



Food, Farming and Land Quarterly

Winter/Spring 2015

Welcome

Welcome to the latest edition of Food, Farming and Land Quarterly, discussing current issues in the food, farming and land sector.

If you would like further details on any of the areas covered in this newsletter then please contact one of our team or visit our website at www.burges-salmon.com

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The Oxford Farming Conference (OFC) marks the start of the calendar year for many in farming and its allied industries. It always manages to pull in high quality speakers looking at farming now and in the future, whether the practical application of new methods, leading research, or the political side of food and farming.

Each year the OFC commissions new research on a relevant issue and the report of that research is published at the Conference, forming a part of the core issues being discussed. Burges Salmon is pleased to co-sponsor the report.

This special edition of FFLQ looks at the report and the other themes coming out of OFC 2015.

OFC report: The best British farmers What gives them the edge?



The Andersons Report for the OFC is a hard headed assessment of British farming, with some important and timely messages. It deserves a proper debate and it is heartening that both farmers (on the OFC's Twitter account) and the wider business world (see The Economist article of 7 February 2015) indicate that this is happening. More importantly, it needs to be acted upon.

The title of the report (above) is misleading; it is based on an assumption that UK farming has "the edge", which the report demonstrates to be false. On the measure of efficiency ("Total Farm Productivity") the UK has improved over the last 20 years but increasingly

slowly compared with Germany, the Netherlands, Denmark, the United States and New Zealand. The authors regard efficiency as the best way of assessing the actual and potential success of UK farming, stripping out variables such as exchange rate changes and environmental differences between countries. Tellingly, it appears that efficiency gains are most likely to come during periods of difficulty; the cushion afforded by direct subsidy is one reason why we may be falling behind.

The CAP is, however, not the main issue here. Seeing farming as a "way of life" is a trap; it encourages a lack of commerciality – for instance in allowing the next generation to act as low paid labourers on the family farm – and fails to counter a sentimentality in the public's attitude which sees a farmer going out of business purely as a tragedy and not, at the same time, as a market opportunity for a newcomer.

A lack of investment in research and development has been shown to be directly related to poor efficiency gains. A reduction in funding levels is accompanied by an insufficiently practical application of successful research and the lack of effective knowledge exchange mechanisms. The government has its Agri-tech Strategy, and bodies such as the Royal Agricultural Society for England are aiming to improve the position, but there is much work to be done.

The report concludes with a call for action on a practical level. The aim would be to encourage a younger, and therefore more entrepreneurial, group of individual farmers to take commercial risks and harness new technology. Retirement should be facilitated, with joint

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venture structures promoted as flexible early entry level arrangements. Those buying farm land as an investment should not be discouraged by the withdrawal of tax relief although the authors suggest that assisting new entrants might be a condition of that tax benefit. Existing farmers must adopt benchmarking against their European counterparts as a vital way of determining their business decisions.

There are some generalisations here, but the thrust of this rigorous and challenging report is very welcome.

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Britain's soil: Securing farming's most precious asset



2015 is the International Year of Soils and the topic was also on the agenda in Oxford at a fringe meeting co-hosted by The Woodland Trust and the Soil Association.

A DEFRA study has concluded that soil degradation costs the UK economy £1 billion per annum. 80% of this cost is felt "off farm" e.g. in urban areas affected by flooding, but 20%, or £200 million per annum, falls within the agricultural sector, mainly in lost production. It is money that the sector can ill-afford to lose and as the costs involved in taking greater care of soils and the organic matter they contain are relatively low it makes good business sense to work with soils in a more sustainable, even regenerative, manner.

The panel discussed the pressures felt most acutely by tenant farmers in the context of short lease terms and the consequent "dash for cash". We heard from a tenant farmer from the Peterborough fens who had dramatic results from an agri-forestry project on his land. By planting 4,500 apple trees he is making money by enlarging the growing space within his land holding. His apples are now a profitable crop and wind and run-off erosion is reduced.

This begs the question as to whether there is potential for incorporating terms within tenancies allowing, encouraging, such diversification and deterring more damaging practices. An incoming and outgoing soil testing regime could be established. Given the increasing asset value of soils there is much to consider in the context of end of tenancy compensation and dilapidations and novel ways that these concepts could be used.

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Farming in an election year

The approaching election justified the use of most of the first morning as a platform for a statement from DEFRA Secretary of State Elizabeth Truss and as a forum for the subsequent debate, with representatives from the Conservatives, Labour, SNP and UKIP.

CAP

Labour's Huw Irranca Davies sees a "leaner, greener" CAP as the way to encourage more competitive farming – a mechanism for protecting the environment but also for encouraging profitable and resilient farming – and found support from the Oxford Farming Conference report itself and its reference to farming as a "subsidy reliant" industry. In contrast, the SNP not only regards the CAP as an essential protective shield but is determined to squeeze more cash for Scotland out of Europe. For the Tories and UKIP, questions about CAP are

inevitably linked to questions about the UKs' continuing membership of the EU. For the Tory speakers (George Eustice being substituted for the Secretary of State to deal with the debate) the structure of the Basic Payment Scheme was acknowledged to be less straightforward than had been hoped, but the importance of "fighting our corner" in the EU and creating a "level playing field" was as far as their discussion of this important policy went.

New entrants

All parties agreed on the need to encourage new entrants into the industry but proposals for achieving this were not easy to find. Apart from familiar references to share farming and contract farming as ways

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to encourage younger entrepreneurial farmers to participate, much of the talk of legislative reform seems to follow more traditional party lines.

