

MEMBER SURVEY ON IMPACT OF RISING INPUT COSTS

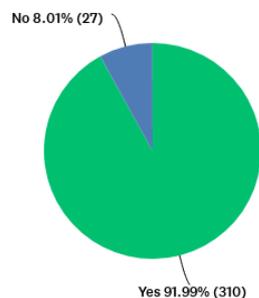
Summary

- NFU Scotland distributed a survey to members from 31 May until 9 June to help understand the effect of current input inflation on sector output.
- A total of 340 responses were recorded throughout the 10-day period. The following briefing outlines the responses and key trends identified among NFUS members.

Have you experience a rise in input costs that will change your production methods or planned outputs this year?

1. 92% of respondents (310) have experienced a rise in input costs.

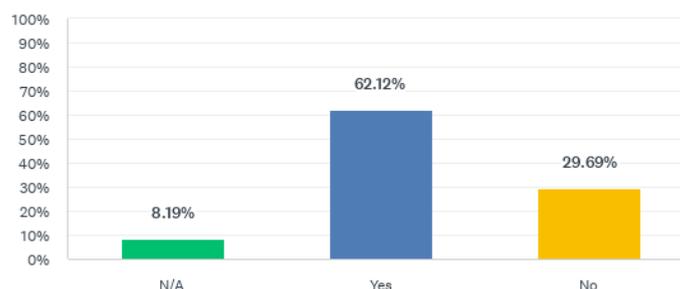
Q1 Have you experienced a rise in input costs that will change your production methods or planned outputs this year?



Are you reducing or not purchasing fertiliser?

2. 62% have reduced or not purchased fertiliser.

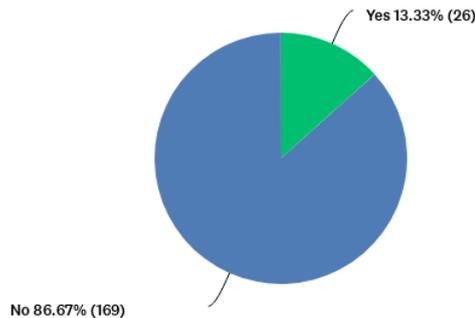
Q2 Are you reducing or not purchasing fertilizer?



Are you reducing or not sowing spring cropping?

3. Of those who this question applied to, 13% answered yes with following key themes identified: *lack input costs making sowing spring crops viable, no grass reseeding, anticipate 25% less production*. Full list of comments can be found below in Annex A.

Q3 Are you reducing or not sowing spring cropping?



Annex A - Are you reducing or not sowing spring cropping?

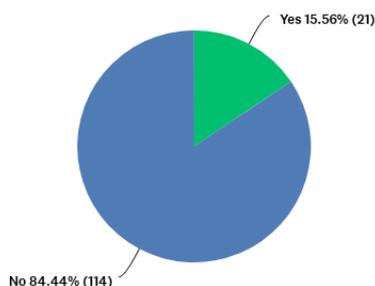
<i>If yes, please give an approximate number of animals reducing by and the impact of this on your outputs.</i>	
<i>Not sowing any crops</i>	<i>no grass reseeding done this year</i>
<i>Because of input costs</i>	<i>Production costs too much</i>
JUST NOT VIABLE	<i>Decided not to sow forage crop /reseed grass this year</i>
<i>We have cut back Spring Barley ground and planted grass and clover to graze, so that we can grow wheat in 2 or 3 years with v low fertiliser.</i>	<i>No grass sown</i>
<i>Did not do our annual 20 acres of grassland reseed this year due to fuel & seed costs</i>	<i>Grain fert the same grass been cut back</i>
<i>Some due to fert cost</i>	<i>I have rented more ground than usual and left a fallow field.</i>

<i>Reduced spring barley from 100ac to 20ac. Simply not enough cashflow to cover input costs to cover what we would want (REALLY NEED!!!) to grow. We will now have to buy in more straw for winter bedding so we're just kicking the can down the road, financially.</i>	<i>Due to feed costs and output increasing</i>
<i>I intend to sow approximately 7% less barley than I normally would.</i>	<i>The finances are not available to be able to reseed</i>
<i>Cannot afford it.</i>	<i>Less crop more fallow grass. Anticipated 25%less production.</i>
<i>Bought less fertiliser</i>	<i>cutting back</i>
<i>No crop planted.</i>	<i>Risk to reward make it not worth it. Unless conditions are perfect at planting land will lie fallow.</i>
<i>All grass</i>	

Do you plan to reduce or not sow autumn crops?

