

# 2014 – A new beginning?

If the weather has improved some will already have started spring drilling. Or am I thinking of a time when we had dry months! It won't be long before we start to explore crops that grow in permanently saturated soil. Rice perhaps!

Everyone is hoping for a better year. If cereal prices improve there could be profits even for those not blessed with 10 tonne land. And at long last milk prices have improved, let's hope the better times are here to stay. But for sheep and beef it is the same old story. Prices need to improve significantly for these sectors to stand any chance of making a real profit. Perhaps more should become livestock dealers, they always seem to do alright!

Whatever happens we know 2014 is going to be different. The new Single Payment Scheme comes into effect on 1 January 2015 which means that autumn cropping plans must take account of the Greening Rules. DEFRA, if you are listening, the industry needs full details as soon as possible!

In some ways the 2015 Single Payment Scheme is more significant than SPS Mark 1. Under SPS Mk 2 recipients will be obligated to introduce environmental measures if they intend to claim the entire subsidy on offer. Perhaps there will be a few who decide that they can survive on only 70% of the new payment and ignore the 30% to be paid for adopting the environmental features. But



that will be a luxury available only to those on the best land growing wall to wall wheat.

There is no doubt that every business will have to carefully consider the rules and then decide how to implement the changes. And it will be right to give this matter the attention it deserves. After all most farming businesses are unable to make a profit without the subsidy and there isn't a farm in the land that doesn't look forward to the deposit that appears just in time for Christmas!

Recently I was on a chair lift with two farmers in the French Alps. The younger said to the slightly older "Paul, you have been farming for 40 years and I have only just started. What words of wisdom do you have for me?" After a brief pause Paul replied "Mark, think carefully about what you are doing, identify the path you want to tread and then work really hard until you achieve it. And don't take any notice of those that say it can't be done." Paul's advice was based on his own

life experience where, after starting with nothing, he has established a large and profitable farming business that he is now preparing to hand to his children.

Curiously this brings me back to the SPS. On another chair lift my fellow skiers chatted about the Holy Grail itself, how to make farming profitable. Paul revealed that he did not need the Single Farm Payment in his business and deployed the funds outside of farming. This is not a new concept. When SPS Mk1 was born commentators said that farmers should divert the new payment towards other non-farming investments but, at that time, most farming sectors were experiencing tough times and the SFP was a life belt for many.

Are the circumstances any different now? Well perhaps they are. The farming business has evolved over many years and very few do not have income from diversification; offices, storage, livery and solar panels, the list is endless. Why



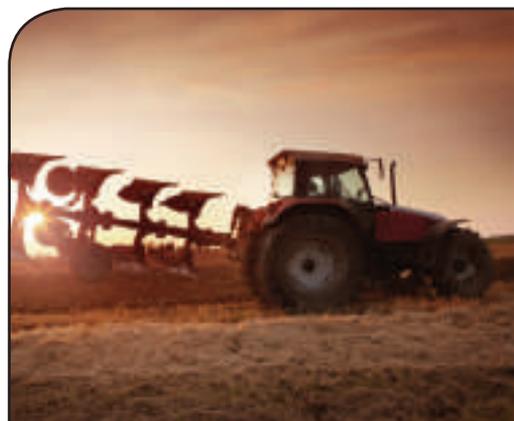
by **MATTHEW BERRYMAN**  
Partner, CLM  
07710 765323

then do so many continue to use these new incomes, and also the subsidies, to prop up loss making, capital hungry farming enterprises?

Could age perhaps be a reason? No one would deny change becomes harder the older one gets so does the subsidy system allow the "we have always done it this way" practise to prevail. Or is the true impact to preserve inefficient methods and stifle innovation?

As we travelled up the ski lift it was Mark, the youngest, who had the most to contemplate. Would his future in farming continue along an almost preordained route or would he break with tradition and choose a new direction so that he too could manage his business knowing it could survive with or without subsidy?

I drew an observation of my own. The snow covered hills we were skiing on are grazed by cattle in the summer. I bet those French claim full SFP and get paid well by the ski resort operators. Fantastic!



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