

Diversification Statement



Free Range Eggs Diversification Project

E & J Morris
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Contents:

1. Introduction
2. Background
3. Investment Proposal
4. Definition of Diversification
5. Additional policy support for the Farm Diversification

Introduction:

This diversification statement has been prepared for the client E & J Morris, to support their planning application into Free Range Egg Sector by Farm Diversification Consultant Elaine Jones who has worked alongside the couple in their research and project development.

Elaine Jones is a mentor with the Welsh Government in Farm Diversification schemes throughout Wales, specialising in poultry & renewable energy. Elaine has a wealth of knowledge and experience having mentored over 150 farmers in recent years in these subject areas.

Background:

E & J Morris is the trading business farming the holdings of Cae Mor and Pentreclawdd Farm, the current enterprises within the business are Christmas trees, Tourism, Pedigree sheep along with some land rented out as grazing. 45 acres are owned by the partnership.

Cae Mor is the homestead for the business and where Julian & Emma Morris live with their young family this is where the majority of land is located (41 acres). The Pentreclawdd holding hosts both the tourism and Christmas trees enterprise – mainly due to its location as it is much more accessible to customers been on the A5 road network.

The trading business is registered with WG and RPA as a holding and the partnership has submitted SAF since 2006 when they bought the holding and are in receipt of SFP & BPS moving forward. The holding is also registered with farming connect. The business has a Customer Reference Number and a CPH number.

The Farm is managed day to day by Julian & Emma Morris, who live at Cae Mor, they manage the enterprises effectively. Although local to the area, neither Emma nor Julian are from farming backgrounds, therefore their commitment, determination and energy is remarkable. Emma & Julian would be deemed by the Welsh Government as “New Entrants” to the industry – which in today’s climate is rare as the investment cost to purchase land, livestock and infrastructure costs associated with the agricultural industry are massive.

Both partners are aware that due to the relatively small acreage they own, traditional farming practices such as beef & sheep are not a viable option. Having invested heavily in the infrastructure on the holding, with massive improvements to boundaries with new fences, re –establishing hedgerows and building up the productivity of the soil indices the partnership believe now is the time to move on with building up the holding into a fully productive unit that will in turn be a self sustaining and viable business for future generations.

Investment Proposal:

After much brainstorming, research and investigation the partnership are focused on the production of Free Range Eggs with the investment into a 16,000 bird unit. The majority of investments in this sector are 32,000 bird units, so the Cae Mor proposal is in fact relatively conservative.

The vision of Julian & Emma is to create a sustainable and profitable business for the farming family and future generations, to safeguard the environment, ensure high levels of animal welfare, whilst adapting to challenges from external factors such as climate change, animal diseases, legislation and CAP. The Diversification into energy generation and Free Range Egg production is part of the business growth; however it is crucial factor for the efficiency and profitability of the unit.

The business and the operations will be registered with Freedom foods and will adhere to there stringent stocking rules and regulations – the shed proposal has taken into account the requirements legally required, along with many other factors in this development such as:

- The land requirement needed for this proposal is 8 ha which is approx 20 acres as the UK requirements are 2000 hens/ha (against EU regulations of 2,500/ha) the holding at Cae Mor has at least double this requirement.
- The housing will be separated internally in 4 colonies each housing 4,000 hens.
- Smell & Noise levels will be compliant with Environmental health requirements.
- Highways –The proposed unit is accessed from a B Classified road and within a rural farming community this road has had historic and current day use of all forms of agricultural vehicles from tractors, milk wagons, feed wagons, hay and straw deliveries.
- It is fact that the employment of current employees, 2 locals will be indeed safeguarded if this proposal is to go ahead, and it is envisaged that 3 part roles for local people will be created once the unit is operational. This is alongside the local businesses that will benefit from the establishment of the unit, local groundwork operators, builders, concrete suppliers, electricians, steel fabricators etc.
- The Produce from this unit will be packed locally in Ruabon and retailed as a premium product line “Welsh Egg”.

Farm diversification is the main driver for this enterprise, to gain a further income stream from alternative use of the land to establish a viable farming enterprise.

If successful in the planning process the Free Range Egg unit will be financed via a farm business loan through the business of the finance will be secured against the assets of the trading business such as plant, equipment and livestock and it will be the profit from this farming business that will service the repayments of the farm business loan.

The supporting information to justify this diversification statement is below:

4. Definition of Diversification:

The defra & welsh government definition of a diversified enterprise is “The entrepreneurial use of farm resources for a non-agricultural purpose for commercial gain.”

Hence, diversification reflects the reduced dependence of farmers on agriculture as a source of income. Diversification also implies some kind of entrepreneurial activity on behalf of the farmer. (Defra - Farm Diversification in England: 27/01/11)

Definition of farm business resources in relation to diversification

Farm resources are defined as land or capital that was previously used for agricultural purposes. Where a farmer/spouse takes up external employment, this will be classified as other gainful activity. However, any activities that the farmer/spouse spends their time doing will still be classified as diversified activities whenever any land or capital previously used for agricultural purposes is also employed (for example, a farmer running a shop selling produce from the farm).

Whether an activity is defined as diversified or as other gainful activity would depend on a combination of factors. For example, whether the farm resource previously used for agricultural purposes could be switched back to agricultural use, whether the accounts of the activity are separate from those of the farm, and how long it has been a diversified activity. It is useful to think of diversification as a transition rather than an end-state.

We feel confident that our development fits into the criteria of a diversified enterprise due to the following:

- We are using the farm resource of the land to locate the Free Range Egg Unit and using the land as a range for the hens.
- It is the assets of the farm business that are essential to secure the Farm Business Loan to finance the investment.
- The labour commitment to the business will increase to ensure the correct management of the operation of the unit.
- All income and liabilities will be trading under the farming business account of E & J Morris.
- The partners of the business are the entrepreneurial drivers who will own and manage the project and they will be controlling the site and it is their every intention that they will continue to be so, for the entirety of the project.

5. Additional policy support for the Farm Diversification:

Planning for Sustainable Rural Communities (Tan 6)

3.1.2

Planning authorities should support the diversification of the rural economy as a way to provide local employment opportunities, increase local economic prosperity and minimise the need to travel for employment.

6.1.1 The Welsh Assembly Government's objective is a sustainable and profitable future for farming families and businesses through the production and processing of farm products while safeguarding the environment, animal health and welfare, adapting to climate change and mitigating its impacts, while contributing to the vitality and prosperity of our rural communities. The planning system can play an important part in supporting the future sustainability of agriculture.

3.7.2 Many economic activities can be sustainably located on farms. Small on-farm operations such as food and timber processing and food packing, together with services (e.g. offices, workshop facilities, equipment hire and maintenance), sports and recreation services, and the production of non-food crops and renewable energy, are likely to be appropriate uses.