

Hereford Monitor Farm meeting report

Meeting 9: Arable farming post subsidy – how can Herefordshire farms prepare?

Speakers: John Pelham (Andersons), Christine Watts (AHDB)

Date: 16 January 2019

Location: Woolhope Village Hall, Herefordshire

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



Meeting summary – key messages

- Precise evaluation of profit and loss is key to business sustainability
- Profitability – or lack of – is the elephant in the room for UK agriculture.
- Defra figures show how reliant on subsidy the agricultural industry has been over the past 25 years, as margins are squeezed by rising cost of production and falling commodity prices

Increased uncertainty in the UK

- John Pelham did not speculate on the future of direct payments, he believes looking at performance variability across a farm business and trying to eliminate loss-making areas will help to improve resilience to any external threats, such as Brexit.
- For arable producers, this could be taking an underperforming crop out of the rotation or removing low yielding parts of fields, such as outer headlands, from cropping plans.
- You can either stop production altogether and profit will go up, because your business doesn't have to incur that loss, or you can improve performance to make it more profitable

Eliminating loss

- John Pelham used an illustrative example, how understanding profit and loss can improve the profitability of a winter wheat enterprise.
- Spread over 200ha, the enterprise comprised of five 20ha, five 10ha and ten 5ha fields and he made several assumptions, including £1,050/ha operational costs.
- Structural costs such as admin, property, rent and finance were assumed to be covered by the Basic Payment, while the wheat price was set at £132/t and the farm's breakeven yield was 8t/ha.
- Where underperforming areas were taken out of production, a higher proportion of the cropped area was above the breakeven yield, eliminating loss from the business.

AHDB exports: what do you get for your levy?

- China: Beef ban lifted (estimated value £250M/5 years) and sheep market access discussions beginning. Widening of dairy access. Seed potatoes agreed. Ongoing dialogue on technical requirements for cereals.
- Japan: Beef and sheep meat approval anticipated (estimated value £75M/5 years)
- Taiwan: Pork access granted in August (estimated value £50M/5 years) - recent Ministerial launch
- First commercial shipments made
- Philippines: full access for beef, lamb and pork granted
- Ongoing access dialogue with US, Mexico, South Africa
- Cuba: seed potatoes, commercial breakthrough to trading in the marketplace
- India: lamb access announcing this week! c.£6m/5 years
- AHDB seen has a key role with stakeholders and Government



Find out more – Links to AHDB information sheets or research

[AHDB Cereals & Oilseeds exports information](#)

Next meeting


Date: 8 March 2019

Topic: Cultivating a positive future for farming

Time: 1pm

Location: Hereford Racecourse, Roman Road, HR4 9QU

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To find out more about Farmbench, AHDB's benchmarking tool,
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