

The real significance of feed costs

7th Organic Producers' Conference

22-23 January 2013

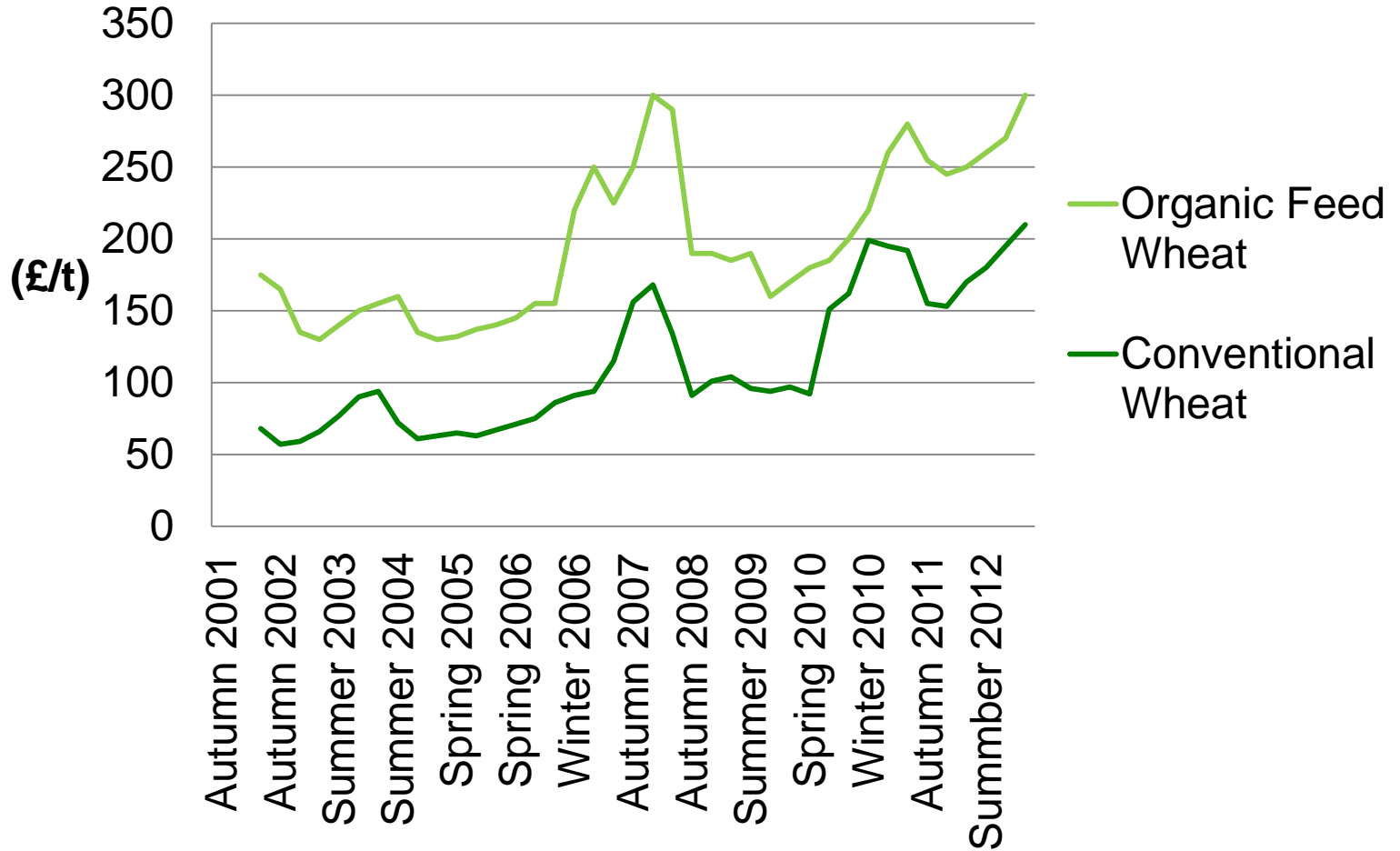
Making producer-led innovation a reality

Outline

- Price trends
- Impact on lowland beef and sheep
- Organic farm income data trends for lowland dairy

