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AGRI-BIP NEWSLETTER

Single Payment Update

SP5 Forms

The Rural Payments Agency have just announced that they will allow farmers to make amendments to the Single Payment Scheme application forms without attracting penalty, if these are done by May 31st. Amendments could include, adding additional fields, or areas of land to their claims, changing the land use, or changing the schemes being claimed for on the original application form.

Obviously this newsletter will reach you just after the May 31st deadline, however, just in case you have not seen the adverts informing farmers, I have repeated it because following the 31st May deadline, there is a further period between June 1st and June 10th for amendments although it will cost 1% of the payment for the fields that changes are with which you want to make a change for each working day. If you do have extra land to add, you do have up until the 10th June.

Single Payment Cheques

The Agricultural Minister, Mrs Margaret Beckett, has recognised that the Rural Payments Agency is going to struggle in meeting the February target date for payments. Processing the initial changes to historic reference data coupled with the processing of the SFP5 forms and National Reserve Claims means the RPA have a huge amount of work to undertake before they can determine the payments due to farmers.

The Rural Payments Agency has now confirmed that the target date for the first payments will be March 2005. Mrs Beckett has also ruled out any advance payment for the Single Payment Scheme. The reason for her ruling this out is of course the fact that until every last detail has been worked out and every last claim verified, they cannot do the calculation to determine the payment per acre because of the choice of the flat rate scheme.

My own feeling is that given the difficulties that the RPA and Defra have had to date, being confident in payments being made in March is not one that I am comfortable with. It is highly likely that in many cases, payments will be made much later than this, possibly as late as June next year.

I am almost certain that we will be completing our 2006 application forms before we get our 2005 payments. With farm borrowings reaching a 15 year high in the first quarter of 2005, some 3% higher than last year, I am sure the pressure on cashflows will intensify the longer it takes for the Single Farm Payment to come through. Please do not think that the payment will sort things out and just keep your head in the sand. Every farmer needs to look at their cashflow situation to determine a) whether they need to discuss with their bank the need for extra borrowings or b) if that is not a possibility to look at what expenditure they are likely to have between now and next year this time to see if there are any areas where savings can be made.

Agri-BIP can offer all farmers through various projects, support with business planning, cashflow construction and partial budgeting. A few hours spent now, examining where the money comes and goes within in your business could save a lot of heartache later in the year and potential embarrassment due to shortage of funds. Give us a call to see how we can help you on Freephone 0800 592872.

Farming without subsidies- a New Zealand view

I came across a New Zealanders view of sheep farming in Ireland whilst browsing the Irish Farmers Journal Website recently. The article, where a New Zealand sheep specialist, Murray Rohloff was presenting at a big sheep conference in County Antrim and I quote "Murray Rohloff did not spare the sensitivity of his Irish and UK audience, he chose to tell it as he saw it and with typical New Zealand forthrightness he shot from the hip".

It was reported he said, he was horrified by what he had seen from the Irish sheep scene and that he had never seen in his life such rubbish pasture and neglect of clover. I would suspect that if he had visited the South West of England he would probably have said something similar. He likened the sheep industry post decoupling with the situation in New Zealand when all subsidies were eliminated in the mid 1980's.

However, following a very difficult time, the New Zealand industry is now very profitable with net farm profits running at 50% of total sales. How many of us could boast such a percentage profit of sales. We obviously could learn quite a lot from their experience. He stated that 'in New Zealand it was survival farming for about 6 years when many farmers went bust and some found that they could not cope and took their lives'. This is less likely to happen in this part of the world given, that the Single Farm Payment gives us a period of adjustment.

However, what were the secrets of this revival in New Zealand? He stated that once the farmers had decided that what they needed was efficient low cost systems and became focussed on producing what the market needed, they started to go forward. On farm the key ingredients were **absolute knowledge** of costs and focus on farm profit, setting targets for increased efficiency every year, whether this be breeding, grassland management or labour efficiency. Ruthless culling of breeding sheep that were either weak or diseased or needed assistance at lambing. Details and recording for delivery of more productive sheep genetics, and meticulous grassland management based on full exploitation of clover.

In New Zealand a recorded ram carries indices for high production, dual-purpose production index, disease resistant index, fertility breeding value, weaning weight and autumn weaning weights. If you have a problem in the flock such as Foot Rot or dirty bottoms you need to record it and select against it.

UK farmers are very lucky to have the buffer of the Single Farm Payment to give us the time to adjust our farming systems to production without subsidies, but if nothing else changes over the next 8 years, then farming without subsidies is what we are likely to have come 2013.

Now is the time to adjust your farming system, to drive out the high costs that we have become so addicted to, having had the luxury of subsidies for such a long time. If you are unsure as what steps to take gives a call and we will work with you to develop a strategy for your farm business.

Do dairy cows require high protein cake when grazing spring grass?

If you have read the previous article about Irish sheep farming, you will have realised that I read the Irish Farmers Journal. Why? - Because it focuses on costs and profit, which is the driver behind all of our farm businesses. A recent trial on an Irish experimental farm has shown that the feeding of high protein cake during first and second grazing's in the spring to dairy cows is unnecessary. The alternative used in this trial, was the feeding of citrus meal with 7% protein. There was very little difference between herds fed on grass and high protein cake to the herd fed grass and a similar quantity of citrus meal. The effect on profitability though would have been quite startling.

