The Fruiterers' Company Newsletter
August 2018
John Giles

View from Overseas

The Pacific Alliance – What is it All About?

If 1+1 = 3, what might 1+1+1+1 add up to ?

The Nations involved

At the recently held London Produce Show, I was asked to moderate a panel discussion on this subject. It involved 4 UK based representatives of the inward investment agencies of Chile, Colombia, Mexico & Peru – the countries who have formed what is now called the Pacific Alliance. Together, they have a combined population of 210 million people and about 35% of the region's GDP.

It is a group in Latin America which was originally formed in 2011 around a series of wide ranging agreements in the areas of economic cooperation, trade development, environmental protocols, diplomatic arrangements (in some cases), investment and market access in an effort to boost the region's macro economies. By 2018, it appears as if the Alliance is now ready to accelerate the process

It was pointed out on a number of occasions that this was very different to the way in which the European Union operates there being no political dimension to the Alliance. However, the basic thinking behind its creation, was a recognition that there are more things in common across the region than are different. It was also felt that some of the challenges faced by all four countries are probably better off tackled together, rather than on an individual basis.

This is a hugely ambitious project, but one that seems to be gaining traction in Latin America and other parts of the world too. It was stated that up to 50 other countries, including the UK, have expressed an interest in joining the Alliance at some stage in the future. There are now 49 observer states, of which 2 are candidates, Costa Rica and Panama.

There is often much talk about nations "working together" on joint objectives and this project seems to me to be one of the litmus tests of whether words can be transformed to reality. The evidence so far is that this concept is gaining momentum, and looking at the track record of these countries in export development you wouldn't bet against them achieving the stated long term goals.

Some of the features and objectives of the Alliance in the agri food sector in the future might include the following:

- the UK will continue to be a key market for the members of the Alliance in the future and they might come together to negotiate joint market access to the UK post Brexit.
- they want to supply a better range of commodities to the UK and other international markets. There is also a desire to build on consumer interest in Latino type cuisines.
- there is a planned increase in the number of joint ventures between the 4 countries with companies from Chile investing in Peru, from Mexico into Colombia and so on in order to provide a wider range of produce and funding in to R & D type projects. The use and conservation of water, for example, is an area which is an issue for all 4 countries, as are the wider challenges presented by climate change.
- to use the Alliance to promote investment in new growing/production regions and boost the investment in the physical infrastructure of the 4 countries both internally and externally.
- the Alliance will look for enhanced access to other international markets especially in Asia. This may witness joint promotional activity along with supply chain cooperation. In certain cases this has already commenced.
- to retain the individual identity of each country in terms of market development, but at the same time, recognise that there are a number of hugely important issues such as the subject of corporate social responsibility (CSR) that impact on them all.

The whole concept of the Pacific Alliance seems to be an exciting one and builds on the shared economic, social and cultural interests to be found across the region. There is also a desire to boost trade and investment and work together on important issues of joint interest in the environment, CSR, and market access.

It was admitted at the conclusion of all the fine detail the Pacific Alliance had yet to be agreed, but in the meantime there was a determination to "get on with it". There appears to be a very strong underlying recognition that there is more to be gained in the long term by working together. 1+1 has always equalled 3 but, in this case, it seems that 1+1+1+1 might add up to a whole lot more than 4.

Piece provided by Liveryman John Giles who has worked in all four of these countries on various projects

The Pacific Alliance

Fresh Produce Journal
January 2019
John Giles

Seven big issues for 2019

This is set to be an extraordinary year of change for both the UK and international fresh produce sectors. Promar International's John Giles picks out some of the key trends that will impact on the industry over the next 12 months

BREXIT

This is the biggest change facing the UK economy overall, let alone just the produce sector. At the time of writing, no one is still sure what sort of Brexit we will end up with, but many are now planning for a no-deal scenario or a situation of "what is the worst that can happen?" Either of these are bound to lead to a change in the structure of the supply chain. The best prepared will be able to survive, having taken into account potential impacts on supply, labour and customers. Those that have not will be in for a hard time of it. Exporters in the rest of Europe will carry on doing business in the UK and might well look to set up more joint ventures and/or programmes of inward investment to access the UK market. At the same time, they will be tempted to look at other international opportunities to compensate for any downturn in business they experience in the UK.

ROBOTICS

The issue of labour availability in the UK has been building for some time. This is not just an issue in the UK, though, but seems to be impacting on many other areas of the world too. Looking at the opportunities that can be achieved by the use of robotics in areas such as planting, picking, packing and distribution of fruit and vegetables must surely be essential if this problem is to be tackled meaningfully. In the UK, the issue will come into sharper focus if labour supply from other European countries becomes restricted in the future. In many cases, the technology already exists to do this, but the cost of uptake has often proved to be a barrier. This likely to change in the future.

