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AGRICULTURE & HORTICULTURE DEVELOPMENT BOARD

Hereford Monitor Farm meeting report

Meeting: Labour and machinery review
Speakers: John Pelham (Andersons), Christine Watts (AHDB)
Date: 14 November 2018
Location: Bishops Frome Village Hall, Herefordshire

For more information, visit: cereals.ahdb.org.uk/hereford2017

Meeting summary

Do you have an accurate idea of your fixed costs?

- Accurately knowing your costs of production – challenge your business decisions
  - Machinery replacement and hire
  - Staff recruitment
  - Farm strategy
- Impact of potential loss of BPS – payments phased to £0 by 2028
- Benchmark your business to others on a comparable basis – know where you stand
- Highlight opportunities for cost saving, collaboration and diversification

Hereford Monitor Farm drill demonstration

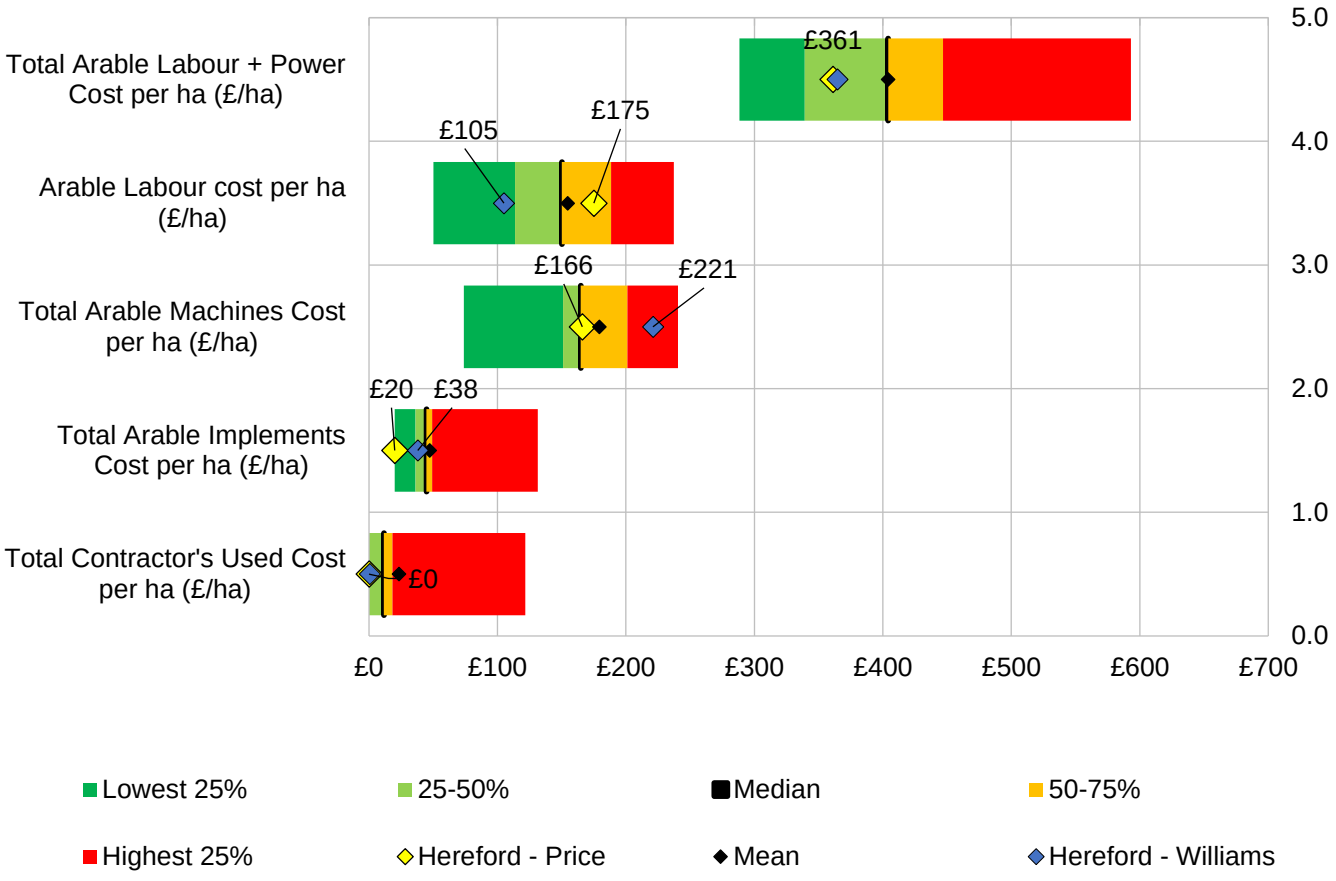
Can establishment costs be reduced without compromising yield?

