

LKL Newsletter October 2018



Editor: George Gordon Layout: Amanda Hargrave

DELIGHT AT ARLA RISE, + 1.09PPL TO 31.21 LIQUID AND 32.47PPL MANUFACTURING

The rise is as a result of a base price increase of 0.9ppl plus a currency adjustment of 0.19ppl and takes Arla into a price leading position. They are now virtually 2ppl clear of most manufacturing milk buyers and it looks like a strong price with falling commodity markets. Arla Organic prices are unchanged.



PRICES HOLD

Barber's Price Hold remaining at 29.8ppl. It follows a combined 1.75ppl rise across August and September.

Muller Holds Price at 29.5ppl after a 1.5ppl increase in September.

SAINSBURYS + 0.9PPL TO 29.39PPL

@ 250 SDDG farmers will benefit **Sainsbury's** from a rise driven in the COP model largely by higher feed costs.

M&S + 0.57PPL TO 31.4PPL

GDT AUCTION PRICES KEEP FALLING, LATEST RESULT - 1.3%

Another poor auction saw prices fall for the 8th time in succession. A near 20% fall in total. UK milk production is holding up currently despite the drought and German production is up 2.8%.



FONTERRA LOSSES £100M

Fonterra, New Zealand's largest company, owned by 10,000 dairy farmers, lost NZD\$196m (£98.3m). The processor had to write down NZD\$405m (£203.1m) on its share in a Chinese infant formula manufacturer and make a NZD\$183m (£91.3m) payout to Danone following a botulism scare in 2012. Over-optimistic forecasting and higher than anticipated operating expenses were also factors in the thumping loss.



TB OUTBREAKS HALVE IN BADGER CULLING AREAS

New outbreaks of TB in the Somerset and Gloucester licensed badger culling areas have halved in four years. New TB incidences in the Gloucestershire cull area started out at 10.4% and fell to 5.6%. In Somerset, new outbreaks declined from 24% to 12%. Licenses have been issued in 10 further areas in Devon, Cornwall, Somerset, Staffordshire and Gloucestershire. A license has also been granted in one Cumbrian hotspot area.



ORGANIC DAIRY SALES UP 4%

Organic dairy and fresh produce sales growth is 4% according to Nielsen data. Dairy sales were up 3.5%. Organic milk is now about 6% of all milk sold.

2018 LKL Grazing Study Tour to Ireland, led by Noel Gowen

Wednesday 10 October and Thursday 11 October

We will look at the latest grassland and grazing genetics research at



Moorepark, then see best practice on three top commercial farms in Ireland. ONLY £130 plus flight.

Places are limited so please respond at your earliest convenience.

Email: carol.adlem@lkl-services.co.uk or telephone the LKL office on 01722 323546.

2018 Danish Study Tour, led by LKL Regional Manager Ian Lindsay

Monday 5 November to Wednesday 7 November

We are pleased to announce the inaugural European Study Tour brought to you in association with Vitfoss, travelling through Northern Germany across the Danish border. ONLY £295 plus flight.

Places are limited so please respond at your earliest convenience.

Email: carol.adlem@lkl-services.co.uk or telephone the LKL office on 01722 323546.

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NEWS

**WHAT ARE MR GOVE'S
'PUBLIC GOODS'**

Public goods supported in future will include improvements in soil, air and water quality, protecting and enhancing wildlife habitats, providing public access to the countryside, protecting the rural environment, flood-risk mitigation and carbon reduction.



AREA PAYMENTS GOING

Farm subsidies will be phased out over seven years, ending in 2027, under the government's Agriculture bill. Direct payments will be replaced with a new system of "public money for public goods". The Agriculture Bill suggests direct payments in 2019 and 2020 will be made on much the same basis as now. Direct payments will start to be phased out from 2021 - disappearing by 2027. Larger farms will be reduced by a bigger percentage than small ones. Michael Gove said the seven year transition would give farmers time to adjust. NFU president Minette Batters warned that the plans did not mention food production!

CUTS TO BPS IN 2021	
Direct payment	Reduction
Up to £30,000	5%
£30,000-£50,000	10%
£50,000-£150,000	20%
£150,000 or more	25%
<i>Source: Defra</i>	

**'GOLDEN HANDSHAKE' TO
QUIT FARMING**

Farmers will be able to use direct payments as a "golden handshake" to retire. Direct payments will be "de-linked" from the requirement to farm. The government is also looking to give farmers the option of taking a one-off lump sum in place of all their annual payments. Defra said this should make it easier for new entrants and existing farmers to expand. De-linking would remove the requirement to follow existing EU rules.

WALES REJECTS CULL

The Farmer's Union of Wales (FUW) had asked the Welsh government to reinstate a plan to cull badgers. However, the Labour-led Welsh administration dismissed calls for a badger cull. In Wales, five badgers were culled last year at a cost of £383,212 to the taxpayer, under the Welsh government's "refreshed" TB eradication programme. The programme includes a "badger trap, test and removal" policy - a selective badger cull that involves removing badgers that test positive for TB in a targeted area. Latest TB figures show 747 outbreaks in the officially TB-free herds in Wales. A 2% rise year-on-year, 10,051 cattle were slaughtered in a 4% rise year-on-year.



**REPORT PROVES BADGERS
DO REDUCE HEDGEHOG
POPULATIONS**

A scientific survey has found that badgers do reduce hedgehog populations. It concluded badgers are a intra-guild predator, in simple English, not only do they eat hedgehogs, they also compete for the same food resources. Researchers said a large proportion of rural farmland was unsuitable for both species and the Agricultural industry should be more concerned with this wider land management issue.



