

Yorkshire and Humberside Region Commentary 2010/2011

This report includes data collected from the Farm Business Survey for the 2010 to 2011 financial year, relating to the 2010 crop harvest.

Please note that the classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier statistical notices. Please see the explanatory document at <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/> for further details of these changes. Commentary in this report therefore draws upon the appropriate table from <http://www.farmbusinesssurvey.co.uk/regional/> for 2010/11, plus Farm Accounts in England where applicable <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/publications/farmaccounts/farm-accounts-2011/>

The Farm Business Survey is conducted on behalf of, and financed by the Department for Environment, Food and Rural Affairs, and the data collected in it are Crown Copyright.

Nature of Farming in the region

The following description of the region has kindly been provided by Tim Ashelford, Rural Strategy Team, Government Office for Yorkshire and The Humber.

Agricultural land represents 69% (1,674,835 ha) of the total regional area (2,412,944 ha). Defra has an Agricultural Land Classification (ALC) system with 5 separate grades depending on physical limitations whereby Grade 1 is the best quality and Grade 5 the worst as shown in Table 1.

Table 1. Agricultural Land Classification system

Grade	Quality	% of agricultural land area
1	Excellent	1%
2	Very Good	15%
3	Good/Moderate	43%
4	Poor	17%
5	Very Poor	24%

Excellent quality agricultural land (Grade 1) accounts for only 1% of the agricultural land in the region. It is most extensive on the lighter warp soils found alongside the lower reaches of the Rivers Ouse and Trent but also occurs south east of Barton-on-Humber and on some deep sandy loam soils around Ripon. This land has few, if any limitations and is capable of growing high yields of a wide range of arable and horticultural crops.

Very good quality agricultural land (Grade 2) accounts for 15% of the land in the region. It is extensive in the Vale of York, on the Yorkshire and Lincolnshire Wolds, on the heavier textured warp soils alongside the lower reaches of the Rivers Ouse and Trent, in Holderness and the river valleys of the Tweed, Tyne, Wear and Tees. This land has only slight limitations, principally slight soil droughtiness but also soil wetness/topsoil workability restrictions on the warp soils. This land is capable of growing a wide range of arable and horticultural crops.

Good to moderate quality agricultural land (Grade 3) accounts for 43% of the land in the region. Grade 3 land occurs extensively in the lowlands, often on soils derived from boulder clay, lacustrine clay or aeolian sand. The main limitation on Grade 3 land is soil wetness, but erosion and drought risk are also limiting factors on some lighter soils especially in the Vale of York. Grade 3 land is capable of growing a restricted range of arable and some root crops, as well as producing good yields of grass. Land at the lower end of the grade is likely to produce only moderate yields of a narrow range of crops, principally cereals and grass.

Poor quality agricultural land, classed as Grade 4, accounts for 17% of the land in the region. It is located principally above 300m both in the foothills of the Pennines and the valleys of the North

York Moors. Smaller areas of very poorly drained and clayey soils in the Vale of York are included in this grade. In parts of central Durham and south east Northumberland, the natural soil profile has been modified by extensive opencast coal working. When returned to agriculture this land is generally Grade 4. Poor soil conditions due to high rainfall and poor drainage in the uplands are the main limitations on soil of this grade. Severe soil wetness and topsoil workability are limitations in the lowlands. Grade 4 land has severe limitations which generally restrict it to grass production with occasional forage crops.

Grade 5 land is classed as very poor agricultural land and accounts for 24% of the land in the region. It is mainly located on the tops of the Pennine Hills, Cheviots and North York Moors and the undrained peat soils at Thorne Waste and Hatfield Moors between Doncaster and Goole. The principal limitations are the combination of climate and soil wetness. Grade 5 land is normally limited to rough grazing. Figure 1 depicts the agricultural land classification across the region.

Physical characteristics

The region contains a wide range of physical conditions, which is reflected in the diverse mix of landscape and habitat types found. In Yorkshire and Durham west of the A1, the land is characterised by the carboniferous limestone, coal measures and millstone grit of the Pennines chain. West of the A1 in Northumberland, the volcanic massif of Cheviot Hills rises abruptly to over 800m above sea level. The Pennines are dissected by a series of major river valleys flowing eastwards towards the North Sea. In Northumberland to the east of the A1, land is generally low altitude coastal plain, protected from the sea by sand dunes and low cliffs. East Durham has a magnesian limestone plateau rising to 180m along its west facing escarpment, terminating in 60m cliffs along the North Sea.

South of the Cleveland conurbation, the land rises to form the upland landscape of the North York Moors and Cleveland Hills, including sandstone, mudstone and limestone deposits, over 400m at their highest point. In East Yorkshire the extensive chalk deposits of the Yorkshire Wolds, a prominent plateau almost 300m above sea level, with steep sided dry valleys, extend eastwards with spectacular cliffs where the outcrop meets the coast at Flamborough Head. Most of this eastern coast is suffering from extensive erosion. South of the Humber, the northern tip of the extensive chalk deposits of the Lincolnshire Wolds enters the region.

In the south of the region, immediately east of the Pennine Hills, lie the shallow coal measure deposits of the Yorkshire coalfield, the eastern boundary of which is marked by the Magnesian Limestone ridge which bisects the region from north to south along the A1 corridor.

The large central low lying area of the Vale of York constitutes the floodplain of many of the Yorkshires major rivers and is underlain by glacial deposits of sandstone and mudstone.

