



## DEFRA budget cuts agreed

For more information, please contact Andrew Heskin on 01775 711333

## Pension costs to rise for rural businesses

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By Trevor Wilshire

Rural businesses are likely to see an increase to their employment contributions over the coming years, following the government's introduction of compulsory workplace pensions.

Under the plans, employers will eventually have to automatically enrol all of their employees into a pension scheme to which the employer, employee and the government all contribute.

While these changes will affect employees in all sectors, they are likely to have the biggest impact in industries such as farming, food processing and tourism, which employ a high number of lower-paid workers who may currently have no personal or workplace pension provision.

The scheme will be phased in from 2012, when firms employing over 250 people will have to make contributions equivalent to one per cent of employees' wages. The scope and the amounts involved will increase until 2017 when employers of all sizes will have to pay in a minimum of three per cent of the employee's wage.

Employers who do not have their own pension scheme will be able to enrol workers into the government-backed National Employment Savings Trust (NEST) but will still have to make employer contributions.

Employees will also be required to contribute – initially a minimum of one per cent of their wage, rising to four per cent after 2017 with a further one per cent in the form of tax relief from the government.

Although workers will still be able to opt out, it is hoped that by enrolling them automatically more people will start saving for their retirement than is the case at present.

Plans to slash the budget of the Department for Environment, Food and Rural Affairs (DEFRA) by a third were agreed as part of the government's forthcoming spending review.

DEFRA secretary Caroline Spelman was one of five ministers to agree cuts to their own department in advance, thus avoiding having cuts forced on the department by a 'star chamber' of other ministers.

DEFRA has already announced the axing of around 30 'quangos', including the Agricultural Wages Board, the Agricultural Dwelling House Advisory Committees, the Committee on Agricultural Valuation, the Commons Commissioners and the Inland Waterways Advisory Council.

However, further cuts will be required to reduce the department's spending by the required amount.

The National Farmers' Union has already warned its members that the industry faces the most severe spending restraint since the 1930s. It called on the government to prioritise back office and efficiency savings over cuts to frontline services.

# Mixed response to animal health plans

For more information, please contact Chris Wright on 01945 465767



By Chris Wright

Farmers' leaders have delivered a mixed response to government plans to give the industry a greater say on animal health matters, with the National Farmers' Union describing the proposals as a 'missed opportunity'.

Recommendations from the advisory group on Responsibility and Cost Sharing in England were published in December, with calls for a new 'partnership' board, with a total of around 12 farming representatives and DEFRA officials working together to develop animal health policy.

While plans for a controversial 'disease levy' on farmers have been dropped, the NFU – together with the Country Landowners' Association – were among those calling for an entirely independent body, as proposed by the previous government.

Rosemary Radcliffe, who chaired the review, argued the partnership plan would still deliver real benefits, while minimising bureaucracy and set-up costs.

She stressed, however, that the success of the board would depend on the appointment



of the correct people and a commitment on all sides to make it work.

The NFU pledged to work with the new board, despite its reservations, while the CLA said it would take time to consider the proposals, with its main concern being that there was currently no example of a similar partnership

body working at the heart of government.

The Board will consider a number of options for cost sharing going forward, including new fees and charges for services, a review of compensation arrangements, a possible role for private insurance and contracting out some activities.

# Government calls for subsidy cut

For more information, please contact Andrew Heskin on 01775 711333



By Andrew Heskin

The government has criticised plans to reform the Common Agricultural Policy (CAP) from 2013, arguing that the proposals as they stand leave farmers too dependent on subsidies from the EU.

production with farmers more able to 'stand on their own two feet'.

The CAP once took up around 80 per cent of the EU's budget, with payments made regardless of demand – leading to vast 'mountains' of unwanted food which were either wasted or exported at a loss.

A series of reforms has brought the figure down to 40 per cent of the budget – around £51 billion – but critics argue that the sector remains too dependent on subsidies. Talks to reform the CAP got under way in November,

with more formal proposals due later this year.

Ms Spelman argued that the suggestions she had seen so far were too timid. She claimed that, with consumers increasingly aware of where their food came from, they would be more willing in future to pay higher prices that better reflected the cost of production – thus removing the need for subsidies.

However, she acknowledged that there would remain a role for payments from the EU where farmers performed a public good, for example by taking care of the countryside.

DEFRA secretary Caroline Spelman called for a more market-based approach, which would allow food prices to reflect the cost of

# Pesticides ‘save £70billion’ for UK economy

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By Bill Creasey

A life without pesticides still seems a long way off after a recent academic study concluded that food prices would soar by 40 per cent without them, adding £70billion to the UK’s food bill.

Cranfield University, concluded that food production would fall to half its present level without pesticides.

To offset the loss of income, the report estimated that arable farmers would need to double their prices – and that livestock producers would raise their prices by a third to cover higher feed costs.

The report concluded that this would create severe inflationary pressures, impacting people’s disposable incomes and potentially

affecting their health if they could no longer afford fresh fruit and vegetables.

The impact could be even more catastrophic in the developing world, causing increased hunger and malnutrition.

The report was commissioned by the UK Crop Protection Association, which said the report showed that the world needed to continue to invest in advanced farming technologies in order to keep pace with the increased demands of a growing world population.

The Value of Crop Protection report, carried out by leading economist Sean Rickard of

# More farmers set to go renewable

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By Andrew Heskin

The UK’s farms could play an increasingly important role in generating renewable energy for the National Grid, after a survey showed that as much as 80 per cent of farmers were considering installing

solar panels on their buildings.

energy generated by householders who generate their own power – was encouraging more farmers to consider this additional revenue source.

Rather than use up valuable land, the majority of farmers were looking to the roofs of their buildings to install panels, taking advantage of the large number of buildings on many farms.

Of those farmers interested in investing in renewables, nearly 90 per cent planned to do so in the next two years, taking advantage of the current rules around

feed-in tariffs, which provide a guaranteed income for 25 years.

Other renewable generation projects covered by the feed-in tariff include wind turbines, hydroelectric schemes and anaerobic digestion.

The survey, carried out by Farming Futures and Solarcentury, found that the government’s ‘feed-in tariff’ – where energy suppliers are obliged to purchase surplus renewable



**Agricultural services:**

- ◆ Raising finance
- ◆ Succession issues
- ◆ Taxation planning
- ◆ Outsourcing
- ◆ Land transaction planning
- ◆ Tax legislation
- ◆ Property transaction planning
- ◆ New ventures and diversification

# New labels to help shoppers buy British

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By Chris Wright

A new labelling system is set to be introduced, to inform shoppers exactly where the food they buy comes from and to make it easier for those who want to buy British to do so.

Ms Spelman also said that she was looking at ways to ensure all food bought by government departments was either British, or met British standards.

Responsibility for food labelling was transferred from the Food Standards Agency to the Department for Environment, Food and Rural Affairs (DEFRA) in September.

The move was announced by Environment Secretary Caroline Spelman at the recent Conservative Party conference in Birmingham, where she said the government was working with the industry on 'honest labelling'.

She said that the government wanted to make it easier for consumers to see where the food they bought came from – both for those who wished to support British farmers and those who wanted to help the environment by reducing 'food miles'.

Consumer group Which? supported the government's drive to help consumers make informed choices, but said that it also needed to work with retailers to streamline the 'bewildering' range of eco labels already in existence.



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