- Analysis of milk from forage on five organic dairy farms
- Conclusions

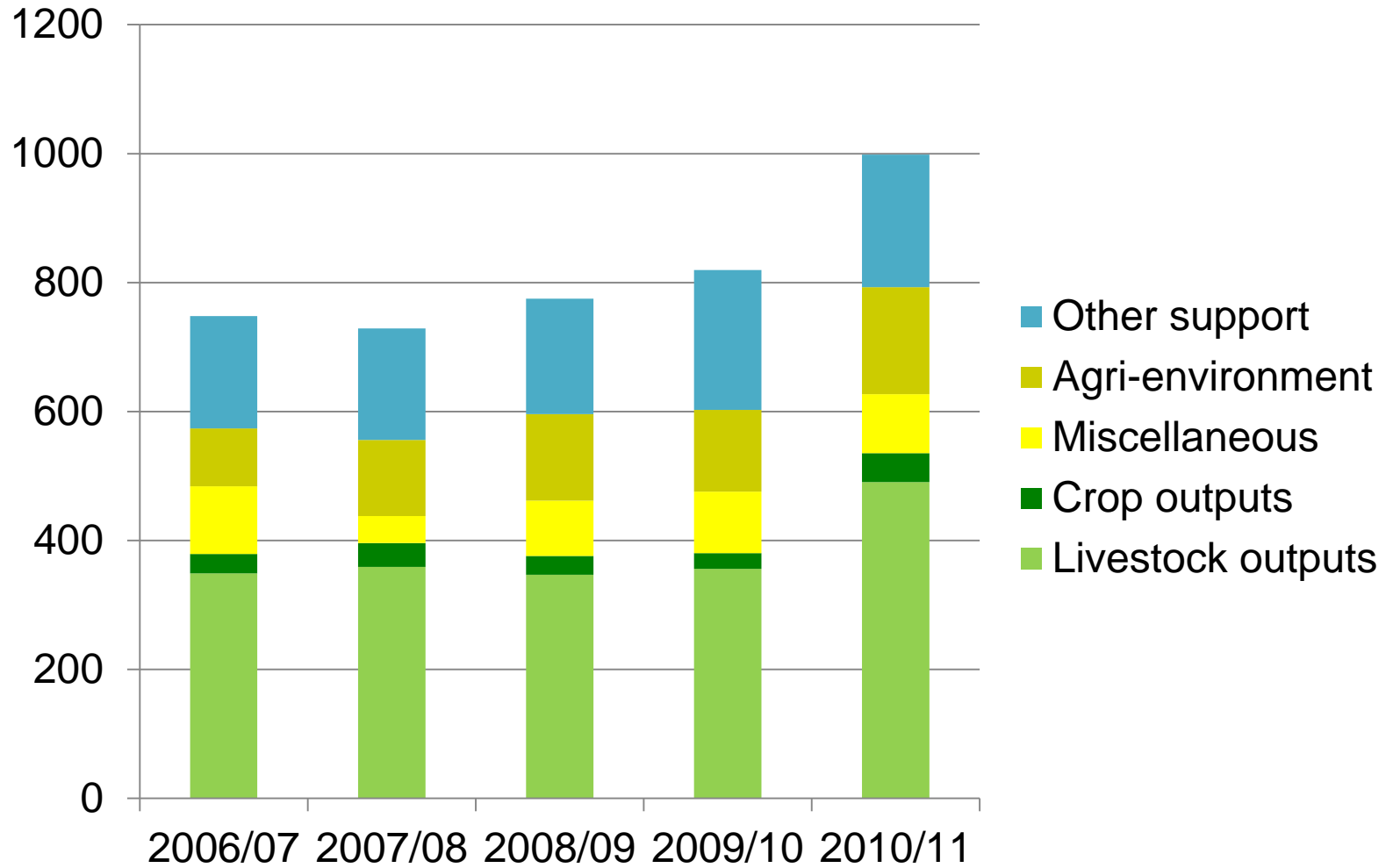
Feed wheat price trend



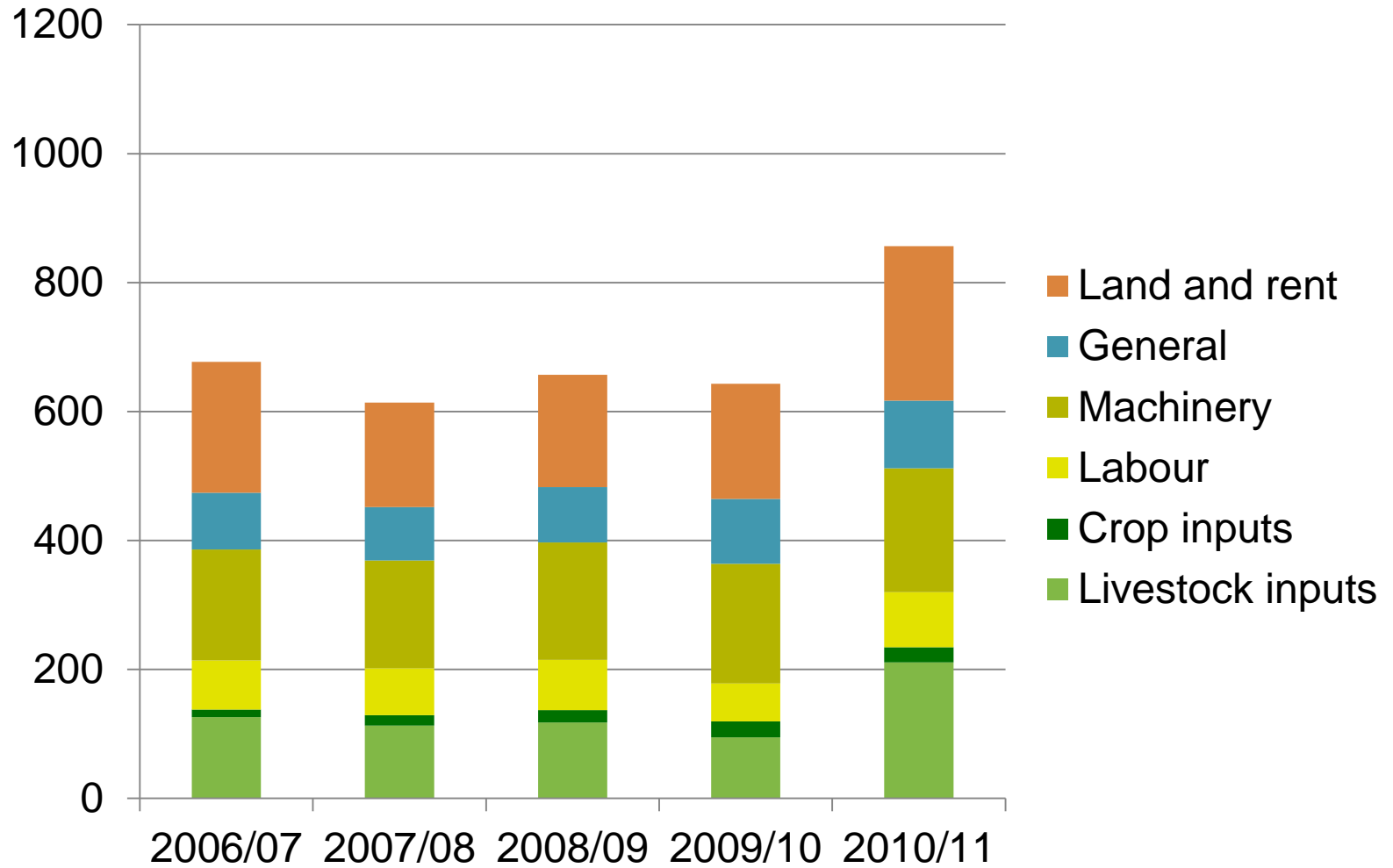
Lowland beef and sheep farms Farm Business Income (£/ha)



