

Thoughts from a Northern Mart December 2008 (Extra slice)

November finished on beautiful frosty days in most parts of the north over the weekend, today the first of December is cold overcast and damp and, as one farmer has just said to me this morning at auction mart, it is like the economic state of the country and countryside at the moment. The news from Dairy Farmers of Britain at the end of last week that they were to reduce the price which they pay to the farmer by 2p a litre back-dated until 1st November will cause the dairy industry great problems. The price of milk was just covering the rising costs before this cut. The industry is holding its breath that the rest of the processors don't follow on with more cuts.

The financial announcements from the Chancellor last week will do little to get the economy going in the countryside. The cut in VAT will leave many farmers worse off when it is replaced with the fuel tax, because the majority of farmers and farm business claim a proportion of VAT back on fuel, but will be unable to reclaim the fuel tax. Immediately the costs to the industry have gone up. As another farmer said to me all farm produce is moved by road so any increase in fuel tax is another cost to be carried by the farmer.

The increase in NI is a cost that could prove to be the straw that breaks the camel's back for the farm worker, this is the time of year when many farmers do their budgets for the coming year and, with many looking at any cost saving measures they can make use of to save their business, the balance may tip in favour of using contractors, against directly employing labour.

With the opening of the payment window for Single Farm Payment from today it will not just be Christmas cards that farmers will be watching for in the post but also for the little brown envelope which contains notice of payment of SFP.

Farmers will be attending the Christmas shows where the very best of British prime stock will be marketed. Many farmers will attend, and as a farmer's wife said to me once, feast on farming pornography (look at all the marvellous animals on display - the best of the best) and dream of the day when one of those animals will have been bred or reared by them. It's this level of commitment, hope and dedication that will take British farming forward into the future.

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