De-certification the only way ?

Controlling Cost
Or
Improving Profitability

William Waterfield

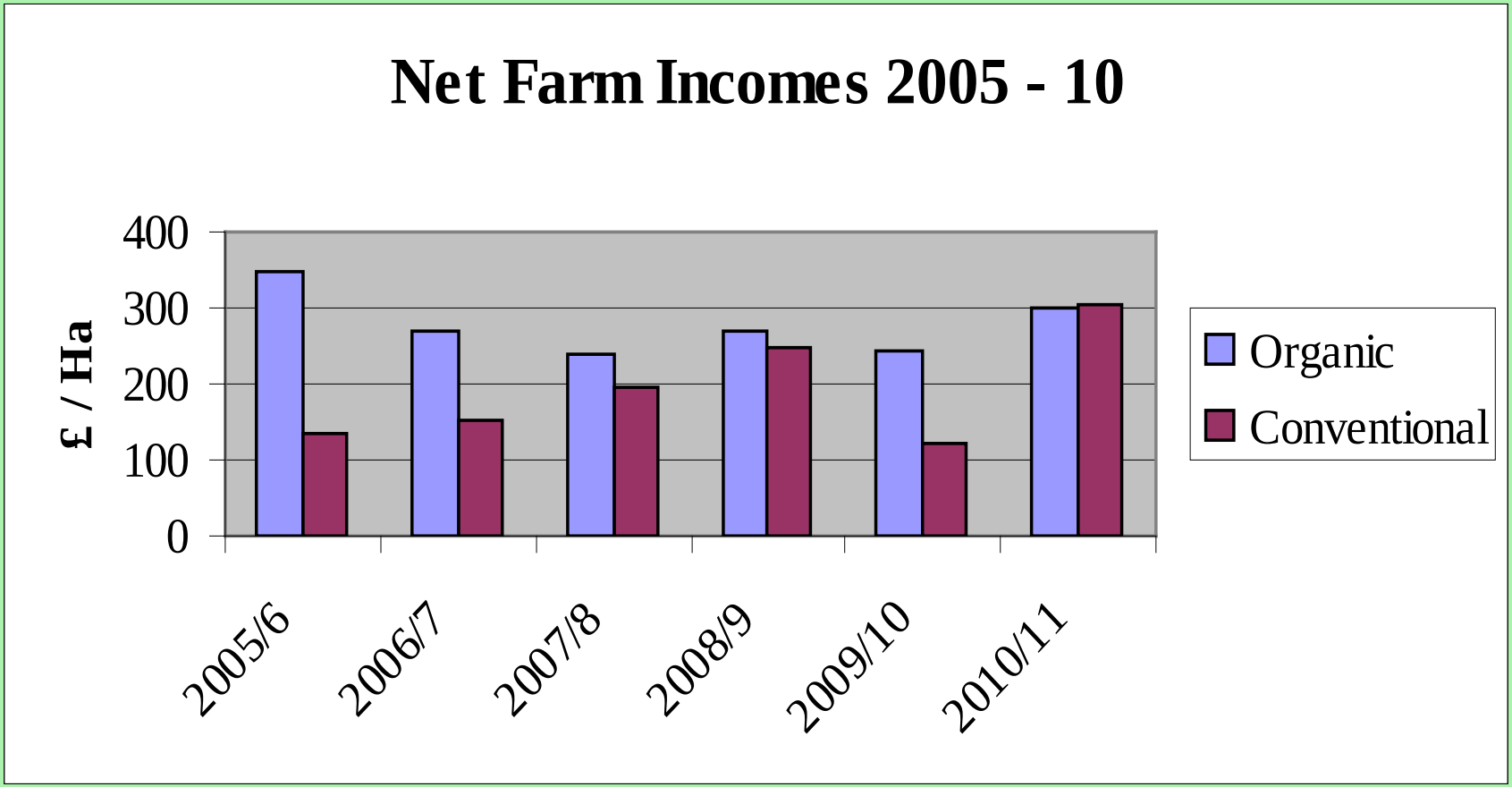
The Farm Consultancy *Group*

THE ORGANIC RESEARCH CENTRE
ELM FARM

Controlling Business Costs

Controllable Costs	Variable Costs Seed & Fertiliser	Lower under Organic Systems
Difficult to control costs	Labour Power and Machinery	Higher in Organic systems
Very Difficult to control costs	Partners costs Rents Loan repayments	Rents Higher