4. Of those who this question applied to, 15% answered yes with similar key themes identified as the spring crops. Full list of comments can be found in Annex B.

Q4 Do you plan to reduce or not sow autumn crops?



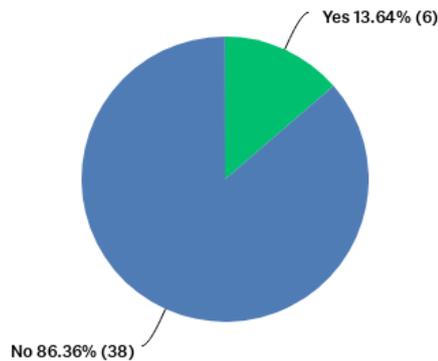
Annex B – Do you plan to reduce or not sow autumn crops?

<i>If yes, please give an approximate number of animals reducing by and the impact of this on your outputs.</i>	
<i>Not any to save on spray and fert</i>	<i>Higher input costs</i>
<i>Can't afford,</i>	<i>Haven't grown for 2 years.</i>
<i>This year and next year we will only sow our best ground. Marginal land is left fallow or put to grass with a view to low input arable in 2 or 3 years.</i>	<i>no reseeds</i>
<i>Due to fert cost</i>	<i>Cannot afford it.</i>
<i>may reduce area to be sown, but no firm decisions have been taken yet.</i>	<i>Farm not suitable</i>
<i>Reducing winter crops</i>	<i>Cost</i>
<i>Same as spring cropping answers above.</i>	<i>All grass</i>

Are you reducing milking herd numbers?

5. 44 dairy farmers answered question 5, resulting in 14% are reducing milk herd numbers, and 86% answered no. One notable comment was plans to cut the herd number after the summer months, two mentioned quitting all together and one mention this may be an option if inputs keep increasing. Full list of comments in annex C.

Q5 Are you reducing milking herd numbers?



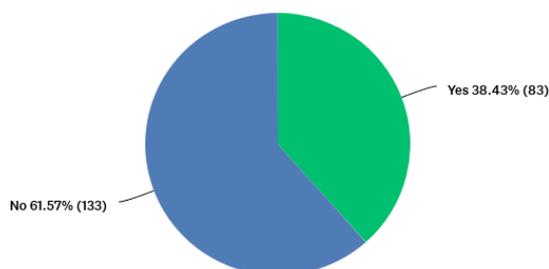
Annex C - Are you reducing milking herd numbers?

<i>If yes, please give an approximate number of animals reducing by and the impact of this on your outputs.</i>
<i>10% Hopefully the impact on the outputs will be offset by the impact of purchases but it will reduce the number of replacement cattle in the herd.</i>
<i>All of them</i>
<i>100 cows - 11%</i>
<i>Milking some cows for summer months but will cut numbers before cow's come in</i>
<i>Planning to quit</i>
<i>This may be an option if inputs keep increasing</i>

Are your reducing beef herd/sheep flock size?

6. 216 beef and sheep farmers answered this question, 38% answered yes to reducing herd/flock size and 62% answered no. A general theme from the comments included being tighter on less productive animals “*not taking any passengers and no sentiment*”, “*focusing on the poorer performing cattle and sheep*”. 4 respondents mentioned “getting rid” of all cattle. Full list of comments can be found in Annex D.

Q6 Are you reducing beef herd/flock size?



Annex D - Are your reducing beef herd/flock size?