Climate conditions

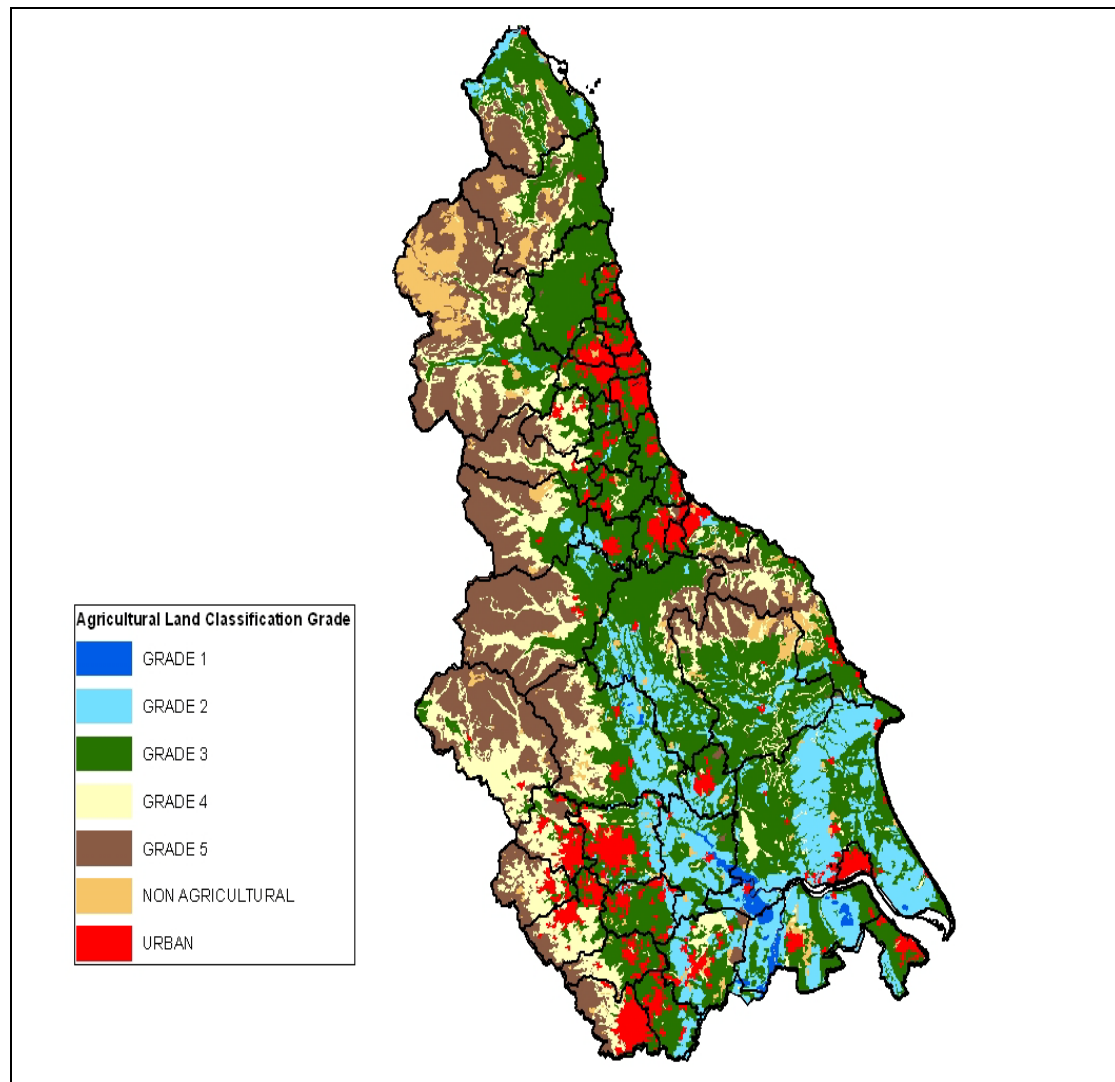
Climatic conditions are most severe in the Pennines and Cheviot Hills and to a lesser extent the North York Moors. Land here has the coolest and wettest climate in the region, land is often steep sloping and soils are generally of poor quality. These conditions limit agriculture to extensive livestock farming. The uplands also contain a high proportion of land with special landscape and wildlife designations, including the Yorkshire Dales, Northumberland and North York Moors National Parks.

Recent evidence indicates that climate change will have a significant impact on yields and the range of crops that can be grown in all parts of the region.¹ These changes will also affect the region's important wildlife habitats and lead to more flooding and drought which will impact directly upon human and economic activity in the region.

¹ Warming Up the Region: Yorkshire & Humber Climate Change Impact Scoping Study, Yorkshire Forward 2002.

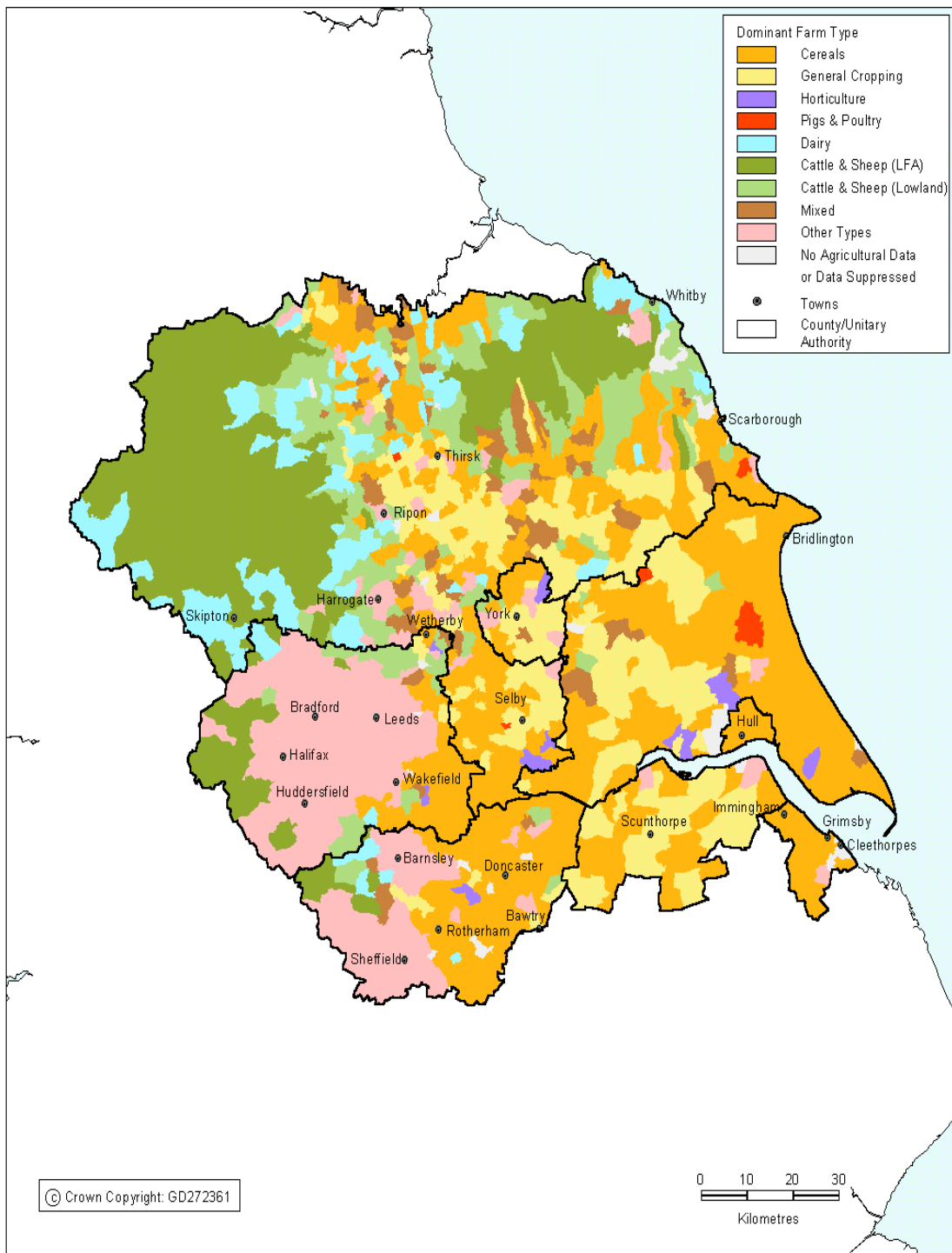
Agricultural Land Classification

Figure 1. Agricultural Land Classification in Yorkshire and the Humber and North East Region's²



² Details of the system of grading can be found in: Agricultural Land Classification of England and Wales: revised guidelines and criteria for grading the quality of agricultural land, Defra, 1988.

