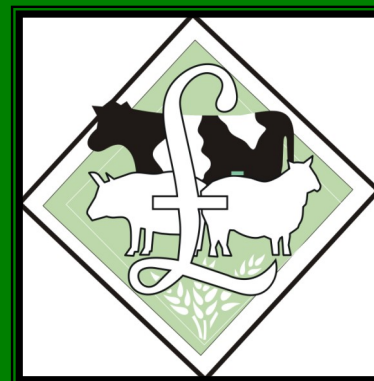


September 2011

The FARM CONSULTANCY Group

FCG Business Briefing

Issue 23



Welcome to our ninth issue of 2011. This month's range of articles highlights the variation in weather conditions across the country from a dry spring in Cornwall to a late summer drought in the Midlands. Our contributors have highlighted strategies to cope with these conditions now and in the future. Also highlighted is a success story doubling milk from forage on an increasing milk yield in a dry year in the South. Please contact our contributors direct with the email address at the end of each article. Also check out our updated website at www.fcgagric.com. There are further news articles and tips here, updated regularly.

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

How Deep Are Your Roots? - Mike Lowe (Helston)

Earlier in the summer, I carried out a number of 'Soil for Profit' reports which involved digging trial pits in fields, to examine the soil profile for compaction and rooting depth. The picture on the left shows the underside of the top 100mm (4") of soil with few roots penetrating below this compacted layer. The example on the right has many roots



down to below 400mm (16"). In Cornwall, the early summer was very dry and there are no prizes for guessing which of these grass swards was the first to suffer from drought but in extremely wet times, the compacted soil also suffers from surface run-off, carrying both moisture and valuable nutrients with it. The other soil absorbs moisture readily and because it has a more open structure is able to retain it. Incidentally, both soils contain similar clay content.

Compacted fields benefit from sward lifting or rather less from soil aeration, as most spikes do not penetrate deep enough to affect a pan at 100-150mm. Not every farm is blessed with deep soils but make sure that you are making the most of your most critical asset. Contact Mike at mikelowe@fcgagric.com for more information.



Double Grant Success - Max Sealy (Chippenham)

The FCG Chippenham office has recently had two applications successfully approved for funding under the RDPE Axis 1, Adding Value. One application was for a potato store for a farm and farm shop retail business looking to expand its range and store potatoes so they can have year round use of their own product through their farm shops and cafes. The grant funding was 50% for a project in the region of £60,000 capital spend. The second project was for a maize grain processing unit, storing crimped grain for a large business specialising in this. The total spend was over £400,000 and the grant at 40% makes this project very viable.

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

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Seasonal Stationing Of Caravans For Farm Workers - Charles Holt (Lincoln)

Planning permission is required for most building or engineering works on, above or under land, subject of course to many rules and exemptions. As caravans are not legally "buildings", the stationing of a caravan on land does not necessarily need planning permission. Instead, caravans are subject to the Caravan Sites and Development Control Act 1960, and its amendments. Site licences are normally required. Read more at:

<http://www.fcgagric.com/news/20110901SeasonalStationingofCaravansforFarmworkers1.htm>

The Farm Consultancy Group

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**Small Changes And Big Results - James Shenton (Sherborne)**

We were asked to visit a new client in February 2010 to improve his technical efficiency. Initially, we were presented with his dairy costings, showing rolling 12 months to February 2010 and the resulting figures now seventeen months later. His task for us was to improve profitability and efficiency but spend no capital. We looked at the system and decided to simplify it. Cows had been split into two groups (all year round calved and all feed through a mixer wagon).

Rolling 12 months	Feb 10	July 11
Cows	208	223
Yield	7398	7852
Butterfat	4.28	4.34
Protein	3.37	3.46
Yield from forage	1699	3102

The first step was to group the cows as one and reduce the considerable stress of moving cows. We took all the feed additives: yeast and fats, out of the diet and relied on rape, soya, wheat and sugar beet. This dramatically cut the cost of the ration without harming performance. The next change was to move away from grazing behind an electric fence to rotational paddock grazing which meant grazing quality lifted, as did grass production on the grazing area.

The typical monthly change can be seen right. Simple changes, big results, low cost, high return! **For more information contact James at jamesshenton@fcgagric.com** to see what potential savings can be made to your feed bills this winter.