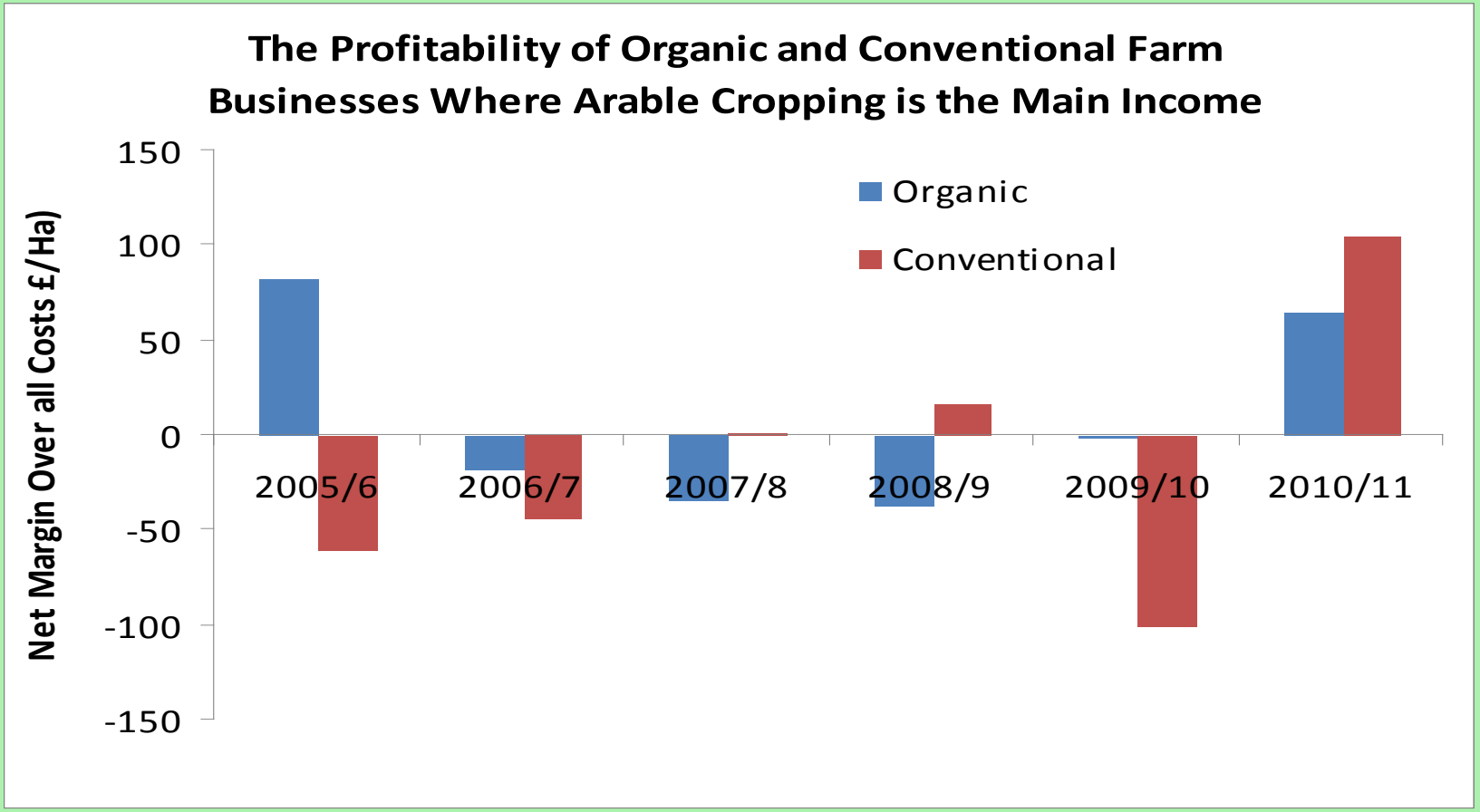
Where are we now



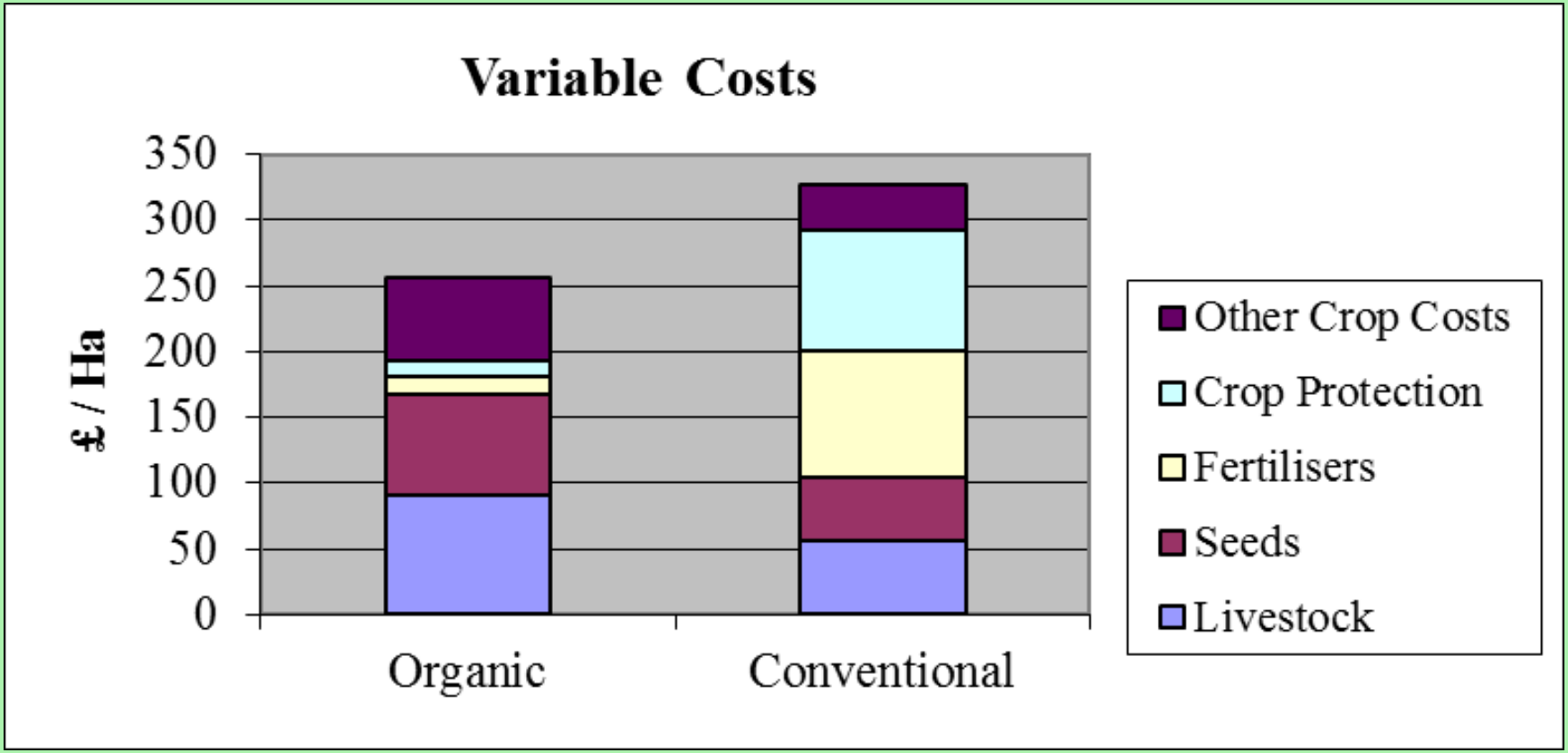
Controlling Costs but Do not forget other income

- Single Farm Payment is similar to Organic Farms than to Conventional Farms
- Environmental Payments are about 3 times higher on Organic Farms than Conventional farms
- Environmental Payments typically £110-£130 / ha compared to SFP at £180 / ha

Is the Grass Greener on the other side of the Fence?



