

# Quarterly News Update

Newsletter 1,

September 2007

Welcome to the first, new format, newsletter from Creedy Associates.

The aim is to provide useful industry information as well as keep you informed of Creedy Associate developments.

Key industry news is the release of the long anticipated NVZ consultation along side those focusing on a review of the Codes of Good Agricultural Practice (an important commitment within most farm assurance schemes) and the Water Framework Directive.

Key Creedy news is that Briony Lennox, a Reading University graduate with considerable practical dairy farming experience (she is still relief milking!) has joined the team. Briony, who will initially be working part time along side John has considerable farm management experience as well as an excellent understanding of the Single payment and Environmental Stewardship schemes.



Briony looking pleased with herself! having joined Creedy Associates in July

## Keep Hold of any Extra Milk Income

Keeping hold of the much deserved extra Milk Income (see **Future Milk price Indicators**) should be our key challenge over the coming months and hopefully years so says John Morgan principle consultant within the Creedy Team. Actual and promised milk price increases offer, for the first time in recent years, the opportunity to return to profitable dairy farming with income more than covering costs. Unfortunately, in parallel to increased milk income key costs, particularly concentrate prices have also increased primarily due to what could be a long term imbalance between supply and demand.

While there is little that can be done to counter the increase in concentrate prices there are lots of options to ensure other costs are kept under control. Remaining focused on low cost farming systems, be they for high or low output cows, in the coming months offers the best strategy to convert extra output to all important extra profit and capital wealth.

One increasing popular method of keeping a focus on production costs is Comparable Farm Profit (CFP) The method, familiar to many, sets out the truly comparable elements of your annual financial performance in a format that enables comparison with other dairy farms and the resultant identification of opportunities on your farm to increase your profits.

Setting CFP targets and monitoring progress towards them is proving popular with clients especially those who have taken up the opportunities to produce CFP figures on a quarterly basis, thereby enabling very current performance monitoring. To wet your appetite the latest group average CFP figures are included. Discussion based around CFP figures can be very productive.

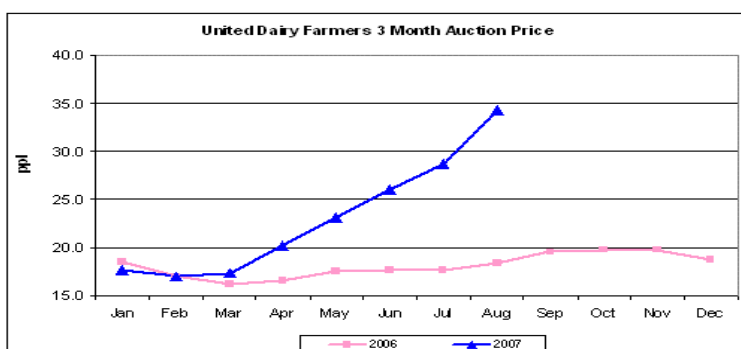
If you would like to talk through the production of CFP figures please give us a ring at the

Creedy Comparable Farm Profit Pence Per Litre Expenses for 2006	
Expenses	ppl
Purchased feed	3.96
Labour (paid + unpaid)	4.23
Vet/Med	0.85
Breeding/Al/recording	0.49
Fertiliser & Lime	0.74
Seeds & Sprays	0.47
Straw, additives, plastic	0.45
Parlour sundries	0.61
Power & Machinery	3.47
Depreciation & leasing	1.94
Sundry overheads	1.31
Repairs land & buildings	0.62
<b>Total CFP Expenses</b>	<b>19.14</b>

## Future Milk Price Indicators

The rise in milk auction price continued this month with "United Dairy Farmers" August auction achieving a record high of 37.49ppl and double what it was 5 months ago.

This, although in Northern Ireland reflects the higher prices being achieved across Europe as demand and high world prices create competition for available product.