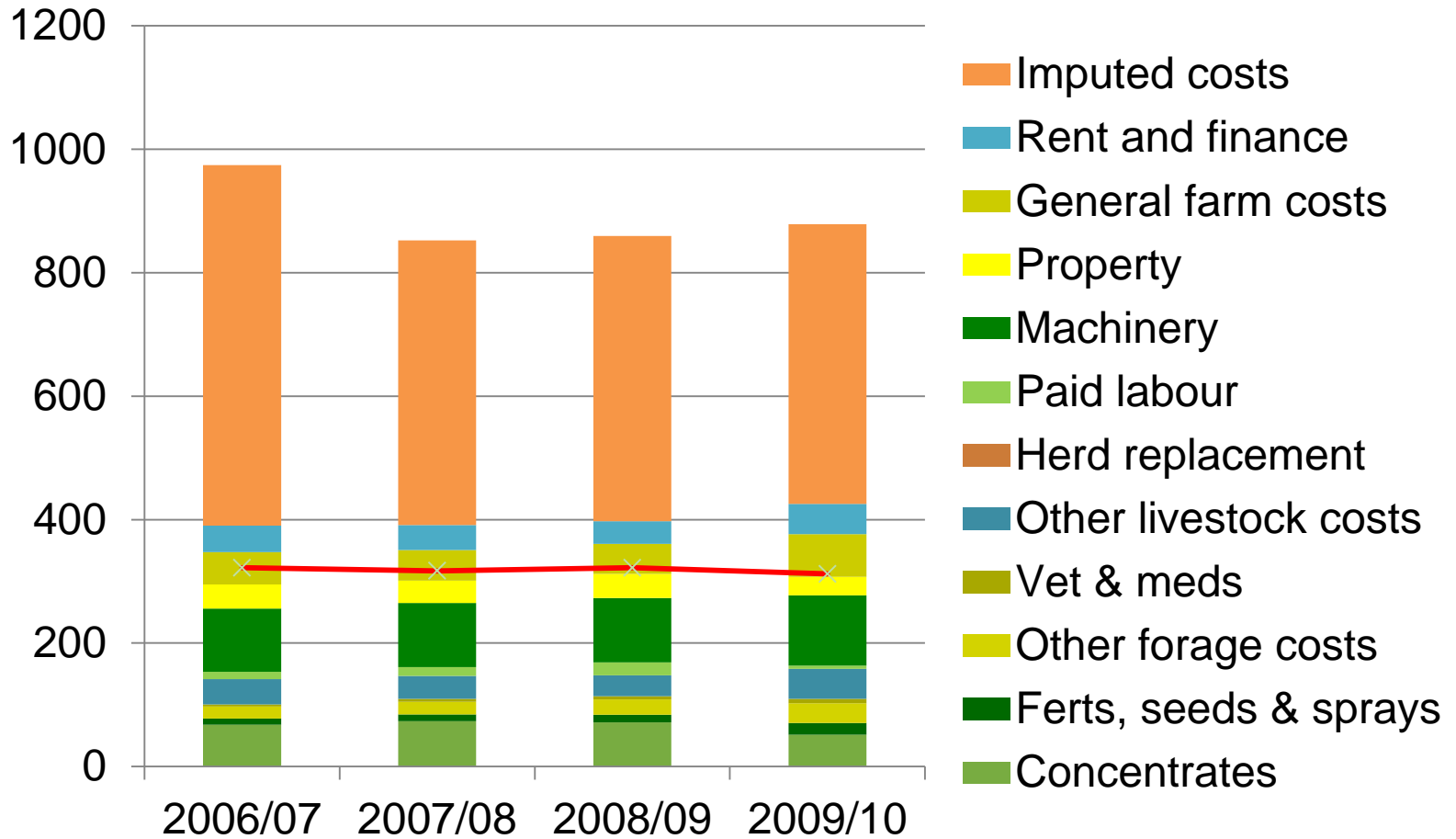
Organic lowland beef & sheep farms Outputs (£/ha)



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Costs of production – Beef Wales only (p/kg)