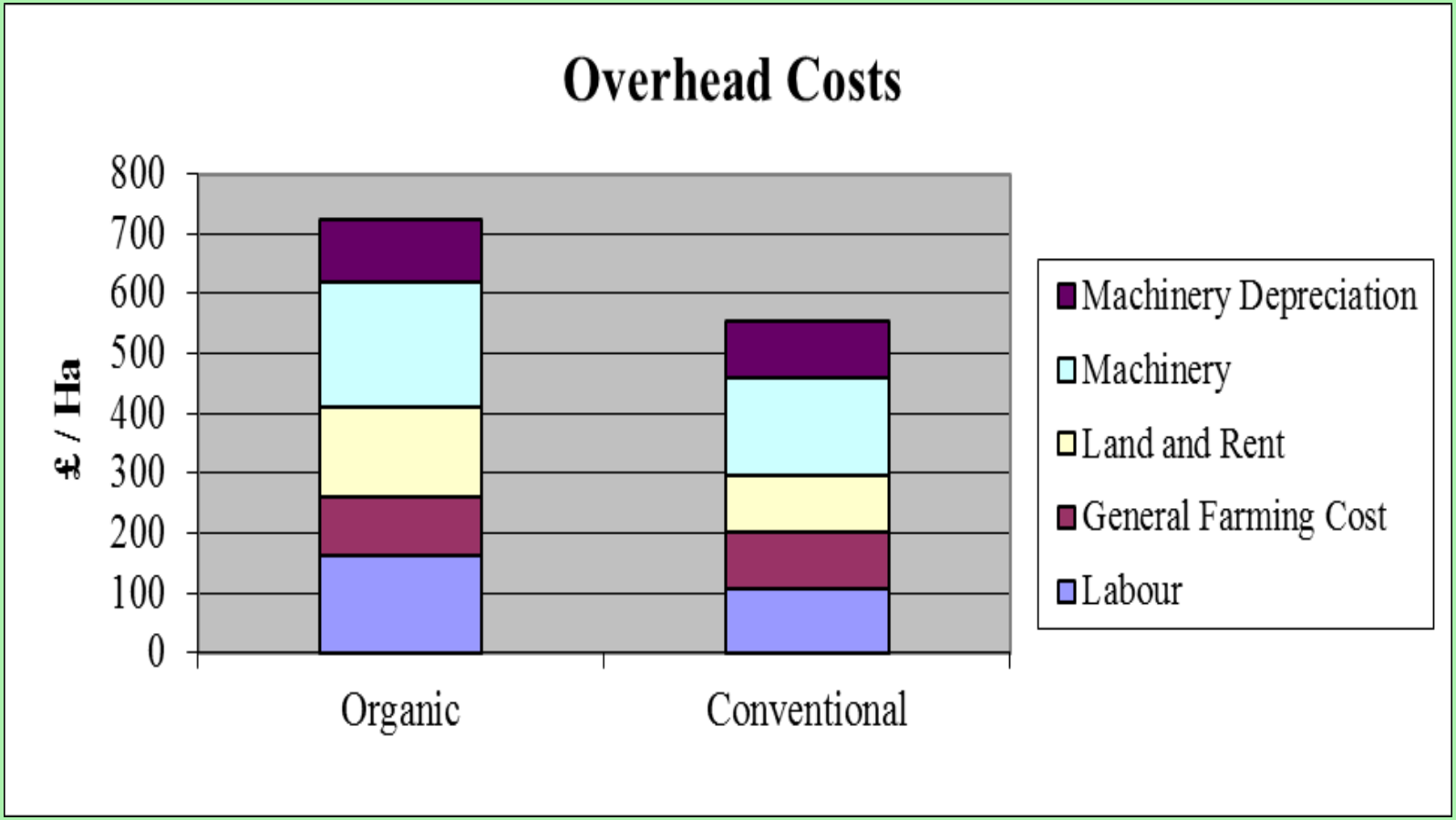
Controllable Costs



Crop Gross Margin Comparisons

Crop	Gross Margin			
	Organic		Conventional	
	£/Ha	£/T	£/Ha	£/T
W Wheat	844	217	696	86
S Wheat	648	193	452	98
S Barley	643	193	458	87
W Oats	623	179	510	82
S Oats	576	153	454	97
Beans	520	222	343	109

