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Rishi Sunak: Ten ways to show our dairy farmers the milk of human kindness

By Rishi Sunak

Last week I spoke to an 80-year-old farmer in my constituency who told me that in a lifetime of dairy farming he had never seen times as so bad. With farm gate milk prices falling 30 per cent in a year – in many cases below the cost of production – it's far from an exaggeration.

I have spent the last few weeks speaking to dairy farmers, industry experts and Government ministers. It's clear nobody can wave a magic wand and resolve a situation ultimately caused by a global glut of milk, but I believe there are 10 key steps that can, and must, be taken if we are to protect this most valuable element of our rural community:

1. More retailers giving farmers a fair deal. Many supermarkets have worked hard through a time of rock-bottom global milk prices to ensure that British farmers receive a sustainable price. That said, more can be done and it is absolutely vital every major retailer pays a fair price for British dairy produce. You can see how your supermarket treats its farmers by checking the National Farmers' Union website – if you're not happy, vote with your wallet.

2. An end to milk being used a permanent "loss leader". All of us have seen the price of milk plummet in recent years, with many supermarkets now charging only £1 for four pints. This kind of pricing can have widely detrimental effects. That's because low prices in supermarkets force down prices all across the market, forcing your corner shop to cut its milk price in order to compete, in turn putting pressure on milk producers. Milk is a quality product, and pricing should reflect that.

3. Better labelling of British produce. It might seem like there is little that could be more English than a slice of Cheddar, but many of the major cheddar brands on the shelves are produced in Europe. We need to have clearer packaging that empowers consumers to buy British.

4. More domestic production of dairy products. It's a scandal that two-thirds of our cheese and 30 per cent of our butter is imported from overseas. We need to invest more in processing technology to make sure we are adding value to British milk by turning more of it into British butter, yoghurt and cheese rather than importing so much.

5. More supply chain transparency and enforcement. We know how much a farmer gets paid for a pint of milk, and we know how much we pay for it in the shops. What we don't know is how big the margins are in-between. We need to work towards the kind of transparency that allows us to follow milk from farmer to shelf in order to ensure a fair price is being paid at every stage. Good supply chain practices then need to be enforced by a tough Grocery Code Adjudicator.

6. More dairy producer organisations. Groups of farmers banding together to negotiate a better sale price for milk and a lower purchase price for feed and machinery are commonplace across Europe, particularly in the successful German market. In the UK we currently have only one such producer organisation. If farmers are going to balance out the power of big processors and retailers that needs to change.

7. Government must buy British. National government is working hard to purchase British dairy products, but more can be done at a regional level. We must push local government, hospitals, schools, and military establishments to do more.

8. A working dairy futures market. Futures are a way for farmers to agree a pre-arranged price for milk they will produce in the future. The price stability this can give has the potential to be invaluable to the volatile dairy industry. We need the UK to follow in the footsteps of the USA and New Zealand in making a working dairy futures market available.

9. Review of levy board spending. Every dairy farmer in the UK currently pays a percentage of their income to a government-run levy board. Many farmers feel that more of that money needs to be spent encouraging consumers to choose British. It is vital that farmers feel their levy money is being spent in a way that actually helps.

10. Immediate financial assistance. The EU has announced a crisis fund worth 500 million euros to support vulnerable dairy farmers and we must get our fair share. Regular CAP payments should be made as quickly as possible to ease cash flow problems. Lastly, HMRC and banks must understand the inherent volatility in farming incomes and be flexible in how they treat farmers.

Without its dairy farmers, Yorkshire would soon see its lush fields turn to scrub and its dry stone walls go unrepaired. Meanwhile, with Britain already only 60 per cent self-sufficient in food, our country's ability to feed itself in a time of crisis would be diminished. Only by working together can we preserve our dairy industry, and with it our beautiful countryside, for generations to come.