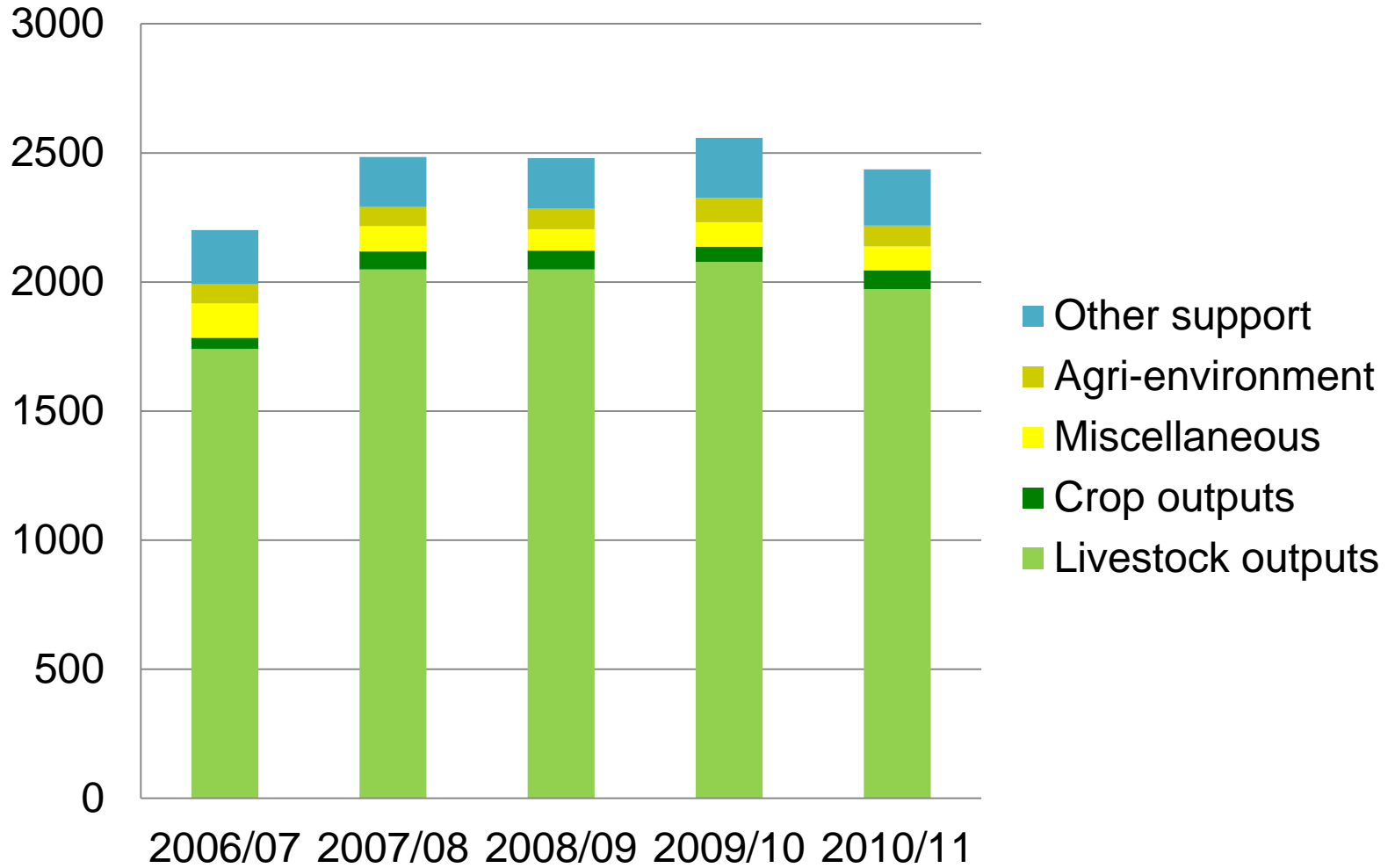


Imputed = unpaid labour, imputed rent & interest on tenant's capital

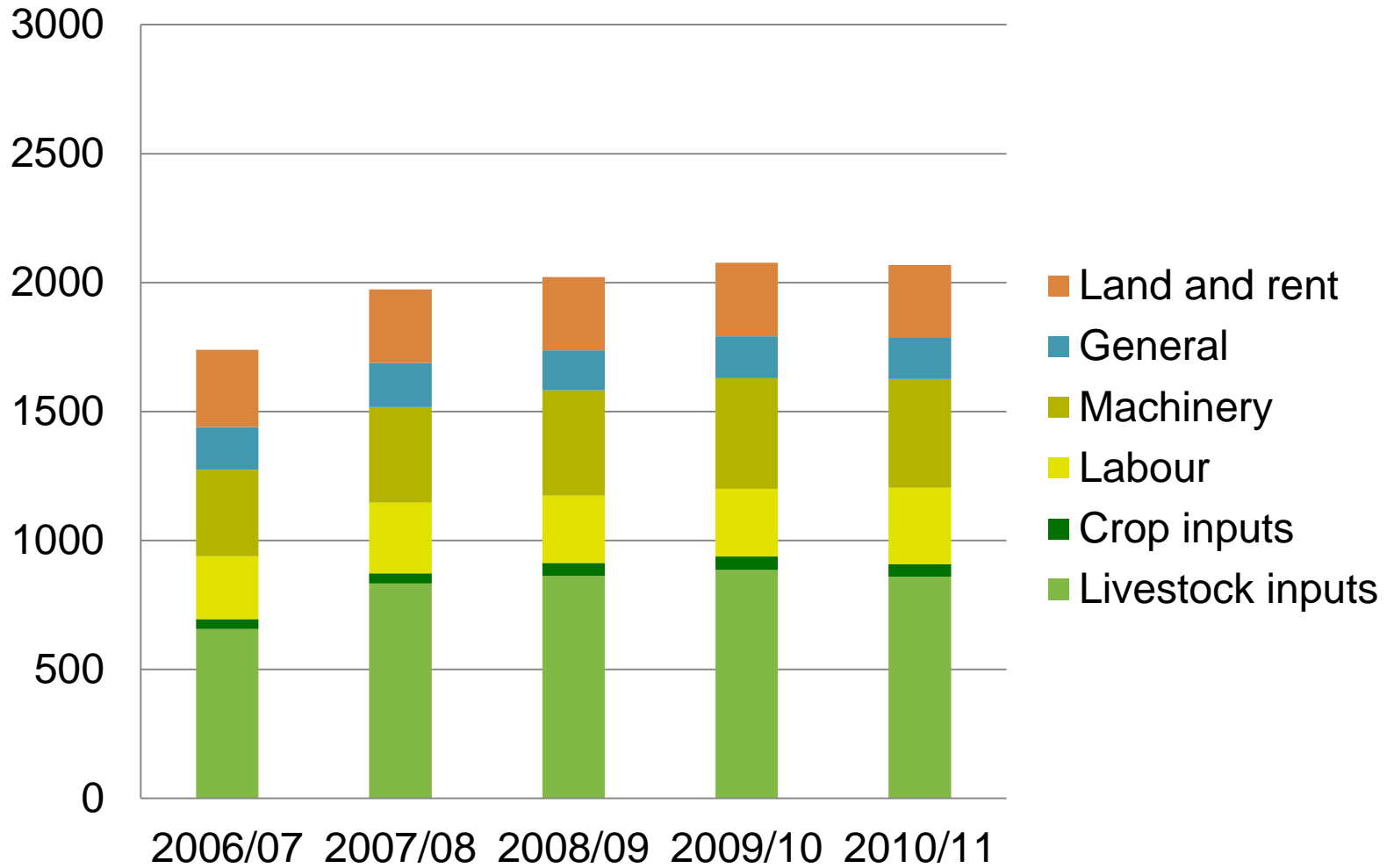
Lowland dairy farms Farm Business Income (£/ha)



