

OSR & THE SUSTAINABLE FARMING INCENTIVE

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A G E N D A

- Introduction & Background information
- The economics of Oilseed Rape vs Legume Fallow
- SFI options available with Oilseed Rape
- Risk vs Reward
- Conclusions

BACKGROUND

- Area of WOSR fallen significantly in the last few years
- Agronomic issues:
 - CSFB
 - Slugs
 - Poor establishment due to Soil conditions
- It has become a high-risk crop to grow
- Many farmers have replaced WOSR with SFI options
 - Legume Fallow
 - Winter Bird Food

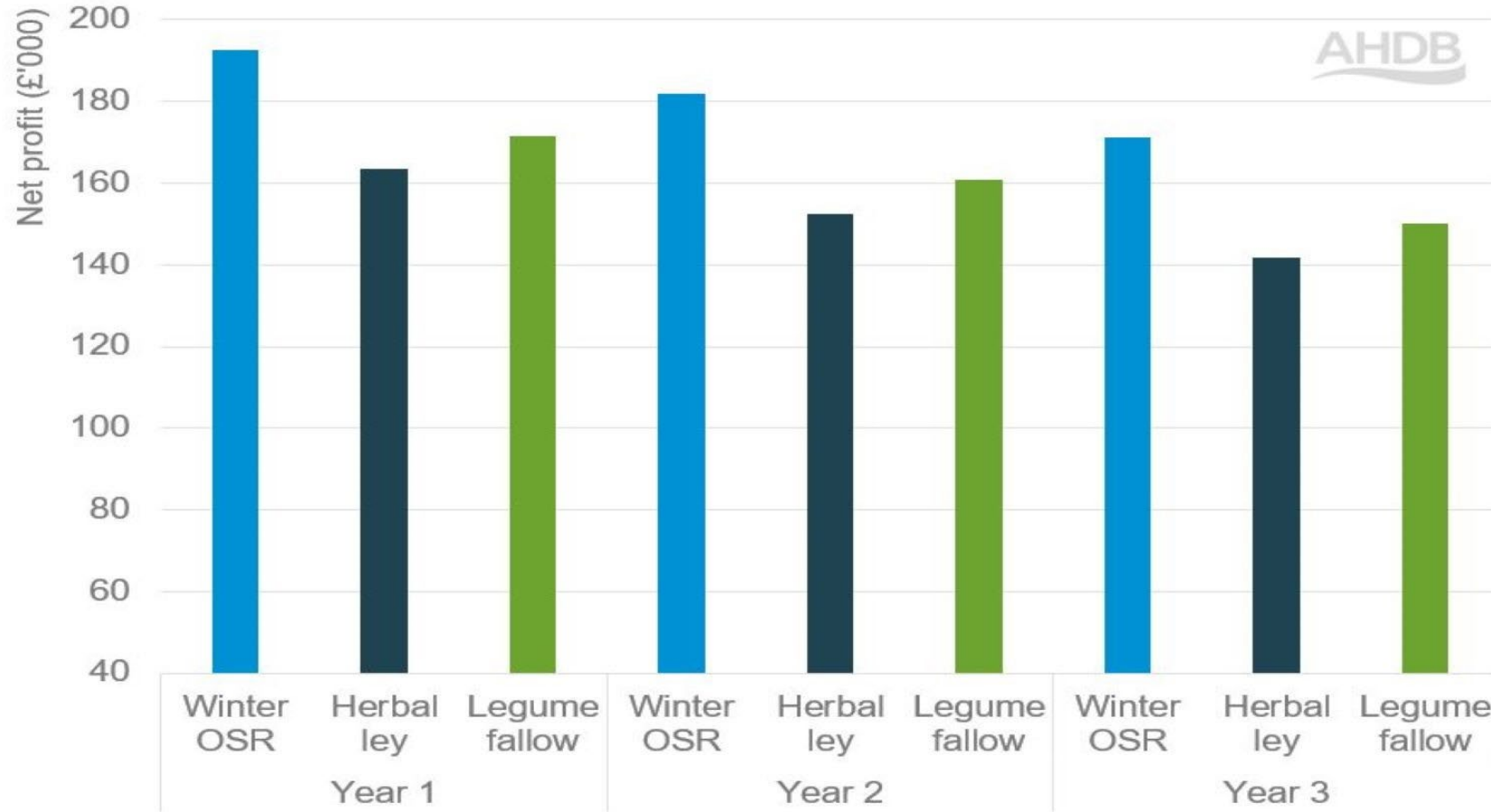


AIM

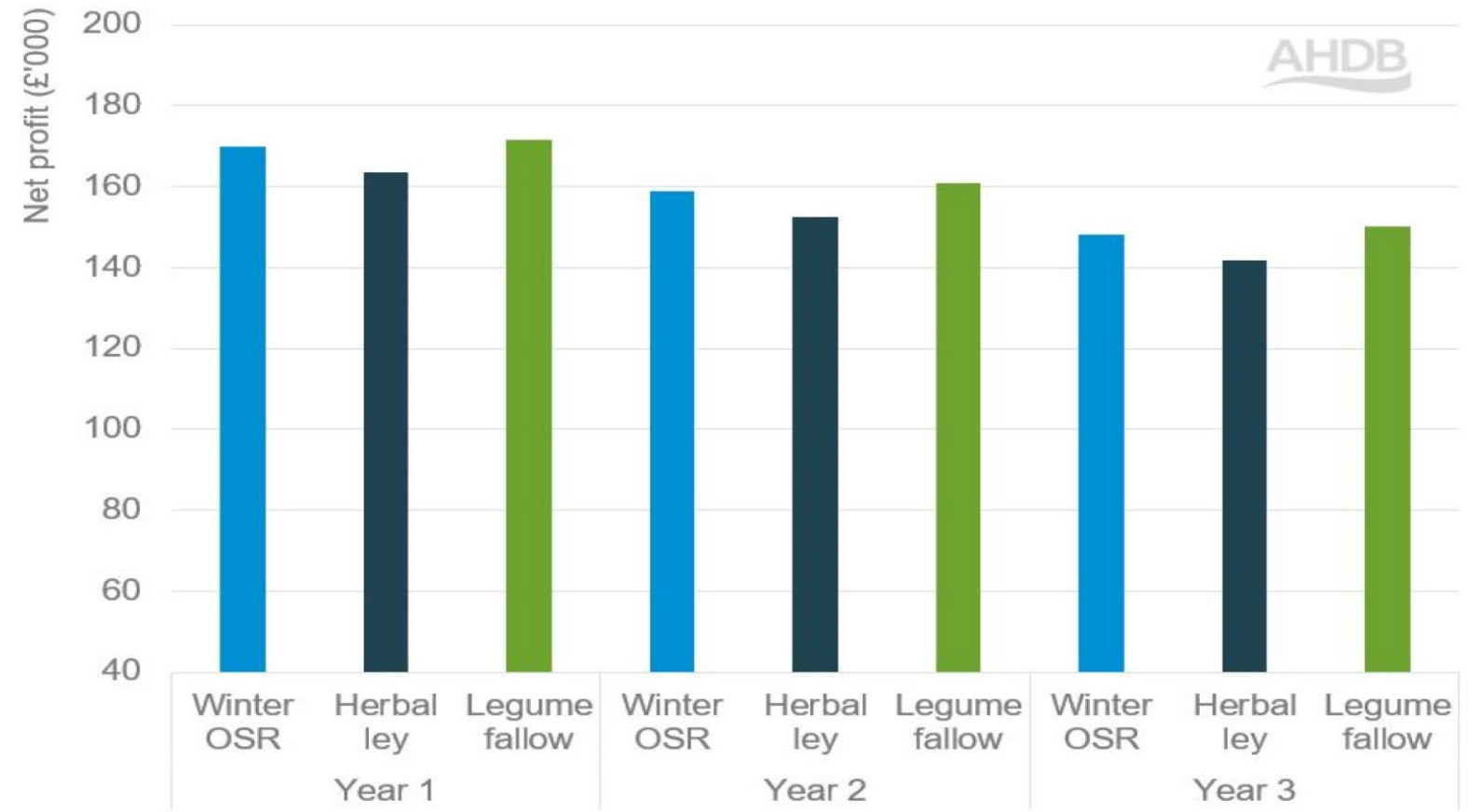


- To understand the economics of growing Winter Oilseed Rape in comparison to the SFI option NUM3 - Legume Fallow.....

