

The end to milk quotas in Europe creates opportunities for growth

by Neil Blackburn and Will Jones,
Kite Consulting, UK.

Since 1994, dairy output in Europe has been managed by milk quotas. The decision was taken in 2003 to abolish quotas and it has taken until 2015 to gradually achieve this. As of 1st April this year, European farmers therefore have no restrictions on production. Output from Europe will now be driven by economics and environmental legislation alone.

Due to lower milk prices in the UK compared to the rest of Europe and greater opportunities for land, the UK has not hit its quota since 2004, as the percentage of dairy farmers exiting the industry has been greater than the remaining farmers that have expanded. Hence, true market forces have been in play in the UK for over 10 years now. The UK has therefore been the forerunner to what may happen now in the rest of Europe.

In essence, it has meant that in the UK, individual dairy farmers who have had the appetite, have been able to expand quicker than their European neighbours.

One such farm that has anticipated the opportunity is Bubney Farms in Shropshire, UK. The business is owned and managed by Andrew and Janet Evans. Having taken over the family farm as a 200 cow traditional system in 2001, the ambitious

couple set about modernising the farm, at the same time going through various expansion phases.

A 60 point rotary parlour was installed in 2003, and by 2008, the herd was up to 800 cows on a semi TMR system, milked twice a day, with yields of 8,500 litres per cow. Milk sales had increased to 6.8 million litres per year.

Study tours to the US in 2006, 2008 and 2012 led Andrew and Janet to look at how to expand their business again, so as to spread costs over more litres in order to gain economies of scale and increase profit per litre. Hence in 2011/12, the decision was taken to increase the herd to 1,700 cows and switch to three times per day milking. Yields gradually increased to 10,000 litres per cow and milk sales increased to 17 million litres per year by 2013.

Expansion has continued since then and cow numbers are now up to 1,900 head with yields approaching 11,000 litres per cow. Milk sales are now on target of 20.5 million litres this year. The increases in yield have been attributed to not only three times per day milking, but also a switch to sand cubicles, which has resulted in greater lying times, improved cow comfort and less lameness.

Good fertility

Good fertility is key to the system and this is managed by Genus ABS and Willow Vets of Cheshire. Heat detection is in the form of tail painting, with services carried out in the cubicles. The 21 day pregnancy rates are generally around 22-24%, which results in the average days in milk around 185 days. There is room to improve further, and with changes to the transition ration, it is hoped to increase the pregnancy rate to 25-26% and reduce the average days in milk to 170 days.

The herd are housed through the winter and the summer and are fed a TMR ration comprising of 19kg of corn silage, 13kg of grass silage, 2kg of alkaline treated wheat, 4kg of moist wheat distillers, 3kg of wheat



distillers syrup, 30g of protected fat, and 9kg of a mineralised blend, which contains, soya, rape, sugar beet pulp, maize, wheat and yeast.

Cows are expected to consume around 25kg of dry matter per day and the TMR is formulated to 12ME and 17.5% crude protein. The TMR is mixed in a Trioliet mixer wagon, which Andrew has found to be the most reliable machine at the same time as giving a good consistent mix.

The transition cows are fed a low potassium TMR containing 6kg of straw, 12kg of corn silage, 4kg of wheat distiller syrup, 2.5kg rapemeal, 150g of magnesium chloride, 60g of calcium sulphate, 150g of limestone and 150g of minerals. The ration is classed as 'semi DCAB' to reduce the risk of milk fever and other metabolic disorders.

The continued expansion of the farm has resulted in constant management challenge, which has meant Andrew and Janet have had to learn to take a step back from the day to day practical work to put more time to business and staff management.

A total of 15 full and part time staff are now employed and hence ensuring the operation runs smoothly is a full time job in itself. The plan now is to recruit a 'hands on' head herdsman to take over the management of the cows from Andrew, with support from a young apprentice, who is already in place.

There is a shortage of experienced candidates in the UK, as there are very few herds of this size for staff to learn how to manage 1,000+ cows.

Hence the plan is to look to the US and other larger scale dairying countries for an experienced person to take the herd forward.

What next?

Looking to the future, expansion is likely to continue to over 2,000 cows, as well as the desire to improve technical performance further so as to maintain the competitive position of the business in the market place. The business already benchmarks itself financially and technically against eight other larger dairy farms and the group are already placed in the top 25% for business performance in the UK and the next target is top 10%.

The group is an ideal forum to learn from each other, but also gives confidence to those businesses to improve quicker than they would do on their own.

Expansion is now very likely to occur in a lot of European countries previously held back with quota, and with continued growth in the US and New Zealand, milk prices will be under increasing pressure until natural equilibrium is reached through normal supply/demand forces.

Businesses like Bubney Farms cannot therefore afford to be complacent, but by the steps they have already taken and the plans ahead, they can weather the poorer milk prices well and are therefore ready to capitalise on the better times ahead. ■

