

## This months contributors

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## WELCOME James Dunn, Managing Director of Promar International



Welcome to the March edition of a newly refocussed Promar Matters.

As a business we're always striving to innovate and improve. As a result, we'll be bringing you an increasing number of timely and topical industry news stories as well as up-to-date market intelligence.

This month we consider the rising cost of inflation and how, through the use of our technical management tool, Milkfinder, the

dairy industry is combating this threat. We also consider the effectiveness of the newly launched Mid-Tier Countryside Stewardship Scheme as an alternative source of revenue while delivering environmental benefits.

February also saw the launch of the Countryside Productivity Small Grant scheme, of which many applicable items are relevant to dairy farmers. Please get in touch if you require assistance with either scheme.

Enjoy the read and get in touch with any feedback on our new format Promar Matters.

## BEATING INFLATION



The recently reported rise in inflation to over 3%, back to levels not seen since April 2012, will not

have eased concerns among many UK employees who will be worried that their growth in earnings is increasingly lagging behind the rate of inflation.

Nigel Davies, Promar's National Consultancy Manager, explains how similar thinking might relate to the UK dairy industry.

"Analysis of the December 2017 Milkfinder herds report indicates that for the average herd, total milk output has achieved a staggering growth of 31% from £383,883 in the 12 months to December 2016, to £503,379 in the 12 months to December 2017. This level of growth is far in excess of the wider inflation rate in the economy at large," says Nigel.

"Not surprisingly, given the external market factors for much of 2017, a significant proportion of this gain, 23.5%, has come from a higher milk price received over the period. However, these progressive herds have also driven up their returns by increasing yield per cow, adding another 3.4% to output, and keeping six more cows on average, adding another 4.1% to output.

"In other words, an additional 7.5% of added output has come from internal management decisions and action that they have taken."

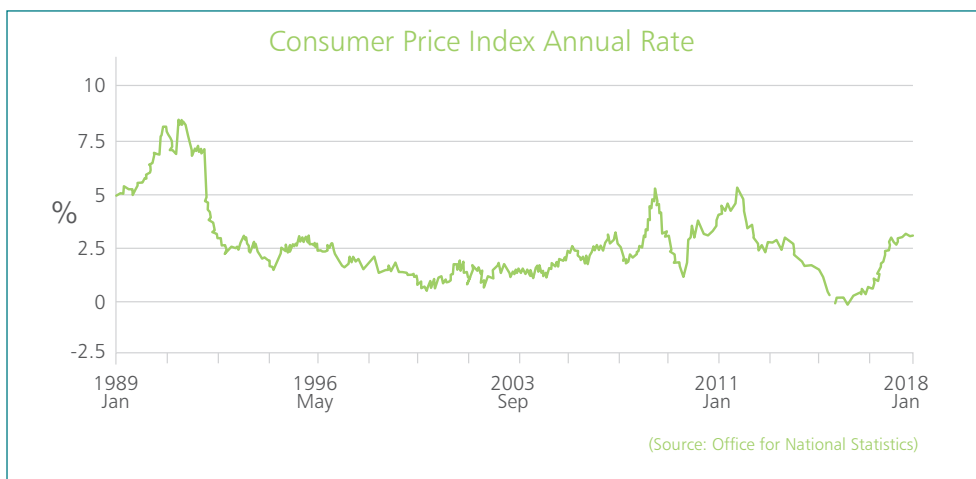
Nigel points out that irrespective of volatility in the years ahead, in a successful wider economy, as the graph shows, there will always be inflation to beat, and 'agflation' may be even greater than inflation.

"Taking the same action, but hoping for a better financial result is not likely to be enough to beat inflation," says Nigel.

"For this reason, like the progressive herds in the Milkfinder sample, along with your consultants support, a first step for everyone should be to set clear output targets for each month of the year, to help stay ahead."

## NEWS IN BRIEF

- While sugar and dairy experienced price weakness in January, the overall **UN FAO Food Price Index** remained unchanged due to firmer cereal and vegetable oil prices
- The recent decline in **Dairy Price Index** has been driven by high milk production in the northern hemisphere and Australia, causing butter and cheese prices to decline. However, lower production in New Zealand, largely as a result of weather conditions, has helped to support WMP prices. Compared year-on-year, the current index level is down by 13.1 points, from 193.0
- The **EU – 28** average farmgate milk price during December (latest data available) remained stable at the equivalent of 32.6ppl. Despite recent instability, the current price is still up by 13% year-on-year, rising from 28.8ppl. The more recent stability in price has been a result of the drought in New Zealand providing support to EU prices, preventing them from dropping as much as anticipated. The UK has been slightly harder hit due to the strength of the GBP, especially against the USD, causing cream prices in particular to weaken



# NEW COUNTRYSIDE STEWARDSHIP OFFERS FLEXIBILITY



With four months to go until Mid-Tier Countryside Stewardship applications come

to a close, producers in England are being encouraged to consider their options before it is too late.

Promar Consultant, Louise Meyrick, explains that the 2018 Countryside Stewardship applications, which opened in January, has introduced new options this year with the aim of increasing flexibility for farmers.

“Some producers may have previously overlooked applying, given the complex and competitive nature of the process. However, this year is different and it’s important that farmers are aware of all the available options,” says Louise.

## Mid-Tier

“The Mid-Tier scheme offers farmers support to protect the environment in the form of ‘options’, ‘supplements’ and ‘capital items’. The nature of this scheme means that farmers can pick the options that are most relevant to them and receive funding for completing the work.

“As the Mid-Tier is assessed on a scoring basis, it does have a more robust application process when compared to others. However, there’s lots of help available, and Promar has extensive experience in supporting successful claims which have led to significant financial gains on-farm.”

Louise points out that farmers coming to the end of their existing Entry Level Scheme during 2018, stand in good stead to apply.

“If you’re coming out of a previous scheme then you’re likely to be completing similar work already, so the application process should be relatively straight forward.

“However, I’d advise producers to apply for as many options as feasible for the land, in order to improve the eligibility for capital items and likelihood of a successful application.”

## Countryside Stewardship Offers for Wildlife

If you’re a first time applicant, the new Countryside Stewardship Offers for Wildlife may be more suited to you.

“There are four new Offers for Wildlife, which allow farmers to deliver environmental benefits wherever and whatever they farm. These include schemes for arable, lowland grazing, upland and mixed farmers,” says Louise.

“The new Offers aim to increase the number of farmers currently engaged in an environmental protection scheme. The standardised options are tailored to different types of farms, making the application process simpler and non-competitive.

“This means that as long as farmers meet the minimum requirement they will be guaranteed funding through the scheme.”

For clients in the rest of UK, please don’t hesitate to get in touch with your local Promar contact to understand what opportunities may be available to you.

## Top tips for Countryside Stewardship application

- Consider all of the options carefully before applying - if you have previously been in an environmental scheme then Mid-Tier is probably the best option. However, the new Offers for Wildlife are a great option for new applicants
- Don’t rush the application - start early and allow yourself plenty of time to ensure that you understand the process
- Apply for as many options as feasible for the farm to improve eligibility for capital items such as handling equipment
- Gain professional help – Promar has processed a number of applications, helping to reduce the burden on farmers, while ensuring that you get the most from the claim

## HIGHER-TIER STEWARDSHIP

Higher-Tier Stewardship offers financial support for the protection of environmentally significant sites, commons and woodlands where more complex management is required. If you would like more information on how Promar can support your application, please contact Louise.

## KEY DATES

- Applications opened 15 January 2018
- Last opportunity to request a paper application pack 31 May 2018
- Deadline for applications 31 June 2018

