

Loans to shares plan for First Milk

Farmers' loans to co-op First Milk are to be turned into shares in the latest stage of its restructure.

This means members leaving the business would have a stake in First Milk rather than having their capital contributions to the co-op repaid. Some producers have welcomed the change, which will dramatically strengthen the processor's balance sheet.

However, the move raises many questions over the value of farmers' stake in the business, including how the shares will be valued and who will be allowed to buy them from farmers who want to sell.

What kind of dividends members will receive and the tax status of the shares are also in question. Last year, the processor increased from five to six years the waiting period before former members are repaid capital contributions.

One Scottish producer who was planning to quit dairying said he had more than £100,000 of capital invested that was now unlikely to ever be repaid. However, he said it was probably the right move to protect current members.

"Most producers have been calling for this move for the past 18 months to protect capital leaving the co-op," he said.

NFU Scotland milk committee chairman Graeme Kilpatrick said First Milk was continuing to shore up its finances but that farmers continued to carry the risk.

NFU chief dairy adviser Sian Davies said this would be a "backwards step" for former First Milk farmers.

"We understand First Milk has faced a number of challenging decisions over the past few months, but farmers will be concerned if today's announcement results in a negative financial impact on their businesses at what is already a very difficult time for the industry," she said.

In the past 12 months, First Milk has delayed milk cheques, appointed a new chief executive, cut jobs, overhauled its milk payment structure and reshuffled its board of directors. Most of its farmers are now being paid less than 20p/litre under an "A" and "B" system.

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Tesco under fire over 'misleading' farm brands

By Jez Fredenburgh

Tesco is facing heavy criticism for its new "farms" range, which uses British-sounding farm names to sell fresh produce from abroad as well as the UK.

The seven new brands have been named after farms that either don't exist, or which Tesco said had "historically been operating farms".

"Willow Farms" is the only new brand to offer 100% British produce (chicken), while five brands offer a mix of British and imported and one is exclusively imported. White potatoes will be 100% British.

The new brands are "Rosedene Farms" (fruit), "Boswell Farms" (beef), "Willow Farms" (chicken), "Nightingale Farms" (salad vegetables), "Redmere Farms" (field vegetables), "Woodside Farms" (pigeons) and "Suntrail Farms" (imported fruit).

Products from British suppliers clearly display the Union flag and the country of origin is marked on

packs, but the same farm name is being used to sell produce from several countries.

The farming industry has reacted angrily to the branding, accusing the retailer of misleading consumers and riding on the coattails of the trust UK farmers have built.

The NFU's head of food and farming, Phil Bicknell, said: "The names of these farms don't have any link to where the product has been sourced – something that has the potential to confuse or even mislead customers."

"It is clear that Tesco has identified that customers have a positive affinity with farmers and want to capitalise on this. Although we are pleased this is giving a positive view of our industry, we want this image to be used with integrity."

Zoe Davies, chief executive of the National Pig Association, added: "It's misleading quite frankly, we're not impressed. They've labelled the packs with country of origin but all under the same brand name."

Beef from the Republic of Ire-



Five of the seven 'farms range' include UK and imported produce

land and the UK is being sold under the Boswell Farms brand, while pigmeat products from the UK, Denmark, Holland and Germany are being sold under the Woodside Farms brand.

Farmers Weekly found Rosedene Farms "small sweet apples" from the UK in store, but Tesco's website listed these as also from Argentina, Belgium, Chile, France, Germany, Italy, the Netherlands, New Zea-

CATTLE (p/kg)
All finished steers (dw) 325.6
All finished steers (lw) 172.2
Finished heifers (lw) 189.1
For more price information, see p128

SHEEP AND PIGS (p/kg)
Finished lambs S00 (dw) 435
Finished lambs S00 (lw) 188.6
Pigs APP (dw) 115.9

ARABLE (£/t ex-farm)
Feed wheat 98.7
Feed barley 96.2
Oilseed rape 259.2

land, Portugal, Slovakia, Slovenia, South Africa and Spain.

Shoppers said they thought the products were British, English, or even local. One shopper said the packaging was "deceptive" and asked "how can Redmere Farm be in several different countries?"

Rich Ford, at advertising agency Sherlock, said his company's forensic linguists found the brand names "littered with references to the natural environment and rural, historic, bygone features of England", which arguably created a "sense of reassurance among shoppers."

Reacting to the new ranges, Yorkshire pig producer, Kate Morgan, branded them "a joke" and said they were deceiving the consumer, while Orkney sheep farmer, Jane Cooper, asked: "What reality are they trying to hide behind a fictitious farm?"