**FRANCE BANS ALL NEONICS,
TERRIBLE FLEA BEETLE
AFFECTS 2019 OILSEED
RAPE CROP**

Following France and taking insecticides off the market could mean replacing production with imports from countries which still use neonicotinoids. These decisions, not accompanied by substitution proposals, will distort competition with European and non-European producers. Reports of significant flea beetle pressure in emerging oilseed rate is forcing growers to write some 2019 crops off.



**WELSH NATURE AGENCY
BAN PHEASANT SHOOTING**

Natural Resources Wales (NRW) has bowed to pressure from the Welsh government and banned pheasant shooting on its land. NRW says it wanted the ban because the owner of the land, the Welsh government, does not support pheasant shooting.





NEWS

AHDB LEVY REVIEW

Defra has launched a review of the AHDB. They want to know which areas of activity the organisation should be concentrating on. Levy payers currently fund the AHDB to the tune of £60 million a year, with another £10m from EU grants and commercial services. The average levy from dairy producers is £660 with the total budget for AHDB Dairy at £7.7m, set to rise to £9.3m in 2018/19. The review closes on November 9. To take part go to www.defra.gov.uk/farming/viewson-ahdb

FIRST MILK STABILISED

First Milk have made a profit after tax of £3m. Turnover rose by 22% to £252.7m. The business has been implementing a turnaround plan since it posted pre-tax losses of £25m in 2015. The co-op discontinued its A and B pricing schedule and introduced a production bonus to incentivise higher output. It simplified its regional pricing so all producers receive the same liquid or manufacturing farmgate price. It is investing £6.5m in Haverfordwest creamery.



- ◆ Net bank borrowings of £44.9m.
- ◆ Capital investment of £3.2m.
- ◆ Total group capital and reserves up by £5.4m to £27.4m.

The Coop seems to have done a good job at stabilising a difficult situation and has new confidence as a commodity cheesemaker.

CONCENTRATE FREE DAIRY

The Pasture-Fed Livestock Association (PFLA) has started to certify UK dairy farms producing milk from cows that are only ever fed fresh and conserved



grass and pasture. It has been certifying 100% pasture-fed beef and sheep farmers for the past three years. Using the Pasture for Life mark, they are providing recognition of consumers seeking to buy their grain-free milk and dairy products. The PFLA ran a pilot project with eight farms. Results showed costs of production were lower than conventionally farmed dairy herds, with no feed costs and often lower infrastructure and labour costs. Less milk was produced, ranging from 2,433 to 4,500 litres per year on average per cow, the higher quality usually achieved a higher price - 40ppl when sold wholesale for cheese. Research carried out at Newcastle University found it is the grass and other green plants which makes their milk high in omega-3, vitamin E and health-promoting conjugated linoleic acid. The PFLA is currently in talks with 26 other dairy farmers about becoming certified.

MIGRANT WORKER TOKEN SEASONAL SCHEME APPROVED

The Government has announced 2,500 non EU migrant workers will be allowed to work in the UK for up to 6 months in a two year pilot scheme. The tiny number and 6 month restriction make this a token gesture only and of precious little help to the Dairy Sector. Predictions from the horticultural sector expect growers to need between 85,000 and 90,000 seasonal workers by 2020. No plans to help the food and farming industry recruit permanent workers have so far been set out.

DYSON SPENDS ANOTHER £37M, NOW 35,000 ACRES

Beeswax/Dyson Farming report a £37m spend on land in 2018 bringing their total farming area up to 35,000 acres, with land situated in Lincolnshire, Oxfordshire and Gloucestershire. That is a current annual subsidy payment of @£2.8m pa!



Freshways Recruiting

Freshways are currently looking to increase their direct suppliers of raw milk and are advertising widely in the farm press.



PEOPLE CELEBRATING SPECIAL BIRTHDAYS!

Roland Oana, Ian Bond-Webster, Daniel Florea, Arpad Palfi, Philip Eyles



WELCOME TO:

FARMERS

J P White & Partners, Farmrite



20 YEARS AT LKL!

I started work as Managing Director at **LKL** on 1 October 1998 and can honestly say I have loved nearly every minute of my job since then.



It has been quite a journey, in a challenging and changing industry, with the number of dairy farms in the UK dropping from @32,000 to @12,000, whilst producing the same volume of milk.

Thank you to all **LKL** clients and herdspersons, regional managers and office staff for putting up with me. Thanks also to Julie and my family for their support throughout the 20 years, I hope there will be many more!

George Gordon

Two zombies were at a Halloween party. One said to the other, "A lady just rolled her eyes at me, what should I do?"

"Be a gentleman and roll them back to her".

Why does Dracula love the circus?

He goes for the juggler.

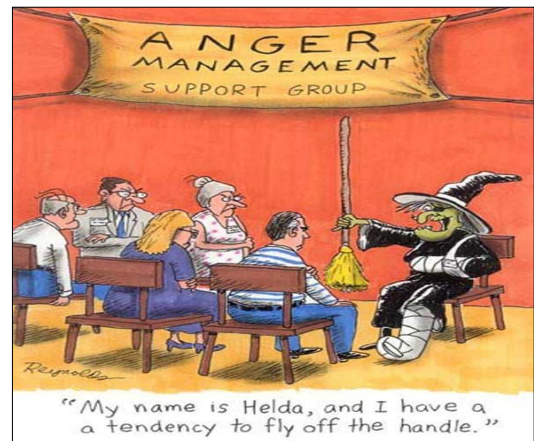
Want to learn more about Dracula?

Join his fang club.



Q. How many conservation officers does it take to change a light bulb?

A. What do you mean.....change.



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What do you get if you cross Bambi with a ghost? Bamboo!

Which part of the street do vampires like to live on? The dead end.

Why couldn't the ghost see its mum and dad? They were trans-parents!

What can you find on a haunted beach? A sand-witch.

What do mummies like to listen to on Halloween? Wrap music.

