

Oxford Farming Conference 2010



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CHALLENGES

- Earn a satisfactory return to ensure investment
- Embrace scientific advances
- Minimise environmental impact

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EARNING A RETURN - TARGETS

- Earn a 3% return on current land values
- Earn a 15% return on “tenants capital” after charging rent at 3%
- Reduce risk by maintaining a corn/horn balance

	Original	Current
Acreage	600	2200
Grain	400	1250
Cattle	80	270
Fruit/Veg	120	(350)
Staff	10	4
Sales per employee	£40,000	£196,000
Margin	Negative	39%

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CURRENT OUTPUTS

Current outputs	
Turnover	£786,000
Beef – 85,000kg (inc 4% pedigree)	31%
Grain 2200 t	27%
Contracting 650 acres	7%
Subsidies	19%
Profit before interest	39%
Profit without subsidies	20%

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FINANCIAL DATA

	Grain £,000	Cattle £,000
Labour	59	51
Fixed Costs	142	63
Variable Costs	80	85
Contract Credit/ Straw	(75)	20
	<u>£206</u>	<u>£219</u>
Cost per t/kg	<u>£93</u>	<u>258p</u>

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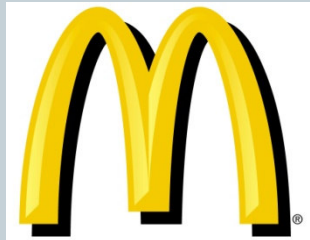


RELATIONSHIP WITH CUSTOMERS

Supermarkets – open dialogue

- share cost data

- available for projects – Sainsbury's beef steering group, McDonald's Scout With a Clout



The logo for Sainsbury's, featuring the word 'Sainsbury's' in a bold, orange, sans-serif font.

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Pedigree Beef Cattle – shop window

- Continuing to invest in the best genetics



Omorga Samson (left) bought for 22,000gns – progeny grossed £50,000 to date and new sire and top priced Charolais bull Blelack Colonel bought for 12,000gns

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EMBRACING SCIENTIFIC ADVANCES

1 Economic science

- return from bulls versus steers – ongoing discussion with retailers regarding profitability and performance



- Deadweight kg/acre improvements

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Finishing bulls vs steers – an ongoing debate

	BULLS	STEERS	DIFFERENCE
Price £	1043.63	903.63	140
Killing Out %	54	51	3
Deadweight kg	365	312	53
Age (mths)	12.8	14.2	1.4
% U grade	96	36	60
% R grade	4	64	
% 3/4L	89	39	50
% others	11	61	
Average price/kg	286	290	

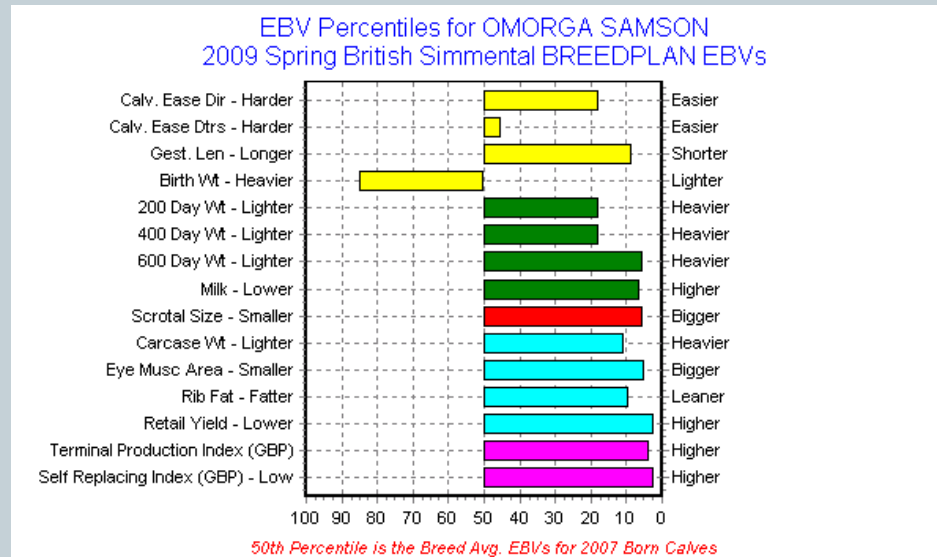
*61 animals slaughtered

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2 Applied Science

- Omega 3 trials
- ABRI data – use as management tool across breeding programmes of commercial and pedigree stock



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3 **High Science** – (systematic and formulated knowledge)

- GM to improve efficiency of production
- Importance of disease reduction

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MINIMISE ENVIRONMENTAL IMPACT

1 Importance of improving cattle growth rates to reduce methane emissions per kg

i Europe 9 million kg

80 million cows

Brazil 9 million kg

200 million cows

Europe has only 40% of the methane footprint per kg

ii Faster growing bulls more environmentally friendly than steers

2 Recognise beef may not be the most efficient use of grain to feed the world but we have to recognise consumer preferences and demands

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CONCLUSIONS

1 Profitable farming

- Needs scale to deliver
- We now enjoy our economies of scale
- New Zealand have 4500 ewes/man and Scotland's average flock size is 214 ewes
- Plenty of scope for the future

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2 Embracing Science

- GM is a process not a product
- Equally essential in the pharmaceutical industry for curing cancer as improving agriculture
- Europe will be least affected by climate change – do we have a moral obligation to maximise production in order to feed the world

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Just remember – no farmers means no food!



THANK YOU