

Fife Monitor Farm



Second Meeting Report

6th February 2014

Date of Next Meeting: 28th May 2014

Facilitators: Stephen Young 07502 339 613
 Greg Dawson 07766 421 130

Introduction

A turnout of 50 members of the community group attended the second meeting. Stephen Young welcomed the group, taking them through the agenda for the day, introducing the newly selected management group (contact details at end of report) and reminding everyone of the aims of the project.

The meeting began with a brief stading walk to view the newly purchased grain drier and the cattle.



Danny explaining the work on his new drier

Danny gave an update on the work that had been done in the past 2 months.

- Fire damaged Opico Drier bought from John Weir. More modern version of existing drier, which can be cannibalised for parts.
- New drier has automatic filling and emptying, which will save management time.
- Work ongoing to complete repairs before the summer, all fabrication work being done “in house” with electrical work being done by local engineer.
- OSR now sold at £280/t to Openfield. Price back £100/t since last year but market does not look like lifting.
- Wheat sold cash and carry in October now moving off farm at £172/t.
- Spring cropping program not finalised although likely to be predominantly Spring Barley with Concerto being preferred to Optic. Beans will be the Spring break crop.
- Seed not bought for either yet.
- Straw still being sold, reaching £80/t at peak.
- Calving just over half way through, this is the first year of calving at this time.
- All cows dosed for BVD, Lepto & Fluke.
- Barron cows being sold through UA & ABP when they put condition on.
- Very little arable work done since December due to wet weather, 55 acres of ploughing still to do.
- N bought in summer is on farm, due to be paid in April, no P &K bought yet.
- Work has begun to renovate a cottage with the aim of holiday let market.
- Danny & Alison attended QMS “Planning for Profit” roadshow in Perth and found it useful, providing ideas to increase the profitability of the beef and sheep enterprises.

Agronomy Update

Greg Dawson led a brief update on crop management issues currently occupying growers in Fife.

- Completion of NVZ plans paying particular attention to changes in the regulations which are activated for the current year. These include increases in the standard nitrogen availability figures for high N manures.

- Evaluating on a field by field basis the potential risk of wheat bulb damage. Fields with high egg counts above the 100 eggs/m² threshold and low tiller numbers are most likely to warrant treatment.
- Testing farm saved spring seed for seed borne disease, germination and thousand grain weights. Following the relatively dry 2013 growing season seed health and germination has generally been much improved over samples harvested in 2012.
- Grain trading has largely followed the pattern predicted by Ian Keith during the December meeting. Despite increased usage by feed compounders the surplus of barley in the UK has acted to depress prices. Barley continues to trade at a significant discount to wheat which has also slipped partly as a response to the revised USDA predicted worldwide stocks to use ratio. Danny's experience of the OSR market has been typical of the market as a whole.
- Planning issues relating to forward winter crops and selection of varieties for spring sowing are also foremost in grower's minds. These were considered in more detail during the breakout session.
- Potato growers are monitoring stores carefully as many stocks are exhibiting early dormancy break and sprouting.

CAP Reform

With CAP being at the forefront of many meetings recently Alison gave a short talk on the effect the reforms could have on Demperston. Demperston is in the slightly unusual position of having naked acres on the farm, therefore could actually be a winner once the new rules come in. The gradual change away production based will however see this eroded over the next three years. To get an idea of the likely situation Alison had used the "ready reckoner" which is available to all on the Scottish Government website.

Top Tip: Use the Scottish Government "Ready Reckoner" to calculate the likely effects on your business from CAP reform.

<http://www.scotland.gov.uk/Topics/farmingrural/Agriculture/CAP/cap-resources>

Gross Margins

Danny & Alison provided financial performance figures for each crop from the past three years. Overall the gross margins compared well to figures of others, with Wheat in particular showing a good margin. It is worth remembering that Gross Margins are a good guide to the profitability of the crop, however without taking into account the Fixed costs they will not show the whole picture. Fixed costs often make up the bulk of costs and can have a big effect on the profitability of the farm. It was discussed how hard it was to attribute fixed costs to individual crops, with drying costs in particular hard to break down. Each business will have different ways of recording this. The key is to ensure that the template you use is the same each time and that any figures being compared are worked out in the same way. Anyone wishing to find out more and who has not put their name down for the benchmarking group should contact Stephen as soon as possible.