Figure 2. Farm Type Classification in the Yorkshire and Humber GOR



Contribution of farming to the regions economy and agriculture in England

- Agriculture in the GOR employs 31,501 people representing 10.7% of the total agricultural workforce in England.
- Agricultural workforce in the region accounts for 1.31% of the total workforce.
- Gross value added is £760 million and Total Income from Farming is £527 million.
- Gross Output generated by the agricultural sector was estimated at £1,887 million in 2010. This represented 12% of agricultural output in England.
- The region accounts for 13.3% of national crop area, 33.9% of the English pig population, 10.3% of cattle and 14.2% of sheep.

Contribution to output by different business activity

Total output is derived from four separate activities of agriculture, agri-environment, diversification and Single Payment scheme (SPS). Table 2 below shows how different farm types vary in terms of their reliance on a particular output activity. Dairy farms are the most dependent on agricultural output with only 9% of output from other sources, mainly the SPS. In contrast LFA Grazing farms receive nearly 70% of their output from agriculture, 6% from agri-environment schemes, 3% from diversification and 22% from SPS.

Table 2 Percentage Business Output by sector (2010)

Farm Type	Agriculture	Agri-environment	Diversification	SPS
Cereals	79	2	4	16
Dairy	91	1	1	7
General Cropping	86	2	2	11
LFA Grazing	69	6	3	22
Mixed	82	1	5	12

Figure 3 Business output by category (2010).

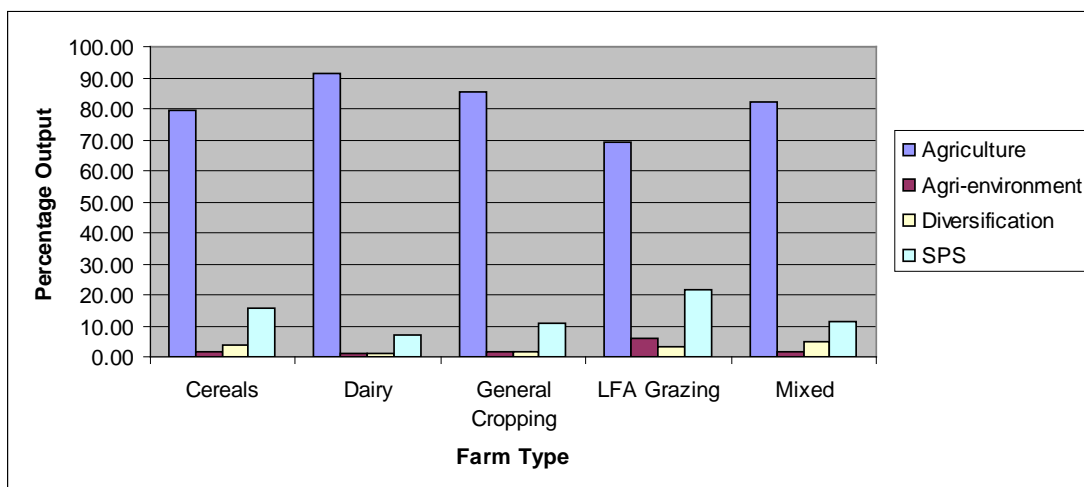


Figure 4a Business output by category (2008/9 to 2010/11).

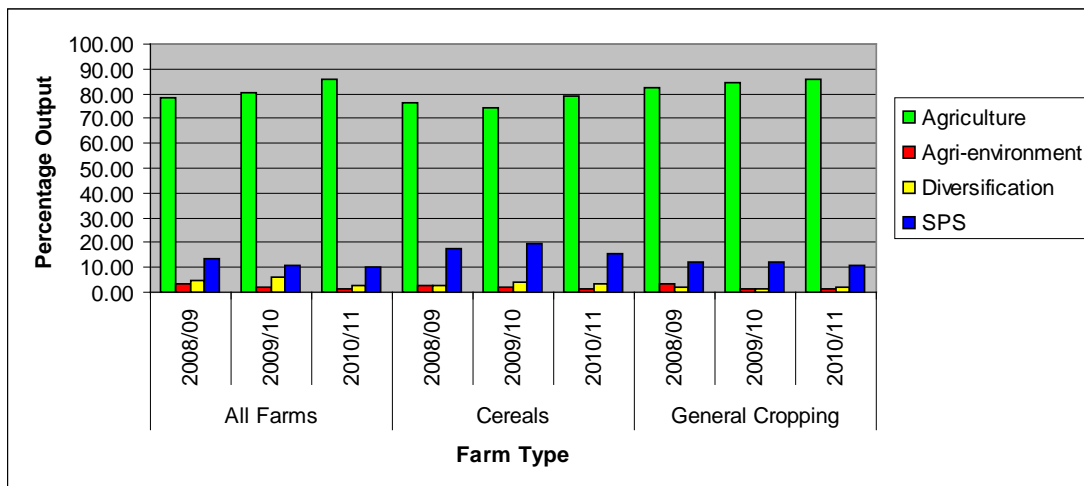
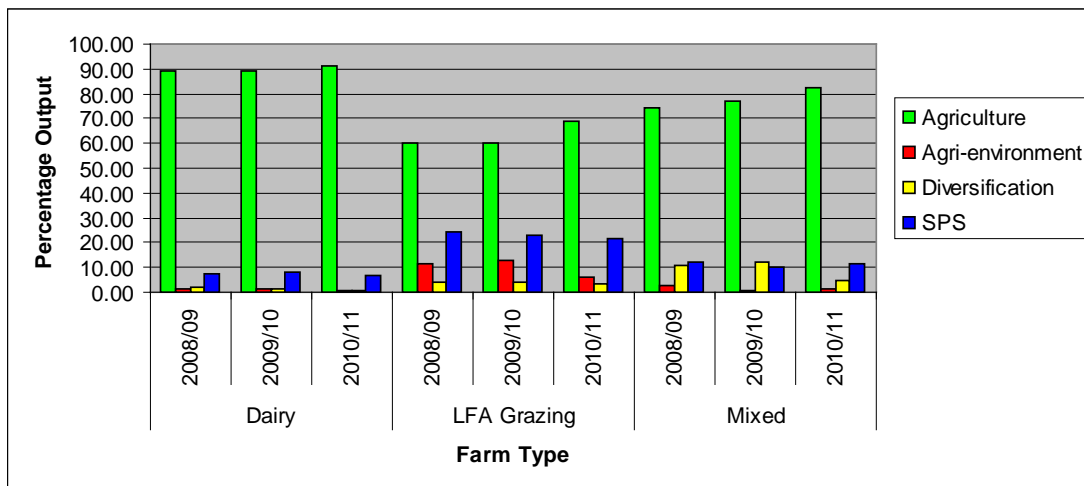


Figure 4b Business output by category (2008/9 to 2010/11).



Contribution of region's farming to farming in England Land Use

Agricultural holdings in the region occupied some 1.07 million hectares of land in 2010, representing 12% of the total area in England. Table 3 shows that in 2010 503,095 ha was in use for growing crops, amounting to 13.3%. Whilst set aside land area increased from 17,225 in 2009 to 28,852 ha in 2010, this was reflected in a fall in the area covered by bare fallow to 17,852.

Table 3: Land use census data for the region.

