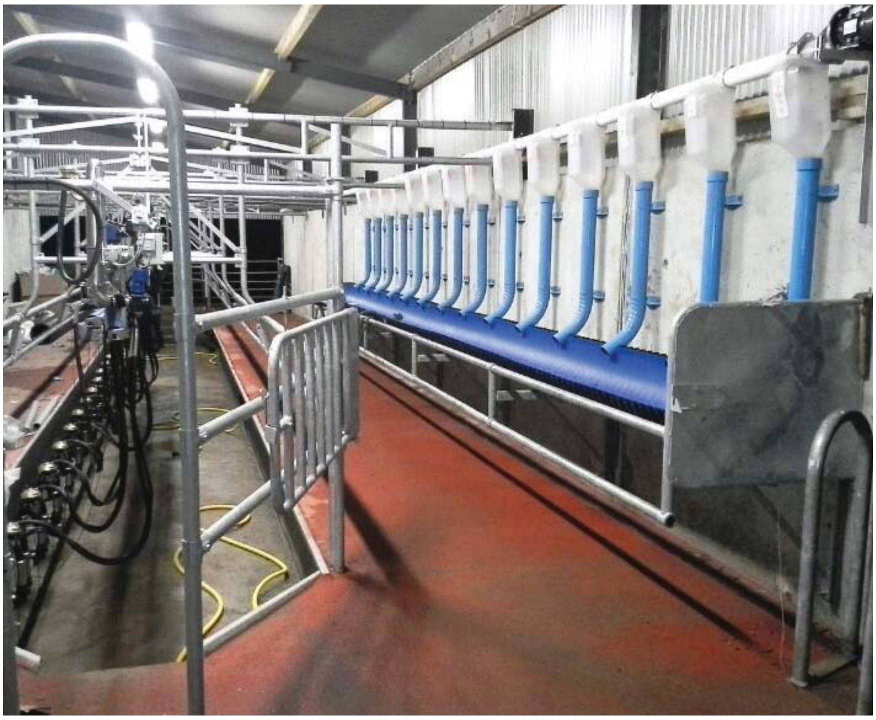


Robert English's new milking parlour. He emphasises the need to invest prudently when starting out.

Partnership underpins expansion

Patrick Gowing
Teagasc Dairy Expansion Service

> Robert is keen to highlight the need to have a good contingency budget, as unforeseen things crop up

Located on the Westmeath/Longford border near the village of Tang, Robert English and his father Mervyn farm in partnership. They converted the farm from drystock to dairying in 2014. While talking to them both, you would think they have been milking all their farming careers such is their knowledge, yet they are only in their second year of milk production.

Prior to converting, the farm was in a suckler-to-beef-and-sheep system and Robert, who is a qualified engineer, was working off farm. The land is in a 121ha block with an additional 2ha across the road. The farm is a mixture of high dry land (approximately 70ha) that runs around the existing farmyard and is bounded by lower land (51ha) that is drained on a pumped system into neighbouring Lough Ree.

Why get into dairying?

A question Robert has been asked over and over again is why he left a stable job to go back home farming. As Robert worked as an engineer, he was finding it harder and harder to get work close to home and his commutes to work were getting longer, especially during the downturn.

"I always had an interest and desire to develop the farm. Returns were poor from the drystock enterprises. It was obvious that dairying was the only option to allow me to achieve his goals for the farm and to become a full-time farmer."

With the backing of his parents, Robert contacted Teagasc to see if it was feasible to convert. Initially, a simple one-page assessment page was used to see if it was a viable move. The farm was also walked to see what capital would be required.

The main question to ask any potential new dairy farmer is: have you milked before and do you know what you are getting yourself into?