Difficult to control costs



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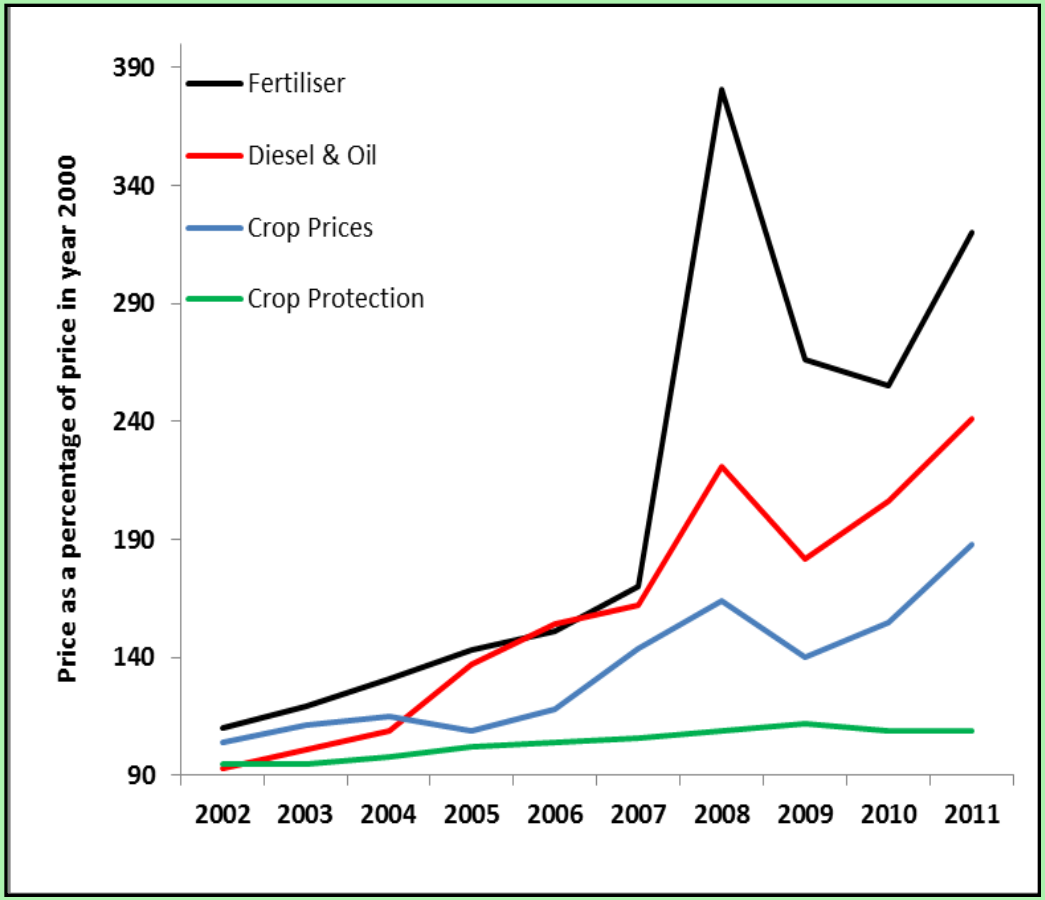


The effect of Yield

- A costs saved are absolute
- The promise of a yield increase is like a blind date (you are not sure what will happen)
- A 10% increase in yield increases Net Margin by 28% (before costs) £90 / ha
- For the conventional farmer a 10% increase in Nitrogen costs reduce the profits by 13%
- So how should one go about increasing yield.