Variety: Sundance
Drilling date: 12 October 2017
Soil Type: Medium – Heavy clay loam
Field average yield: 11.55t/ha
Nitrogen application: 240kg/ha
Organic manure application: 5t/ha (turkey litter)

Over the 2017/18 season six establishment methods were compared in 24m-wide blacks of a Sundance wheat crop at Russell's farm near Ledbury. Establishment costs ranged from £85/ha up to £135/ha with the cheapest method representing a £50 saving over the most expensive method.

Primary Cultivator	Secondary Cultivator	Labour	Cost	Yield
Plough	Disc Drill	0.75hours/ha	£122/ha	12.3
Trio Cultivator	Combination Drill	0.7 hours/ha	£129/ha	12
Stubble Cultivator	Direct Drill	0.35hours/ha	£85/ha	11.8
Plough	Combination Drill	0.96 hours/ha	£135/ha	11.7
Stubble Cultivator	Strip Till Drill	0.4 hours/ha	£90/ha	11.5
Trio Cultivator	Disc Drill	0.5hours/ha	£115/ha	11.11

Hereford Monitor Farm machinery costings



Hereford Monitor Farm recommendations

- Martin - Depreciation represented one of the highest costs per hectare of the total machine cost, resulting from machinery that tends to be purchased new. The average hours on machines is high which means that the ability to keep machines for longer may not be practical however prolonging the lifespan of machinery would reduce the depreciation and should be considered where possible. As an alternative to purchasing machinery, costs for a contract hire agreement could be obtained for future machinery changes.

- Martin - The Claas Lexion 760TT combine is proposed to be replaced in 2018 due to concerns overs it performance. It may be worth considering a contract hire to reduce the depreciation cost to the farm provided a reasonable deal is achievable in which repair costs would be removed.

- Martin - When the ELS expires this year Martin should consider entering the remainder of the farm into Mid-Tier CSS scheme in order to maintain the income of the farm whilst utilising the existing labour and machinery.

- Russell - Operational costs on the farm good and in line with the Monitor Farm average. Interestingly, on other Monitor Farms where wheat is established after ploughing and without ploughing, the establishment and fuel costs are double where a plough is used. The use of a plough sparingly before potatoes allows the Hereford Monitor Farm to reduce these costs.

- Russell - The repair costs for machinery and implements are firmly in the lower end of the Monitor Farm group. Whilst increasing the machinery lifecycle may be impaired by high usage (annual engine hours), there is an opportunity to keep implements on farm for longer (especially for cultivators and drills where the average anticipated lifecycle is six years).

- Russell - The diversification on farm into an environmental stewardship scheme has enabled the Hereford Monitor Farm to increase farm income from the existing labour and machinery portfolio, therefore providing better utilisation for their costs per hectare.

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Traits of the top-performing farms

- Low depreciation costs per hectare of below £63/ha
- Low repair costs per hectare achieved though tactical hiring and experience
- Low diesel usage per hectare of below 100 litres/ha
- Low machinery costs per hour – a low hourly cost of running the tractor reduced key operational costs such as drilling
- Low cost of combining per hectare
- There was no clear correlation with the size of the farm but most of top 25% was in 500–1000ha range

Find out more – Links to AHDB information sheets or research

Machinery cost calculator
Labour and machinery webinar
Machinery for farming or farming for machinery webinar
Farmbench
Preparing for change: the characteristics of top performing farms

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