SUPPLY CHAIN CONSOLIDATION

It looks as if the merger of Sainsbury's and Asda might well go ahead at some stage in 2019. This will create a situation whereby the two largest retail chains (Tesco and the Sainsbury's/Asda merger) will have a combined market share of around 60 per cent. There will inevitably be a knock-on impact for the supply base both for UK and international suppliers.

About the author

Industry expert

John Giles is a divisional director of Promar International, the value-chain consulting arm of Genus plc and has worked on produce-based assignments in some 40 markets. He can be contacted at *john.giles@genusplc.com*.

FURTHER DISCOUNT GROWTH

Over the last five years, the German discounters have shaken the UK market up beyond all recognition. Both Aldi and Lidl still have ambitious plans for more store openings over the next few years. This will only add to the level of competition in the retail market generally. The Co-operative has also announced a programme of new store renovations.

SUSTAINABILITY FOCUS

Pressure from a combination of customers, NGOs and government will see additional demands made on companies at all stages of the supply chain to demonstrate good practice in areas such as the use of water, reducing the use of plastics, mitigating the impact of climate change and reducing carbon footprint levels. This has been building for some time now and shows no signs of diminishing in the next 12 months

BIG DATA & BLOCKCHAIN

These developments have been building in the supply chain for some time now, but have yet to see widescale uptake in the produce sector. The use of blockchain technology has seen uptake in other sectors of the economy, such as financial services, but some retailers in the US are starting to experiment with this in the agri-food sector as an alternative to existing traceability systems. Big data projects have so far focused on production-based issues, linking together information on soils, water, climate and yields with relatively little development of models in the post-harvest sector. This still presents a big opportunity to add value to products and services for produce companies both internally and to customers.

THE ASIAN BOOM

No one needs reminding of the fact that there will be nine billion consumers in the world within a generation and much of this growth will be in Asia. Population growth in the mega countries such as India and China has probably peaked, but in these countries, there will be hundreds of millions of consumers entering the middle classes in the next 10 years. This will continue to drive demand for high-quality imported fruits and vegetables. Suppliers such as Chile, Peru, South Africa, New Zealand, the US and some EU countries will continue to make inroads into Asian markets. They will also need to balance the effort needed to build new business with maintaining hard-won markets over many years in the likes of Europe and North America. Asian markets are just not all about India and China though - Indonesia, the Philippines, Malaysia and a host of other countries will all offer opportunities for well-informed and export-savvy produce companies.

British Dairying
February 2019
Nigel Davies

Record numbers leave dairy industry

Producer numbers in England and Wales have taken a dramatic fall in January this year. During the month, the number of producers giving up amounts to 106, the majority in England (see table below). The total number of producers quitting the industry since February 2018 is 277. The monthly average in the previous 11 months was 15 to 16 producers.

AHDB say they are investigating why this has happened, but several industry leaders say it comes down to a variety of reasons.

John Allen of Kite Consulting believes that only between 5% and 10% of producers are facing a serious shortage in silage. But for many this will still impact on the cost of production, which has gone up by three to four ppl in the last 12 months.

Another element, he says, is greater caution on the part of banks. "Producers also went into this winter with tighter cashflows and banks are not quite as supportive as they were two to three years ago. They say they will continue to support people, but may not be as willing to extend overdrafts and loans as they did.

"Another reason could be people have just become fed up with the barrage of regulation," he said.

When it comes to uncertainty over Brexit, Promar's Nigel Davies believes that it has not had a major influence on producers' decision as some may think. "As long as producers have secured stocks of imported fertiliser and feed, they don't feel it's a huge issue. What is likely to be a bigger issue is the cost of reinvestment. People are lacking confidence and asking if it's worth the 25-year payback on their capital investment."

Cost of production in terms of higher fixed costs could also be behind the fall. "According to our FBA report in November, we identified that things like labour and power and machinery are up by 7% to 8%." He also believes that greater regulation, such as ammonia emissions, could also be playing a part.

NFU dairy board chairman Michael Oakes also believes that tighter forage stocks and are having a significant impact. "And certainly the banks are being more cautious than they were a couple of years ago partly because of the uncertainty over Brexit. With a no-deal scenario—or even with a hard Brexit—the milk price and cow values could crash."

