

OMSCo Feed Project: Origins

- First considered back in 2004
- Impending reduction in feed derogation from 2005
- Remove volatility and potential feed supply issues
- Give confidence to organic arable producers
- Ideological reasons – local feed sourcing
- Brand integrity and possible commercial advantage



Past: Why did it come about.

Reasons for Seeking Partnership with OMSCo

- Originally sought a partnership back in 2004

“Feed wheat market is volatile with little forward buying by compounders who are concerned about customers in the longer term. This is making prices volatile with trades as low as £115 per tonne (outside OAMG). Range £115 - £140 per tonne ex farm.

Italian Durum wheat has been imported into the South West which has depressed demand down there.

Oats remain very difficult. Triticale will still go to MVF”

OAMG Marketing Committee minutes Oct 2004

- Low cereal prices - £140 for wheat
- Poor market for second cereals. Looking to strengthen demand for triticale and oats.

Past: Why did the idea not develop?

- Seeking to develop a ration was the wrong idea at the wrong time. It was too complex
- Lack of transparency of pricing
- Lack of processor co-operation
- Lack of experience in the UK organic sector
- Lack of management of project
- Structural changes at OMSCo

Current: Why is it working?

- Simplicity is the key – relationship direct between OMSCo member and Organic Arable
- Managed situation. Organic Arable has greater resources than in 2004
- Information flow is better
- Both sectors have experienced good times and the bad times
- Realisation that volatility is harmful

organic
arable



Future: What can be developed?

- Improved customer confidence in organic products
- Greater security of supply of feeds for the organic dairy sector
- Better certainty of market for the organic arable sector
- Greater price stability
- Better business planning/investment

organic
arable



Future: What is needed?

- Considerable commitment from both arable producers and dairy producers
- Improvements in infrastructure within the sector
- Recognition of mutual reliance on each
- An understanding that transaction costs are necessary to provide management resource
- Good communication both within the supply chain and with consumers

organic
arable



**Hi I'm a Swiss-Brown
cow at Manor Farm, near Abingdon.
I'm an organic cow, so I'm a happier cow.
I decide when to get milked not the farmer.
My milk is tested every time I'm milked,
I've even got a hair brush, that I
activate by nudging.**



Feed Project Aims

- Provide member benefit
- Encourage local sourcing of feeds
- Encourage more milk from forage
- Supply chain provenance
- Improve sustainability
- Source of independent information
- Improve efficiency
- Integrity of the brand



OMSCo Herd Sept 09

Farmers	370
Milking Cows	38,000
Replacements	12,000
Milk Sold	290m litres
Milk Cheque	£120,000,000
Ha farmed	25,000
FTE labour units	950



How do we Feed 40k Cows?

FEED	Total Tons	Total Cost £
Grazed Grass	500k	4m
Silages	310k	7.5m
		11.5m
Cereals	42000	9.2m
Lucerne / etc	16000	3.6m
Grain Legumes	20000	7m
Proteins	5800	3m
	0.27kgs/l	22.8

Year ending April 09



Origin of Feed

Grown on farm or linked holding	15 % = 12,000t
UK grown and traded	25% = 20,000t
Imported	60% = 48,000t

As fed to the OMSCo Herd

- Aim to increase % of 1, 2
- Manage % and Integrity 3



Arable Partners

- Simple low cost way for Dairy and Arable farmers to trade farm to farm



- Using a price grid allowing buyer & sellers to trade future positions



Win / Win



Sept 09 Grid / Ex farm/ AIC contract

	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Feed Wheat	190.00	193.50	197.00	200.50	204.00	207.50	211.00
Barley	185.00	188.50	192.00	195.50	199.00	202.50	206.00
Triticale	183.00	186.50	190.00	193.50	197.00	200.50	204.00
Oats	175.00	178.50	182.00	185.50	189.00	192.50	196.00
Beans	260.00	263.50	267.00	270.50	274.00	277.50	281.00
Peas	290.00	293.50	297.00	300.50	304.00	307.50	311.00

Volatility / Confidence / Forward planning

Scanning the Horizon



Buying Group



Blue sky thinking

- Ebay Type website
- Face book Type community
- Long term evergreen contracts Feed wheat price based on milk price

eg. Milk price 32p = Wheat £200 ton