Monthly	Jun 10	Jun 11
Yield per cow/day	25.2	25.6
Yield from forage	12	14
Feed costs per litre	7.97	5.3

Extending The Grazing Season - Simon Best (Chippenham)

With limited quantities of straw available this winter, many farmers are now looking to extend their grazing period in an attempt to keep dairy cows and beef cattle out for longer, to reduce the housing costs. Straw prices have peaked at £125/t in areas of the South West and working on an average 5kg/head/day bedding requirement, straw housing for cattle will cost 60p/head/day alone. If ground and weather conditions are favourable heading into the autumn, extending the grazing period by 4 to 6 weeks will save between £17/head to £25/head. Extending the grazing period on a 125 cow herd would provide an overall saving of around £75 per day from just bedding costs alone.

You need to plan now to extend your grazing period. If grass stocks are tight and you are unable to build up substantial grass covers, consider sowing a kale/forage rape/turnip mix into cereal stubbles now to provide a low cost catch crop that you will be able to graze with youngstock or dry cows in the autumn to reduce your bedding, slurry handling and labour costs.

For more information contact Simon at simonbest@fcgagric.com.

**Coping With An Autumn Flush Of Grass - Ian Browne (Stafford)**

Certainly in the Midlands where there has been a significant drought, there is a new issue awaiting farmers. When the rains do come and they have just started now (mid-August), there will be a significant flush of grass growth. This grass will all come at once and the grass will be low in crude fibre, as it will all be new growth (all pastures are currently totally eaten out with no stem left). This grass will be very high quality but will have lower DM content and very low fibre levels.

The result is that cows will probably have a large decline in butterfat levels and there is a significant risk of grass staggers. When the days draw in and we start getting cooler evenings/early mornings and there are dews on the ground, then the risk of staggers increases. Thus, there is a need to ensure that the cows obtain adequate supplies of magnesium daily. Water consumption often declines so that cows supplied magnesium by water systems may not be enough. Potentially dusting pastures with calcined magnesite is one of the best systems or else feed a small amount of high magnesium concentrate to the cows.

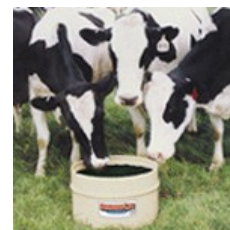
For more information contact Ian at ianbrowne@fcgagric.com.





Time To Assess Your Mineral Requirement - Tom Tolputt (Looe)

With a large proportion of the winter forages already being ensiled, it is time to assess your requirements of winter minerals. The mineral field is a very complicated and interesting subject area, which often bamboozles many farmers. Indeed, even where I have advised and recommended mineral mixes for farmers to get quotes on, the mineral that arrives back on farm can be different from what was required.



It is best to try and get a specific mineral made for your farm as this will take into account what minerals and elements are coming from your own farm forages. For example, those who are feeding a large proportion of high clover silages will probably have very little requirement for additional calcium and those winter diets that are mainly based on maize or wholecrop will have a higher general mineral requirement feeding rate. Also, those which are feeding a parlour cake should make allowances for what is being supplemented through the parlour cake. If you have any issues or concerns, **please contact your local FCG office or Tom at tomtolputt@fcgagric.com** for impartial mineral advice.

Feed Prices - How Did They End Up Being This Expensive? - Huw Thomas (Carmarthen)

This is a question I have been asked a lot recently. It started with a bad harvest in Argentina in 2009, resulting in a 15 million tonne shortfall of soya. This was the first catalyst and although a large crop followed in 2010, prices have remained high. This is simply because the world supply has struggled to keep up with demand since. It is a similar story for cereals.

A severe drought in Russia and Ukraine in 2010 sent wheat over the £200/t mark with worldwide production falling to 645 million tonnes (MT) when the forecast a few months earlier was around 665MT. The estimate this year is 680MT. Prices have been pushed higher in the UK due to the weakness of sterling against the US dollar. When soyabean meal hit an all-time high in January of £325/t for example, the US price was \$70-\$80/t lower than the

market highs of 2007-2008. Increasing demand from bio fuel production and a world population, due to hit 7 billion sometime in 2011, has caused prices to react at even the slightest suggestion of a 5 -10MT worldwide shortfall in production. The other big influence is rising demand from other countries – China in particular has dramatically increased soyabean imports from 10MT in 2001 to nearly 50MT forecast by the end of 2011.