	2008	2009	2010
Land Use	Hectares	Hectares	Hectares
Crops	535,186	526,194	503,095
Bare Fallow	17,895	28,184	17,852
Grass under 5 years old	55,601	54,819	51,500
Grass over 5 years old	338,007	343,011	331,657
Sole right rough grazing	117,785	116,781	111,506
Set aside	18,713	17,225	28,852
Other land and woodland	23,117	26,168	21,615
Total area on agricultural holdings	1,106,304	1,112,382	1,066,077

Figure 5: Regional distribution of total crop area in England 2010

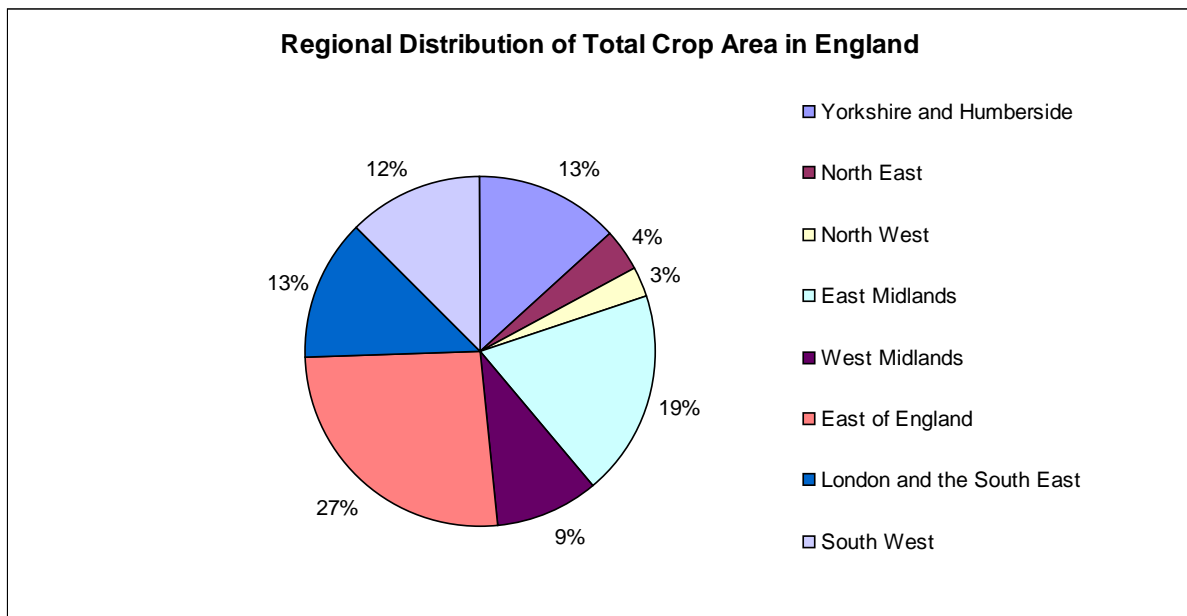
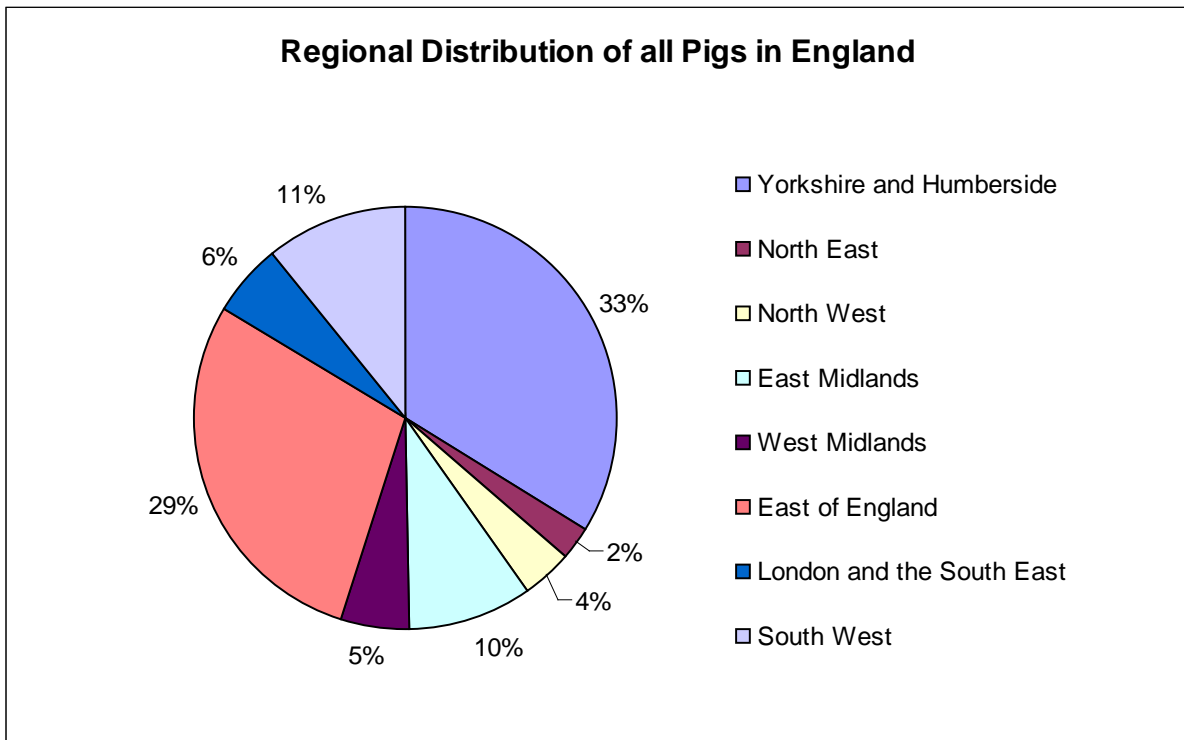


Table 4: Livestock census data for the region.

	2008	2009	2010
Livestock	Head	Head	Head
Cattle and calves	561,989	568,344	566,376
Sheep and lambs	2,161,907	2,116,969	2,019,926
Pigs	1,238,776	1,255,563	1,222,504
Fowl	14,408,052	13,057,261	13,575,135

Figure 6: Regional distribution of all pigs in England 2010.



2010/2011 FBS year

Weather

Figure 7: Average mean temperature for England East and North East September 2009 – August 2010.

