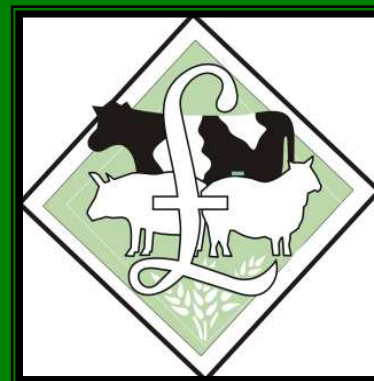


March 2011

The FARM CONSULTANCY Group

FCG Business Briefing

Issue 17



Welcome to our third issue of 2011. Spring is in the air. Cattle are out to grass or will soon be turned out to put an expensive winter the farming industry. Our article contributors have once again provided challenging, timely and informative management tips over the next four pages. Please contact them direct with the email address at the end of each article. Also check out our updated website at www.fcgagric.com for the latest news and articles and much more information about The Farm Consultancy Group.

For feedback or comments contact Gerard Finnan at gerardfinnan@fcgagric.com.

Grass Staggers, Hypomagnesaemia and Magnesium (Mg) - Tom Tolputt (Looe)

Spring can be a time of changeable weather and flushes of grass that can lead to grass staggers also known as hypomagnesaemia in both cattle and sheep. This disease is caused by either a lack of Magnesium in the animals' diet or an inability to absorb what little magnesium is available. The symptoms of Hypomagnesaemia are:

- The animals' inability to walk properly, falling over and not being able to get up (hence the name staggers) skin tremors.
- Animal being cold to the touch leading ultimately to death.

This can be avoided by the addition of Magnesium to the animals' diet. Magnesium is different in the fact that it cannot be effectively stored in the body. This means that Magnesium must be supplied in the animals' diet. This is straight forward when feeding a TMR or cake in the parlour but is more difficult when the animals are out at pasture full time. Molassed lick buckets are another way of providing magnesium, but the intakes can be variable and may not provide large enough intakes. Where animals are not receiving sufficient Magnesium but have access to a (preferably) large trough the daily addition of Magnesium Chloride (Mgcl) will help, but this is not a long term answer as it can upset the DCAB balance and is best used in the pre-calving period. A solution is to mix calcined magnacite or magnesium oxide with rolled or crimped cereal and feed a low level on a daily basis.

For more information please contact Tom Tolputt at tomtolputt@fcgagric.com or your local FCG consultant.

Stop cutting those hedges! - James More (Louth)

The 28 February was the date from which to stop cutting the majority of farm hedges. Cutting after this date could jeopardize your payments under the Single Payment Scheme and Environmental Stewardship Schemes. The only exceptions are: -

- If you do not claim payments under the SPS or ESS, you can cut anytime.
- For Highway safety purposes you can cut hedges if they are a danger to highway users.
- Domestic boundary hedges can be cut anytime.

When you can start cutting hedges again depends on which of the Schemes you enter into: - Under the Single Payment Scheme (GAEC 15) you can start on 1st August. Under the Original Entry Level Stewardship Scheme you can start on 1st August for the hedges cut every other year and 1 September for the hedges cut every three years. Under the later and renewed ELS Agreements you can start on 1st September for hedges under both the two year and three year cutting options. Under the Countryside Stewardship Scheme you can start cutting Agreement hedges on 1st October and only twice in five years. So beware, getting it wrong could cost you money!

Contact James More at jamesmore@fcgagric.com for more information.



Inside this issue:

NFU Conference	2
Cashflow Tips	2
Retirement Planning	2
Cross Breeding	3
Year End Planning	3
Spring Grazing	4
Preventing Mastitis	4

The Farm Consultancy Group

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NFU Conference 2011—George Drewett (Chippenham)



There were three main themes to this year's NFU Conference – food security, bovine TB and the CAP reform. The Government is becoming increasingly concerned about food security; this has been led by the findings of the scientists who produced the "Foresight Report". This report presents the most compelling case yet for urgent action to ensure the world does not go hungry in the near future. Overseas we have seen floods in Australia, droughts in Russia and the highest global temperatures on record. There is a big deficit in cereals expected for the 2011 season, and demand for grain in the biofuels market is continuing to increase. The NFU is pushing the Government to think about a long term food plan, investing more capital into research and development, mainly to improve crop yield and disease resistance. The NFU is also lobbying for the Government to do more to promote young entrants into agriculture.