Chris Dodds of the Livestock Auctioneers Association also thinks that cattle values could be influencing peoples' decision. "And finding labour is becoming a bigger problem for many dairy units. There may also be more personal reasons such as health issues or lack of succession.

Consultant Mike Houghton from Andersons added: "This should not be regarded as a negative outcome—the decision may well be the correct one for the individuals concerned. It also opens up opportunities for those that remain in the sector."

Region	Total number Feb 19	Total number Jan 19	Leaving Jan 19	Total number Feb 18	Year on year change
E&W	9,064	9,170	-106	9,341	-277
England	7,382	7,478	-96	7,617	-235
Wales	1,682	1,692	-10	1,724	-42

British Dairying
February 2019
Promar International

promar International — A Genus Company

The VAT changes are coming.
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British Dairying
February 2019
Tryphena James

Time running out for making tax digital

In less than two months, the HMRC Making Tax Digital VAT scheme goes live. Tryphena James, Promar UK Farm Business Accounts manager warns, many farm businesses still need to prepare for the changes.

She says many businesses are still unaware of exactly what Making Tax Digital (MTD) is, but stresses they must be ready when the scheme goes live if they are VAT registered with a turnover above the VAT registration threshold (currently £85,000). Despite lobbying by industry organisations and others, there is no sign that HMRC will delay the launch which is scheduled for April 1st.

No more cashbooks

"In simple terms, under the MTD scheme all records required for completion of the VAT return must be kept digitally on what is described as functional compatible software. You will no longer be able to maintain a manual cash book and use this to prepare your VAT return."

Tryphena James.

She explains that while the scheme is scheduled to go live on April 1st and that businesses need to make sure they are compliant by the end of March, the actual impact depends on when the first VAT return is due after that date.

"The MTD VAT rules apply to the first VAT period starting on or after 1st April 2019. So for Monthly VAT returns, then the April 2019 VAT return figures will be the first to be submitted digitally. For quarterly VAT, depending on your frequency, the first VAT quarter to be entered digitally will end in either June, July or August."

There are a number of things VAT registered businesses must do very soon. She says the first is to subscribe to MTD in order to submit their returns via their compliant software. They can either complete this through their HMRC log-in, or if they decide to use a secretary or organisation to complete their accounts, then they can subscribe for you.

Compatible software

The second is to make sure they have functional compatible software which is software that links automatically with the HMRC VAT system and updates the VAT return with no manual intervention.

"The software must be able to keep all required records in a digital form, create a VAT return from those records and provide HMRC with that information digitally. It must also be able to receive information from HMRC about the business's compliance records. You aren't being asked to record anything different but the way you record it is changing.

"Many older, existing computer systems will not be compliant and will need upgrading or replacing. Do check your current software is MTD compliant. Contact your supplier or cross-checking with the online list at: www.gov.uk/guidance/software-for-sending-income-tax-updates.

Thirdly, she says it is important to remember that the whole MTD system relies on broadband and says that this will be a problem in many rural areas. She says a practical solution to unreliable or poor broadband services would be to use a secretary or organisation to submit the VAT returns.

Just Food - online
February 2019
Promar International

UK cheese maker Wyke Farms eyes more mature export business - interview

By Dean Best | 8 February 2018

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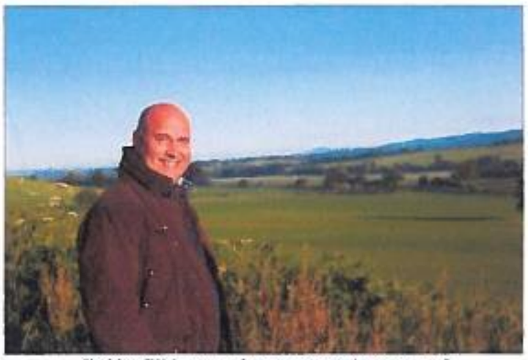
Wyke Farms, the UK-based cheese supplier, is trying to navigate a tough domestic market while building a more focused export operation amid a volatile dairy sector and with Brexit on the horizon. For all that, managing director Richard Clothier, while cognisant of the challenges, sees opportunity. Dean Best caught up with Clothier to find out more about his plans for growth.



Clothier: "We've got to be more strategic on exports"

If you want a handle on what life is like for an ambitious UK food SME, Wyke Farms and its managing director Richard Clothier are good places to start.

Wyke Farms, the Somerset-based cheese maker, is now more the M – the 'medium' – part of the SME acronym but it is that growth and the company's ambitions for further expansion that make it a good gauge of the challenges and opportunities facing UK food manufacturers.