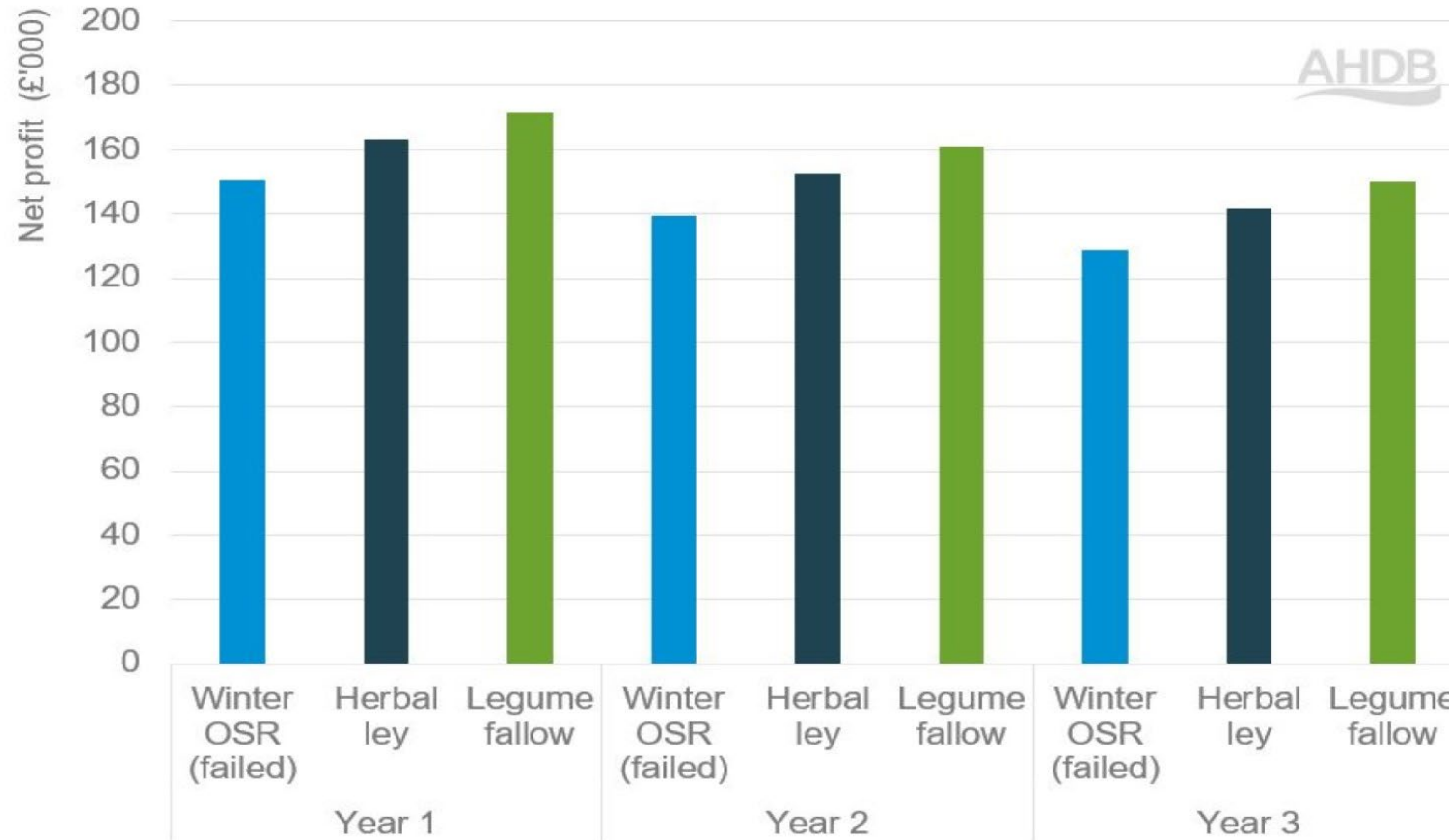
Comparison of net profit between:
 Average-yielding WOSR (3.28 t/ha) Herbal ley (SAM3) Legume fallow (NUM3)
 on 455 ha virtual arable farm



Comparison of net profit between:
 Below average-yielding WOSR (1.5 t/ha) Herbal ley (SAM3) Legume fallow (NUM3)
 on 455 ha virtual arable farm



Comparison of net profit between:
 Failed crop of WOSR Herbal ley (SAM3) Legume fallow (NUM3)
 on 455 ha virtual arable farm



ECONOMICS OF W O S R

Gross Margin Summary

OUTPUT	Quantity	Price (£/unit)	£/ha
Seed Yield	3.40 t/ha	410.00	1,394
Bonus @ 10% of sale price		41.00	139
TOTAL OUTPUT			1,533
VARIABLE COSTS			
Seed - 3 ha pack @ £250/pack			83
N Fertiliser - 200 kg/ha N @ £1.09/kg			218
P Fertiliser - 55 kg/ha P @ £1.04/kg			57
K Fertiliser - 45 kg/ha K @ £0.55/kg			25
Sprays			250
Drying/Levies @ £12/t			41
TOTAL VARIABLE COSTS			674
GROSS MARGIN			859

ECONOMICS OF W O S R

WINTER OSR GROSS MARGIN - LOW YIELD

OUTPUT	Quantity	Price (£/unit)	£/ha
Seed Yield	1.80 t/ha	410.00	738
Bonus @ 10% of sale price		41.00	74
TOTAL OUTPUT			812
VARIABLE COSTS			
Seed - 3 ha pack @ £250/pack			83
N Fertiliser - 170 kg/ha N @ £1.09/kg			185
P Fertiliser - 55 kg/ha P @ £1.04/kg			57
K Fertiliser - 45 kg/ha K @ £0.55/kg			25
Sprays			200
Drying/Levies @ £12/t			22
TOTAL VARIABLE COSTS			572
GROSS MARGIN			240

ECONOMICS OF LEGUME FALLOW

LEGUME FALLOW GROSS MARGIN

OUTPUT

SFI Payment

593

Income from Forage Sales?????