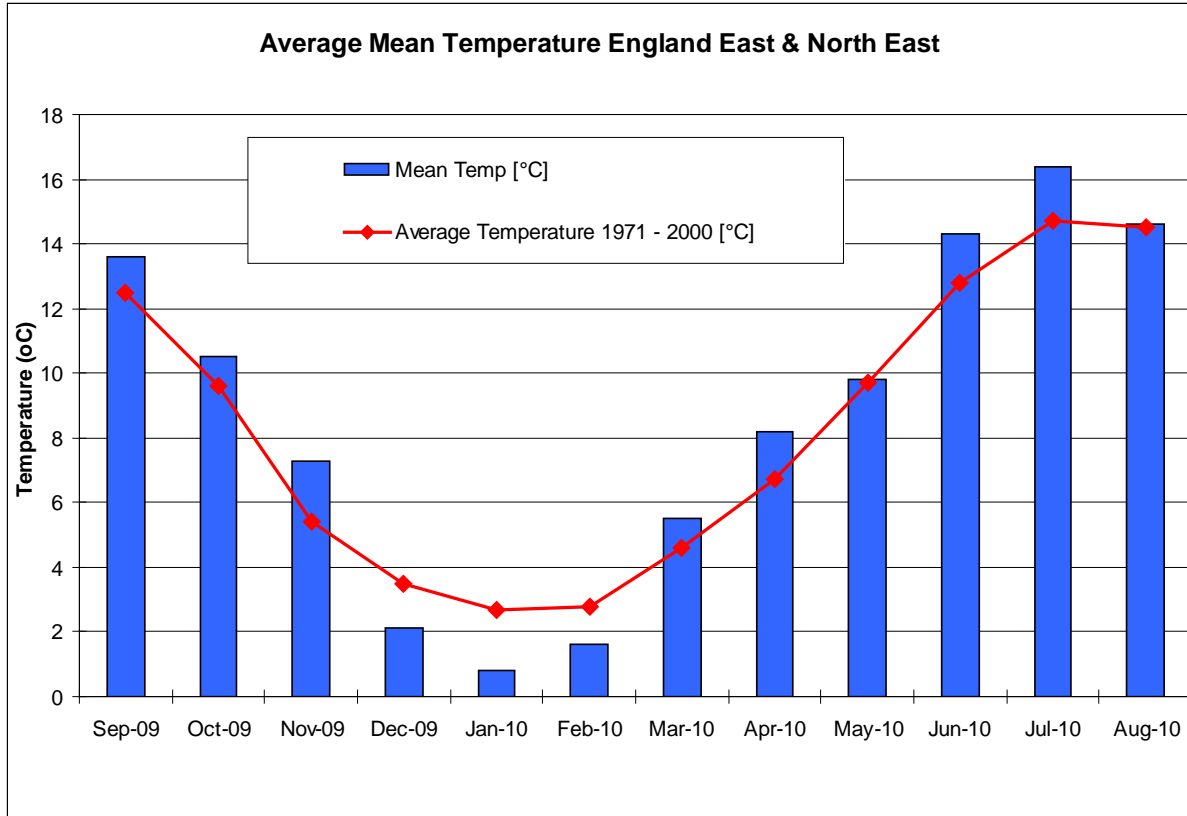


Figure 8: Average monthly hours of sunshine for England East and North East September 2009 – August 2010.

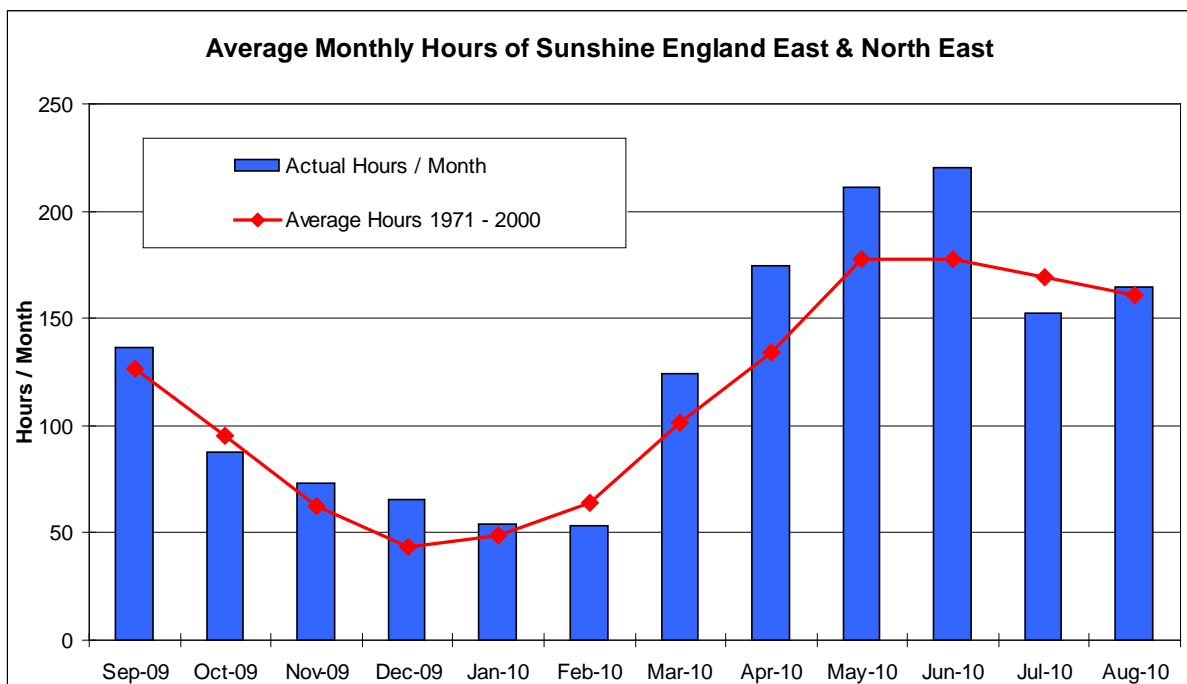
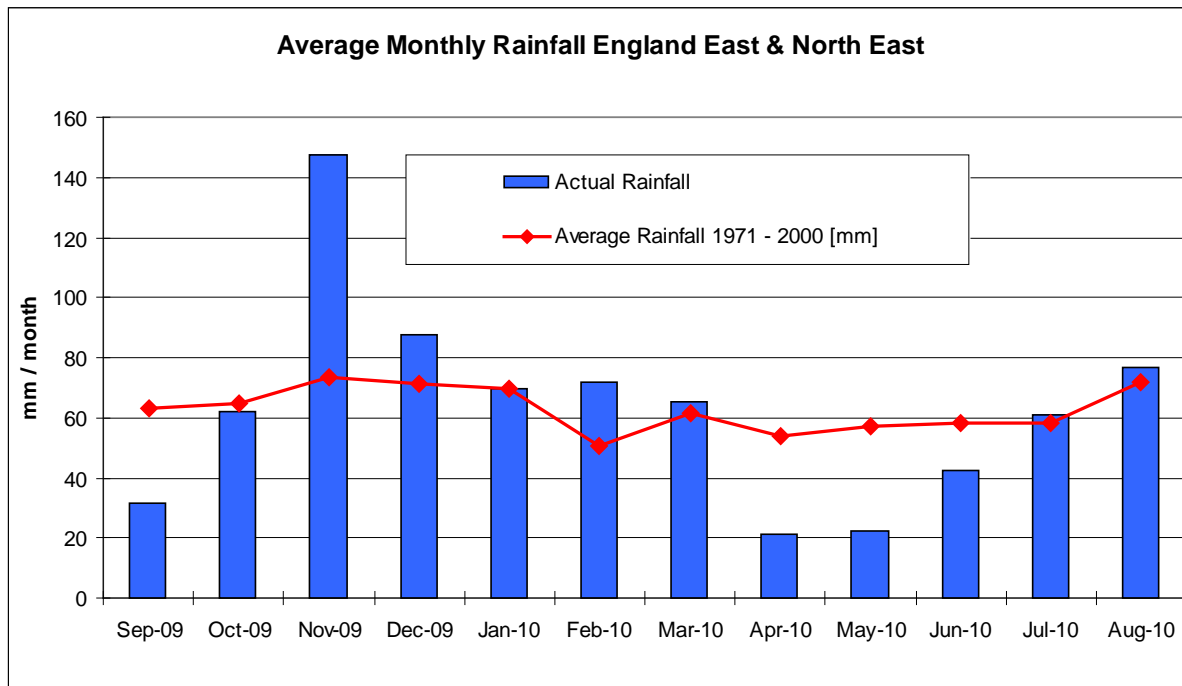


Figure 9: Average monthly rainfall for England East and North East September 2009 – August 2010.



