

DATA IS KEY TO SUSTAINABILITY

Welcome to the 'sustainability' edition of Promar Matters.



"With the issue of agricultural outputs needing to grow by a staggering 20% per decade for the next 40 years,

to provide for a growing population, sustainability is and will continue to be a key issue, both globally and in the UK.

"However, sustainability doesn't stop at the farm gate, and instead follows products from primary production through to the point of purchase. It's therefore our role as industry consultants to bring this all together, and understand how we can achieve targets sustainably.

"There are a number of issues to address if the industry is going to meet these goals. However, we strongly believe that

there are four key pillars of sustainability, which when brought together, will lead to the protection of brand values and long-term security of supply: mitigating risk, building resilience and sourcing responsibly to unlock revenue.

"Continuous improvement in these areas can be achieved by pulling multiple data points together and using this information to drive change. Particularly, as there is also so much data collected across sectors, which is not effectively used.

"And, with a more competitive market that Brexit is likely to bring, using this data for measurement, to benchmark and set KPI's, can also ensure our supply chains are robust enough to deal with greater competition.

"However, this approach needs to be driven by those with the most influence in the industry for the greatest gains to be achieved. It all comes down to collaborative working, and sharing readily available data in support of risk management, which will help us build resilience as a sector.

"The biggest challenge will be bringing everyone together. However, it's important that we capitalise on this opportunity, and recognise that using data collaboratively will minimise the effect of volatility and global fluctuations on all agri-businesses.

"Ultimately, this will not only lead to more sustainable supply chains, but it will also help to unlock revenue so that farmers, processors and retailers can all continue to reinvest and grow their businesses."

**James Dunn, Managing Director
of Promar International**



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FOOD INFLATION ON THE INCREASE



The UN FAO Food Price Index (FPI), which is calculated from a basket of international commodity prices, has been reported as being at its highest level since January 2015, which is likely to have an ongoing impact on food prices to the end of the year.

Data from Promar outlines that this is primarily due to a combination of booming demand, paired with restraints in production and currency movements, explains John Giles, Divisional Director at Promar.

“Food demand in some areas of the world is increasing rapidly, while agricultural production is less buoyant in one or two key areas. This has a direct impact on

the price of agricultural produce and most recently, cereals, sugar and dairy prices have all increased as a result.

“It’s predicted that food inflation may even reach 3% before the end of the year. However, retailers will be extremely reluctant to pass on potential increases to the consumer, and will therefore be looking for additional efficiency in their supply chains to help towards mitigating the issue.”

Driving change and efficiency back at source on UK farms, is an important part of this. As is unlocking the data available to farmers, processors and retailers, to highlight where the best efficiency gains can be made, John explains. “Balancing supply and demand of produce both in the UK and globally is a complex process, but being well-informed and having access to data, can help UK supply chains to deal with increasing pressure in the future.

“Whether in relation to water usage, climate change, or the overall cost of production and distribution, generating

efficiencies throughout the supply chain, will all help towards more sustainable food production for years to come.”

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For more information on the services Promar’s agri-food team can provide, please contact John Giles via John.Giles@genusplc.com

	Food Price Index	Dairy Price Index	Meat Price Index
January	173.8	193	156.7
February	175.8	194.2	162
March	171	189.8	163.2
April	168	183.6	166.6
May	172.6	193	171.7
June	175.2	209	175.2
July	179.1	216.6	175.1

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ONE STEP TOWARDS REDUCING ENERGY COSTS



Farm businesses could be missing out on the opportunity to reduce energy costs, as a result of poorly configured renewable energy system warns Tom Gill, Head of Environment at Promar.

A recent energy audit on one Devon-based dairy farm, found that the energy cost per cow was still high, despite reducing the herd by 70 cows and introducing a solar array.

"Promar's environment team were called in to undertake a full energy audit, following significant diversification into broiler rearing and subsequent questions over the operating efficiency of the dairy and solar enterprises. The operational periods of the farm were reviewed, as well as the

setup of equipment across the enterprise.

"Although the analysis is ongoing, the results so far have identified that the majority of the generated energy was going directly back to grid, rather than being utilised on farm. This is typical of many dairy set-ups and could be an issue on a number of farms," Tom explains.

Through analysis of data, Promar estimated that 89% of electricity being used on the farm is billed from the mains electrical supply, with just 11% being generated from the solar panels at a discounted rate.

"There is currently a £6,000 difference between the industry benchmark and actual electricity consumption costs. However, existing infrastructure means that it is difficult to quantify which areas have the biggest inefficiencies.

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will have an initial set up cost of around £2,500, we estimate that by targeting a reduction of 20% in general efficiency, pay back will be achieved in just two years."

For more information about on-farm energy audits, please contact Tom Gill via Thomas.Gill@genusplc.com.



LESSONS LEARNT IN MEETING MARKET DEMAND



As pressure to meet market demand increases throughout the

dairy supply chain, many producers have capitalised on the good weather experienced this spring to drive feed efficiency on the dairy farm, explains Jonathan Hill, Principal Consultant with Promar.

"An earlier first cut of silage, and more cuts throughout the spring and summer has meant that the grass was harvested at its optimal nutritional value, which has led to improved forage quality.

"As a result, these producers are also likely to benefit from an increased feed efficiency, and thus reduced feed costs through the winter,

which will also contribute towards reducing their cost of production."

Increasingly, some dairy farmers have also responded to market signals and turned their attention to improving

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milk constituents to optimise the milk price, Jonathan explains. "Although milk yield is the key contributor to

revenue, premiums are being offered for high butterfat levels, so it's important not to focus on yield alone.

"Some have achieved this through supplementing diets with purchased feed, however, genetics also play a big role in a cow's production potential. Therefore, a more sustainable way of achieving this is to choose bulls with positive influences on milk constituents or consider introducing a breed which naturally produces higher levels of butterfat, such as the Scandinavian breeds.

"Ultimately, maintaining a sustainable dairy enterprise is all about reacting to changes in the market place based on sound information, and anticipating where opportunities may lie to achieve greater efficiencies and in turn, farm profit."

Promar specialises in using data to improve efficiencies across the dairy enterprise, please contact Jonathan via Jonathan.hill@genusplc.com for further information.



Events

Come along and meet the Promar team at the following upcoming events:

- **13th September** - UK Dairy Day, Shropshire, Telford
- **14th September** - Westmorland Show, Milnthorpe, Cumbria
- **4th October** - The Dairy Show, Bath & West Showground