The group manufactures branded and own-label cheese on sale in the UK and in 160 export markets. Smaller chunks of the business are food ingredients and the supply of renewable energy. In the year to the end of March 2017, the company generated a turnover of GBP67.5m, level with the previous 12 months. Profits rose from GBP2.2m to GBP2.3m.

UK food manufacturers can lag their international counterparts in export markets but Wyke Farms is an example of a British business that has carved out a foothold. It generates 30-40% of its annual turnover in export markets ("Probably exports at the back end of December grew to about nearly 40%," Clothier reflects) and, in November, struck a notable deal to support its overseas ambitions.

The company has joined forces with the UK's largest organic milk producer, The Organic Milk Suppliers Cooperative (OMSCo), to form The British Organic Dairy Company. The venture is centred on manufacturing and marketing organic cheese, as well as supplying by-products such as organic whey proteins.

Wyke Farms sees domestic and international benefits to the venture. Clothier, noting the growth of the overall organic food industry in certain countries, says the development of the organic cheese category in the UK has been held back by irregular availability.

"[The OMSCo venture] came about because there's a real growth in organic products generally.
In France, for example, they've seen growth of up to 30% in some organic categories. The US is double digits, up to 20%. The UK has not seen that growth, especially in the cheddar part. Yogurt is growing at about 8% whereas cheddar is growing at about 1%," Clothier explains.

"We've been making organic cheddar for years. We've had a lot of inquiries for organic cheddar. One of the big problems has been the consistent supply of the milk. The category had suffered from cheese that was disproportionately expensive because it was small runs and the quality was poor."

In export markets, Clothier believes there is potential for organic cheese from but again argues customers want to be sure supply will be transparent – and sustained.

"To be a world-class exporter we need to have shorter, more transparent supply chains and a commitment from the supply chain all the way through. Particularly in the Asian market, they want to know that the whole process from the farm all the way through to their supermarket shelf is controlled and under control and transparent."

The deal with OMSCo was announced in June and formalised in November. Clothier says the venture has already won business both for its organic cheese and its ingredients, with an eye for the latter on the infant formula sector.

"We've picked up a number of supermarket own-label agreements in the UK and abroad as well. We're already doing bits with [the ingredients] because we're able to supply concentrated organic whey concentrates, whey proteins and that sort of thing. We're looking for partners to work with on those projects."

Clothier says the venture plans to launch organic cheese under the Wyke brand, while a "bespoke organic brand" is also under consideration. Overall, he wants to double the volume of organic cheese Wyke Farms makes within three years. "We're making in the region of about 2,500 to 3,000 tonnes of organic cheddar per year. I'd be disappointed if we can't double that in the next three years."

The Wyke Farms managing director is an advocate for UK food companies seeking growth through exports. That is clear from the investment Wyke Farms has made in trying to expand internationally and in its decision to team up on organic cheese with OMSCo. However, Clothier is alive to the challenge facing British food businesses looking to export. He argues the competitive UK market can make it difficult for firms who are also trying to grow overseas and he believes the country's government, especially with Brexit on the horizon, could be offering more support.

"The other day, I was lucky enough to be at the Treasury to talk about exports with some other industry leaders and I was asked: 'Why aren't British food companies doing well with export?'" I said: 'The very nature of our business means in order to survive in UK retail you have to be very lean, very efficient.' That doesn't gel with an export mindset, which is a load of front-loaded investment, extra people, to build speculative, growing markets," Clothier says.

"Brexit's going to happen I think regardless, and if they're really serious, there is going to have to be a change of mindset from Government. They're going to have to adopt a global trading mindset and they're going to have to help to support businesses with some of the upfront expenditure. It would encourage businesses when they are profitable to invest in growing world markets. At the moment there's nothing like that available.

"Food manufacturing is one of the areas where [UK] industry can really punch above its weight. Our reputation for producing quality, safe food is second to none. If we could get one thing out of [UK Food Secretary] Michael Gove, I would like him to put together a robust medium-term strategy to grow UK food exports."

That said, Clothier is open about what Wyke Farms needs to do to try to improve its performance in international markets. With an eye on export, the company is investing GBP5m at its packing site in Wincanton in the south-west of England to increase the shelf-life of cheese. Wyke Farms is also working UK-based food-industry consultants at Promar International to see where best the company can direct its resources.

"You can't do 160 countries effectively and be everywhere. We've done well with the scatter gun-type approach. We have to focus on some of the regions that have got the most potential," Clothier admits, adding the company would consider pulling out of some markets if need be.