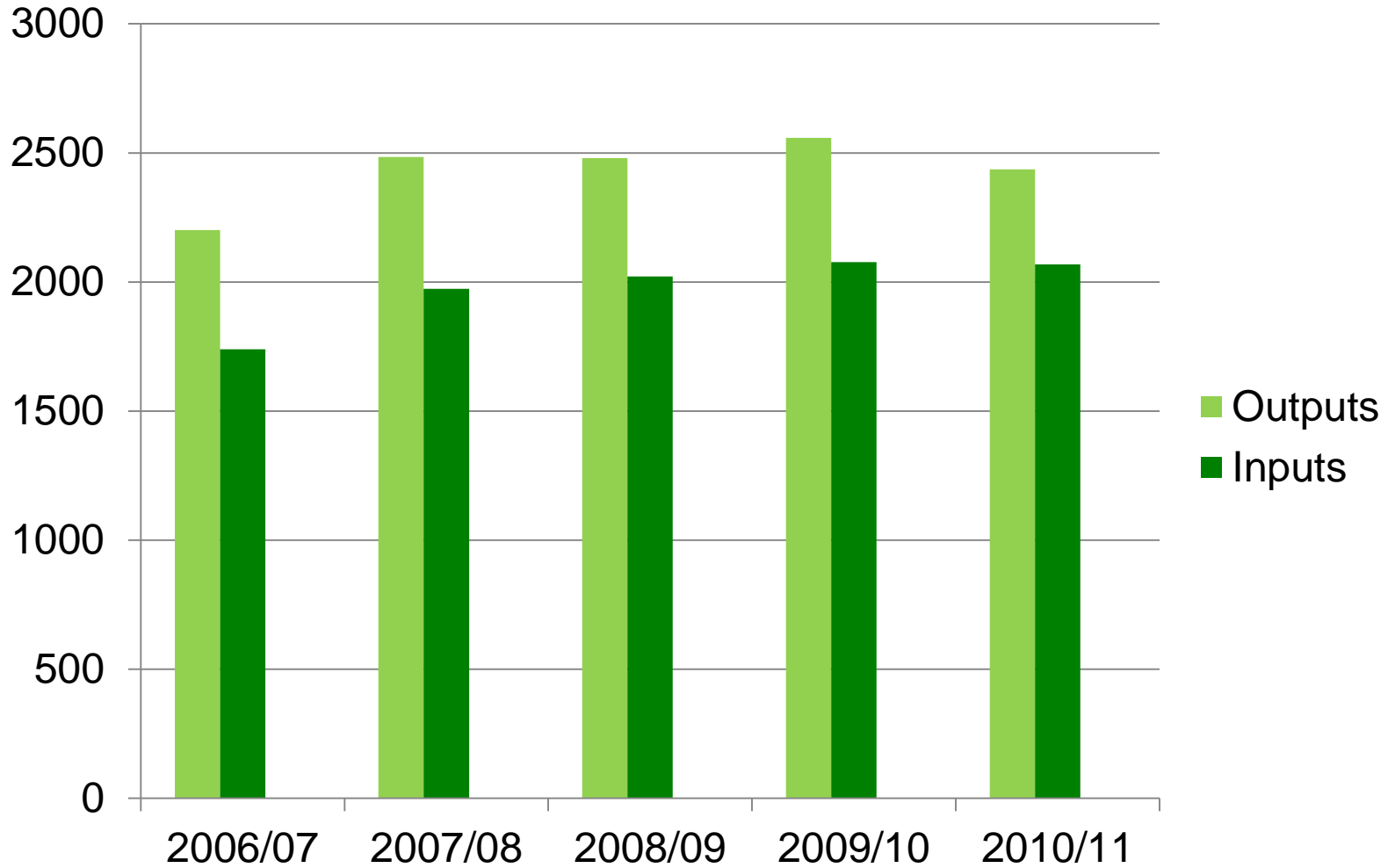
Lowland dairy output (£/ha)