The TB Consultation period has now closed and the responses are currently being reviewed. Caroline Spelman (Secretary of State for DEFRA) cannot give an exact date of when the decision will be made; however, she stresses that the conditions need to be perfect to make sure if a cull does go ahead, it is carried out to the best standard possible to prevent bad press and public perception. Pillar I of the CAP is expected to continue with a flat rate payment moving away from the historic production payments. Within Pillar II there will be a greater focus on modernisation, competitiveness and innovation, along with an element of greening.

For more information contact George Drewett at georgedrewett@fcgagric.com.

Plan Ahead For Next Winter! - Ian Browne (Stafford)

Make a note in your diary for the autumn, outlining all the problems that were highlighted by the bad weather in December that will need to be rectified. Lagging water supplies, ordering oil in time and ensuring you have feed stocks and bedding in the correct places. This is especially true on farms that have poor accessibility. Planning in time can save a lot of angst!!

Contact Ian Browne at ianbrowne@fcgagric.com for further advice.



Is Your Money Working For You? – Kevin Edwards (Gloucester)

OFFICE HOURS

OPEN Most days about 9 or 10
Occasionally as early as 7, But **SOMEDAYS**
as late as 12 or 1.

WE CLOSE about 5:30 or 6
Occasionally about 4 or 5, But
Sometimes as late as 11 or 12.

SOMEDAYS or afternoons, we
aren't here at all and Lately
I've been here just about all the time,
Except when I'm someplace else.

With the average age of farmers increasing annually, the thought of retirement starts to loom. Retirement planning is a topic most people shy away from. However this area should be fully reviewed (like all areas of your business). I am constantly involved in meetings where updates of pensions and investments are discussed and changes made to the funds invested in with the aim of increasing returns for the future. A very common issue is endowments failing to meet their targets (often set up to repay borrowings) and in some cases endowments' final values are less than current value and the remaining contributions!! Time for action!

For more information contact Kevin Edwards at kevinedwards@fcgagric.com.

Tightening Cashflows – Ian Browne (Stafford)

Many farmers are coming under increasing pressure from their Banks relating to their overdraft situations. While people maintain their overdraft within the limit set, this is often at the cost of increasing creditors. This can prove to be a very dangerous situation as more Companies / Suppliers come under pressure financially. It is most important that you know exactly where you stand in terms of the amount owed to each creditor, the length of time owed and most importantly which ones are most urgent for your business. You must resist the pressure of paying off the ones who shout loudest and prioritise those that are really important to your own well being.



The second thing you should try to do is keep up with current payments and focus on paying off more than you order each month i.e. gain ground! Despite it being embarrassing, it is the best approach to contact people you owe a lot of money to and try to arrange a proper schedule of payments to rectify the situation and get you out of debt. In extreme cases, it may even pay to sell some assets or take out a loan, if you can get one, so as to restructure the creditor book. Contact Ian Browne at ianbrowne@fcgagric.com for further cashflow management advice.



Year End Planning—Max Sealy (Chippenham)

During the last few weeks many consultants will have been busy with their clients and their tax accountants planning and fine tuning arrangements for the end of the financial year. Armed with actuals to date and budgets for the remainder of the year, most farms can predict what the level of profit before depreciation is going to be and hence work out the taxable profit taking into account capital allowances to the end of the financial year. This applies in most cases to year ending 31st March. With the current capital allowances allowing 100% relief on up to £100,000 it is a good opportunity for businesses to make strategic investments and gain the maximum tax advantage from doing so.



No business should ever let tax govern its investment decisions, but there are many farm businesses that can improve future productivity by making good investment decisions now and taking advantage of the tax treatment of these assets, particularly for plant and machinery. Plan ahead and allow sufficient cashflow to pay for these investments over a sensible period of time as well as future tax payments based on your current year calculations.

For more information contact Max Sealy at maxsealy@fcgagric.com.

How Can Crossbreeding Increase My Herd Milk Fat & Protein Production? —Gerard Finnan (Sherborne)



Crossbreeding enables you to select the highest fat and protein % bulls from all breeds, not just the highest % within one breed e.g. Holstein. Crossbreeding results in hybrid vigour where the milk quality of the resultant cross will be higher than the average of that cross (which is what you would expect from a within breed cross).

