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AGRI-BIP NEWSLETTER

Let me start by wishing happy New Year; let's hope that 2008 brings a period of stability and prosperity to all agricultural businesses.

Changes in funding allows us to re-launch this newsletter on a more regular basis, since the end of 2006 financial resources have meant the newsletter has been published on an intermittent basis. We hope more of you will take up the e-mail option in the future but we will be able to publish a paper version on a reasonably regular basis for the next year or so.

Stewart Horne

Looking Ahead

The New Year is a time when many people take stock of their individual situation and make plans for the next 12 months. For those involved in agriculture, forward planning must seem difficult given the uncertainties the industry has encountered during 2007 and the rapid price rises in many farm inputs. However there is no point in ignoring these pressures, they're not going to go away, but with careful planning their impact can be reduced.

Fertilisers

Quoting a price at the moment is almost impossible, what with the every day prices rise. Some commentators are quoting £280-£300 per tonne for 34.5% N and 20.10.10, an increase of around £120 - £140 per tonne since last spring. A lot of farmers are saying "that's it, I won't spread any", but is this the right decision? Maybe yes, maybe no.

You need to calculate the impact on production, that using less fertiliser means, less grass and cereals, it's a fact. Reducing fertiliser may mean reducing livestock numbers or selling smaller crops, how will that affect the business?

Over the last 12 months Agri-BIP has been fulfilling soil sampling contracts under Natural England's ESCFDI programme a proactive Natural England, Defra and Environment Agency partnership programme aimed at helping farmers reduce diffuse water pollution from agriculture, by the spring we will have sampled almost 5000 fields from Truro in the West, to the Exe catchments in the East of Devon. The results have been very informative and can be summarised as follows;

In the majority of cases phosphate and potassium levels are in excess of the target indices.

pH levels are, in the main, less than that required for optimum production.

Continued.....

Why has this occurred? Firstly many farmers have maintained a traditional approach to using fertilisers, 2x 50kg 20.10.10 is quoted by many as their base fertiliser in the spring. Secondly cheap concentrates have meant use of the bag to feed stock has increased, this adds to the nutrients being brought on to the farm, especially phosphate. Finally as cash flows tightened the use of lime has declined year on year.

The overall effect is increasing phosphate and, to a lesser extent potassium levels and a decline in pH, which means less of the P and K is available to the plant.

What should a farmer do this spring faced with huge price increases in fertiliser?

1. Soil test to find out the levels in the soil.
2. If P and K indices are 3 or above don't apply any more unless the crop requires it, use straight N instead.
3. Establish N indices on a field by field basis to fully inform N application rates to meet crop requirements
4. Lime to bring fields up to 6.5, even permanent pasture will benefit.
5. Target fertiliser use on those areas of the farm, and times of the year when it will do most good. Response to N in the spring is many times that in the summer and autumn.
6. Don't reduce N on cereals, silage, or fodder crops, these carry a high cost to harvest and the stock need feeding. A reduction in yields will hurt you more than a £15 per acre fertiliser increase.
7. Use FYM and slurry more effectively, they are a valuable source of nutrients, not a waste product. Why not get your slurry analysed and reduce your fertiliser applications accordingly.
8. Where reduced fertilisers on grassland take levels below 50kg N/ha consider low input options on Environmental Stewardship, why not get paid for spending less on fertilisers!
9. Go organic and cut out fertiliser's altogether, however make sure you have a market for your produce. There is a strong market for organic milk, dairy and cereals, but the organic lamb market is very poor with some local abattoirs not taking lambs for several months.

Beef and Sheep Farming - In terminal decline or about to enjoy a renaissance?

I guess the answer to this question depends on whether you are glass half full or half empty person!

Seriously on the face of it beef and sheep farming are uneconomic and nobody in their right mind should be carrying on. Yet year after year most people do, this in itself means prices don't increase because the supply is still forthcoming. 2008 will be a pivotal year, static beef prices and low lamb prices due to FMD, means farmers have had enough. I hear from sheep scanners that many flocks are carrying lower numbers of ewes this year. Increases in the price of fertiliser and concentrates will add a considerable amount to expenditure in 2008, in my own case an additional 25p/kg is required to cover these increases. I would hazard a guess that £3.00/ kg is required for a spring lambing lowland flock to halt the decline in production. A similar price is needed for beef. As I write this beef has increased by 14p/kg in two weeks, this is unheard of – maybe the supply/demand balance is closer than we think, let's hope so.

What's the chance of reaching 300p/kg? Supermarkets need red meat on the shelves and overseas supplies are slowly declining, lower production of lamb in New Zealand coupled with a partial ban on Brazilian beef imports from March will reduce supplies available. An increase in price at the farm gate does not have to make a big difference at the checkout, between 1980 and 2007 the gap between the farm gate price for both beef and lamb and the retail price has increased by 220p/kg. Someone's making money here and it's not the farmers or the abattoirs.