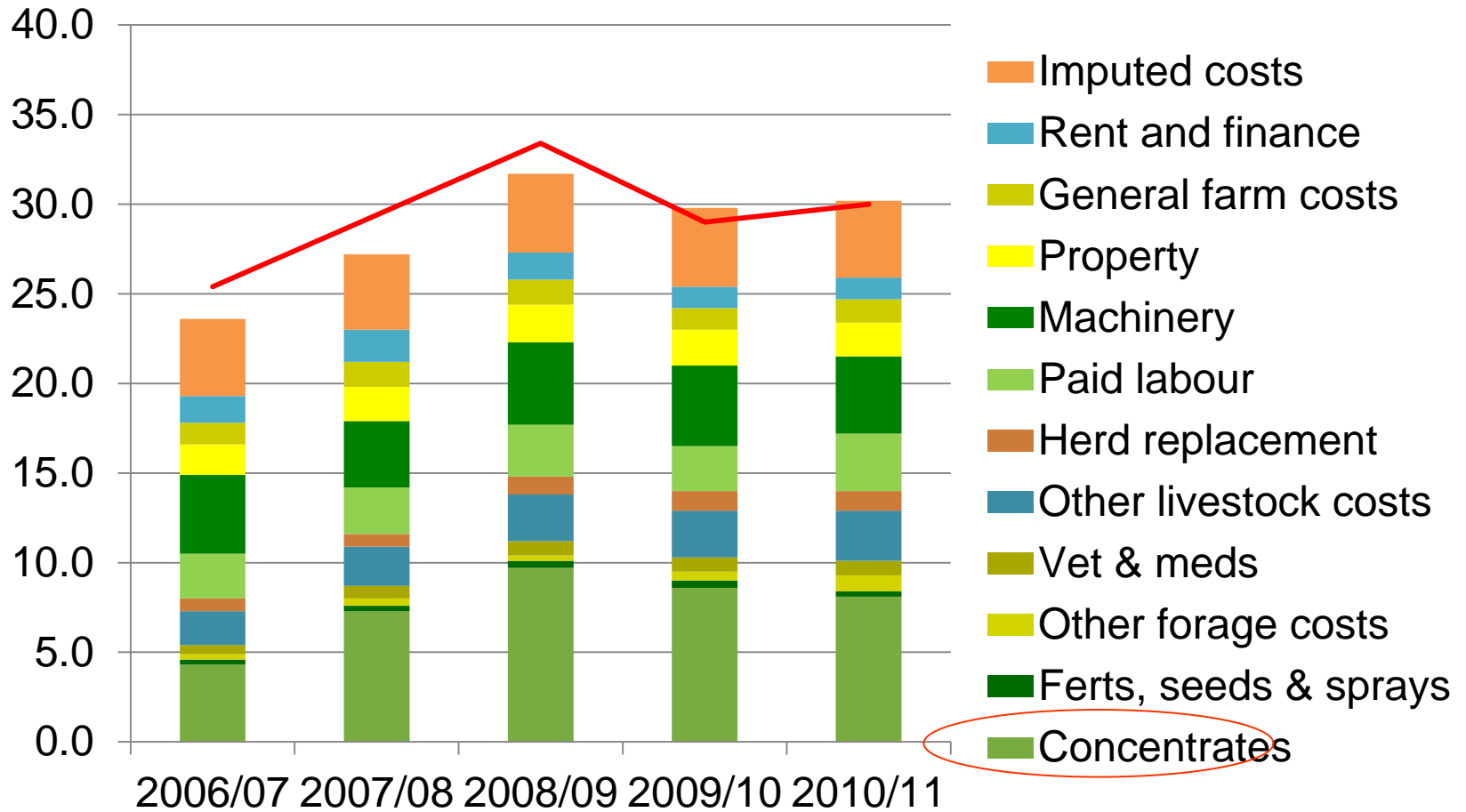
Lowland dairy input (£/ha)



Lowland dairy farms (£/ha)