<i>If yes, please give an approximate number of animals reducing by.</i>	
<i>We will not carry any passengers</i>	<i>Beef cows by approx. 10no</i>
<i>100</i>	<i>Considering though</i>
<i>Ageing cows not getting replaced</i>	<i>All</i>
<i>50</i>	<i>Run 80 sucklers and 750 hill & cross ewes. Might reduce a bit but hope not to reduce by any mor than 10%</i>
<i>Reduced her from 30 to 25</i>	<i>20 % reduction.</i>
<i>Only small farm but not keeping replacement heifers</i>	<i>Considering it if store and finished price of cattle doesn't rise a lot of current input costs are unsustainable</i>
<i>Reducing sheep numbers from 450 to 350.</i>	<i>Only cows that are producing efficiently will be kept, no passengers and no sentiment!</i>
<i>50 EWES 10 COWS</i>	<i>33%</i>
<i>12 less cows</i>	<i>40</i>

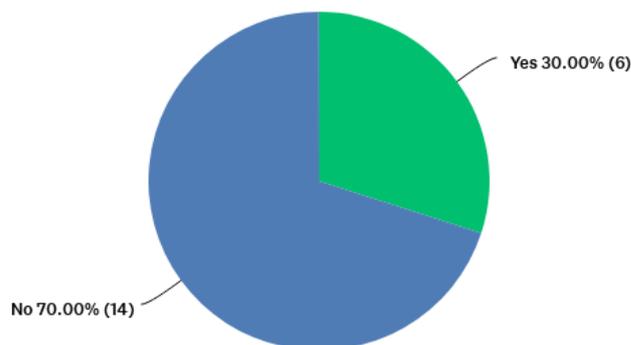
5	More grain
All of them	65 normally b&b wintered on slats
13 cows	30 down to 25
10%	reducing by 25 breeding beef suckler herd cows - approx -15%
12	50%
300	30
300 less ewes 50 less cows	110
30 cows 8%reduction	10
Cutting ewe numbers 80-100	Cannot afford price increase.
20 head beef cattle 50% reduction in number of dairy bull calves reared	potentially sheep flock depending on breeding sales inflation
10 cows	5
10 out of 60	10% - 20
50	By about 15 suckler cows
20	50-100
Half flock size	Getting rid of cattle
50 cows -50%	10%
25% of the herd And 30-40% of the sheep flock	25%
50 sheep	50%
Yes possibly reducing suckler cows by 10%	25
Possibly. Will depend upon how much winter feed is secured - silage, hay and then price and availability of straw and Ammonia treatment. Don't know numbers as yet but could be 15%	50% of sheep flock reducing or being dispersed completely. Hope to maintain cows.....
300. Letting most of land out.	10%
10 cows	Don't know yet trying to find other cash

60	50
<i>Increasing cattle numbers</i>	<i>10% reduction</i>
<i>Not at the moment, but we may have to. We currently have around 150 Beef Suckler cows.</i>	<i>Not a large reduction in numbers planned but really focusing on the poorer performing cattle and sheep.</i>
<i>More cull cows</i>	<i>All cows sold</i>
200	<i>Reducing by 10 cows</i>
40 COWS	10
100	<i>Not sure yet but all cattle might have to go off</i>
50% cows	100
	<i>Down to twenty cattle</i>

Are you reducing you sow herd number?

7. 20 responses to this question with 30% answering yes to reduction in sow herd numbers and 70% answering now. 2 commented staying all sows have been sold, others mentioning their herd numbers depend on future cereal prices and pig prices. Full list of comments in Annex E.

Q7 Are you reducing your sow herd numbers?



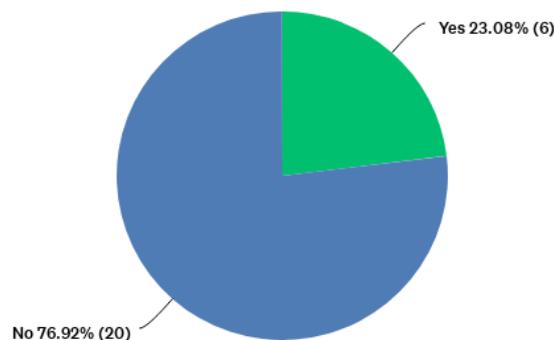
Annex E - Are you reducing you sow herd number?

<i>If yes, please give an approximate number of animals reducing by.</i>
<i>Although No at the moment, if pig prices don't rise to break even or cereal prices fall, may have to consider having our herd to feed only home-grown cereals this would be 200 sows culled out.</i>
<i>50 per cent</i>
<i>100% 350 sows</i>
<i>400 sows</i>
<i>Selling up all the pigs.</i>
<i>Depending on cereal prices</i>
<i>No pigs</i>

Are you reducing laying flock numbers?

