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AGRI-BIP NEWSLETTER

AGRICULTURAL PRODUCTION – A GLIMMER OF OPTIMISM ON THE HORIZON?

After all the doom and gloom in recent years and the current chaos surrounding the management of the Single Farm Payment system, one would struggle to get too many people to display confidence in the future of agriculture. I am not sure if it is a coincidence, but the advent of de-coupled support for agriculture has seen some improvement in agricultural prices, especially over recent months.

Is the recovery in beef and lamb prices a short-term blip or the start of a more favourable trend? What factors are coming into play that might help us out?

Starting with beef, 2006 will see a fall in UK production, together with much less imported beef on the market over the next 4-5 months, due to Foot and Mouth Disease in Brazil, political restraints in Argentina and a drought in Australia, means it is unlikely that we shall see a repeat of last year's summer fall in beef prices to the unsustainable level of 1.67pence per kilo dead weight. With current prices just topping 200pence per kilo (organic beef 265p/kg) the first subsidy claim has been re-claimed from the market place. With export markets opening up to Europe next month one can only feel that the upward price trend should continue.

Again less lamb will be produced in 2006 due to a number of factors. 2006 scanning levels were down somewhat, the flock has contracted a little, and these have been compounded by a difficult and late Spring, which has probably meant a few more losses than last year.

With new season lamb prices at almost record highs, (340p/kg conventional, 360p/kg organic) this is likely to draw lambs out much quicker, than when prices were low; 2006 has started well.

I get the feeling that the supermarkets and the processors have realised that if they are to be able to continue to stock British products, **and they do want to**, especially for their premium ranges, then they will need to pay a price that allows farmers to sustain and develop their businesses. That is not to say that the price will be at a level that will keep everybody in business, but certainly if you are an efficient producer there should be a future for you.

In the dairy sector, the consolidation of the industry continues with many of the small herds ceasing to produce milk. These are replaced at the same time by larger herds with the economies of scale to be able to produce milk at a reasonable profit, even at these very low prices.

The price situation on cereals is not quite so rosy, although prices are approximately 10% higher than this time last year, which equates to £5 per tonne. This will not cover increased costs due to the increases in fertiliser and chemical prices following the dramatic rise in oil prices.

Continued

That is the situation locally but where does agriculture stand globally? If you look at the commodities market, commentators have been saying for some time now that agricultural commodities look under valued, especially when you compare them with the hard commodities such as metals, oil, etc. The huge increase in economic growth in China and the Far East will, in due course, lead to increases in demand for agricultural products. On the supply side, the world does not grow any more food today than it has for many years and in some areas, particularly cereals, stocks are at their lowest level than they have been for generations.

Some commentators are now predicting an increase in agricultural commodity prices, which will feed through in the end, to prices on the farm. The buying patterns in China will be the key. One only has to look at what happened to the scrap metal market and iron ore when demand from China rose, all those markets saw large price increases.

So where does that leave the farmer in the South West? Well I would say that the farmers do have a future and that the good times will return. However, that is not to say that we do not have to make changes in our businesses to take advantage of these turn rounds. As you will have heard me say many times, the key to this is understanding your own business. If you look at the beef market, we are now at the 200 pence level, good news however, what has happened to the raw material prices? Fertilisers as we all know have increased dramatically and the price of diesel has doubled, which will lead to increased machinery charges whether you employ a contractor or do the work yourself. Beef finishers purchasing store cattle and grass keep may well be passing on the increase in finished cattle prices onto other farmers already. Store cattle seem to be a dear trade at the moment and grass keep also, in response to the late cold spring and high fertiliser prices. These may well cap the profits available even with a beef price that later on in the year could be approaching 220 pence. The key thing being do you know your costs, have you worked it out, is it worth the bother, could you do something better with your time?

For efficient producers of all agricultural commodities, I am sure that there is a future but we need to look at our businesses in terms of what costs we have, can they be trimmed, and can we do things a different way, ultimately the population has to be fed and somebody has to produce the food, so yes I believe that there is a future for UK agriculture.

Stewart Horne

SINGLE FARM PAYMENT UPDATE

5,200 RPA staff continues to struggle with the delivery of the Single Farm Payment Scheme (2005) to the satisfaction of anybody. At the time of writing, the Rural Payments Agency have been told by Defra to undertake 80% payments to those who are continuing to wait for money. How long this will take them to put in place is anybody's guess, but given the alternative, which would have meant some people waiting for their full payment beyond the 30th June, we are probably looking at weeks rather than months. Approximately 44% of claimants and 30% of the monies have been paid so far but this is no help to those still waiting.

The mess continues with the 2006 Single Payment forms. Many have arrived with no data printed on them or in some cases, the wrong data. Due to EU rules these must be submitted by the 15th May 2006 in order to avoid penalties. So however angry you are feeling with the Rural Payments Agency and Defra, please do not make your own situation worse by failing to get the 2006 form in on time. We now understand new forms are being posted to all those who had no data pre printed, they should arrive in the next few days. Continuation sheets will be available from the Exeter Service Centre from the 28th April and forms will also be downloadable from the Internet.

Just an aside on penalties, if the RPA fail to meet the 30th June deadline on 2005 payments the UK Treasury will incur financial penalties.

Will the current situation affect the payments from next December? Possibly, but it appears plans, are already being formulated to make Interim payments for the 2006 payments- maybe lessons are being learnt!

We are running a combined SP5 and Cross Compliance workshop please book ASAP because due to limited funding places are limited.