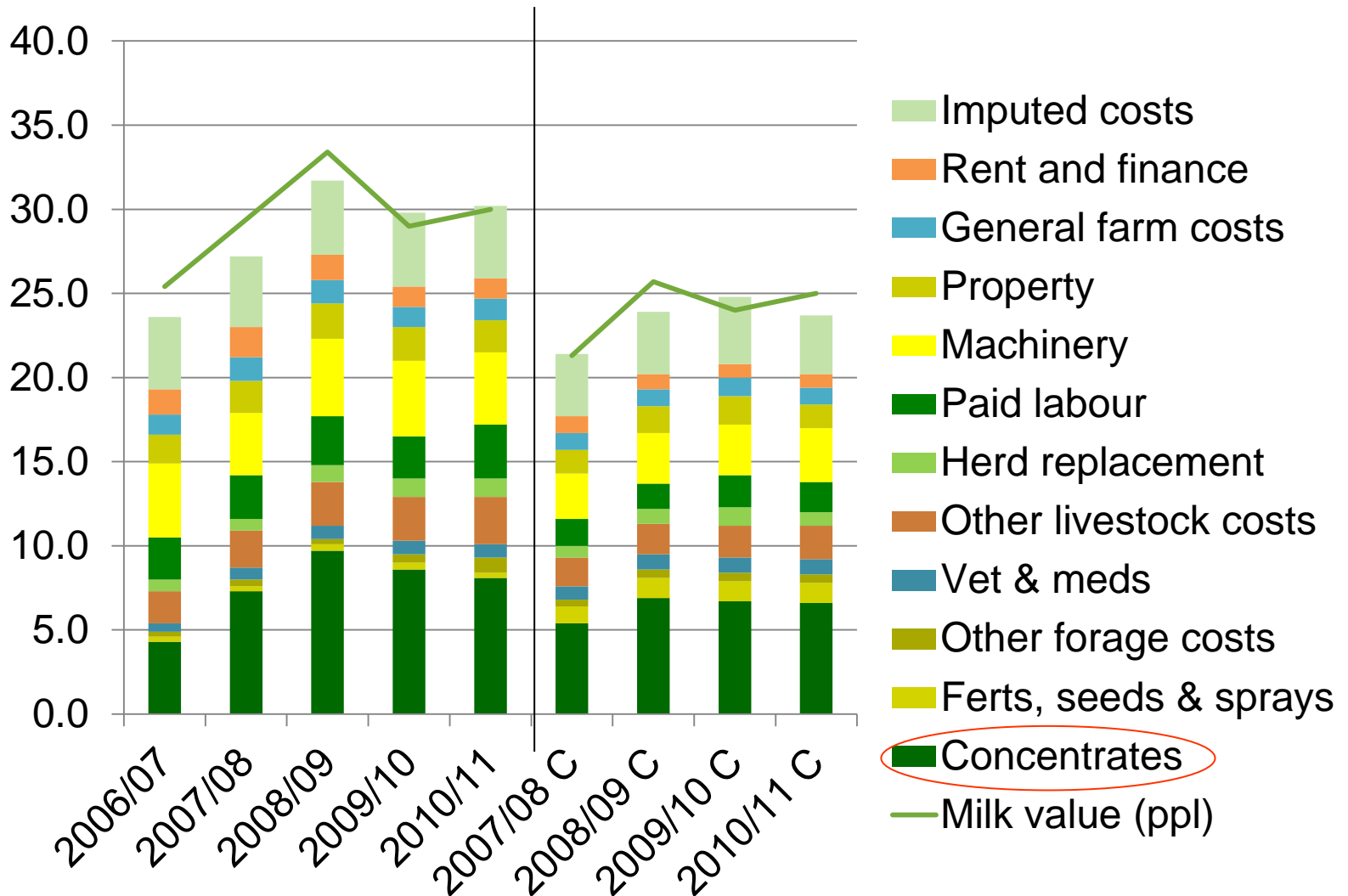


Milk production costs - ppl



Imputed = unpaid labour, imputed rent & interest on tenant's capital

Milk production costs compared –ppl

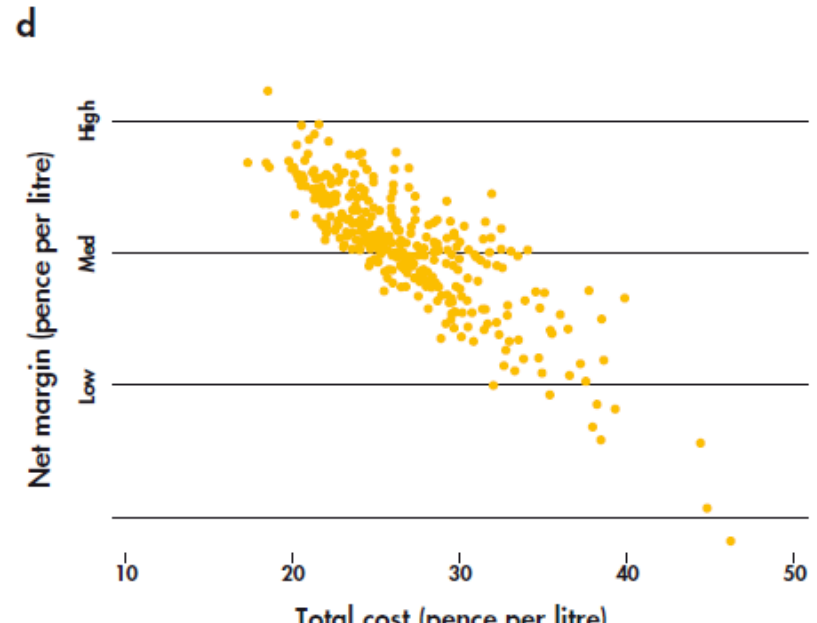
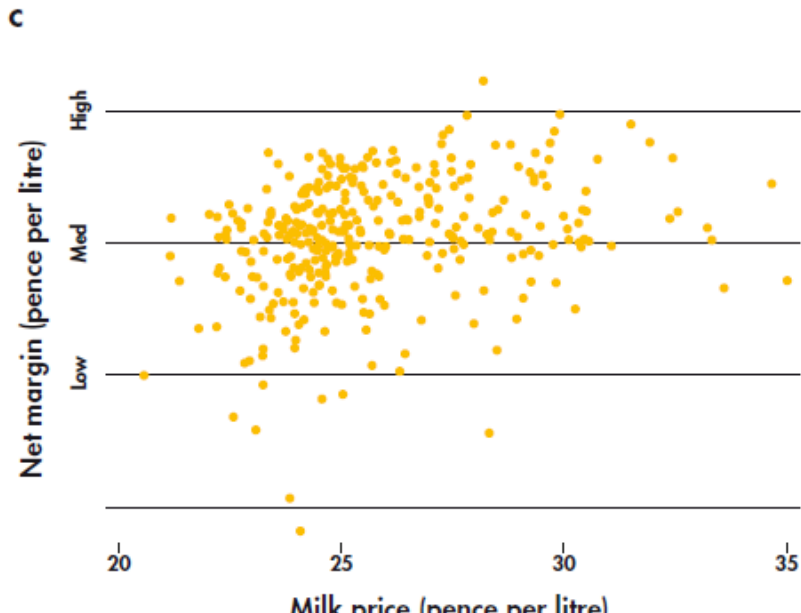
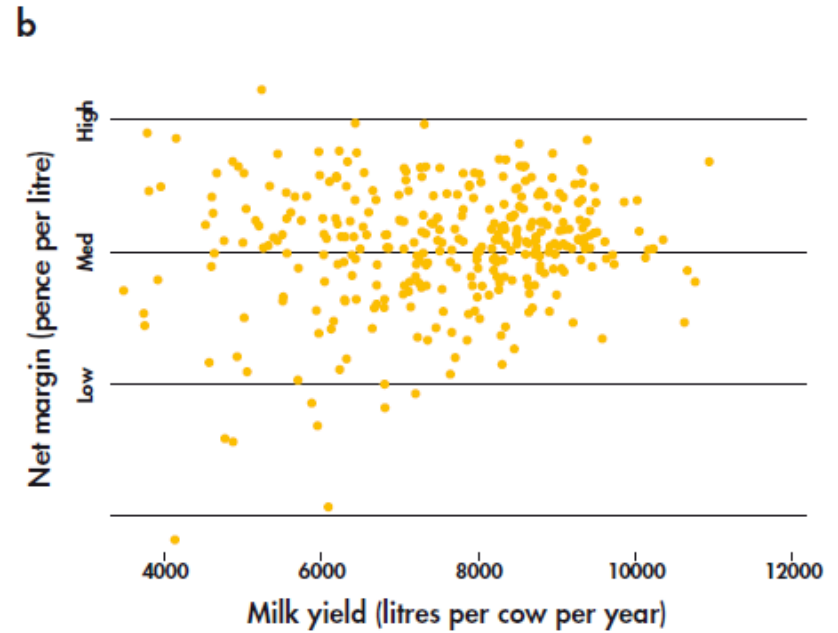
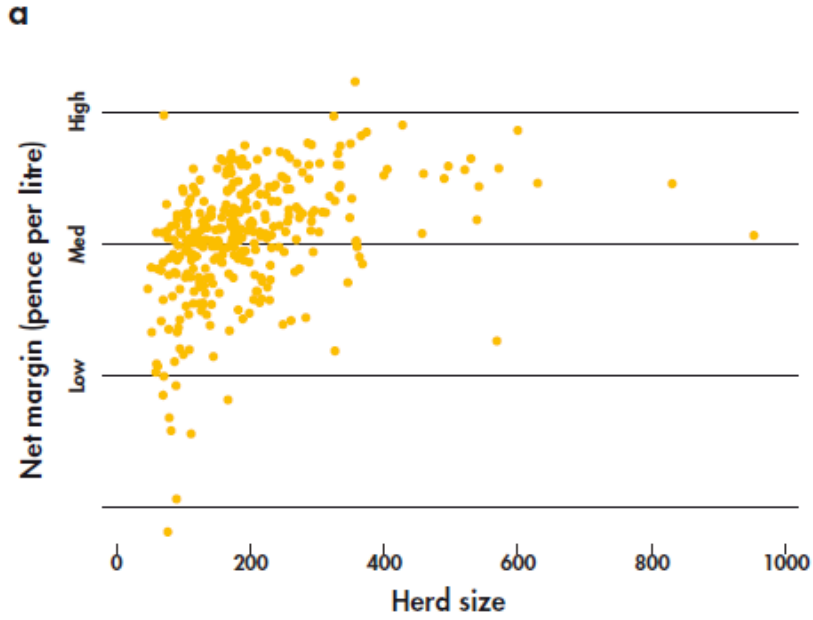


