overdraft
- Evidence of short termism and brinkmanship
- Commitment to traditional systems, breeds and crosses
- Some people are just seeing their time out

Social impacts

- Extensive farms with good payments (winners) – possibly delaying retirement
- Intensive farms further down hill (losers) – business survival threatened
- Value of rural property – loss of farms will lead to loss of authenticity of working landscape
- Young people irritated by erosion of prospects
- Housing – appropriate housing needed for young land managers
- Very few farmers left in some areas- erosion of key skills and knowledge
- Variety of local circumstances – eg end of moorland grazing in the North York Moors by 2030?
- National Parks are realising that farmers would be better than public sector led grazing schemes
- The National Trust is arguing that there is a lack of suitable tenants. But new tenancies have less income post SP but no additional ground. Though there have been some amalgamations as a result

'Let's start talking about the things we can do for ourselves'

Rural Development Programme for England, 2007-2013

- Ignores real nature of the adjustment that's occurring – enterprises now found on many farms (farm-related and diversified).
- Defra rule many useful things out: new starters, farm infrastructure, new environmental compliance, even advisory services for farmers
- Little commitment in England so far on use of Leader+ approach

Some ways forward for hill farming

- Why not brand products from the hills especially from protected areas? And get serious institutional commitment to them
- Do the area payments reflect real costs of public goods delivery?
- Develop a cultural landscape case which gets beyond bio-diversity
- Animate farm-based new enterprise and farm household diversification; encourage collaboration
- Proliferate initiatives for young people; including appropriate housing
- Need also to help farmers who need support but are the hard to reach.

Why not use the Leader+ method?

- Area-based local development strategy with the farming sector included
- Public/private/ community partnership governance and financial decision making
- Implementation of the local strategy through community engagement, building of capacity in individuals and groups
- It works in the Fells and Dales, it works in Ireland, it works in Finland
- Trust the people to work out their future for themselves

Milk production – Neil Dyson, milk producer,

Neil operates a 480 cow dairy farm in partnership with his wife Jane in Buckinghamshire.

John Moverley, RASE: "Some people make it happen - Some people watch it happen - Some people wonder what has happened"

What of the dairy industry. Quote from Jim Begg of Dairy UK.

"If the dairy industry doesn't feel completely abandoned, then it certainly feels that its interests come a poor second to the government's targets."

Sustainability. The reduction in the number of dairy units has stayed relatively constant, halving every 10 years. Does it matter? It depends who is giving up? It does matter if reinvestment is not taking place. Jan 07 report that the larger herds are also reducing in number. The reason? They are investing elsewhere.

In the south east the number of units has probably fallen below critical mass. Now lacking milk buyers, vets, engineers.

What we can do to help ourselves:

- Lobby Government with a single voice
- Stop whingeing. Not only in public but at home – our families get depressed about us.
- Less 'I need'. Either you farm or you don't.

- We need to educate the general public. We can use their concern about the environment and food miles. We must convert that into results which force the supermarkets to change their buying strategies.
- Work collaboratively
- Seek new income streams
- Cease altogether

What could the Government do?

There are too many initiatives, too many hoops for farmers to jump through. Farmers have got to be smart to use them. And most don't have time.

Personal example:

- CEVAS and primary school visits
- Chilterns AONB grant scheme - local/ targeted with swift decisions.
- We need more local decision making using champions to help the local community eg developing niche markets.

Questions & discussion

Instances where quoted about developments where planners had reduced the proportion of affordable housing initially asked for. Also a site donated for affordable housing not allowed to keep it for rural key workers because it would conflict with fair allocations.

Research findings, prospects and reactions to the morning session Matt Loble (Exeter University) and Janet Dwyer (University of Gloucestershire).

Impacts – some messages from recent research

- At the moment existing trends are consolidating. There is no significant shake out of farmers
- Concentration of dairying on the largest farms and the best land
- Extensification of livestock on poorer land – eg dairy to beef to sheep and ponies
- Relative extensification and seasonal abandonment of commons and open moor uplands is causing concern about undergrazing
- Arable farming is moving towards larger scale and simplified systems and novel crops
- Growth in horses and other 'non-farming' uses of land but most still in SPS
- Family labour substituting for paid labour to reduce cash costs
- Farmers are polarising into environment managers and diversifiers on the one hand and much larger businesses producing for the market on the other
- Being a farmer is seen as hard work and associated with words like depressed, unwanted, unappreciated, isolated, and anxious – so not a good time to cope with change. And there is reluctance to change.
- Some people have a better experience and find challenge and excitement and profit – “we're making money but we don't say much about that!”
- The social contribution of the land based sector is very varied in nature and scale. It is an important employer in some areas especially when wider activities are taken into account
- Farmers have less time to contribute to the community and may also be reluctant because they feel exposed to criticism.
- The growth in local produce is building connections.

- There are often more divisions within communities than between farmers and the rest of the rural community. Eg incomers cannot win – they feel they are either seen as stand offish or if they get involved they risk be thought to want to take over.
- Many value farmers and respect their contribution to maintaining the countryside.

Challenges

Need to get support systems in place before things get desperate to:

- Support adaptation, overcome negative policy legacy and rebuild respect and understanding
- Enthuse and energise through reconnection.
- Create space and time for farmers to think - one of the most difficult things
- Help ease the pain - offer dignified alternatives for those who cannot cope. Not the 'last resort in a basket' approach

Positive signs

Farmers are learning and re-skilling, adding value and making new links and getting involved in community action plans and multi-sector local partnerships.

LEADER+ groups have a good mix of farming and non farming people making local processes more effective.

Reaction to morning

- Concern about top down stuff – regulations, funding, jumping through hoops, distant decision making
- Need somebody to walk with you through change – can you get dignity and hope back by local empowerments helping to shape the processes that constrain us.
- Local groups need to be resourced.

Research needs

- Making a case for social investment – explore the economic value of social support
- More understanding about promoting effective communication between different groups eg regulators and regulated, farmers, residents and consumers etc.
- Better handling of price volatility
- Better links between economic, social and environment we are not very good at dealing with this.
- Identify how to bring about culture change in government and the countryside.

Discussion

We need to regain control of the food chain and co-operate more.

Farmers need more business acumen eg be more active in drawing up contracts. (Forward contracts will become more and more important and will assure incomes.)

Carmen Suarez – being a price taker is not always bad eg cereals now. Niche markets cannot be the solution to all. We need to be careful about linking the SP cheque with public goods – the public might want to have value for its money. We need to be a little bit more upbeat – there is always demand for what we produce and the demand is increasing plus the impact of climate change which will hurt southern hemisphere more than the north.

Christopher Jones – Farm Crisis Network case load is increasing
We need to aim to keep farming households alive by keeping farming economic.

Alan Spedding, 06 March 2007