

Teagasc Notes for week ended Friday September 13th 2019

Dairy

Is it Time to Assess Your Stocking Rate?

The optimum stocking rate for an individual farm is that which gives sustainable profitability. This is dependent on the individual farm's grass growth and grass utilisation ability. The amount of grass produced on the farm dictates the farm stocking rate (SR), concentrate supplementation level and fertiliser application programme for the farm. Ireland has a great opportunity to continue its grass-based focus by implementing better grassland management.

In recent years, many Irish farms have increased herd size while at the same time increasing their grass dry matter (DM) growing capacity. However, many other farms have increased herd size without increasing grass DM production. Instead, the level of concentrate fed to the herd has increased to compensate for higher herd feed demand. It is clear that some farms are not growing enough grass to support the number of grazing animals on the farm. This deficit in grass production results in higher milk production costs (i.e., more imported feed). If a farmer wants to increase stock numbers the amount of grass grown needs to increase first. Think twice before you add cows to the herd without checking the grass growing capacity of the whole farm.

Extreme weather events in 2018 have taught us that as stocking rates are increased beyond pasture growth capacity, there is a marked shift toward reliance on external feed sources. Clearly, the SR at which this occurs is dependent on annual pasture production. This highlights that it is overstocked farms (relative to growth potential), rather than highly stocked farms, that carry greatest risk of feed deficits year-to-year.

As herds expand in circumstances of limited grazing area a greater disparity may develop between milking platform SR and whole-farm SR. This is particularly the case where external land is secured on short-term rental arrangements, which can prove an impediment to investment in pasture renewal and soil fertility. Nonetheless, a useful guideline is that a typical dairy cow fed 0.5 t concentrate annually requires at least 5.5 tonnes DM grass grown to meet total forage (grass plus silage) demand. Average (2014-17) annual tonnage recorded by dairy farms on PastureBase Ireland was 13.9 t DM/ha, capable of supporting 2.52 LU per farm ha. The bottom 10% of farms recorded 10.2 t DM/ha growth, or a potential farm SR of approximately 1.80 LU/ha. Stocking the farm in excess of 5-year average growth capacity creates reliance on bought-in feed, even before allowance is made for adverse weather effects.

For example, if a farm can grow 10 t DM/ha on the whole farm (including external blocks of land) and the farmer feeds 750 kg concentrate DM/cow, then the optimum stocking rate is 1.9 LU/ha. If, on the other hand, the farm is capable of growing 16 t DM/ha on the whole farm and the farmer also feeds 500 kg concentrate DM/cow, then the optimum stocking rate is 3.0 LU/ha.

Registered Farm Partnerships

Now is the time to get your ducks in a row to set up a registered farm partnership for 2020 !!

Over 2,660 farm families are now in Registered Farm Partnerships with the Department of Agriculture. Now is the time to get started on the formation of your farm partnership to ensure that you are ahead of the posse and beat rush before the Basic Payment Scheme deadline in 2020.

Benefits of a Registered Farm Partnership

- Common Agricultural Policy (CAP) Schemes
 - Double TAMS II threshold at 40% or 60% is partnership qualifying young trained farmer.
 - Young Farmer Scheme
 - 50% partnership establishment grant
- Additional Income tax measures:
 - Maximise 20% tax threshold
 - Young trained farmer stock relief

- Enhanced stock relief for partners
- Succession farm partnership tax credit
- Can progress standard partnership to a Succession Farm Partnership and avail of a €5,000 tax credit where appropriate
 - Tax credit can be used against total tax liability from farm or off-farm income.
- A business model to allow gradual transfer of management and responsibility for running the farm from parents to the farming successor or to amalgamate two farms.
- Successor formally recognised in the farm business at an earlier stage.
- Ensures that parents are still active in the farm business and can provide support, advice and experience to their successor.
- New ideas, farming methods, skills and abilities introduced to the business
- Improved work-life balance
- Potential to increase viability and technical efficiency through a partnership.
- Positive impact on farm safety

Key steps to setting up the partnership:

- Follow the checklist provided by the DAFM registration office
- Complete a legal partnership agreement with your solicitor
- Complete an on-farm agreement
 - Templates available from Teagasc
- Have your accountant register the partnership with Revenue
- Set up a partnership bank account in the name of all the partners.
- Get copies of land leases, land folios and education certs together
- Changes to the herd number and BPS entitlements will need to be made

Tip: Pay particular attention to the DAFM checklist to ensure all necessary documents are included in your application.

When is best to change a herd number?

The key window for making changes to a herd number is after basic payments have been received for the current year but well in advance of the Basic Payment Scheme Application period for the following year. Generally, this means changes should be made between December and the end of January the following year to allow ample time for successful processing of the changes by the local District Veterinary Office.

Basic Payment Scheme Entitlements

Any changes to the names on a herd number will require a “Transfer of Entitlements” form. If the changes occur before the Basic Payment Scheme deadline, then the transfer form must be submitted before the Basic Payment Scheme deadline. Where the change occurs after the Basic Payment Scheme deadline, a transfer form will have to be submitted before the BPS closing date in the following year.

Completing the Registration Process

The formation of the farm partnership and the registration process is typically completed with the help of one of the following professionals or a combination of all three:

- The Accountant
- The Solicitor
- The Agricultural consultant

Remember, there is a 50% grant towards the cost of setting up the partnership that can be applied for once the partnership is successfully registered with the DAFM partnership registration office.

For more information visit the Teagasc website:

<https://www.teagasc.ie/rural-economy/farm-management/collaborative-farming/registered-farm-partnerships/>