Controlling Costs

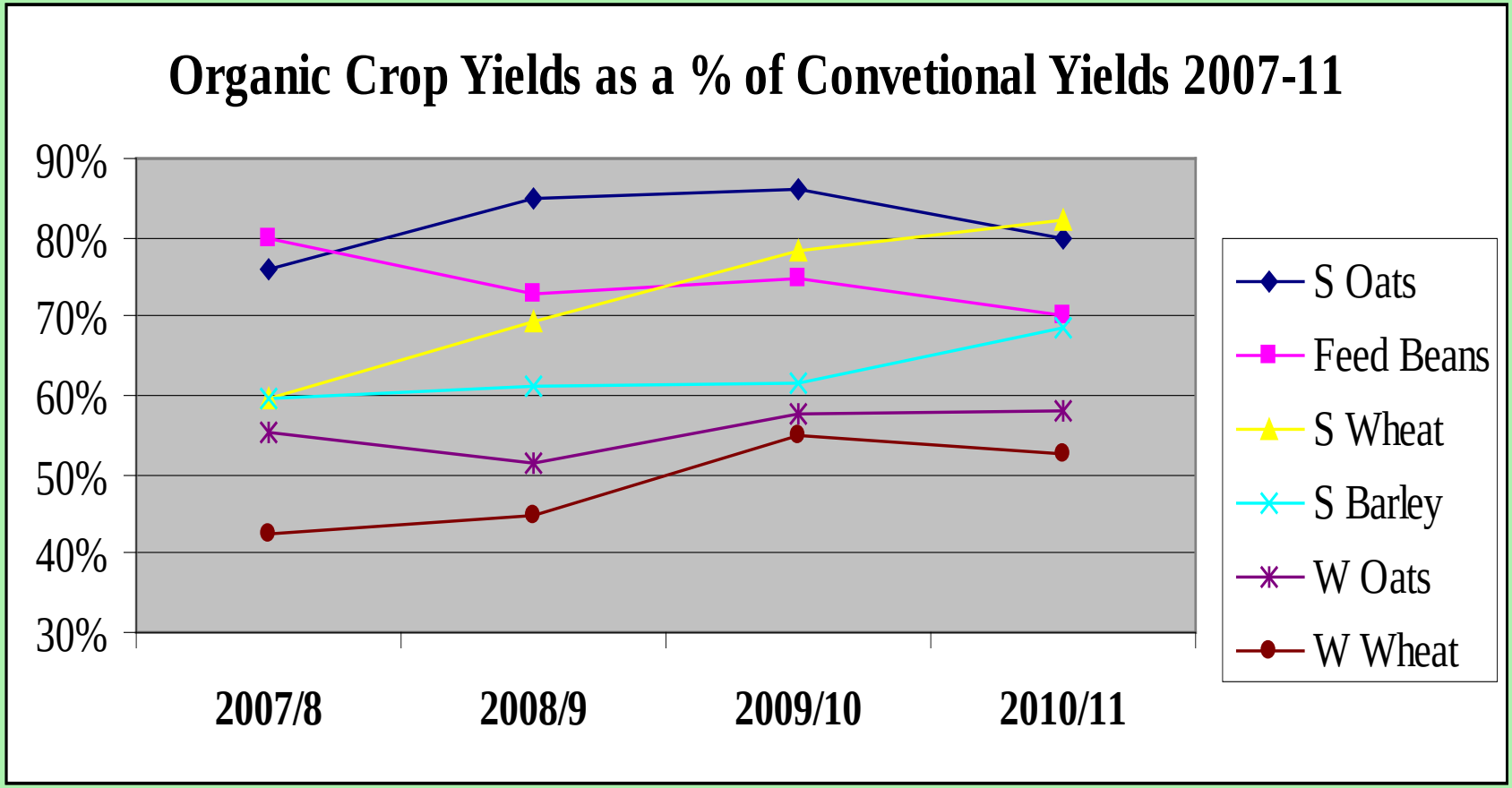
Reducing costs

- Seed costs
- Labour often goes with P & M
- The use of specialist Contractors
- Machinery sharing
- Machinery syndicates
- Non inversion Tillage systems