However, Jack Ward, chief executive of the British Growers Association, said Tesco was simply reacting to the pressure from discounters and other retailers, including Morrisons, Aldi, Lidl and Waitrose, which had also developed farm name ranges.

A Tesco spokesperson said: "We've named the brands after farms to represent the quality specifications that go into every product across the range."

"All of our packaging clearly displays the country of origin on the front of pack [and] all our British produce is clearly labelled [with] greater prominence given to the Union Jack."

TESCO'S 'FARMS RANGE'

In-store spot check at Acre Lane, Brixton, London:

- * **Rosedene Farms** – apples (UK), pears (Belgium), strawberries (Spain), blueberries (Chile)
- * **Boswell Farms** – beef products (UK, Republic of Ireland)
- * **Willow Farms** – chicken (100% UK)
- * **Redmere Farms** – sprouts (UK), mushrooms (Holland), carrots (UK), parsnips (UK), spinach (Italy, Spain), spring greens (UK), cabbage (Spain), onions (UK), new potatoes (UK), sweet potatoes (US)
- * **Nightingale Farms** – celery (Spain), cherry tomatoes (Spain, Morocco)
- * **Woodside Farms** – pigmeat products (UK, Holland, Denmark, Germany, "EU")
- * **Suntrail Farms** – imported fruit such as oranges, lemons, avocados

Retailer spot checks reveal extent of NZ lamb

Quite a wide range of cuts, UK and NZ flags on packs, but packaging same colour so could easily be mistaken. UK and NZ products mixed together. Wider range online, including UK legs, but no ability to choose UK or NZ.

MORRISONS

- * **UK:** Chops*, meatballs, half and whole shoulders, cutlets, rack, ribs, breast, kidneys, leg chops, neck rings and fillets, stewing neck*, leg roast fillet*, leg roast shank*
- * **NZ:** Whole lamb legs*
- * **Normally 100% GB,** but included NZ whole legs for Easter promotions on end of aisle position with Easter banner, plus island promotion area.



Common: NZ lamb leg promotions

SAINSBURY'S

- * **UK:** Breast joint, mince, chops, liver, diced*, steak
- * **NZ:** Shoulders, legs, steaks*, meatballs, steak

TESCO

Brixton, London, and Hookwood, Surrey

- * **UK:** Chops, breast joint, mince, diced, neck fillets, half leg*, rump joint
- * **New Zealand:** Half shoulder, leg steak, chops, whole leg*, half leg*, liver, heart
- * **UK and NZ products** mixed together on shelves, but UK packages include Union flag and Red Tractor logo.

Keen prices despite fertiliser rush

The fertiliser market is very competitive despite movement pressure.

There is a two-week lead time for deliveries of ammonium nitrate (AN) in many areas, with UK product about £18/t cheaper than in late January. Imported AN is £193-£195/t while tight supply has firmed urea by about £12/t since late January.

April supplies of granular urea are being offered at a further discount similar rates to those of late January.

FERTILISER UPDATE – APRIL 2016 (£/T DELIVERED)*

UK 34.5% N	Granular urea (46% N)	Imported AN (Lithuan/Polan)	0.24.24 (blends)
£203-£207	£225-£233	£193-£197	£230-£240
Potash (MOP)	Phosphate (DAP)	Phosphate (TSP)	20.10.10 (blend)
£228-£235	£335-£340	£268-£273	£225-£235

*Prices are based on full loads for cash payment month following, except where otherwise stated.

Rule changes widen CSS eligibility

The removal of a £5,000 minimum claim value for mid-tier Countryside Stewardship applications will open up the scheme to farmers who were previously excluded.

Defra has also issued a list of "myth busters" about the scheme in a bid to attract more applications than last year.

In 2015, Natural England received just 2,314 mid-tier applications, with many farmers complaining the application window was too tight and the rules too restrictive to even consider joining.

The government has revised the scheme's guidance notes and some of the rules in a bid to make them more "farmer-friendly".

The application window has also been extended this year, running from 14 March to 30 September 2016.

Interest rate rise for compulsory purchase

Farmers hit by compulsory purchase of their land or property may soon receive a fairer rate of interest for late compensation payments.

The Department for Communities and Local Government and HM Treasury have proposed a new penalty interest rate of 8% above base rate for late payments. The current rate of interest on late payments for acquiring authorities, such as HS2 Ltd, is 0.5% below base rate, so with base rate at 0.5%, those affected typically receive no interest at all on late payments. More on this on www.fwi.co.uk/penalty-interest

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