Events Page

Single Farm Payment Forms and Cross Compliance

Wednesday 3rd May – West Devon Business Information Point, Okehampton 11.30am-3.30pm

Wednesday 3rd May – The Modbury Inn, Modbury in conjunction with the Small Farms Association 7.00pm

Thursday 4th May – The Crown & Sceptre, Holsworthy 11.30am-3.30pm

Tuesday 9th May – Axewater Equestrian Centre, Kilmington 11.30am-3.30pm

Wednesday 10th May – The George, South Molton 11.30am-3.30pm

Thursday 11th May – West Devon Business Information Point 11.30am-3.30pm

Marketing your Products and Services using the Internet

Monday 8th May – The Thirsty Farmer, Whimple 11.00am – 3.00pm

Promote your Business – Creating sales and marketing materials with Microsoft Publisher

Wednesday 24th May - West Devon Business Information Point, Okehampton

Computer Training

These workshops are ideal for beginners through to intermediate, and offer you a choice of topics such as Internet & Email, Managing Files, Spreadsheets, Web Page Creation, Database and Publisher with individual support from our in-house tutor.

Tuesday 2nd May – The George Hotel, South Molton

Thursday 4th May – West Devon Business Information Point, Okehampton

Wednesday 17th May - West Devon Business Information Point, Okehampton

Thursday 25th May – Teignbridge Business Centre, Teignbridge

The majority of workshops require a small charge of £10 including VAT to attend.

For more information or to book a place on one of these workshops, please call the office on **Freephone 0800 592872**

Need someone to talk to?

The delays in paying the SFP will be causing some individuals extreme financial pressure and stress. It's fine the banks saying they will support viable businesses but they will still charge for the privilege. What should you do if things are difficult? The key thing is to talk. Talk to your bank, talk to your suppliers, talk to your landlord, talk to your family- do not bottle it up, you will only feel worse. If you have tried all the above and things are still bad there are a number of people that will support you confidentially and do all they can to help.

For confidential support - **Agri-BIP 0800592872 (free phone), Farm Crisis Network, 07002 326 326, Rural Stress Information Network 01409 259146, The Samaritans 08457 90 90 90**

Confidence in the Countryside

This successful programme has been given additional funding from English Nature and Defra via the Countdown 2010 Biodiversity Action Fund to continue for another two years within the Culm Natural Networks Project.

As part of this, Devon Wildlife Trust is offering free training to help farmers diversify their business. The Confidence in the Countryside project covers the Culm Natural Area, which stretches from west of Tiverton to Boscastle and just south of Barnstaple to Okehampton.

The training consists of two one-day seminars, one identification training day on a Culm grassland site and at least three visits to your farm from Devon Wildlife Trust to find ways in which the natural assets of your farm can help make you money.

This training covers

- **Farm / habitat assessment** – species and habitat identification and best management
- **Access** – risk assessments, routes for farm trails
- **Interpretation** – leaflet, interpretation boards, guided walks
- **Communication** – how to get people to know and understand all the best bits about Devon farmers and their land

On completion of the training, the farm will be offered the chance to enter for the prestigious Devon Wildlife Trust Approval Scheme, from which the farm could gain a gold, silver or bronze award. In addition to this, approved farms have the opportunity to advertise on the Devon Wildlife Trust Approval Scheme webpage. One of the previous approved farms was even featured in the recent BBC TV programme, Springwatch.

For more details please contact Marie Burston 01392 279244 or mburston@devonwt.cix.co.uk

Promote your business – Creating sales and marketing materials with Microsoft Publisher

Wednesday 24th May 2006 at Okehampton

Gaining new customers is one of the greatest challenges small businesses face, especially with often-limited budgets and human resources. For many smaller businesses, marketing can be a major headache. On one hand, it is needed to build customer awareness and boost sales but on the other, it can cost a lot of money - something that most small firms have only in short supply. Many owners and managers wrongly think that marketing is just another word for advertising, forgetting that sound marketing is essential if a small business is going to succeed. You don't have to spend a fortune, but it could cost your business far more by avoiding marketing altogether.

Join our workshops and learn how to create your own professional: -

- posters, brochures, email newsletters, catalogues, flyers, digital images / logos.

Learn how to create your own marketing and sales materials to promote your business.

Top tips for successful business promotion:

Go back to basics - Make sure you target the right people, focus on your customers and really assess their needs in order to ensure that your product or service satisfies their requirements.

Get listed - consider placing your business in a directory, such as the Yellow Pages, local business directories or web direct

Improve your website – today a website is a vital marketing tool. If you don't have one, get one! However, a bad or out of date website is as bad as none at all!

Keep in touch - newsletters and emails are a very effective way of reminding your customers of your presence, as well as giving you the chance to promote new products or impart news about the company. However, be aware of recent changes to 'spamming' laws and only contact those by email who have specifically given you permission.

Encourage word of mouth - offer your existing customers incentives to recommend you to others. Send out a referral form with each delivery or invoice, making it as easy as possible for your customers to do so.

Try something new - the Internet is a fantastic resource for marketing, try using a pay-per-click service on a search engine. Each click can cost as little as a few pence, but targets those looking specifically for what you have to offer, making a negligible cost really worthwhile.

Show off - Trade exhibitions not only provide an ideal place to meet your customers and potential clients face to face. Looking at what works and what doesn't for others can help you avoid making expensive mistakes yourself.

Learn from your experience - try to assess which marketing tools were effective and which were unsuccessful and ask yourself why, in order to refine and improve next year's marketing strategy.

NEWSLETTER DISTRIBUTION

If you would like to receive your Agri-BIP newsletter by email or fax, send your details through to us at: -

E-mail: team@bipwestdevon.biz Fax: 01837 659314

Address: West Devon Business Information Point, FREEPOST EX 1119, Okehampton, EX20 1YZ

DISCLAIMER

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