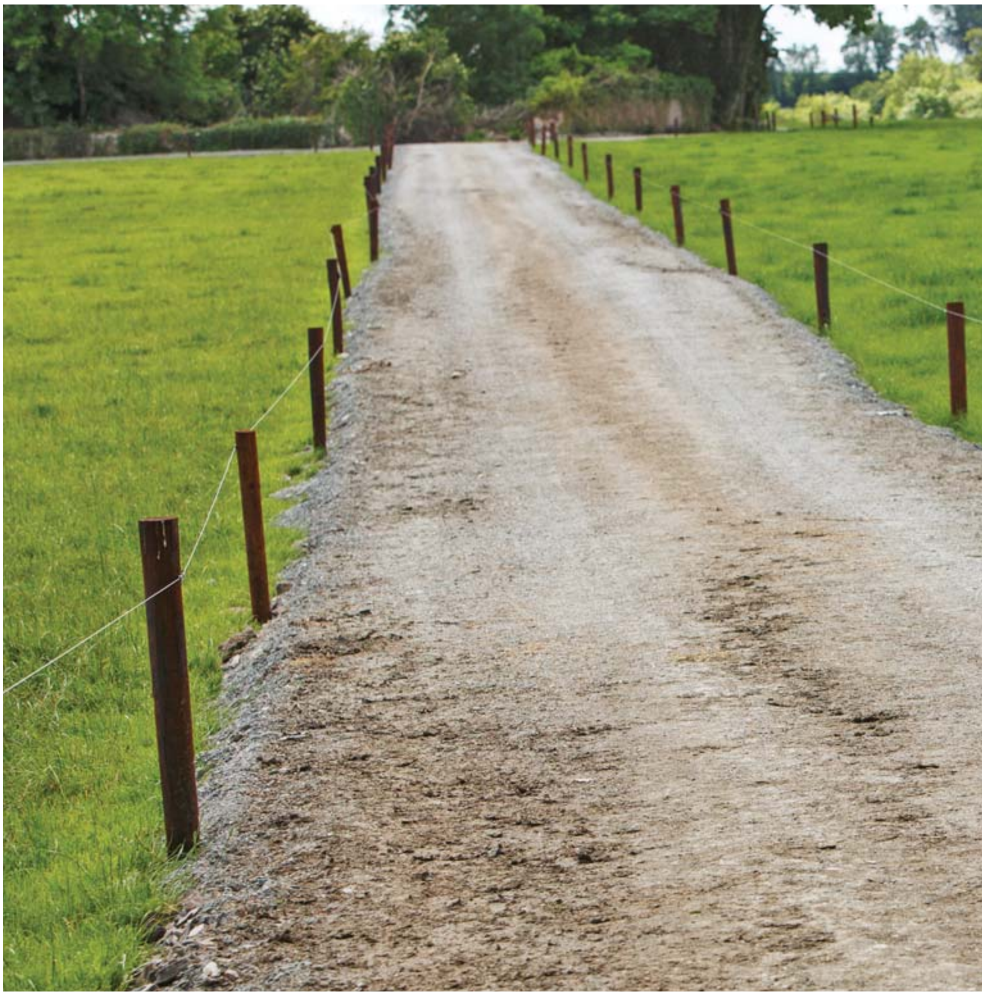
Continued on page 10

» From page 9

To answer these questions, Robert left his job early to do a calving season in 2013 with Gerry Fallon, a local dairy farmer who was himself expanding onto new land. This gave Robert valuable experience on a large-scale, spring-calving dairy farm on a grass-based system. It also answered the question of whether he like milking cows while showing him the potential of a well-run dairy farm.

Robert joined the "Going Forward" dairy discussion group a year prior to starting in milk. He is adamant that all potential new entrants should join a local discussion group. "It's the only way to learn and upskill yourself. You see how to do it right on other farms and you make connections with existing farmers who are a valuable source of information, especially in the early days of milk production."

The decision was made to proceed with the changeover and Robert purchased quota and applied to the new entrant quota under section B.



The business plan

A business plan was prepared for the banks with the investment cost on the farm divided into two phases. The initial drawdown was to allow Robert to start.