Inevitably, with speakers unwilling to stray far off message, there was an abundance of generality and optimism, with UK farming being described to as a sunrise industry with good prospects and one which must have a place at the heart of the UK's economic strategy. However, whilst food and farming touch everyone's lives, farming is still not a front rank issue in political terms - we cannot expect to see DEFRA being re-badged to include a reference to Agriculture.



The Frank Parkinson lecture on climate change

The basis for Lord Krebs' review of current thinking was his assertion that the world is getting warmer and that carbon dioxide in the atmosphere has increased. The important point is that these changes have come about as a result of human influence and the thrust of the paper was to concentrate on how the farming industry in the UK can act in response and how science can help it.

Mitigation

UK agriculture needs to reduce its contribution to global warming and in particular to the increases in nitrous oxide and methane derived from farming. Smarter use of fertilisers, adjustments to diet for cows and sheep, and eating less red meat are all proposed. Organic farming might, it was suggested, in fact contribute to global warming as more land is brought into production and more carbon therefore released, to compensate for lower productivity per acre.

Adaptation

Since it appears inevitable that, even with mitigating action being taken, global warming will increase, what will its effects be and how can UK farming adapt? Drought, flooding, new diseases and loss of soil are all potentially attributable to climate change, and farming needs to build resilience through increasing its supply where possible (e.g. by reservoirs to store water) and more importantly, by reducing demand. Targeted irrigation and new crop varieties can reduce water demand.

To combat soil erosion, intensive ploughing should be reduced and flooding might be partially alleviated by avoiding soil compaction (particularly as a result of maize production) and improving water retention on upland peat.

Overall the message was that the UK government is not investing as much in agricultural research as it used to. It needs to change that trend in order to help farmers deal with the adverse environmental effects of the green revolution over the last 50 years or so.

The Frank Parkinson Agricultural Trust was set up in 1943 by a Yorkshire businessman, to encourage agricultural research and its application for the benefit of UK farming.

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Championing the supply chain

Day two's afternoon session focused on supply chain issues at both a national and international level. The speakers all agreed on one thing: technology is the key to ensuring efficiency of supply chains.

Laurence Olins, chairman of fresh fruit supplier Poupart Ltd, questioned whether shorter supply chains are really benefitting farmers. The answer, it seems, is that they can benefit not just farmers but all those within the supply chain, as well as the ultimate consumer. Unfortunately, these benefits are not always achieved at the moment.

Shorter supply chains and two weeks picking, packing and manufacturing processes can lead to cost savings for everyone by minimising the number of processes and parties involved in the production and distribution of goods. They also lead to reduced handling of products, which has particular significance when it comes to length of shelf-life in the fresh produce sector. However, many of the larger retailers are not achieving the cost savings that might be expected because their buying and distribution processes are complex and do not allow sufficient flexibility

when it comes to managing volume of products, storage of goods and the ability for retailers to self-distribute between stores.

Professor Martin Hingley of Lincoln University believes that the existing supply chain infrastructure needs to change and move away from a bulk-buy model to something more sophisticated. He thinks better models need to be adopted to manage supply in light of the increased desire of consumers to purchase artisan products and to shop locally.

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The future of farming



What really got attention at the start of the second full OFC day was the talk by Louise Labuschagne (a late substitute for another Kenyan farmer who was unable to obtain a visa), who spoke with a genuine drive about advances in bio-pesticides being made in Africa. Much lower chemical inputs should result, which benefit the environment and may not be as expensive as is commonly thought. That this was being used successfully in that most commercial of growing arenas, flower

growing in equatorial Africa, says a lot about the potential it may offer.

Following that, George Monbiot's challenge to the CAP was not unexpected. His suggestion that a smaller scheme should be put in place, linked to delivery of specific environmental benefits, is in one sense exactly where the CAP is heading. He may have been surprised that some of the things he was discussing had such a receptive audience – one of the undercurrents in this conference was the need for greater sustainability, both of farming practice and in enabling entrants to farming. It feels as if some changes intended to address these issues may be on the way.

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Technology and innovation



The common theme from the speakers in the Oxford Farming Conference's last session on technology and innovation in farming, was that the industry's continuing embrace of new technologies will drive on-farm efficiencies and give those farmers adopting new technologies the edge over their competitors.

Dr Edmond Harty talked of Dairymaster producing "Moo Monitors" - collars worn around cows' necks. These collars provide instant information to the farmer, via an app, on a cow's health, feeding and breeding cycles and resting habits, enabling farmers to maximise both the health and the milk output of each cow in his herd.

Professor James Bullock of the Centre for Ecology and Hydrology discussed environmentally friendly farming and the balance between the competing interests of ecology

and food production. He noted that farmers with long histories of involvement in agri-environmental schemes produced better quality field margins which in turn attracted greater numbers of pollinators for the benefit of the neighbouring food crop.

Iowa farmer Dave Nelson closed the conference with a summary of the technology he uses on his 4,000 acre farm. Mr Nelson was a classic example of the next generation of ambitious farmer: well educated with a background in business outside the family farm. He now combines running the farm with a fertiliser and sprayer equipment retail business. Mr Nelson explained how at any one time, anywhere in the world, he can use his iPad to pin-point the past and future fertiliser applications for any part of his farm to within a margin of error of two feet. He warned that in the past 150 years, 50% of the topsoil had been lost from farms in his area and that he was now employing more sustainable strip tillage techniques that were only economically viable because of the development of GPS technology.

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