Clothier is at pains to say the attention Wyke Farms is giving to export markets does not mean the company is ignoring its business back home. "What I want is a balanced business between the two, and be dealing with people that we're going to be dealing with in the UK and export for the next ten, 15 or 20 years.' And that's probably how a lot of the exporting businesses are looking at the UK. They're saying they want long-term partnerships."

The UK remains the majority of Wyke Farms' business but it is a tough market – with cheese one of the more demanding categories. In Wyke Farms' most recently-filed accounts at Companies House, the company outlined the challenge of passing on costs to its UK customers, especially since the Brexit vote.

With the accounts covering the year to 31 March 2017, how has Wyke Farms fared on that front since? "It has been a struggle. On butter, it was really difficult. It probably took us the best part of six months to get the prices up," Clothier reflects. "The retail landscape has never been so challenging. The discounters are growing really strongly. Multiple retailers are looking to close the gap, but at the same time, no-one wants to reduce their margin and it just makes it a tougher environment to do business long term.

"This sort of landscape makes it tougher for SMEs and that's why a lot of us have had to be more focused on export. For a lot of us it's been a lifeline and it's an area where we can articulate our value, our values are more appreciated and they're prepared to pay [a] higher margin. In the UK, sometimes you feel like it's almost like a race to the bottom.

"What we're doing on export makes you look at the whole business in a different way. Increasingly, the business we do in the UK needs to be less complex, less risky. The tender-type business that we would have taken part in in the past, or the deep-cut promotional stuff, a lot of that had to go. We're looking for business in the UK now that complements our export offering, whereas it was the other way round before."

As a line of a family that has been farming for generations, Clothier says he is "always both" a farmer and a businessman. He speaks at length about how the "Punch and Judy" nature of negotiations on dairy prices in the UK over the last decade has led to swathes of farmers leaving the sector. Against that backdrop, he believes a spike in international demand for dairy commodities, driven by emerging markets like India and China, could lead to the prospect of "food shortages or big inflation in the UK retail market". Even without such spikes, international demand means, Clothier argues, "food in the UK is going to get more expensive over the next 20 years".

But how does Clothier square these concerns over UK production with Wyke Farms' push to supply international markets? With Wyke Farms trying to grow its exports, how concerned is it about the UK's food security, particularly in a harder post-Brexit scenario?

"It's a tough one," Clothier says. "We are concerned and that is why we are looking for long term UK partners, so that there is a commitment through to the supply base. We are looking at our UK partners and saying that where we have had a successful long term relationship, we wish to turn that into a mutual, long-term 'marriage' which can give them and us the security we need in a dynamic world where populations are heading towards nine billion. This also fits into our medium-term investment strategy here, and the rebuild of our production site at Bruton and expansion of our packing at Wincanton, both submitted to planning."

Clothier, however, says there needs to be changes to the prices farmers are paid for milk in the UK so the industry can support domestic and international demand. "There is still ample land and potential capacity for UK dairy if the milk price allows profits to be made. There is still much of the country especially further east put down to cropping which relies on EU subsidies, such as rapeseed for biofuel. How much of this land could be unlocked or transferred into dairy if the price was sustainable? We can grow UK dairy to meet world demand and UK demand if it's there at sustainable prices."

Farmers Guardian
22nd February 2019
Matt Hall

Maize can be a good source of dry matter for dairy herds.

KEY CONSIDERATIONS

- Understand objectives of both parties
- Agree variety
- Use an independent agronomist
- Agree who covers what costs
- Confirm payment basis and schedule

Growing maize on contract

With many dairy farmers looking for ways to rebuild stocks of quality silage for next winter, maize grown under contract could be a useful option, but farmers are advised to be cautious.

Matt Hall, consultant with Promar International, says growing maize on contract can bring benefits to both parties.

He says: "For the grower there is an opportunity to grow a different crop in the rotation which can provide an effective way to help control black grass. There may also be the opportunity to get slurry applied.

"For the livestock farmer, growing maize on contract can be a way to boost forage stocks without compromising cropping and management on the home farm. Growing 20 acres on contract could produce about 150 tonnes of dry matter [DM] to complement home-grown production."

However, Mr Hall says when growing maize on contract, it is important both parties are clear on responsibilities and costs, as there are several ways an arrangement could work.

"As the buyer, will you ask the grower to produce a standing crop you will harvest or are you going to buy harvested forage? This will affect the cost of the contract."

In many cases arrangements are based on the grower covering all growing costs and agronomy, with the buyer arranging harvesting and clamping. This allows the party who will be using the forage to have control over many of the factors affecting feed value, such as chop length, harvesting DM and actual clamp management.