The focus was to get the farm growing grass and to allow them to enter dairying with relatively small numbers. This allowed the farm to manage the last two years of the quota regime, enabled Robert to build his expertise in dairying gradually and maximised the use of the existing drystock sheds on farm for wintering facilities. This meant the farm would not be overburdened with debt in the first few years of expansion.

A 16-unit parlour was constructed beside the existing yard with room to extend to 24. Robert availed of TAMS grant aid on the milking parlour and bulk tank. While the site of the parlour was not central to the land (the precise centre of the farm is 270 metres away) it was placed beside existing services (electricity and water), it is central to the drier land and the centre of the farm is on a rock vein which would have increased costs for digging out tanks in the future.

All other investment in year one was spent on growing grass and improving access to grass. The farm was soil sampled and showed index one for both P and K and had a lime requirement. A fertilizer plan was put in place to address this issue.

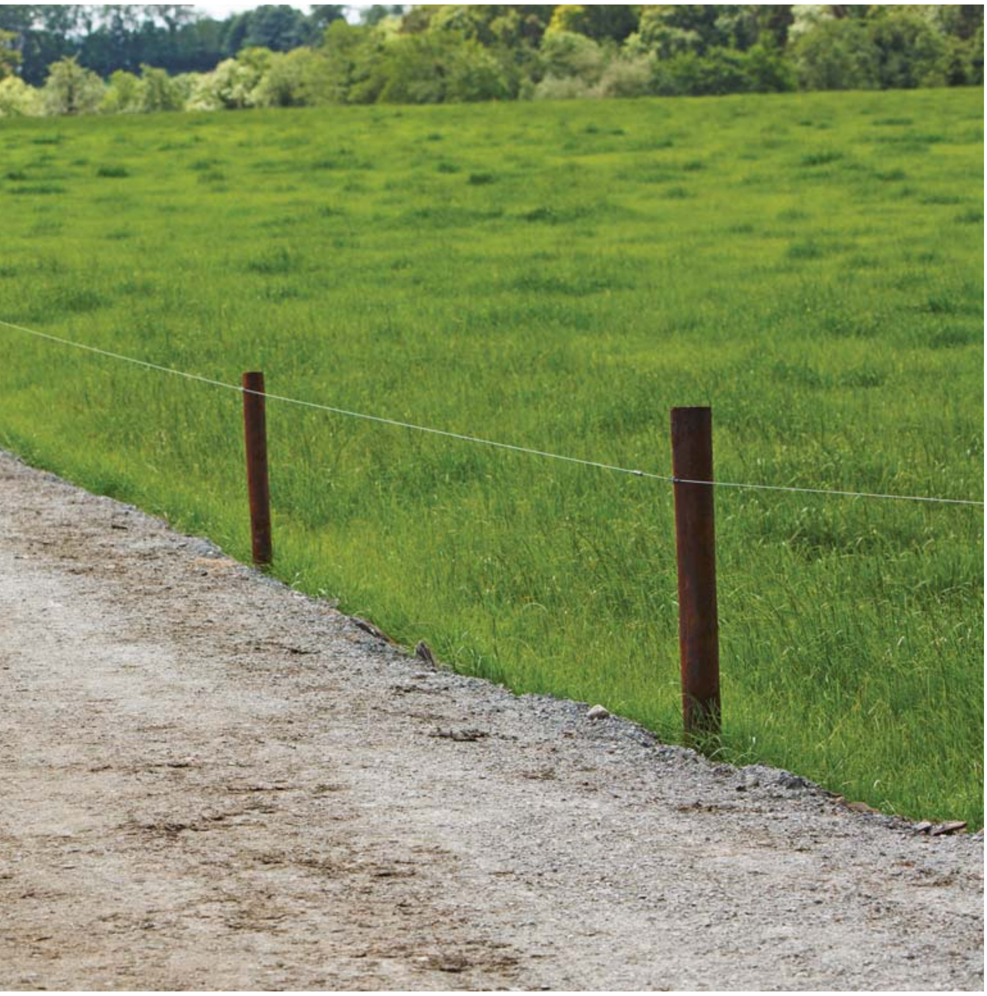
Based on advice from his group, Robert tries to have one-acre reseeded for every cow he has on farm. This is a simple guide for how much he needs to do in any year.

