

**CAMPAIGN
FOR THE FARMED
ENVIRONMENT**



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**The Business
Case**



CFE – WHY?

What's the point of CFE now?

Why should I renew my ELS now?

What about commodity prices?





What's the point of CFE now?

- Opportunity to demonstrate voluntary rather than regulatory approach
- WFD – Phosphates, Soil Organic Matter
- Provides evidence for the lobbyists – NFU, CLA etc





CAP Reforms

so why renew ELS now?

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- CAP reform unlikely before 2015
- Opportunity to test Greening effect
- 3 years of ELS payments
- Helps support the Campaign
- Brussels indications.....



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“We don’t want farmers to hesitate about renewal because they are worried greening will mean they have to pay twice. The Commissioner has given a clear political signal that they should be able to go ahead and shouldn’t worry about paying twice”

Farmers Weekly 25th November 2011

BUT – Nothing has been confirmed in writing as yet!

What about commodity prices?

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- What is your average yield? =Y
- What is your breakeven price for wheat =X
- $X \times Y = \text{£Breakeven output needed}$
- Most options marginal/below avg.land so yield = $X - ?$



John Nix Figures 2012

For Wheat

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- What is your average yield = 8.4T/Ha @£140/T
- Variable Costs = £496/Ha
- Gross Margin = £680/Ha
- Fixed Costs = £595-720
- Assume an average of these FC levels - £660
- Total Costs = 496 + 660 = £1156/Ha
- Margin = £85 to **-£40/Ha**
- So breakeven price for wheat @ 8.4T/Ha is £137.62



Example

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- What is your average yield? say 7.4t/Ha (3T/acre)
- Break even output /Ha needed is £1156
- Your breakeven price for wheat is £156.22
- **BUT** Most options marginal/below avg.land so yield = X – 1.5t/Ha at least
- Then breakeven price/T needed is £192.66

ELS is (still) a no brainer!!



Example ELS supporting CFE

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- 100Ha = 3000pts, ELS income is £3000
- Using CFE target options of say 2Ha Wild Bird Seed, 1Ha of Nectar Mix and 20 Skylark Plots
- 1450 Points from these – almost 50%
- Balance from hedges, buildings – nothing further out of production





Conclusion

“Wisdom of Barney Parker” says that

3.03Ha grossed £3000 = £1000/Ha

On ‘Marginal’ Land

AND HE IS RIGHT!

(Who said ‘for once’- Jim?)



	Winter wheat	Pollen and nectar flower mixture
Income / ha	£1,260	£450
Variable costs / ha	£485	£93
Gross Margin / ha	£775	£357
Change in Gross Margin / ha		-£418
Fixed costs not incurred / ha	£0	-£295
Net Margin / ha	£775	£652
Change in Net Margin / ha		-£123

Contacts

RSPB Arable Farmland Adviser:
01767 680551
www.rspb.org.uk/farming

Smiths Gore – Farm Management
01962 857405
www.smithsgore.co.uk

To change the assumptions for your farm, simply click on the figures in this grey box and add your own. The calculations will then be changed to reflect your figures

Winter wheat	9.00 tonnes / ha £140 £ / tonne £485 £ / ha variable costs £295 £ / ha fixed costs for machinery and labour not incurred
Income from ELS	£450 £ per ha of mixture
Variable costs	£95 £ / ha for seed (1 kg / ha of Emorsgate ESF2 mix; long-lasting mixture, works in grassy areas) £99 £ / ha for establishment (disc £22 / ha, power harrow £32 / ha, drill £30 / ha, roll £15 / ha) £225 £ / ha for cutting (cut half in June and whole area in Sept-Oct each year for five years, £30 / ha) £84 £ / ha over 5 years
Cost to knapsack spray injurious weeds	9 £ / hour labour 1 Hours / ha sprayed £9 £ / ha to knapsack spray injurious weeds

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- **Try and adopt the sort of Business Approach that farmers understand**
- **Be prepared to argue the figures and keep up to date with market trends**
- **Involve Chairmen and Committees with these discussions to get real examples**