- 8. 26 responses to this question, 23% answered yes, 79% answered no. Similarly, to sow numbers the comments highlight how fragile the future of their flock numbers are depending on the economic environment. Full comments in Annex F.
- 9. In terms of question 9 which asked about reducing broiler numbers, the 10 respondents who answered this question all answered no to reducing flock numbers.

Q8 Are you reducing laying flock numbers?



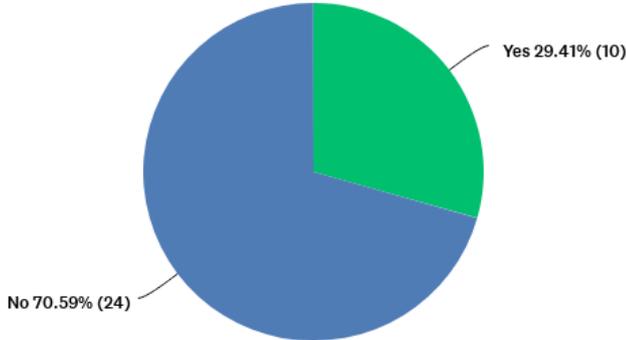
Annex F - Are you reducing laying flock numbers?

<i>If yes, please give an approximate number of animals reducing by.</i>
<i>Will be something we will do if prices do not rise substantially.</i>
6000
<i>Possibility of reducing by 40,000, depending on economic situation over next few months.</i>
100 birds
All
<i>Probably going to stop hens altogether but more to do with bird flu restriction. Only around 200 hens anyway.</i>
No hens

Are you reducing fruit/veg/pots grown?

10. 34 respondents, 29% answered yes and 71% answered no to reducing production, there was no additional comments added for this question.

Q10 Are you reducing fruit/veg/pots grown?



If you have any additional explanation to the above answers, please leave extra comments here (i.e., the impacts of the changes you have made)

11. Further to the above questions, question 11 in the survey offered an opportunity for further comments, the full list of comments is displayed in Annex G. General key themes include reducing input costs in a variety of methods as part of “tightening belts”, cutting back on herd numbers as they are just not profitable, and exploring alternative “sustainable fertilisers”.

Annex G - If you have any additional explanation to the above answers please leave extra comments here (i.e., the impacts of the changes you have made)

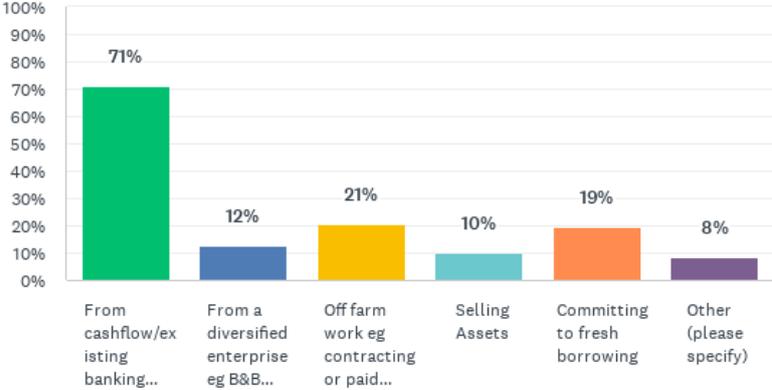
<i>If you have any additional explanation to the above answers please leave extra comments here (i.e., the impacts of the changes you have made)</i>	
<i>I am reducing beef herd due to the fact I can't get a facility in place</i>	<i>fuel and fert cost just not worth to grow crops or keep cattle</i>
<i>Reducing cattle by 25% to reduce the fertiliser needs for the grass</i>	<i>Selling calves 6-8 months rather than 12 months</i>
<i>Tried talking to a support manager, waste of time</i>	<i>Organic/in conversion</i>
<i>Not planning to reduce herd/flock immediately but will seriously consider doing so if prices stay as they are.</i>	<i>With all business experiencing reduction in turn over at present, the future is going to concise of reduced turn over and increased costing. A rock and a hard place! To survive we all are going to have to reduce production and with that any future turn over reduced as well. Asking for bank funding is not going to be easy. Especially with in secured basis</i>
<i>No choice but to reduce sow numbers. Making a substantial loss on every pig sold</i>	<i>High input costs give cash flow problems</i>

