

Structures for expansion

With the abolition of milk quotas many farms will be looking at expanding their dairy enterprise in the coming years. In doing so, they will be faced with many challenges and changes to the running of their dairy enterprise. Many farmers focus on physical resources (cows, grass, money, infrastructure), but few question if the necessary management capability for successful expansion is available. There are many other areas that will impact upon the profitability and sustainability of the expansion process. Some of the challenges that farmers will face in the expansion process are outlined below.

1. **Increased labour demand** – Increased cow numbers will result in an increased work-load. Farmers will have to reduce time spent on operational jobs and instead spend more time managing people and physical and financial resources. This will be really challenging for those who enjoy the day-to-day work. However, the financial return from time spent managing greatly exceeds that from operational work. Hired help or more efficient use of the contractor is required to meet the operational workload.
2. **Farm Infrastructure** – For many farms expanding, infrastructure revolves around cubicles and parlour size. However, there are many other areas which tend to be forgotten about. A good system of paddocks, roadways and water is essential. Calving and calf rearing facilities, which are often not adequate to cope with current numbers, may need investment. Another area that needs to be considered is providing adequate feed space per cow, for winter feeding and buffer feeding when necessary. It is important that all of these infrastructural items are considered when costing and planning the expansion process.
3. **Animal Health and Welfare** – Increasing cow numbers can be a high risk time for disease outbreaks in the herd. A herd health plan in conjunction with your vet should be developed to ensure disease and health outbreaks are kept to a minimum.
4. **Financial and tax planning** – In an expanding herd, controlling the farm finances will be essential to ensure the process is sustainable. Expansion brings about increased farm revenues but will also increase working expenses, labour and banking commitments. It is essential to carry out profit and cash flow projections, particularly to manage milk price volatility. With profit potential increasing on farm, another area that will need careful planning is that of farm taxation.
5. **Farm collaborations** – Some farms will need to acquire more land to facilitate expansion. Farming in collaboration with another farmer may be an option. This can take the form of a long term lease, a partnership, share farming or contract rearing. All of these options could provide an opportunity to expand the milk output of the herd and will generate an income for all parties within the collaboration. Most of these options require a first step of approaching like-minded people that you feel you would work with- without this step the opportunities may not materialise.

Structures for expansion farm walk – Farm of David Hannon

To help address some of these issues for milk suppliers, the Lakeland/Teagasc joint programme team have organised a structures for expansion farm walk on the farm of David Hannon, Derrypatrick, Drumree, Co Meath. In 2005 David was milking 110 cows but has doubled his herd in the last 10 years (Table 1). There have been many challenges over this time, so careful planning and budgeting have been hugely important in making the process a success.

David recognises the importance of having a good network around him, from farm staff and his dairy discussion group plus advisor, to financial and herd health experts. All of these people working together have helped make expansion a worthwhile venture on this family farm. If you are interested in hearing David's story, and discussing these issues with a number of distinguished speakers, you are welcome to come along to this event.

Stock	<ul style="list-style-type: none"> • 217 milking cows • 58 repl heifer units
Land	<ul style="list-style-type: none"> • 72 ha milking platform • 95 ha total
Stocking Rate	<ul style="list-style-type: none"> • 3.03 cows per ha • 2.89 LU per ha
Milk solids	<ul style="list-style-type: none"> • 404 kg per cow • 1224 kg per ha

Table 1. David Hannon herd details 2014-15

Speakers & Agenda:

- **Introduction to the host farm** – Vincent Treacy, Teagasc & David Hannon, host farmer
- **Growing your business through collaboration** – Austin Finn, Land Mobility Service Programme Manager & Tom Curran, Farm Structure Specialist, Teagasc
- **Managing labour during expansion** – Pat Clarke, Teagasc Dairy specialist & Martina Moran, Lakeland/Teagasc Joint Programme
- **Financial Planning and Tax Issues** - Declan McEvoy, Head of Tax, National Tax Department, IFAC Accountants & Enda Duffy Lakeland/Teagasc Joint Programme
- **Planning farm infrastructure for increasing herd sizes** – Donal Patton, Dairy Research Technologist, Teagasc & Adrian McKeague, Lakeland/Teagasc Joint Programme
- **Animal Health & Welfare in an expanding herd** – Mr. Frank O'Sullivan, MRCVS
- **Summary session** – Mr. Michael Hanley, CEO Lakeland Dairies, David Hannon & Joint Programme advisors

Venue: Tir na Ri Farms Ltd (c/o David Hannon), Derrypatrick, Drumree, Co. Meath
Time: 11.00am, Wednesday 26th August