# NVZ Consultation—Key issues

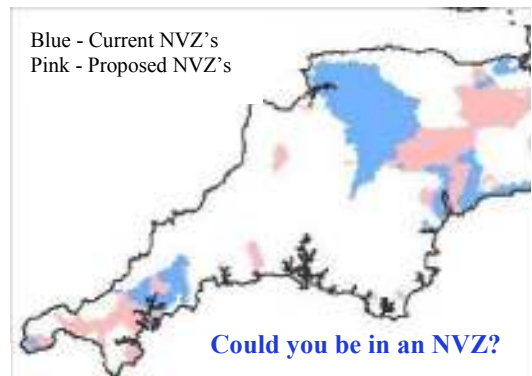
During late August the government finally released the long feared review of the English Nitrate Vulnerable Zones rules. The proposed new rules offer few surprises confirming our worst fears in many cases.

- Key issues include:-Extension of NVZ boundaries - the proposal is to increase the area of England within NVZ's to 70 or possibly 100%
- Proposed changes for fertiliser and organic manure application:
  - \* Lower nitrogen loading (stocking rates) - a reduction to 170kg/ha N loading.
  - \* Clearer guidance on crop N requirements - maximum N requirements for most crop groups.
  - \* Individual field assessments - detailed manure management plans including farm maps will be needed for those spreading organic manures.
  - \* Closed periods for bagged and manure N for all NVZ farms - all NVZ farms will be subject to closed spreading periods. The length and dates of these periods will depend on annual rainfall and cropping (see table)
- Manure storage will be required to cover these closed periods
- Record keeping requirements will increase.

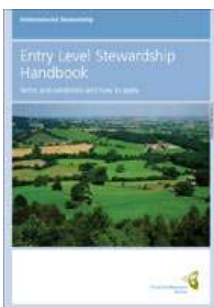
As expected the proposed rules offer real challenges to many farmers. The Creedy team will of course be responding to the consultation and we would encourage all farmers to do the same. If you would like to discuss any aspects of the NVZ proposals please contact the Creedy Practical Use of Manures team via the office.

Annual Rain-fall (mm/yr)	Grassland		Arable	
	Sandy / shallow soils	All other soils	Sandy / shallow soils	All other soils
Up to 1050	1 Sep - 15 Dec	15 Oct - 15 Jan	1 Aug - 31 Dec	1 Oct - 15 Jan
Over 1050	1 Sep - 31 Dec	1 Oct - 31 Jan	1 Aug - 15 Jan	15 Sep - 31 Jan

**Table showing Closed Periods for Slurry Spreading**



## Entry Level Scheme



Applications are still being accepted by Natural England for new Entry Level applications. With payments of just over £12/acre per year for 5 years is this something you want to consider?

The scheme requires you to achieve 12 points per acre for undertaking basic environmental management. Many farmers have managed to gain the majority of their points from hedgerow management, reducing the impact of the scheme on the farm croppable area.

If you wish to apply for the ELS, haven't got round to it or can't face the paperwork give us a call in the office and we will see if we can help.

## CREEDY ASSOCIATES - "Rural Training and Consultancy Solutions"

Aware that for many of you this may be the first time you have heard of Creedy Associates a brief introduction may be appropriate. Creedy Associates are a unique team of advisers and farmers providing expert business, technical and environmental management advice to a wide range of rural businesses. We specialise in converting research into reality advising on a wide range of subjects such as enterprise costings, benchmarking the Single Farm Payment and agri environment schemes. For an informative chat on how we may be able to help your business please give John a call in the office on 01363 776162

## Keep an Eye of Winter Concentrate Prices

Feed Wheat (ex farm)  
£ 173 / tonne

Soya Bean Meal  
£193 / tonne

With wheat and soya prices having a large bearing on concentrate costs the continuing rise of wheat price is a real worry. Wheat is already trading on the futures market at £142 for November 2008 and with soya plantings down in the Americas these prices are expected to rise too.

This may be a good time to look into alternatives such as food waste products (potatoes, bread) or.....