TOTAL OUTPUT

593

VARIABLE COSTS

Seed - 20 kg/ha @ £110/20 kg pack

110

Sprays

15

TOTAL VARIABLE COSTS

125

GROSS MARGIN

468



GROSS MARGIN SUMMARY



OPTION

WOSR - Normal Yield (3.4 t/ha)

WOSR - Low Yield (1.8 t/ha)

Legume Fallow

£/ha

859

240

468

SFI OPTIONS FOR WOSR

- CIPM3 – Companion Crops (£55/ha)
 - Sown with or around the same time as the WOSR
 - Seed costs approximately £15/ha
- CIPM4 – No Insecticide (£45/ha)
 - CSFB pretty resistant to most insecticides so many applications – “to make you feel like you are doing something”
 - Potential cost savings
- SOH3 – Summer Cover Crops (£163/ha)
 - Sown after the WOSR is harvested and before 1st Wheat is sown
 - Seed cost approximately £20-25/ha
 - Establishing this crop also helps cultivate the WOSR post harvest to reduce CSFB larvae

ECONOMICS OF W OSR + SFI

WINTER OSR GROSS MARGIN - NORMAL YIELD PLUS SFI

OUTPUT	Quantity	Price (£/unit)	£/ha
Seed Yield	3.40 t/ha	410.00	1,394
Bonus @ 10% of sale price		41.00	139
CIPM3 - Companion Crops			55
CIPM4 - No Insecicide			45
SOH3 - Summer Cover Crop			163
TOTAL OUTPUT			1,796
VARIABLE COSTS			
Seed - WOSR - 3 ha pack @ £250/pack			83
Seed - Companion Crop			15
Seed - Summer Cover Crop			22
N Fertiliser - 200 kg/ha N @ £1.09/kg			218
P Fertiliser - 55 kg/ha P @ £1.04/kg			57
K Fertiliser - 45 kg/ha K @ £0.55/kg			25
Sprays			250
Drying/Levies @ £12/t			41
TOTAL VARIABLE COSTS			711
GROSS MARGIN			1,085

ECONOMICS OF W OSR + SFI

WINTER OSR GROSS MARGIN - LOW YIELD PLUS SFI

OUTPUT	Quantity	Price (£/unit)	£/ha
Seed Yield	1.80 t/ha	410.00	738
Bonus @ 10% of sale price		41.00	74
CIPM3 - Companion Crops			55
CIPM4 - No Insecicide			45
SOH3 - Summer Cover Crop			163
TOTAL OUTPUT			1,075
VARIABLE COSTS			
Seed - WOSR - 3 ha pack @ £250/pack			83
Seed - Companion Crop			15
Seed - Summer Cover Crop			22
N Fertiliser - 170 kg/ha N @ £1.09/kg			185
P Fertiliser - 55 kg/ha P @ £1.04/kg			57
K Fertiliser - 45 kg/ha K @ £0.55/kg			25
Sprays			200
Drying/Levies @ £12/t			22
TOTAL VARIABLE COSTS			609
GROSS MARGIN			466

GROSS MARGIN SUMMARY INC SFI INCOME

OPTION	£/ha
W OSR + SFI - Normal Yield (3.4 t/ha)	1,085
W OSR + SFI - Low Yield (1.8 t/ha)	466
Legume Fallow	468



RISK VS REWARD

- A good crop of WOSR – generates a strong Gross Margin
- A poor crop of WOSR generates a lower gross margin than Legume Fallow
- Adding SFI options increases the margin by around £225/ha
- For the financial return to be comparable to Legume Fallow a yield of approximately 1.8 t/ha needs to be achieved from a WOSR crop including SFI options – how likely is that?
- Will the gross margin of the following wheat differ depending on whether the land was in WOSR or Legume Fallow?
 - Residual N
 - Herbicide issues

CONCLUSIONS

- Adding SFI options onto a crop of WOSR increases the Gross Margin by around £225/ha
- A good crop of WOSR will always generate a higher Gross Margin than Legume Fallow – the SFI Options increases the margin still further
- SFI options reduces the financial risk of a poor crop of WOSR
- When including SFI options a crop needs to yield > 1.8 t/ha to generate a higher Gross Margin than Legume Fallow – how likely is that?
- There is an argument that WOSR will reduce growing costs of the following Winter Wheat Crop

CONCLUSIONS

- WOSR – High Reward – High Risk
- WOSR + SFI – High Reward – Reduced Risk
- Legume Fallow – Low Reward – Low Risk
- The choice is yours.....





GSC GRAYS

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