With increased demands that are strongly linked to the extreme weather conditions that we have been experiencing over the last few years, is it any surprise that prices are quite volatile? And as the demand for one product (e.g. soyabean) declines due to rising prices, the demand and therefore the price of another (e.g. rape meal) increases too.



To discuss this further contact Huw at huwthomas@fcgagric.com.

CAP Reform – The Shape Of Things To Come? - James More (Louth)

With the first firm proposals for reform of the current CAP due this October a leak of a working document from Brussels may shed some light on what might be in store. Of course future negotiations by Farm Ministers and the European Parliament may alter the final outcome substantially. The leaked document refers to a new “Basic Payments Scheme” starting on the 1 January 2014. Three areas raise the most interest: -

- Entitlement reallocation; the leaked document suggests new entitlements will be allocated based on land occupation on the 15 May 2014. This would most likely cause problems as seen back in 2005 with the allocation of SPS Entitlements.
- Capping; the leaked documents suggests the following capping levels:- Read more at:

<http://www.fcgagric.com/news/20110901CAPReformtheshapeofthingstocome.htm>

**Two DairyCo Reports - Charles Holt (Lincoln)**

DairyCo has recently produced two reports which make interesting reading. First came the Dairy Supply Chain Margins Report for 2010/11. It confirms where the majority of the margin ends up – that is, with the retailer. Whereas farmers and processors have generally seen their margins fall over the last 10 years, retailers have commensurately seen their margins rise. This is hardly news to you. Of course, this report is just a report on the facts and does not really make recommendations as to how anything can change. Indeed, the recent fines imposed on retailers (including Tesco) and processors has confirmed the point that collusion in increasing milk prices for dairy farmers can occur and must not occur again. The Competition Commission and the Office of Fair Trading are determined to stamp out any price fixing whatsoever and this policy will continue.

The second DairyCo report was published on 29th July and was given the charming title of Asymmetric Price Transmissions in Dairy Supply Chains. They define “asymmetric price transmission” as the situation that occurs when one price reacts to a movement in a related priced commodity after an unusually long delay or at a different rate. The report makes for some very good bedtime reading – if you are struggling to sleep. I have flicked through it but it does seem to conclude that although there may seem to be some options for policy makers, when preparing milk sale contracts between farmers and processors, it is probably impossible to stamp out this effect because of differing levels of bargaining power. So different groups of farmers will vary in the power they have to affect (let alone control) the contracts under which they supply milk. It does seem as if this report is going to be most useful to those who are writing contracts and negotiating contracts between farmers and their milk buyers. Perhaps the most important point to come out of the report is, as Michael Archer of DairyCo says, “if a contract price is not *designed* to follow other market prices, it cannot expect it to”. Does yours? **If you wish to discuss these reports further contact Charles at charlesholt@fcgagric.com.**

Web Links to other articles include....**Increase Your Grazing Area by 25% at Minimal Cost! – Gerard Finnan (Sherborne)**

Paddock grazing for beef and dairy youngstock is just as applicable as for dairy cows.

Read more at: <http://www.fcgagric.com/news/20110901increaseyourgrazingareaby25percent3.htm>

Feeding the High Yielding Dairy Cow in the Autumn – Tom Tolputt (Looe)

The months of August and September are typically the hardest to feed an all year round.

Read more at: <http://www.fcgagric.com/news/20110901FeedthehighyieldingDairycow.htm>

Giving your Roots the Best Chance – William Waterfield (Andover)

Results from over 29,000 soil samples submitted to the NRM Laboratories....

Read more at: <http://www.fcgagric.com/news/20110901GivingyourRootsTheBestChance.htm>

Are You in the Clover? – James Shenton (Sherborne)

Now is the ideal time to assess whether you have enough white clover in your leys.

Read more at: <http://www.fcgagric.com/news/20110901AreYouintheClover.htm>

Autumn Grassland Management – Dairy Herd – Gerard Finnan (Sherborne)

With grass growth rates at 50 kg/ha (end August in Dorset/Somerset)...

Read more at: <http://www.fcgagric.com/news/20110901AutumnGrasslandManagement.htm>

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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