Economic Background

Land and Weather Conditions

Snow and low temperatures dominated the weather during December 2009 and continued into January 2010, with some of the most exposed areas in the region having snow cover for over 6 weeks. Blizzard like conditions in early January saw gritters and ploughs taken from rural to urban areas to keep things moving. This left many rural roads blocked and impassable, with some dairy farmers unable to provide clear access for milk tankers, prompting the Environment Agency to relax rules and allow farmers to spread waste milk on frozen land. The lack of salt available in the region compounded the problem. The quantity of snowfall caused problems in the area, with buildings collapsing under the sheer weight of snow. Farmers in isolated areas struggled to receive feed wagons for vital supplies; this was helped by the Department of Transport's decision to allow drivers to temporarily work longer hours to ease the backlog. Hill farmers could not get feed to their sheep, with major losses recorded on some units.

Cold temperatures caused problems on all types of farms in the region, with livestock farmers spending much of their time defrosting pipes and feeding animals. Parlours were constantly frozen as temperatures dipped below minus 11 degrees Celsius and failed to reach temperatures above freezing during the day, while many farmers resorted to leaving heaters on day and night. Outdoor pig farmers reported higher than normal piglet losses due to the extreme cold, with some recording 50% deaths among litters during the coldest nights. Vegetable growers in the region found harvesting almost impossible due to the severe frost, with some Brussel sprouts harvested in the cold becoming soft. In the south of the region the sugar beet harvest was disrupted, with the ground too hard for harvesting, resulting in processing of the beet taking longer at the factories due to frost damage. Those who planted turnips for stock feed were forced to supplement with hay and silage, a result of the turnips freezing into the ground, making them inedible for livestock. Freezing conditions caused problems for egg farms with stock frozen and with egg collection.

The winter conditions continued into early March, with the snow and rain delaying potato planting due to the soil temperature being below the 8 degree Celsius optimum. Much of the crop was still under plastic, adding to costs. The frost made heavy land very sticky and unable to carry the planters. The prolonged cold weather delayed grass growth, with the extensive dairy farmers having no grass to turn cows out to, as soil temperatures were as low as 1.8 degrees Celsius.

After a cold early April temperatures began to rise which helped with lambing in the north of the region and farmers recorded lower than usual losses.

Cold nights returned at the end of April further delaying grass growth and this continued into early May with late lambers using infra red heaters to warm chilled lambs for the first time ever. May continued to be dry with farmers reporting crops suffering from drought stress and grass growth on the hills was very slow. Spring ground work was difficult as conditions went from wet to very dry within a week leaving ground to hard to roll. The dry conditions also hampered carrot planting, with the light soils being blown about during cultivating and drilling.

May continued to be dry and cold, being the coolest on record since 2000. This continued cold spell affected grass growth and first cut silage crops were 30-40% lower than usual.

The dry weather continued throughout June although potatoes in the region were growing well despite the lack of moisture. The dry weather continued into July with the first barley cut in the second week, yields were good despite the dry conditions. Beans and potatoes began to suffer due to lack of moisture, with some potato growers reaching the maximum quantity of water their irrigation licences would allow. The hot weather saw grassland parched, forcing dairy farmers in the region to buffer feed milk cows, eating into an already low stock of first cut silage. Rain started mid July to bring to an end the driest first six months of the year ever recorded.

Harvest started in August with poor crop yields, a result of the dry spring and late emerging crops the previous year.

November saw the earliest snowfall recorded since 1993, with record low temperatures around the region. Many later lambing farms had only just turned rams out when the snow began. Farmers were forced to feed sheep much earlier than they had hoped due to frozen ground and ewes unable to graze.

Vegetable growers suffered for the second year running due to the extreme cold. Some growers used straw to protect crops such as parsnips to protect them from the worst frost, enabling lifting to continue in the pre Christmas period. Those growers who did not have their own straw predicted it was costing £2,000 per hectare to straw the crops. One small benefit to the cold weather was the production of sweeter parsnips. Large areas of cauliflowers were ruined by the frost, although prices increased for those that were able to market stock. By the end of 2010 daytime temperatures had hit an all time record low. Nursery stock was affected again with many plants killed of by the extreme cold. Some producers couldn't afford to keep glasshouses heated because of the rising fuel prices. Sheep farmers were feeding full winter rations to ewes, using already depleted feed stocks. Dairy farmers were experiencing falling milk yield as temperatures continued to dip, while experiencing the same problems as last year, with parlours and water pipes frozen. The cold weather continued into the New Year with sugar beet crops abandoned and ploughed in, with the south of the region worst affected due to less snow cover to protect the crop from the frost. Beet that was taken to the factory was hard to press due to frost damaged crowns. Potatoes in windrows escaped damage, however stored crops were found to be of poorer frying quality.

The weather settled in March with excellent lambing conditions all around the region, the spell of warm dry weather continuing into April, the warmest since records began. The warm weather prompted good grass growth with dairy cows out in early April. Potatoes were planted into excellent ground conditions in early April.

Policy developments

An exchange rate at 30th September 2010 of £1 = €0.85995 set the value of entitlements for non-SDA land, prior to modulation, at £207.60. The payment window opened on 1st December 2010 and by 3rd December £1.1 billion had been paid out to around 83,000 farmers. However, at 31st March 2011, £215 million was still to be paid out on 6,300 eligible claims. Whilst it was decided that partial payments would not be paid, manual payments were to be sent out, as were any fully validated 2010 SPS claims with outstanding historical queries.

Caroline Spelman was appointed Secretary of State for Environment, Food and Rural Affairs, with Jim Paice as Minister of State for Agriculture. Following proposed cuts to the DEFRA budget, major

changes to its structure were announced, including the merging of the Animal Health Agency and the Veterinary Laboratory Agency, and the abolition of the Agricultural Wages Board and the Commission for Rural Communities. A task force on Farming Regulation, to be headed by Richard Macdonald, was introduced to look at reducing the amount of red tape and regulation in farming, by moving towards a risk-based system. Following the June 2010 Budget, the Government pledged their commitment towards a low carbon economy. A Natural Environment White Paper, the first to be published for 20 years, was commissioned by the Government.

The European Commission published its position for the future of the Common Agricultural Policy after 2013, the 3 main objectives being: viable food production; sustainable management of natural resources and maintaining rural diversity and economic stability.

The CFE was found to be making good progress, although it was hoped that more farmers would show their support for the Campaign: by signing up or renewing ELS agreements; adopting one of the voluntary CFE measures and retaining uncropped land.