> Whatever payment method is used, it is essential it is clearly agreed and understood in advance of the crop being drilled
>
> MATT HALL

Agreement

Mr Hall says it is important to recognise the different objectives of the parties in the agreement and recommends both parties should agree the variety to be grown.

The dairy farmer wants quantity and feed quality, but the grower will want a crop which is off early, allowing a successor crop to be established in good time. There is a good selection of early maturing varieties with good feed value, so there should be a variety to suit all objectives."

He adds it is essential to agree the basis for payment, as there are numerous options. Arrangements are commonly based on an acreage payment with the crop grown with agreed inputs. This is transparent, but bears no relation to the yield and quality of the crop.

"One alternative is to agree a price per acre based on an anticipated yield. If the yield exceeds this prediction, then the price per acre increases by an agreed amount per tonne. If yields are below the threshold, then the acreage price is reduced similarly.

"This approach has the drawback that it is based on freshweight, which bears no relation to how the crop will feed. One approach which overcomes this is to agree a payment per tonne of DM produced. Many foragers can assess DM as the crop is harvested.

"Whatever payment method is used, it is essential it is clearly agreed and understood in advance of the crop being drilled and it can be beneficial to agree a third party to independently monitor the crop.

"For example, an agronomist can make decisions on how the crop is grown and also advise on harvest date.

"Finally, agree the payment terms. In most cases this will involve an agreed fixed amount per acre early in the season to cover cashflow for inputs, with a balancing payment once the crop is harvested."

British Dairying
February 2019
Genus Breeding

Utilising breeding technologies

A Yorkshire producer has major plans for his dairy unit, but the foundations will be the close attention paid to reproductive and breeding efficiency.

Andrew Leggott from White House Farm near Northallerton has never been afraid to adopt new technologies and to evolve his business. He was one of the first farms in the country to use female sexed semen in 2004, saw the benefits on the Genus ABS Reproductive Management System (RMS) ten years ago and moved into robots in 2007.

Now he has embarked on a major programme which will see him targeting to increase milk yield per cow to achieve the same farm output from 50 fewer cows and increase the income from beef calves. Central to his plans is the continued use of breeding and reproductive technologies with extensive use of sexed semen.

When he installed his first three Lely robots he was running 160 cows. Currently he has 410 all year round calving cows averaging 9,500 litres at 4.05% fat and 3.2% protein, being milked through seven robots—but this is changing.

"We are putting up a new building which backs onto an existing shed," Andrew explains. "We will have two banks of three robots in the middle of the unit and will be reducing cow numbers to 360.

"I am hopeful that we can achieve efficiencies which will allow me to increase yields to around 12,000 litres per cow. This will mean we can sell the same annual volume but with reduced costs as we will have 12% fewer cows. Having one less robot will also give savings."

Dairy producer Andrew Leggott and Colin Lucas from Genus ABS.

He is exploring all ways to drive efficiency and is looking at grants to fund robotic silage pushers and calf feeders. In addition, he is looking at ways to improve lighting in the buildings. Forage production will remain a priority with the intention of driving intakes. Close attention is also being paid to the quality of cows in the herd.

"While we were increasing herd numbers we had bred very few cows to beef as we needed the heifers. As a result we had fewer opportunities to increase genetic merit even though we started using sexed semen to increase heifer calves born. Now we can select the best cows, those that suit the system and then breed from them to improve the quality of the herd which will underpin achieving our objectives.

"Andrew was one of the first farmers to use the original sexed semen technology when he wanted to maximise heifer production to allow herd expansion," explains Genus ABS regional business manager Colin Lucas.

"He will also be looking closely at the heifers he keeps with the dual goals of increasing genetic merit and maximising beef calf value. Central to this will be the use of Sexcel sexed semen from Genus ABS, which was introduced to the UK market in 2017. This is being used to produce heifers from heifers, to increase genetic improvement and allow more beef cross calves to be produced."

"He was keen to try Sexcel as it was the very latest product available and created using completely new technology. He started using it in September 2018 and has been extremely pleased with the results. The conception rates from Sexcel Silver are running at 73%.

"His relative conception rate which compares the conception rate from sexed semen to the conception rate achieved with conventional semen is running at 113%. Using sexed semen is giving more options with beef and reducing the number of Holstein bull calves," Colin explains.

High fertility was also important and RMS meant Andrew achieved high pregnancy rates and was getting plenty of calves on the ground.