The conclusion of this trial was that supplementation in the spring, is based on grass availability. There is no real justification for feeding a high protein meal when feeding the best spring grass. The milk response to a high protein cake was only good when cows were only getting 60% of their total intake from grass. Feeding the low protein meal had a very small effect on body weight and body condition score change compared with high protein cake and a response in solids corrected milk shows a benefit to feeding citrus as higher in fat and similar in protein to the milk being produced by cows being fed high protein cakes.

Free Marketing Workshops

Increasingly farmers are looking at other business activity to improve their income prospects. Most of these require some skills in marketing. A number of you have already expressed an interest in marketing workshops and because of this we now have the following schedule.

Wednesday 15th June 10.00-3.00pm, Ordulph Arms, Tavistock. – A workshop for anyone involved with the sale of timber or wood products, lunch included.

All the remaining marketing workshops will be held at our training room at **Okehampton** starting at 10.00am-3.00pm with a break for lunch

Tuesday 21st June – A general marketing workshop, looking at the principles of marketing and will be a great interest to anyone in the tourism sector.

Thursday 23rd June – A workshop focussing on farm products i.e. meat, dairy or other added value products from the farm business.

Obviously these workshops are aimed at people who are already adding value in some way or are intending to do so shortly. But what if you feel that, yes, I do need some extra income but are not really sure about what I want to do and how to go about it? We are holding a **Business Development Planning Workshop** on **Tuesday 28th June**, which will cover a number of topics from:

- Assessing your business idea
- Managing your project development
- Managing costs
- Managing third parties
- Making your claims for grants

On **Tuesday 5th July**, for those of you who make sales over the telephone, there is a **Telephone Techniques Workshop** giving you all the information on how to make that sale, what things you should and should not say, likely to be of interest to anybody who sells over phone including accommodation providers. This is a half-day workshop at **Okehampton** 10.00am-1.00pm

For more information and to book yourself a place upon these workshops, please contact us in the office on **Freephone 0800 592 872**.

Small Producers Avoid Scale Backs

Eblex have reported that smaller producers should note that those claiming on 30 animals or less do not receive any scale backs under BSPS. Scale backs also apply to associated Extensification Payments.

Because of the large scalebacks last year, it may be worth some producers withdrawing animals to bring them down to the 30 animal small producer threshold. The table below shows that there is a benefit up to 42 animals. The benefit is obviously higher where you just exceed the threshold:

Animals claimed on before scalebacks	Animals paid on after scalebacks
30	30
32	22.5
35	24.6
40	28.1
42	29.5

30 claims or less do not receive scalebacks. Scalebacks @ 29.74%

Under the scheme rules it is possible to withdraw a claim or individual animals from claims at any time so long as:

- You have not been notified of any irregularities to the animals you wish to withdraw,
- The RPA has not notified you of an inspection, which subsequently reveals irregularities.

To withdraw animals you must notify the RPA in writing. It appears there is no deadline in which to do so. It is not too late even if you have already received your scaledback balance BSP and EPS; you will receive a further top up.

Environmental Stewardship Scheme

Following the last minute rush to complete SP5 applications under the Single Payment Scheme, the last thing most people want is another set of forms to complete, but if you intend to apply to the Rural Development Service for either the Entry Level Scheme or the Organic Entry Level Scheme for a start date of the 1st August 2005, do not delay.

The first deadline of **May 31st** has just been **extended to 1st July 2005** and for farmers, who have asked for application forms but are still awaiting maps, further extended to 15th July. All these will have a start date of the 1st August. If that is correct, then it is likely that the first half-year payment for ELS will arrive in February 2006 before the 2005 Single Payment I am sure.

I am also informed that the online application procedures should be in place during June. However, remember that it was going to be Easter! If you want a start date of 1st August 2005 a manual application is probably the only method open. Depending on your progress with Environment Stewardship, Agri-BIP has a variety of help options to guide you through the process.

1. If you are undecided about making an application, want to know more about the schemes and how they would fit your farm and business, we are running a number of workshops across the region during the evenings. These workshops examine the options open under the scheme and how they fit individual farms. Funded by the South West of England Land Based Colleges VTS Programme, there is a small charge of £10 including VAT to attend. These meetings are scheduled for 7.30pm.

02.06.05	White Hart, Modbury
07.06.05	Westberry Hotel, Bodmin
08.06.05	Exford Village Hall
09.06.05	Beambridge Hotel, Wellington

2. Following these, are small workshops, to assist people put together applications. We will help with the completion of the forms and maps. We have a simple calculator available to allow for the calculation of points. These meetings are scheduled at 11.30am and are subject to a charge of £10 inc VAT unless you are signed up to one of our other projects.

16.06.05	WDBIP Okehampton
21.06.05	Ashburton
23.06.05	South Molton
28.06.05	Kilminster, East Devon
28.06.05	Tavistock
29.06.05	Launceston
30.06.05	Wiveliscombe
05.07.05	Modbury

3. Finally, if you do decide to use the Management Plan options to gain points towards ELS and OELS, some of which are required under Cross Compliance and Farm Assurance Schemes, we are running Soil Management, Manure Management and shortly Nutrient Management Planning Workshops. Given that you do not need these in place immediately we will run these later in the year.

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