Imputed = unpaid labour, imputed rent & interest on tenant's capital



Costs of milk production

- Cash costs (not including imputed costs) are 4.5 ppl (23%) higher on organic farms
- Most cost categories are higher, except
 - ◆ Crop costs, other forage and vet & med are lower
- Concentrate costs
 - ◆ 8.1ppl in 2010/11 (8.4 ppl in 2009/10)
 - ◆ **22 to 36% of cash costs** (18 and 31% of total costs)
 - ◆ 31 and 34 % of cash costs in conventional comparison (25 and 28% of total costs)



Key conclusions

- The key determinant of profit is total cost of production, not milk price
- Milk can be produced efficiently from
 - ◆ any of the major systems currently practised in Britain,
 - ◆ At almost any scale of production
- Lower yielding herds need to maximise utilisation of grass through a simple system
- Small herds have to contain fixed costs

Exploratory project: ORC intern Gaelle Feur Producing milk from forage

- There is a need for reliable benchmarks adapted to the organic systems
- Simple margins (such as MOPF) tend to not show the full impact on all cost categories
- Milk from forage is relatively simple and is included in several dairy costing systems
- What are the characteristics of the systems on farms that produce high milk from forage?

Kingshay dairy manager data: 33 Organic herds in March-2012

	Unit	Average	Min	Max
Cows in herd	No	194	34	450
Milk production	l/cow	6458	4384	8151
Price	ppl	31.05	28.52	33.46
Milk from forage	l/cow	3477	1731	4708
% of total	%	56	28	88
Concentrate use	kg/cow	1445	486	2659
	kg/l	0.21	0.06	0.33
Concentrate price	£/t	313	249	342

5 case study farms with high milk from forage

Famers views

Strength

- Efficient grazing management
- Good infrastructures (water trough, tracks and good leys)
- Using the plate meter
- Own machinery gives flexibility
- Ad libitum silage feeding
- Grass quality
- Breeding strategy leading to robust animals adapted to get the most of rough forage

Limitations

- Whole crop silage quality
- Grazing area limited
- Reliance on soya as supplement
- Contractors for silage making
- Poor quality tracks are the main limitation

Results of the high MFF case studies

- Calving month: the link to spring calving not as clear as expected
 - ◆ Only 1 of 5 herds was spring calving
- Level of concentrate feeding
 - ◆ 3 farms below average: 0.13 to 0.17 kg/l
- Forage
 - ◆ Red clover in the leys and whole crop silage
- Stocking rate
 - ◆ weak negative correlation with high MFF
- No predominant breed but use of cross breeding
- Tendency for higher costs per ton of concentrate

Conclusions and outlook

- Concentrate feed price costs are unlikely to fall
 - ◆ organic trends similar to non-organic
- Concentrate costs account for 20 to 35% of cash costs in of organic milk production
- Forage remains the cheapest feed for all livestock sectors
- Challenge remains to establish stable management systems that make best use of it
- What can we do to make this a reality?

The Organic Research Centre



22-23 January 2013

Making producer-led innovation a reality - 7th Organic Producer Conference

Milk from forage and MOPF