They started RMS initially

White House Farm performance	
Cows in herd	410 reducing to 360
Milk yield per cow	9500 litres
21 day Pregnancy rate	26%
Conception rate with Genus ABS Sexcel	73%
Relative Conception Rate*	113%

*Relative Conception Rate compares conception rate from sexed semen to that achieved with conventional semen.

because labour was becoming an issue and Andrew saw the need to improve fertility, particularly so that he would have a steady flow of calvings to optimise robot output by increasing visits per cow.

Richard Birkley has been the RMS technician for all the 10 years they have been on the service and RMS is now used on the heifers too. Pregnancy rate is currently running at 26%.

"With fewer cows we still need to optimise robot output and the foundation of this is calvings. If I want to maintain total output and increase production per cow, high levels of reproductive performance is essential."

Andrew expects the move to fewer cows will bring benefits over and above genetic improvement. He says that the new robots will allow two different concentrates to be fed which will increase flexibility. The herd is TMR fed with the base ration set at M+23 litres and having a choice of two concentrates will benefit fresher cows and reduce costs for late lactation animals.

Richard Birkley has been the herd's RMS technician for the last 10 years.

Moving the cows into new accommodation will also free up space for youngstock, particularly the younger heifers which will help improve their performance and ensure they continue to calve at no older than 24 months.

The plan is to genomically test the herd and to only breed replacements from the top 25% of females. Working with GMS evaluator Thomas Tiffin, Andrew uses the mating programme to rank the females in the herd. A specific breeding goal is to improve milk constituents. He is currently using Achiever, Outback and Yoda 3, all exceptional high PLI bulls.

"Once the best cows have been ranked and the best mating identified the focus can turn to beef which will become an important income stream," highlights Colin.

Although beef income will be important, Andrew Leggott's priority is to get cows calved down successfully and milking so he pays particular attention to calving ease when choosing beef bulls.

Heifers are served to Aberdeen Angus while cows are crossed with British Blue. All beef calves will be sold BVD tested at three weeks old. Any PI calves will not leave the farm.

"We are looking to establish a supply chain for beef calves, ideally achieving a win:win with calves born from sires with good calving ease but good growth and carcase characteristics," Andrew explains. "Ideally all calves will be sold direct to a buyer.

"If we can achieve the objectives of higher yield per cow from fewer cows to maintain output while increasing genetic merit of the cows we have and boosting beef calf returns, I am confident we will have a more robust system which will be important as we face increasing economic and political uncertainty."

Dairy Farmer
February 2019
Andrew Rutter, Genus

ANDREW *Rutter*

Andrew grew up on a Cheshire dairy farm before attending Harper Adams and going on to manage pedigree and commercial herds. He secured a job with breeding company Genus, where he eventually became sire analyst, but now he has undergone a complete turnaround and has returned home to manage the 350-cow herd.

> “The cows are in good nick, keeping condition and holding in-calf too. I'm over the moon

The year began with a bang, literally, thanks to residents in the local town who thought it a great idea to welcome in 2019 by releasing some lanterns. Unfortunately, one of these decided to land on our transformer, shorting out the electrics, and it was lucky the straw shed was further away.

But if it wasn't the electrics, these things are inherently tempting to cattle, which don't think twice about consuming them along with their internal wires. Despite this, there is still no sign of these dangerous things being banned.

On a much more positive note, the girls are flying. We have never sold so much milk before, as we broke the 10,000-litre/ day barrier and, importantly, our average yield per cow per day is the highest it's ever been, just shy of 30 litres.

The cows are in good nick, keeping condition and holding in-calf too. I'm over the moon with how they are holding, our pregnancy rate is rolling at 25%, up from 18% a year ago, and our last report had us at 28%.

Fresh milk is key to high yield per cow. The team, by which I mean our staff, RMS staff (Alex has a special mention here) and Nantwich Vets are all key to this performance and, without input from these, we cannot achieve these standards.

We use Sexcel semen, up until now purely on maiden heifers, but our results show no difference to conventional semen and, chatting to some other farmers, they have seen the same results. As a result, I plan to use some Sexcel on the milking herd, very selectively, looking for problem-free calving and natural heats with cows that are in good condition, and we'll see how we go.

About 12 months ago, I listened to experts and did all the sums showing what level of sexed semen I should use, supplementing with beef semen on the bottom end, giving us a great predicted revenue stream.

But roll on nine-plus months when our beef cross calves started hitting the ground, I was jovially told it was the poorest price for calves like this in nearly 20 years. Best laid plans and all that.