Top Tip: Know your costs of production. Use the template provided to look at your costs and see trends develop. To go further into the detail join a benchmarking group

The Fife Arable Monitor Farm Programme is an HGCA and Potato Council project supported by the Scottish Government SRDP Skills Development Scheme.

The Gross margin figures for each crop are laid out as an appendix to this report.

HGCA Knowledge Transfer Update

Over the next 6 months HGCA is consulting widely with the industry to determine what the current challenges are for the arable industry and from this pull together a program of research and communication activities for the next 4 years (2015-2018). At present c. 50% of the levy income is invested in research activities and the majority of this comes from the grower levy, therefore, it is really important that as many growers as possible contribute to the consultation and tell the HGCA where they would like to see this money invested in the next few years. You can complete a very simple questionnaire on-line at www.hgca.com/haveyoursay If you complete the questionnaire before the 31 March 2014 you could be in with a chance of winning a great British produce hamper. If you have any further comments or questions you can email Vicky directly on vicky.foster@hgca.ahdb.org.uk

Introduction to John Weir

The potato element of the project will be provided by John Weir who until recently grew potatoes on Demperston. John and his family farm at Lacesston near Gateside where they grow cereals, produce beef and have been growing potatoes since 1984. They built up their acreage and in 1995 began renting extra ground to grow on. They currently grow 150 acres mainly for pre packing with a small area to grow their own seed. They currently grow 65 acres at home with a further 85 acres rented.

The produce is sold 1/3 on contract, 1/3 committed and 1/3 on the open market. This gives a good variety and allows advantage to be taken when the market allows while spreading risk.

One of John's key concerns with renting land is the soil structure. 2012 was an extremely bad year on which long term decisions should not be taken. 2013 proved to be far more straightforward with the land in better condition. There were questions asked within the group as to the effectiveness of self-propelled harvesters in maintaining soil structure. It was felt they did help and allowed a wider harvesting window, however, with a large capital cost around 500 acres was required to justify the investment. With reliable second hand machines hard to come by they really are not an option for smaller scale growers. When growing at Demperston John used it to grow his seed as it is clean land as well as having no irrigation. The soil types are variable and some land was heavy and held moisture. If growing at Demperston again some fields would need to be taken out of the rotation to save from damage in wet years.

John also has an 80KW wind turbine which helps to offset the cost of cold storage. He is currently looking at software which will allow the stores to work and 'over cool' the store within set parameters when power is available and cut out when using grid power. This strategy should show further savings. The cold stores are set at 2.7deg with the crop around 2.9deg. Restrain is used to delay sprouting on material destined for longer term storage. (Further information on John's farming system is available in the hand out from meeting one.)

Economics of Potato Production & Letting Land

The group discussed figures published by the Potato Council in December 2013 which outlined year on year trends in potato production and consumption. These were considered alongside figures produced by Bidwells and Andersons on the upper quartile financial performance of GB producers.

- End of Nov '13 stocks 25% higher than the Nov '12 estimate. In the 52 weeks to 8th Dec '13 year on year fresh volumes sold fell 7.9%, chilled potatoes fell 4.1% and there was a 7.5% fall in servings of chips sold.
- Downward pressure on pricing for the 2013-14 marketing period.
- Grower numbers continue to decline year on year. The Potato Council estimate that it fell by 150 in the period 2012-13. Can the industry retain a critical mass to support current marketing arrangements?
- Increasing specialisation of growers necessitates high capital investment. The Potato Council figures indicate that the GB growers achieving upper quartile performance would invest £3,810 /ha in fixed costs and £2,344 /ha in variable costs for ware potato production in 2014.
- Access to land of suitable quality in a viable location was a key consideration for many potato producing businesses as they seek to make a return on this significant investment.
- Understanding growing costs is crucial to placing a value on land and capital investments.

With this background the group then considered the opportunities of letting land from the potato grower and landlord perspective.

