

Teagasc Director, Professor Gerry Boyle
Speaking notes for the conference
The end of the Beginning; how Future Dairy Expansion will benefit the Irish economy
Wednesday, 1 April 2015
City West, County Dublin

Minister, Chairman and Directors of the Teagasc Authority, colleagues, ladies and gentlemen ...

Quota abolition day has arrived after over 30 years when the door was shut firmly on Ireland's ability to exploit our most important national resource ... our grasslands!

The end of milk quotas mean;

- There are huge opportunities to be maximised
- Substantial financial and other risks to be minimised
- Significant environmental challenges to be overcome.

All of these factors share a common resolution. We need to up our level of productivity considerably over the next 5 years. This consideration trumps all others following abolition, including the understandable desire of many farmers to drive on expansion. As my colleagues now continually emphasise farmers need to stress: "better before bigger", "efficiency before expansion" and "skill before scale".

In our view, a focus on driving "sustainable profit from productivity" thus has to be the dominant theme of FH2025.

Fortunately through a research and advisory programme that has been pursued consistently over several years with significant public investment, we have an exceptional degree of clarity as to how we can enhance the level of productivity in the sector.

We know, for instance, that greater grassland utilisation and continued genetic gain with a focus on the enhancement of milk solids, fertility and animal health are key to substantially increasing productivity.

For example

- Only 7 tonnes per hectare of grass is utilised, on average, on our dairy farms and a target of 15 t/ha is eminently achievable. This would be worth about €1,300/ha or nearly €50,000 for a 60 hectare farm.
- An increase in the 6-week calving rate from 58% (national average) to 90% (Teagasc target) is worth over €21,000 for an 80-cow herd.
- These measures can also substantially reduce the carbon footprint of our dairy farmers.

At the same time we can all too readily identify the practice adoption gaps in respect of these and other productivity dimensions that are holding the sector back.

For the next five years we have, however, an opportunity to eradicate these deficits. But this won't happen without public intervention and investment in our research and advisory infrastructure. We know that increased contact between a farmer and his or her adviser can significantly improve the physical and financial performance of the farm business. But, as most of you are aware, our advisor numbers have fallen substantially in recent years and there are major advisory gaps now in some regions.

We have had an enlightened public policy on research, despite the difficult national financial circumstances of the last 6 years. There has been continued investment by the state on research, through the FIRM and STIMULUS programmes, administered by the Department of Agriculture, Food and the Marine.

This has enabled Teagasc and other research providers, to recruit scientists on a contract basis to support continued research activity. This recruitment has been hugely welcome but it has been largely confined to junior scientists employed on relatively short-term employment contracts. We need, in the near future, to step up recruitment to senior level scientists on longer-term contracts to lay down the foundation that will be needed to push out the knowledge frontier much further in order to maximise the opportunities; minimise the financial risks and overcome the environmental challenges that now arise as we face into a future without quotas.

But the sector needs more than new science. We need to translate the fruits of both, what new science, and existing science offers in terms of improving actual farm practice.

Without adequate advisory support we will not only fail to reap the potential benefits of the huge public investment in research that has already taken place and which will occur into the future, but we will, more importantly, fail to bridge the productivity deficits that afflict the sector.

We have a golden opportunity over the next 5 years to exploit an opportunity that few countries will ever experience. We have the potential to create wealth and jobs on an unprecedented scale, but we need to invest in the supportive infrastructure such as our public agricultural advisory service, to realise that potential.

Teagasc has 235 frontline advisers today; in 2008 we had 400; but today we face no barrier to our ability to exploit our comparative advantage in milk production and our farmers need the back up of a public advisory service with a clear focus on driving "sustainable profit from productivity" to fully exploit the opportunities that now beckon. Not merely for farmers themselves, but for the processing and agribusiness sectors and the wider economy.

We have ambitious plans to support farmers in their expansion plans by assisting them to achieve sustainable expansion. Today, I'm pleased to announce the establishment of a new Dairy Expansion Service which will have a national remit and will work closely with local advisers to support farmers that are planning expansion in terms of technical and financial planning advice. We hope to have this service in place by the end of next month.

However, we lack sufficient personnel on the ground that are needed to deliver the scale of planning support that's required.

We will prune our overall services, to make room for those services that will underpin the expansion needs of farmers, and we will be creative in responding to those needs. But there is no way that we can deny that we urgently need to retain our existing number of frontline advisers and to recruit at least another 20 to fulfil the task that will be needed over the next 5 to 10 years.

As we seek to mark the huge significance of this day in the history of our dairy industry, maybe the best way to do so would be to commence a debate on how best to adequately resource a public advisory service that's fit for the purpose that now beckons.

There is, I submit, urgency to the commencement of that debate!

Finally, I would like to thank my colleagues for the immense work they've put in to organising today's event and in particular for the excellent publications "Review of the Milk Quota" (Thia Hennessy and colleagues) and Dairy Profit Monitor Results 2014" they've produced and which I'm sure you'll find both interesting and useful.

Thank you.