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AGRI-BIP NEWSLETTER

CAP INSIGHT

The opportunity to listen to a speech from a senior Defra Advisor on EU policy was one I could not turn down. The subject was CAP Reform and how it might affect livestock producers. There was little new information above current knowledge. However there were some comments that allowed a good insight into Defra and Government thinking.

- Cross Compliance – “the requirements are likely to increase over time”.
- Level of Payments – “likely to decrease over time as pressure on EU finances increase”.
- When asked whether UK food production should be encouraged to assure at least a level of home produced food, the reply was that the Government has no view on food supply, given that there was no shortage of food globally and therefore it was freely available to be imported.
- The Treasury was pressing for agriculture tariffs on agricultural products to be reduced as soon as possible to free up world trade. They felt this should be done even if others in the world did not respond by lowering their tariffs, because the overall gain for the UK economy would be greater than any reduction in UK agricultural incomes.

This is already underway in that the EU has offered the South Americans a further 100,000 tonnes of tariff free EU Hilton Beef Quota to be imported annually into the EU.

The gentleman finished his presentation with a slide saying that in future farmers would need to be:

- More flexible
- More commercial
- More adaptable

What conclusions did I draw from these comments?

Firstly they confirmed my view that farmers should look upon the period 2005 – 2012 as a time of adjustment prior to life without financial support via the EU or Treasury. Further more, everyone should look at their own business and determine what they want from it. If you are looking to retire in the new future then it may be that no adjustment is required however, if you or any family member wish to continue farming in the future it is important that you determine the future business direction.

Look at everything that you do within the business leaving aside the Single Farm Payment in order to discover which enterprises can show a profit without subsidy. If not, what can you do to get into profit; reduce costs, improve performance, or a combination of both. Is this achievable, over what timescale, is it best for you and your farm?

It has been pointed out to me that the fine detail regarding the Single Farm Payment is not yet available and that without it, it is impossible to plan for the future. Yes and no – we do not have the last detail but in most cases it is possible to predict Single Farm Payment levels within £10-£20 per acre and that is close enough for planning. Remember that farming copes with unpredictability all the time. Just look at May's weather. I have never seen so much quality forage harvested in May, clamp, baled silage and even some hay. The difference between this May and previous washouts is thousands of pounds for an individual farm in terms of cost savings and improved animal performance. The Single Farm Payment fine print will have nowhere near the same affect. If we waited for the weather forecast before planning we would never plan! So don't delay start today.

**Stewart Horne
Manager**

BEEF AND LAMB - A HEALTHY OPTION?

After years of being told that eating red meat is bad for you, the tables have been turned as new research indicates that the opposite could be true.

Beef and lamb fed on grass or silage have been shown to be high in unsaturated fats and fatty acids that improve human health (similar to those found in oily fish). Research being undertaken currently is also indicating that grass fed red meat is high in vitamin E, has the best flavour (more so in lamb) and has a longer shelf life in terms of colour.

As all grassland farmers know grass is difficult to manage year on year in to achieve consistent performance. Too high quality can lead to over fat carcasses, too low and the result is slow growth rates and under finished animals, which do not meet the demands of today's market place. Research is continuing to develop a blueprint to cash in on the marketing advantage that grass fed animals could command.

Watch this space.

10 Month Rule Clarified

Under the Single Farm Payment, claimants are required to have at their disposal for a defined 10-month period, eligible land in order to claim the Single Farm Payment.

Defra have now come to a decision that whoever is making the claim for the Single Farm Payment have the discretion to choose the start date for the 10 month period at any date between the 1st October in the year preceding the claim to the 30th of April of the year of the claim.

The dates of the 10-month occupation can change from year to year, but must have the same start date for every acre of land for the whole holding in any individual year.

The phrase 'At Their Disposal' is being taken by Defra to include - 'The right to use land to the exclusion of others e.g. freehold (without a lease), leasehold (without a sub lease). A parcel of land can only be used to support one claim in any year.

If you require any further information then please call us on Freephone 0800 592872.

Training for Women in Rural Business

Are you a woman entrepreneur running a business located in a rural area? Or do you want to start a business of your own? WiRE is an organisation that is there to support you. Agri-BIP in partnership with WiRE is running a number of workshops over the next few months. If you would like to know more about WiRE (including base rate loans) or are interested in any of the workshops below, please call Tim Drew on **0800 592872**.