A new road plan was put in place to link existing roads and improve access. No permanent paddocks were established. Each year, paddocks are made using temporary wire. This saved on initial investment costs and it also allows for flexibility as the herd expands.

Robert is keen to point out the need to have a good contingency budget. "Unforeseen things crop up," he says. "For example, a new well had to be bored as the existing well did not have the supply required. This was not initially budgeted for, but was covered under the contingency budget."

When setting up the business plan, a milk price of 34c/l was used for 2014 and 28c/l thereafter. As they were a converting farm, the average costs per livestock unit from Westmeath were used to estimate potential costs. His milk output in year one was based on delivering 330kg MS/cow

Robert English.



DAIRY €XPANSION SERVICE

The removal of milk quotas in 2015 provides a new opportunity for the Irish dairy industry. While today's dairy farmers are well educated and better travelled compared with previous generations the challenges which they will face will be greater.

Continuing development in technology and the volatility of world markets will pose new challenges and a greater need for planning, especially in the expansion phase. Poor planning of expansion can result in bad business decisions and cashflow issues.

With this in mind, Teagasc has launched the new Dairy Expansion Service, which provides the following:

- Grazing infrastructure design.
- Farmyard layout and design.
- Capital costing for expansion.
- Timeline of expansion.
- Six-year business plan.
- Cashflow projections.
- Ongoing assessment of the expansion plan.

Contact your local Teagasc advisor today or email Patrick Gowing at patrick.gowing@teagasc.ie

Table 1

Year	2014	2015	2016
Planned cow numbers	65	105	145
Actual	50	120	150
Planned kg MS/cow	333	348	364

Table 2

Year	2013	2014	2015	2016
Farm roadways (m)	249m	298m	570m	550m
Reseeding (ha)	14.38ha	8.2 ha	15 ha	16 ha

rising to 400kg by year six. Budgeting on overperforming cows in a business plan can put the plan under pressure. "If it works at the lower output, it will definitely work at the higher output," Robert says.

Sourcing stock

Robert used the sale of the beef and sheep to finance the purchase of in-calf heifers in autumn 2013. High genetic merit cows herds were identified. Fifty heifers were purchased from the minimum number of herds to reduce the infectious disease risk. In year one, the average EBI of the herd was €156 which was in the top 5% of herd for genetics within Lakeland Dairies who he supplies.

The plan aimed to increase cow numbers from 50 to 130 over three years. This meant that the existing facilities would suffice until 2016. However, Robert got the opportunity to work off-farm in the second half of 2015. With help on farm from his parents, Robert went back to work and saved money to allow him purchase additional heifers to bring his plan forward by a year.

This meant that Robert was able to purchase an additional 70 in-calf heifers in the autumn of 2014 to milk 120 in 2015.

Phase two expansion

With the opportunity to increase cow numbers sooner than planned, the business plan was revised and resubmitted to the bank to allow for the capital expenditure on housing facilities. As the original plan had allowed for a double drawdown on funds, there was no issue with accessing the additional money as it was highlighted to the bank from the outset.

The revised plan signposted the possibility to increase cow numbers faster and we could use Robert's own figures from his eProfit monitor to establish his cost base.

Robert plans to construct a concrete slurry lagoon and develop a cubicle accommodation and feeding area off the tank located beside the parlour. The slurry lagoon will have enough storage to cover him for future cow numbers where cubicles can be added as required.

Advice to other new entrants

Robert emphasises the importance of gaining experience on leading farms when starting out. He also believes in getting the right advice and ''doing things right''.

"It's an expensive job to convert and you have to make sure you are doing it right," he says. "Make sure you invest in areas that will return you money." He also feels that a properly thought-through and constructed business plan is essential for guiding you through the first years of expansion. "It has to work on the plan, Robert concludes. "If it doesn't pay there ask yourself – should you be doing it?''