However, I am really pleased with the calves we are turning out. I put all my selection intensity on calving ease and particularly gestation length for the British Blues I use. Any day extra in the calving pen waiting on a birth is costing me money and is growing that calf, and I certainly don't want to have to pull calves, as the moment I do I am impacting the dam's chance of hitting full performance in the next lactation and her chance of getting back in calf next time round.

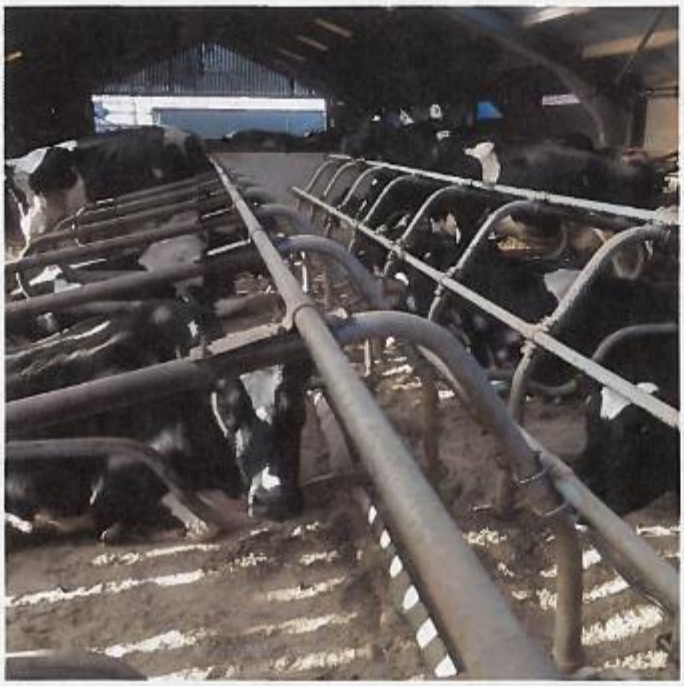
Products

Speaking about research and data, the one thing I really don't like about coming home is the deluge of cold callers. While I have no issue with people selling products, I do have concerns with the robustness of the information they give me.

When I ask for scientific papers to prove their claims, many salespeople start to stutter and splutter. Flash pictures of cows and the arbitrary pie chart tell me nothing. It seemed 2018 was the year of the two-litre promise: use this or feed that or spray the other and your cows will go up by two litres. I was confused – was everyone selling the same two litres or, if I used all the products, could I expect my herd to be averaging 40kg/day?

I do put a lot of emphasis on our own data, trying to keep a tight rein on actual performance of our cows with milk recording being a very important time of the month. We test for Johne's disease and we are working on a strategy to get fully clear. We only have a handful with positive tests, but every one is one too many.

Cell count is the next most read column on our milk sheets and sees me spending time devising individual strategies for problem cows.



Andrew Rutter's cows have a rest *(above)* and *(right)* lining up in the milking parlour.

Farm facts

- Farm size: 121ha
- Herd: 350 pedigree Holsteins
- Soil: Heavy clay
- Rainfall: 820mm
- Milk buyer: Muller non-aligned

It is a great way to quietly look through the herd and tends to highlight two groups of cows: ones which are not doing the work you want them to, maybe making them a consideration for culling long-term and, on the flip side, really good cows.

These invisible ones don't have huge peaks, but produce great lactations, get in-calf first time and run high quality tests and low cells. You need to appreciate these girls, as they are the ones that keep you going as you are sweating away on problem cows.

Our big investments in 2018 included a foot crush and set of clippers, so Andy's nail and hair salon is now open for business. Clipped tails make such a difference at milking and the general cleanliness of our girls is so much better. The future is definitely cordless clippers, no worrying about wires in water or muck and you are completely mobile.

The crush itself is so easy to use and anything that shows any sign of not being 100% can be seen straight away. It's a pleasure to work with and I think this is all adding to our improved fertility.

The feed situation remains challenging. Our silage is fantastic and, as a result, cows eat it quickly, so we are trying to ration it out with brewers grains, straw and now fodder beet.

Fodder beet is a great ingredient, but cows need a bit of time to develop the taste for it. After the first week, it looked like a disaster, with them sorting the fodder beet out to leave aside, a bit like my daughter when you try to feed her something new. Scroll forward a week and they try to sort it out to eat first.

I am really enjoying working with the family again. I was a little concerned to begin with about how this would all work out, but turns out business decisions are debated, normally pretty quickly, as we all seem to think the same way.

Emma and I are very happy to learn from Dennis on the land and buildings where he has so much knowledge.

In the rare cases where there is more of a disagreement, we all vote and then Mum tells us precisely what is going to happen!