- It was recognised that many landlords were fearful of the difficulties of recovering land following seasons after several challenging growing and harvesting seasons. Comparisons with spring break crop GM indicate that letting land is still potentially attractive.
- Growing on land that is inherently unsuitable is not profitable for either party. Good dialogue between landlord and tenant is essential in selecting land and rotational position.
- It was recognised that erosion events and soil damage is becoming increasingly common across a range of crops.
- Management practices that build soil resilience across the rotation were considered. These included appropriate cultivation strategies, equipment and building soil organic matter.
- Techniques to manage potato fields to minimise water runoff and damage were discussed.
- Following crops should be selected after careful consideration of field conditions.

Group Work

The community group were split into four groups and asked to comment on two questions.

Firstly on the management of winter cereals in the spring:

Issues:

- Crops are generally forward after good autumn establishment and a mild winter. High tiller counts are notable in cereal crops and WOSR plant populations are higher than target in many fields.

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- Winter Barley in some cases was sown too early, after 2012 growers didn't want to miss the good weather.
 - Disease pressure is relatively high and most growers anticipate a relatively robust TO fungicide application for both WB and WW.
 - The current weather pattern means that nitrogen applications are likely to be delayed until significantly after the NVZ closed period for inorganic N ends on the 16th of February in Fife.
 - When considering if the strong growth would encourage them to deliberately withhold inputs the consensus of the group was that they were keen to maintain the current crop potential by making adequate early season inputs.

Innovations

- The use of AN vs Urea was discussed. Some members of the group were selecting Urea for early applications as it is cheaper per unit of N. Potential difficulties were noted with spreading at wider tramline widths as well as potential inefficiencies from later season applications under warm soil conditions.
- The application of either AN or Urea really depends on the farm, crop and season so there is no one simple answer, with a mix of the two often the best option.

Secondly the groups discussed the management of spring crops in the coming months.

Issues

- Spring Barley varieties: Malting contracts for Optic are reducing and may not be on offer in 2015 so newer varieties are coming to the fore. Concerto and Odyssey the most widely grown alternatives by the group and both offer the potential for a yield advantage over Optic with appropriate management. It was also suggested that Danny & Alison consider a high N variety and contract to take advantage of rotational position and organic manure.
- Malting barley contracts vary greatly in value, care and time needs to be taken to understand the requirements.
- Spring Beans were offering a relatively unattractive Gross Margin compared to other crops at Demperston. Alternatives would have to be considered. Peas were thought to be too difficult to harvest with vining peas not offering a good enough land rent.
- Potatoes looked to be a financially attractive spring break crop provided appropriate management practices could be adopted.
- There is a need to look at returning organic matter back to the soil in order to improve resilience throughout the rotation

Innovations

- Peas grown with OSR allowed the peas to be harvested while being easily separated for selling post-harvest.
- Machinery and labour sharing among neighbours would save on fixed costs and labour requirements.
- A 2 year potato let may be attractive as it will allow growers the chance to return the soil in good condition without the need to work in poorer conditions. It would also allow the landlord peace of mind and security.

Conclusions

An extremely positive meeting with a good turnout. Many discussion points were raised, in particular the need to understand the position of your business not only financially but also in a wider context of Cap reform so that informed management decisions could be made. Generally crops are looking well, however, this is in the context of two fairly hard years and this is closer to what would be termed a “normal year”. With that in mind it is too early to be thinking about reducing expenditure on inputs.

Potatoes as a break crop were discussed, with the need for better communication between the grower and landlord required to help both parties. There is much that can be done to improve soil resilience and maintain a better working relationship.

Understanding the cost of production and expected returns was a key driver in many of the issues considered by the group.

Project Management

The date for the next meeting was agreed for the **28th May**, again in the afternoon.

The agenda to include:

- A crop Walk
- Soil sampling (results to be reported)
- Winter crop establishment techniques

Management Group

The management group has been established. It is their role to represent the community group and to drive the project. Contact details are listed below.

Danny & Alison Milne	Demperson	07809 747044/07764 747418
David Aglen	Balbirnie	07730 529055
Andrew Aitken	Percival	07714 046070
John Evans	Raemore	07709 761555
Donald Hay	Agrii (farm agronomist)	
Sandy Storrar	Rossie	07917 431051
John Weir	Lacesston	07718 872050
Richard Wilson	Forthar	07740 823818

Benchmarking

Those who have noted an interest in this will be contacted in the near future to discuss the requirements and to explain how this will work.