Defra announced changes to the payment schedules for participation in the ELS & HLS, following an EU audit of England's agri-environmental Schemes, which concluded that payments should no longer be made on a rolling basis but on specific dates during the year.

Defra opened the public consultation on proposals to issue vaccination/culling licences to farmers and landowners in strictly controlled areas where there was a high incidence of Bovine TB, in an attempt to help control spread of the disease. It was hoped that a decision would be made on a bovine TB eradication program by autumn 2011. DNA tagging was recommended for cattle testing positive for TB and the RABDF requested a review of the government's TB reactor clearance policy, as farmers were waiting an average of 2 weeks between receiving test results and cattle being removed from the farm.

EU Legislation called for existing voluntary measures and additional legal requirements to govern the use of pesticides in the UK. The cost to register organic seed/seed potato variety increased following consultation with the industry and after changes made to the EU Organic Product Regulations. North East MEP Fiona Hall called for action against EU Member states and their egg producers unlikely to phase out battery cages by the legal deadline of 1 January 2012. Defra published a consultation paper proposing a staged phasing out of the use of peat by all gardeners, growers and procurers in England by 2030. Following the introduction of Electronic Identification for sheep on 31 December 2009, an EU review was set up to look at the use of EID and possible amendments to the system to make it practical at the farm level.

Performance of Farms by Farm Type in 2010/11 (harvest year 2010)

The following commentaries by Farm Type are based on Farm Business Survey data that has been weighted according to farm business population distributions by size and type as recorded by the June Census.

Please note that the classification of farms has been revised this year meaning that these results are not directly comparable with those published in earlier statistical notices. Please see the explanatory document at <http://www.defra.gov.uk/statistics/foodfarm/farmmanage/fbs/> for further details of these changes.

Cereal and General Cropping Farms

- In 2010/11, the average utilised arable area (UAA) on cereal farms was 115 ha, with arable cropping accounting for 82% of the area. Wheat accounted for 48% of the arable area.
- General Cropping farms were larger with an average UAA of 218 ha. Potatoes accounted for 8% of the arable area.
- Sugar beet production increased for 2010 harvest from being negligible in the previous year to 5 ha per farm in 2010/11. Some farms in this group also had outdoor vegetable crop production.

- For Cereal farms Farm Business Income (FBI) averaged £52,525 in 2010. This figure takes the FBI to similar levels to data from 2007/08. On General Cropping farms, FBI was significantly higher at £99,191, again very similar to levels during 2007 harvest.
- On Cereal farms in the GOR Single Payment Scheme accounted for 15% with agri-environmental payments and diversified activities together accounting for just 5%.
- On Cereal farms income from diversified activities was much lower in the GOR than for England as a whole at £6,000 per farm compared to £18,094.
- On General Cropping farms in the GOR agricultural output accounted for 84% of total output, Single Payment Scheme accounted for 10% with agri-environmental payments and diversified activities out of farming together accounting for just 5%.
- Cereal farm cropping output was £971 per hectare, whereas total livestock output was only £34 per hectare.
- On General Cropping farms output per hectare was £1,354 per hectare. Total livestock output was £91 per hectare.
- Interest payments on Cereal farms were £1,778. On General Cropping farms however payments were £12,137.
- Net investment in machinery was £34,824 on General Cropping farms and £36,673 on Cereal farms.

Dairy Farms

- In this region 15% of the farms sampled were dairy farms with an average dairy herd of 129 cows on 112.2 ha.
- 16% of all the farms sampled in England were dairy farms with an average dairy herd of 145 cows compared to 131 cows the previous year. Regionally the figures of herd sizes increasing mirrors the trends shown nationally, however the farm sizes in the GOR are shown to be decreasing.
- For Dairy farms FBI averaged £68,663 in 2010 and continues the trend of increasing FBI from dairy farms in this GOR over the last 7 years. Nationally the FBI for dairy farms was £66,239 so farms in this region are similarly matched to the average figures for England as a whole.
- On Dairy farms in the GOR agricultural output accounted for 92% of Total Output at £321,733 per farm. Single Payment Scheme accounted for 7%, with agri-environmental payments and diversified activities out of farming together accounting for only 2% of output. These two income streams continue to be of little importance for incomes on dairy farms.
- Net interest payments were £5,916 per farm. Investment in machinery continues to rise each year on Dairy farms to £26,874.
- Heifers and freshly calved cows continued to attract good prices.

Mixed Farms

- A switch in the organisation of farms to Standard Outputs from Standard Gross Margins has resulted in a different composition of farms in the group. The make-up of the Mixed farm group has therefore changed significantly and the results are now based on Standard Outputs per farm.
- There were 25 farms classed as Mixed in the GOR, representing 14% of the total number of farms in the region.
- In 2010, the average farm size for this type of farm was 95.75 ha which was considerably smaller than the national figure for England of 153.54 ha. Arable crops accounted for 71% of the area.
- Livestock output on Mixed farms was £55,078 per farm. Output from Integrated Diversified Activities was £8,358.
- Net Farm Income on Mixed farms shows £35,346 per farm.
- For Mixed farms FBI averaged £41,936 in 2010. For this group of farms the all England figure was £50,857.
- On Mixed farms in the GOR agricultural output accounted for 86% of Total Output, Single Payment Scheme accounted for 11%, with agri-environmental payments and diversified activities out of farming accounting for 1% and 8% respectively.
- NFI was £35,346. For this group of farms the all England figure was slightly higher at £37,348.

- Net investment in machinery was £19,772

Grazing Livestock Farms (LFA)

- 22% of the farms surveyed in this GOR were classed as Grazing Livestock Less Favoured Area (LFA) farms. Average number of animals on these farms in 2010 was 16 beef cows and 326 ewes.
- Average LFA farm size in this GOR was 118 ha. Average farm size for all England LFA farms was 146 ha.
- For LFA farms FBI averaged £12,831 per farm in 2010.
- On LFA farms in the GOR agricultural output accounted for 68% of Total Output, Single Payment Scheme accounted for 22%, with agri-environment payments and diversified activities out of farming accounting for 6% and 1% respectively.
- For Grazing Livestock Farms in the LFA support from the Single Payment System and Environmental Schemes is much more significant as a proportion of income in this farm type compared to the other main farm types.
- Net Farm Income (NFI) at £10,271 was marginally lower than the all England figure of £13,251.
- Net Interest payments averaged £2,650 per farm. Net Investment in machinery was £7,518.
- Hill livestock farmers had a second successive good lambing period with drier conditions on the hills compared with the three years previous from 2008. Strong market prices for both lambs and cull ewes continue to provide optimism in the sheep sector.

Pigs (England)

This commentary is based on the national sample of 75 pig farms across England, which can be found at http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-published-farmacc-2011-table6_1to6_20-111215.xls. The change of FBS farm classification to the Standard Output basis, resulted in a change in the farm type label for a large number of farms to Specialist Pig, and this in turn, resulted in a 23 per cent increase in sample size, in comparison with last year. Our report includes all types of pig production system, and both independent and contract producing units. The average pig farm was stocked with 2,408 pigs, this is 5.5 per cent higher than those in last year's report, but the increase is likely to be from larger farms within the grouping.