Thurs 24th June	Newton Abbott -	PR for your business
Wed 21st July	Okehampton -	Web site for your business
Thurs 26th Aug	Bideford -	Business Planning
Wed 22nd Sept	Tiverton -	Finance for beginners
Thurs 21st Oct	Newton Abbott -	Networking Event (evening event)
Wed 24th Nov	Okehampton -	Databases and Marketing
Thurs 9th Dec	Bideford -	Marketing on a Shoestring
Wed 26th Jan	Tiverton -	Confidence Building

Business Planning – Post Mid Term Review

I have been expressing a view over the past few months that forward contracts would and should become available for beef and lamb producers. Last week, Somerfield and the Hilton Food Group (owners of Southern Counties Fresh Foods at Langport) became the first partnership between supermarket and meat processor to come forward with such a contract. This contract is offering beef producers a forward fixed price contract, which is based on a cost plus formula.

The costs of production calculations have been carried out independently by EBLEX with the price to the producer being intended to leave a profit margin for the farmer. This first contract is offering a forward price of £2.10 per kilogram deadweight for black and white bull beef animals aged between 12 and 14 months.

It is anticipated that a forward price for suckler beef will shortly be launched. Forward prices will be calculated each month from then on. The benefit for the processor and retailer is they know that stock will be coming forward under the decoupled support system. Production subsidies provided an incentive to produce; with decoupling unless the market provides an incentive there will be no production.

This first initiative offers the producers an opportunity to fix their production with a good deal of certainty about the profits which they are likely to generate when it comes to sales of the finished bull beef animals.

However, for an individual farmer to know whether this price of £2.10 per kilogram deadweight is going to generate a profit for a farm, he needs to know what the true cost of production on his own farm is. In addition to that question, would you like to know the answers to the following items in order to enable you to plan forward post M.T.R.?

- What is my true cost of production in pence per kilogram?
- How do I compare with other businesses?
- Am I am good performer?
- Where can I improve the performance of my business?

Are you interested in knowing the answers to any of the above questions?

If the answer is **YES**, then get into contact with us and let us help you benchmark your red meat enterprises through the EBLEX Benchmarking Scheme.

We can even help you take this further by forming a group or club whereby the club can meet on a periodic basis and discuss the information which is coming out for the benchmarking without individual businesses being identified.

Please note that full confidentiality is guaranteed, individual figures will never be released where you don't wish them to be.

I think that this is an opportunity to ensure that you know where your business is going in the future – whilst accepting that by definition farming involves dealing with the unpredictability of the weather and nature (but that's why you enjoy farming!).

Improve your skills to develop your business

With continued changes within farming and financial pressures on many businesses, it is important to ensure that you are doing things to the highest standard.

Agri-BIP is here to help you develop your skills. We have a range of different courses we are planning to run over the coming months. We are also able to source other training needs from other trainers, colleges or organisations. Training will range from practical skills, management and financial, computers and administrative, in fact almost anything which will help your business. We are able to offer legislative training needs and training which leads to a nationally recognised qualification.

In addition to this we are able to help fund the majority of this training in a range from 50% to 100% and this is available to almost all farmers and their staff in the South West.

Some of the courses planned are: -

- C A P Reform including the Implications For Your Business
- Bookkeeping, Cash flows and Budgeting
- N V Z Requirements and Record Keeping
- Grassland and Soil Management
- Sales, Marketing and Promotion
- VAT, Taxation, and Legal
- Personal Effectiveness
- Telephone Techniques
- Stress Management
- Health & Safety, Risk Assessment
- First Aid
- Food Hygiene

We are also able to run a full range of computer training, either at our training room in Okehampton or at a location near you (subject to having a small group) this can include: -

- Spreadsheets
- Word processing
- Internet & E-mail
- Web design
- Database
- Desk top publishing
- Sage accounts
- Online submission of cattle passports

All training is delivered to suit all levels of knowledge and is specifically developed to meet the needs of farmers and small businesses.

If you are interested in any of the above courses or any other training requirements, call the office on Freephone 0800 592872 and speak to Tim Drew.

(Some of this training is offered in partnership with Duchy College, Lantra SSC and The South West of England Landbased Colleges).

DISCLAIMER

Every effort has been taken to ensure the information contained in these notes is correct, however, West Devon Business Information Point will not be liable for any loss arising from the use of these notes or any omissions or errors contained within.

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