Traits are selected from a wider gene pool. Crossbreeds tend to hold body condition better than traditional dairy purebreds which is a prerequisite to higher fat and protein production. The resultant crossbreed will be a smaller animal producing more kilograms of milk solids at a higher stocking rate. The crossbreed will last longer, be more

fertile and produce a higher lifetime yield of fat and protein.

For more information please contact Gerard Finnan at gerardfinnan@fcgagric.com.

Making Agricultural Diesel Go Further—James More (Louth)

With combinable crop production using 100 to 120 litres per ha on average for field operations, fuel costs may rise from £50-60/ha to £75-£90/ha. This equates to an increase of around £3.00/t on a 9.0t/ha crop of wheat and £7.00/t on a 4.0t/ha crop of OSR. So what can we do about it?

- Consider expanding your storage capacity to allow pre season buying of fuel.
- Ring round for the cheapest quote. In a fast moving market, prices can vary a lot and it is not always the same companies that are cheapest.
- Consider expanding your storage capacity to take whole tanker loads of fuel. This can be much cheaper per litre.
- Don't expect buying groups to be cheapest. If you have good storage capacity you might be subsidising those with small tanks, multiple sites or poor access for lorries.
- Stop unnecessary road travel.
- Train staff to optimise fuel use on field operations, right gear, right engine revs, right speed, right implement.
- Record and analyse fuel use for every machine and operation.
- Use the technology on modern tractors to optimise fuel use.
- Consider Satellite Navigation systems to reduce field operation overlaps and save fuel.
- Avoid unnecessary cultivation passes.

Contact James More jamesmore@fcgagric.com for more information.



**Prevention Is Better Than Cure- Chris White (Andover)**

One of the main benefits of having spent a long time working in the dairy industry is that you pick up from experience what actually works, especially when it comes to tackling old age problems such as mastitis. This has allowed me the opportunity of observing some herdsmen who have worked on different farms over the years and proved to be remarkably effective at bringing down the levels of clinical and sub clinical mastitis. They do this regardless of the facilities (buildings and parlour) and management provided. The mastitis levels are reduced without the high use of antibiotics, expensive teat dips, or long milking routines which include pre-milking teat spraying or identifying individual problem cows with high somatic cell counts.



So how do they do it? They concentrate on prevention through good practices, rather than continually treating the problem. The measures they concentrate on are making sure cows always lie in clean well bedded cubicles or loose housing, regularly scraped passage ways, and dry cows that are kept in very clean conditions. Their milking routines are strict, thorough, with very good cleanliness, making sure cross infection is kept to a minimum. However, these routines do not usually involve pre-milking teat spraying which often does not deliver the results it should, partly as a result of the extended milking times which often lead to short cuts being taken.

Teat spraying post milking is meticulously carried out but often with competitively priced iodine based teat dip. They often do not use or do not have individual cow somatic cell counts and therefore more of their effort is concentrated into whole herd preventative measures. This is obviously more effective than treatment of a continually changing group of individual cows with high somatic cell counts. This practice concentrates on treating rather than prevention of mastitis leading to higher antibiotic use and cow culling. The message they send is to concentrate on whole herd preventative measures and good practice. This is preferable to treating the problem with high antibiotic use, high culling and very time consuming pre-milking spraying teat dips and expensive post spraying teat dips.

For more information contact Chris White at chriswhite@fcgagric.com.

Spring Grazing Management—Tom Tolputt (Looe)

"If you cannot measure it, you cannot manage it". Some of you livestock farmers who have the best of intentions of making the most of your grassland may have purchased a plate meter in the past few years. Are you making the best use of the resulting grass measurements taken? Are you struggling to motivate yourself to doing the necessary farm walk for 2-3 hours per week to collect the results? Well now there is a simple free web based grass measurement recording program, which produces a grass wedge and allows you to compare results with fellow discussion group members or consultants. It is easy to use and follow and gives you back the basic results required.

The free software is available at www.kingswood.ie and will help in getting you started. For those who are not quite so technology aware, it is easy to follow and you can have all field and grass recording data set up within 30 minutes.

For more information please contact Tom Tolputt at tomtolputt@fcgagric.com or your local FCG consultant.

The Farm Consultancy Group

Distributed throughout England & Wales, FCG exists to help rural businesses prosper. Each of our ten offices can offer a variety of Farm Consultancy services, some general and some very specific. Whichever office you approach, you will find an enthusiastic and professional response to your enquiry. To visit our website please click on the link below.

www.fcgagric.com

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