<i>Costs have made beef cows on lowland unviable</i>	<i>Belts will be tightened and we will do our best to maintain current levels of both cropping and livestock production, but because we have 3 separate units, fuel costs are particularly high. We may have to seriously consider reducing some of our farming operations.</i>
<i>Not purchasing stores and relying on home breed animals which mean fewer animals in the area of the farm</i>	<i>Reduce all inputs as far as possible. The next few years are very uncertain especially with regards to the payment system.</i>
<i>Cutting back on cows and grass and increasing grain production as grain prices have increased largely in line with fertiliser whilst beef prices have not</i>	<i>Both cattle and pig numbers will have to reduce if inputs and outputs don't reach a level playing field</i>
<i>We are trying very hard to remain at the same level</i>	<i>I bought same quantity of fertiliser. Took the hit on the cost and hope the future price covers this.</i>
<i>I still expect good production but due to feed costs, cattle will be marketed earlier. Inefficient cows will be culled.</i>	<i>We are fortunate to have a substantial amount of hay grown and secured for local horse owners. Many may either be disappointed or forced to pay scarcity values for hay!</i>
<i>Topping up this season's fertiliser mad me reduce application rates</i>	<i>Bounce back loan has been a savour in allowing bills to be paid which hopefully let's our trading partners keep going.</i>
<i>Plan to cull more older cows than would normally</i>	<i>A much-needed reason to look at other sustainable fertilisers</i>
<i>Culling harder</i>	<i>Planning on building soil biology and soil function to do this.</i>
<i>Got rid of cows because of age</i>	<i>I rent out grass fields and make hay to sell. This year I rented them out with no feet. applied</i>

<p><i>We don't plan to reduce beef herd or flock but may sell calves/lambs earlier if feed prices remain high over the winter</i></p>	<p><i>Biggest fear in spring was drought that would not return huge input costs.</i></p>
<p><i>We are new entrants (bought our 150ac farm in 2017) and we've just reached maximum capacity with our creditors trying to scale up and use economies of scale to work our way out of debt. We've landed in deep and it'll be a very tough job getting out of this black hole. There's just not the return on our investment. No amount of subsidising can improve this, and in many cases this just skews the economics of the job, making it all the harder for those working on a smaller scale.</i></p>	<p><i>the value of potatoes/vegetables has reduced in real terms and we would be looking to reduce production by 40%. Although prices have increased in supermarkets this does not mean that we receive any of this money.</i></p>
<p><i>Our farming role is small compared to our "green" businesses which now form the main activities of the farm</i></p>	<p><i>Will take the big fert hit this year but can't sustain it next year. Not feeding barley to stirks over summer.</i></p>
<p><i>Mainly professional fees e.g., vet and inputs like vaccines, supplements</i></p>	<p><i>No longer worthwhile</i></p>
<p><i>need for a local abattoir for native breeds</i></p>	

How are you covering these additional costs?

Q12 How are you covering these additional costs? (Please select those that apply.)



12. The above graph outlines the 307 responses, these 26 responses noted other methods of additional costs included using personal money and savings to prop up businesses, extending over drafts, reducing inputs, selling available assets as part of a “elongated exit strategy”. Full comments in Annex H.

Annex H – How are you covering these additional costs?

<i>If you have any additional explanation to the above answers please leave extra comments here (i.e. the impacts of the changes you have made)</i>	
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<i>Reducing cattle by 25% to reduce the fertiliser needs for the grass</i>	<i>Selling calves 6-8 months rather than 12 months</i>
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<i>Topping up this season`s fertiliser made me reduce application rates</i>	<i>Bounce back loan has been a savour in allowing bills to be paid which hopefully let's our trading partners keep going.</i>
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<i>Our farming role is small compared to our "green" businesses which now form the main activities of the farm</i>	<i>I rent out grass fields and make hay to sell. This year I rented them out with no feet. applied</i>
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