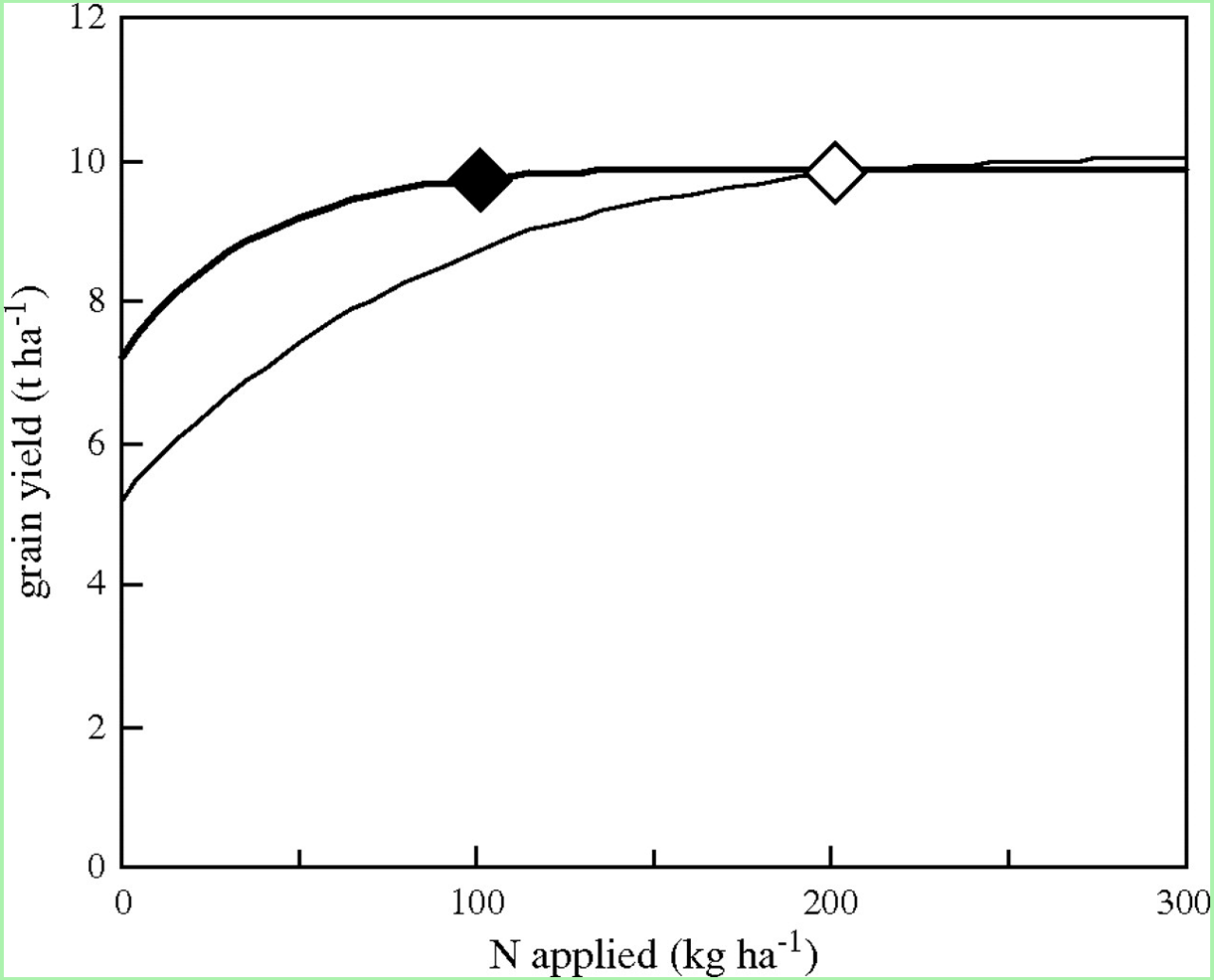
Increasing Yield

- Variety selection mixtures and bi-cropping
- Drilling dates and seed rates
- Fertility management digestate and manures
- Soil Structure and Organic matter
- The role of micro nutrients
- Agro forestry

Organic v Conventional Crop yields



Examples of yield responses to applied N for a normal (fine) and an improved (bold) variety with half the economic optimum amount of N (symbols) but with the same grain yield.



Sylvester-Bradley R , Kindred D R J. Exp. Bot. 2009;60:1939-1951

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Fertility Building Phase -Questions

- How long is the fertility building phase
- Should it be all legumes or how much grass should be included
- Is it fully productive or do you over graze / cut it.
- Do you capture the nitrogen released from the crop
- Could you be letting the grass for someone else to graze

Mob Grazing ?

Could it play a part in fertility building

- Claims to build fertility over short period
- Very diverse swards grazed on a extended basis
- Organic matter increase from increased root mass and herbage that is trampled in and not grazed
- Claims to lock up carbon
- Could be managed on a contract / grazing licence basis
- Could be used to out winter dry cows prior to a spring crop