The FBI of Specialist Pig farms averaged £44,439 in 2010/2011. Pig output, at £424,270 was lower than in 2009/2010. An increase in the size of the breeding herd in Europe was the main driver of reduced prices; the Deadweight Average Pigs Price (DAPP) of 141.62 pence per kilogram at the end of April 2011 was two pence per kilogram below the price at the same time in the previous year³. The lower price may have contributed to improved UK demand for pig meat; this increased by 6 per cent in February 2011, compared with February 2010, and the upward price trend was expected to continue⁴. Seasonal events can also determine market opportunities; at Cranswick plc, which had acquired Bowes of Norfolk in 2009, sales of fresh pork were 27 per cent higher in the six months to September 2010 than in the previous year, boosted by a good barbeque season and the World Cup⁵.

Overall, producers faced higher production costs. Between June and December 2010, British weaner prices dropped by 24 per cent⁶. This development favoured those with finishing units, but correspondingly reduced revenue to breeders. Higher grain prices had an impact on feed which accounted for 55 to 60 per cent of production costs⁷.

Outdoor pig production was especially challenging in the winter of 2010 and early spring of 2011. Extreme cold weather created challenging conditions for stock survival and mortality increased. Staff also faced difficult working conditions, and the challenge of maintaining supplies of drinking

³ Farmers Weekly 28 April 2011

⁴ Farmers Weekly 6 April 2011

⁵ FoodEast, www.foodeast.com November 2010

⁶ Farmers Weekly 1 December 2010

⁷ Farmers Weekly 24 August 2010

water to stock, when freezing of water in pipes was difficult to avoid. Some units were compelled to make early unscheduled moves, following rain and the creation of wet conditions.

The capital position of Specialist Pig Farms was reasonably stable but with only a three per cent fall in stock values. However, there was an eight per cent rise in the value of land and buildings. Overall, the closing net worth of £592,337 per farm compared favourably to the opening figure of £555,440.

Poultry (England)

This commentary is based on national sample data which can be found at http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-fbs-published-farmacc-2011-table6_1to6_20-111215.xls. The 2010/11 sample of 97 egg and broiler, turkey and duck producers was 30 higher, than the previous year. The main reason for the increase was the reclassification of FBS farms by Standard Output. In the expanded sample, the average farm size was larger, and the average bird numbers per farm were 20 per cent higher for hens and pullets, and 40.6 per cent higher for broilers and other poultry. The average FBI for this group was £68,219 per farm; this was significantly lower than the 5 year average.

Disease threats to poultry flocks were mainly restricted to continental Europe. The first European H5N1 detections in 2010 in March/April, were found in backyard poultry in Romania⁸. In July 2010 infectious coryza (respiratory disease) was confirmed in two separate hobby flocks in Southern England, adding to health and hygiene concerns. The threat from Avian flu remained constant, but cases seem to have steadied. In Europe, Germany in particular, suffered from dioxin contamination originating from feed products.

Poultry output averaged £679,611 per farm.

Feed costs comprised 60% of costs in 2010, mainly due to the impact of higher wheat prices. The long cold winter again impacted on heating and feed in December 2010 and January 2011. Producers experienced increases in the cost of labour, partly due to maintaining buildings and water systems over a hard winter, contract and fuel. Increasing feed prices eventually forced an increase in the price of chicks and pullets to egg producers⁹.

Some 27.4 million cases of eggs were packed in 2010, compared to 24.6 million in 2009, an 11% increase. The average price per dozen fell by 3.5% to 70p, compounding the pressure from rising input cost¹⁰.

The impending January 2012 EU conventional cage ban has been a driver of structural change in UK egg production, bringing investment in free range production facilities and forcing a decision on producers committed to conventional cage production. During 2010/2011, there were indications from other EU member states, that some continental producers might seek a postponement to the introduction of the European legislation. Jim Paice, the UK Agriculture Minister, made it clear that it would not be acceptable for non-compliant continental producers to export their production¹¹. The scale of this problem was quantified by Euro MP and Norfolk farmer Stuart Agnew, who calculated that 83 million eggs a day could be produced from intensive cage or battery systems from January 2012¹². Proposals to delay the cage ban were eventually overturned in Brussels in March 2011¹³.

Furthermore, concerns over imports of cage eggs through processed products still remain¹⁴. With regard to the cage ban, postponement looks unlikely as the EU reiterates its commitment to this legislation, and to act against non-compliance. Concerns are rising over an illegal trade in caged bird eggs after the ban, and considering it is estimated to have cost the UK £400 million to

⁸ AHVLA GB Emerging Threats Report, Avian Diseases, Vol15, No1, Jan – Mar 2011

⁹ Farmers Weekly Interactive, www.fwi.co.uk 23 November 2010

¹⁰ The poultry site, www.thepoultrysite.com, UK egg statistics, 1st, 2nd, 3rd and 4th quarter 2010

¹¹ Farmers Weekly Interactive, www.fwi.co.uk 8 November 2010

¹² Eastern Daily Press, www.edp24.co.uk 2 October 2010

¹³ FoodEast, www.foodeast.com March 2011

¹⁴ Farmers Weekly Interactive, www.fwi.co.uk, 30th November 2011

upgrade to enriched colony cages. There are also concerns over the possibility that the UK will be put at a disadvantage for leading the way in animal welfare issues¹⁵.

However, during 2010, oversupply was a significant problem for the industry as cage production continued, as the free range units, established to replace them, were brought into production. Production outstripped market demand, leading to lower prices as the layer population hit 34 million birds¹⁶. This was further compounded by organic producers and cage bird producers switching to free range, as the lack of demand for premium products in an economic recession coincided with the impending cage ban.

Challenges remain for egg producers as feed, pullet and fuel prices continue to increase, whilst packers are able to continue to put pressure on purchase price in an oversupplied market. Whilst there is pressure for a price increase especially in the egg market, the current economic climate means it is difficult to pass on increased costs to the consumer. One answer may be to include feed price conditions into production contracts¹⁷. Egg producers, also facing higher feed costs, similarly raised egg prices¹⁸.

Poor weather and the recession were the likely reasons for a reduction in demand for Christmas turkeys in 2010, according to the Anglian Turkey Association¹⁹.

The year saw considerable investment in poultry buildings²⁰. These included enriched cage units and free range laying units, but most were for table chicken production. The requirement to insulate buildings and improve infrastructure to meet IPPC regulations, were considered to be important drivers of change. This development was reflected by FBS findings as the value of poultry farm land and buildings increased by 12 per cent.

¹⁵ The poultry site, www.thepoultrysite.com, 17th November 2011

¹⁶ GB Emerging Threats Report, avian diseases, Vol 14, No 3, Jul-Sept 2010

¹⁷ Farmers Weekly Interactive, www.fwi.co.uk, 23rd November 2011

¹⁸ Farmers Weekly Interactive, www.fwi.co.uk 3 November 2010

¹⁹ Farmers Weekly Interactive, www.fwi.co.uk 5 January 2011

²⁰ Farmers Weekly Interactive, www.fwi.co.uk 13 January 2011