In the end its supply and demand that will make prices rise or fall; this can be seen in the arable and dairy sectors, although the increases in input costs have taken the gloss off the price increases. As long as people want red meat there is a future for producers, mean while individual farmers will need to change their systems in the light of current pressures.

Agri-BIP recently held a series of meetings with a sheep specialist (John Vipond) and a beef nutritionist (Seth Wareing, Keenan), both highlighted the importance of knowing how much it costs to produce a kg of meat, do you know?

All the meetings discussed alternative systems of production to reduce production costs, including alternative crops and methods of wintering that reduce production costs. I recently calculated that to winter a ewe indoors on silage, concentrates and straw cost 70p/ewe/week, this could be reduced to 27p/hd/week on strip grazed kale. These figures were based on growing and harvesting costs and ignored any labour and machinery costs involved with either system. To further develop these thoughts we are now organising a series of meetings with a forage/seeds consultant to explore varieties, sowing dates and husbandry of these alternatives. (See the events page for details)

Environmental Stewardship

The new European funding programme (2006-2013) provides the funding for Environmental Stewardship, ELS, OELS and HLS. Changes imposed by the European Commission have eliminated the paper options available under these schemes.

The effects of these changes are as follows;

1. All agreements in place by the end of 2006 remain unchanged.
2. All agreements starting in 2007 will require an adjustment if management plans formed part of the options. You can leave the scheme with no penalties if you refuse to substitute the management options with other options
3. All new agreements and changes to existing agreements cannot use the management plan options previously available.

Thousands of farmers have joined ES but many thousands have not, often for reasons that don't make sense-

Question -I want to trim my hedges every year, I can't in ES?

Answer- *Yes you can, you need to choose other options to qualify for payment.*

Question- It means more inspections and regulation?

Answer- *If you are claiming the Single Payment only the options you choose are extra.*

Question- I am fed up with paperwork and form filling this means more?

Answer- *One form at the application stage and a declaration at 4.5 years is all that is required; Agri-BIP can help you with this at a subsidised cost.*

Conclusion for 2008

Farmers face a difficult period and beef, sheep, pig and poultry producers need the sort of price rises experienced by cereal and milk producers in 2007. If there are ways of reducing costs, why carry on regardless with the same loss making system? Come along to a beef or sheep meeting to discuss changes you could make to your system.

If you haven't already done so, apply for Environmental Stewardship, grassland options mean less fertiliser, growing under sown spring cereals or forage crops mean reduced costs and you are paid up to £80 per acre for doing so.

If you want to learn more about ES or want help with the forms, call us on **Freephone 0800 592872**.

Stewart Horne

Events Page

These meetings are free of charge.

Environmental Stewardship on Farm Information Event

An informal meeting lasting an hour or so, on a farm in your area that has joined the Entry Level Stewardship Scheme, which will give you a chance to see how the options have been integrated into the farming system. There will be an opportunity to discuss your circumstances with an experienced farming advisor.

Tuesday 29th January – Bere Alston – 11.00 am start
Tuesday 29th January – Bridestowe – 2.00pm start
Thursday 31st January – Milton Abbott – 11.00 am start
Thursday 31st January – Chip Shop, Lamerton – 2.00pm start

Forage Crops & Grassland Management Workshops

An informal discussion meeting which will concentrate on looking at ways of improving the profitability of beef and sheep enterprises. Also improving grass swards and what alternative forage crops could be grown on livestock farms to reduce feed costs and improve the profitability of our businesses.

Monday 28th January – The Town Arms, South Molton – 7.30pm start
Monday 11th February – Launceston Rugby Club, Launceston – 7.30pm start
Tuesday 12th February – The White Hart, Modbury – 7.30pm start

Cross Compliance Regulations & Farmer Co-operation

This meeting covers two topics, Liz Bowles of English Food & Farming Partnerships (EFFF) will be giving examples of farmer co-operation that have led to increases in the profitability of their respective businesses. The second half of the evening will discuss the updated cross-compliance regulations and what you need to do to pass the inspection.

Tuesday 29th January – West Devon Business Information Point – 7.30pm start

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

Butchery Training

Funding for training is constantly changing sometimes things can be fully funded whilst at other times no assistance is available. It's always useful to know what you require in advance then we can react to any changes in funding. Agri-BIP is seeking funding for butchery training at the moment so it would be useful to have an idea of the likely demand in advance. Please phone the office on **Free Phone 0800 592872** if you are interested in butchery training (any species) or have any other training requirements.

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

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