

An Analysis of New Entrants into the Irish Dairy Sector

Roberta McDonald ^{1,2}

B. Horan ¹

K. Pierce ²

A.Macken-Walsh ³

1 Animal and Grassland Research and Innovation Centre, Teagasc Moorepark, Fermoy, Co. Cork.

2 School of Agriculture, Food Science & Veterinary Medicine UCD, Belfield, Dublin 4.

3 Teagasc Rural Economy and Development Research Centre (REDP) Áras Uí Mhaoílfosa, Athenry Co. Galway.



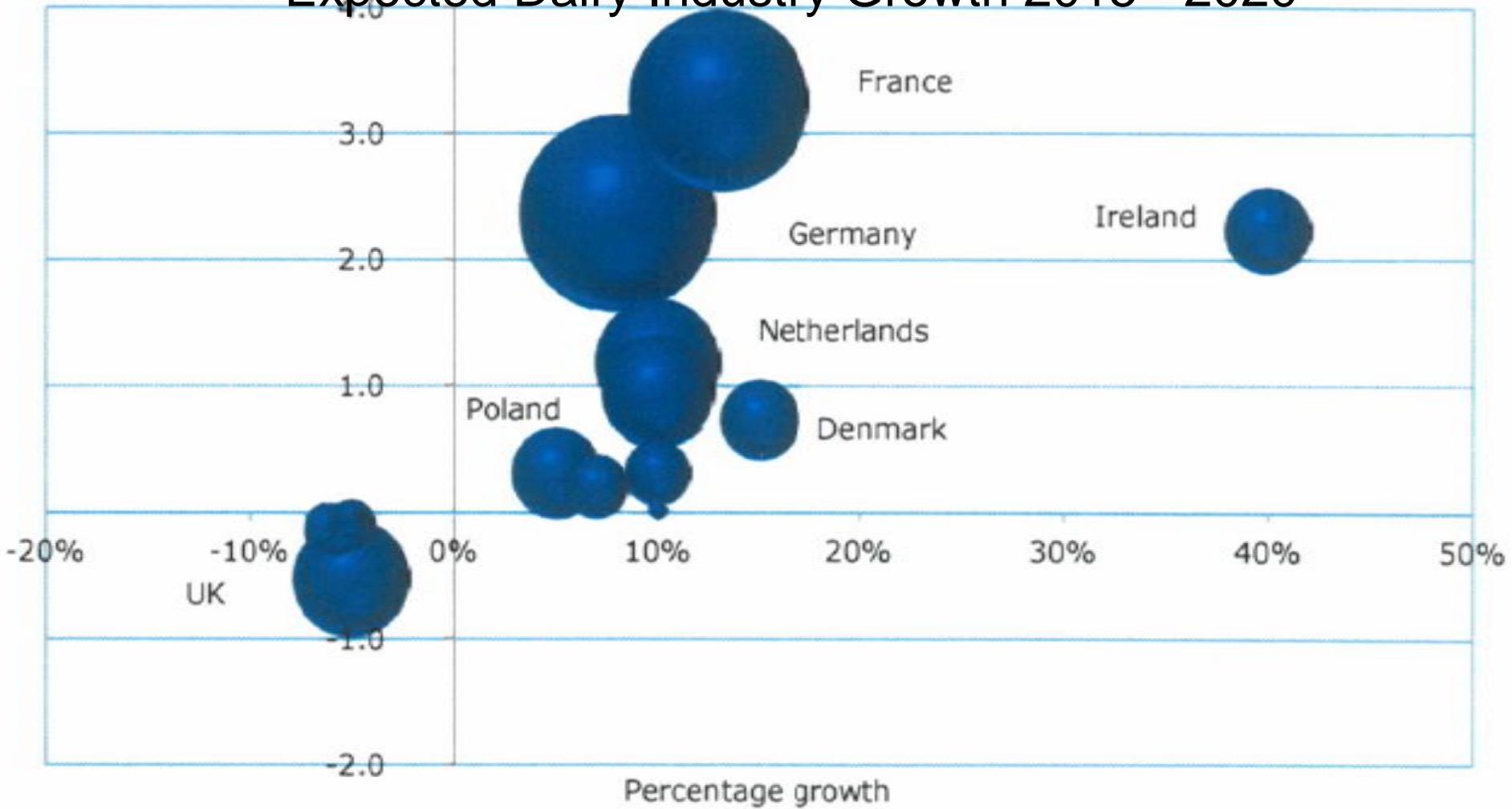
Overview

1. Dairy farming in Ireland
2. New entrants analysis 2009-2014
3. Post-Quota Ireland



Million tonnes

Expected Dairy Industry Growth 2015 - 2020



Note: size of bubble depicts current national production

Rabobank Report August 2012



New Entrant Analysis

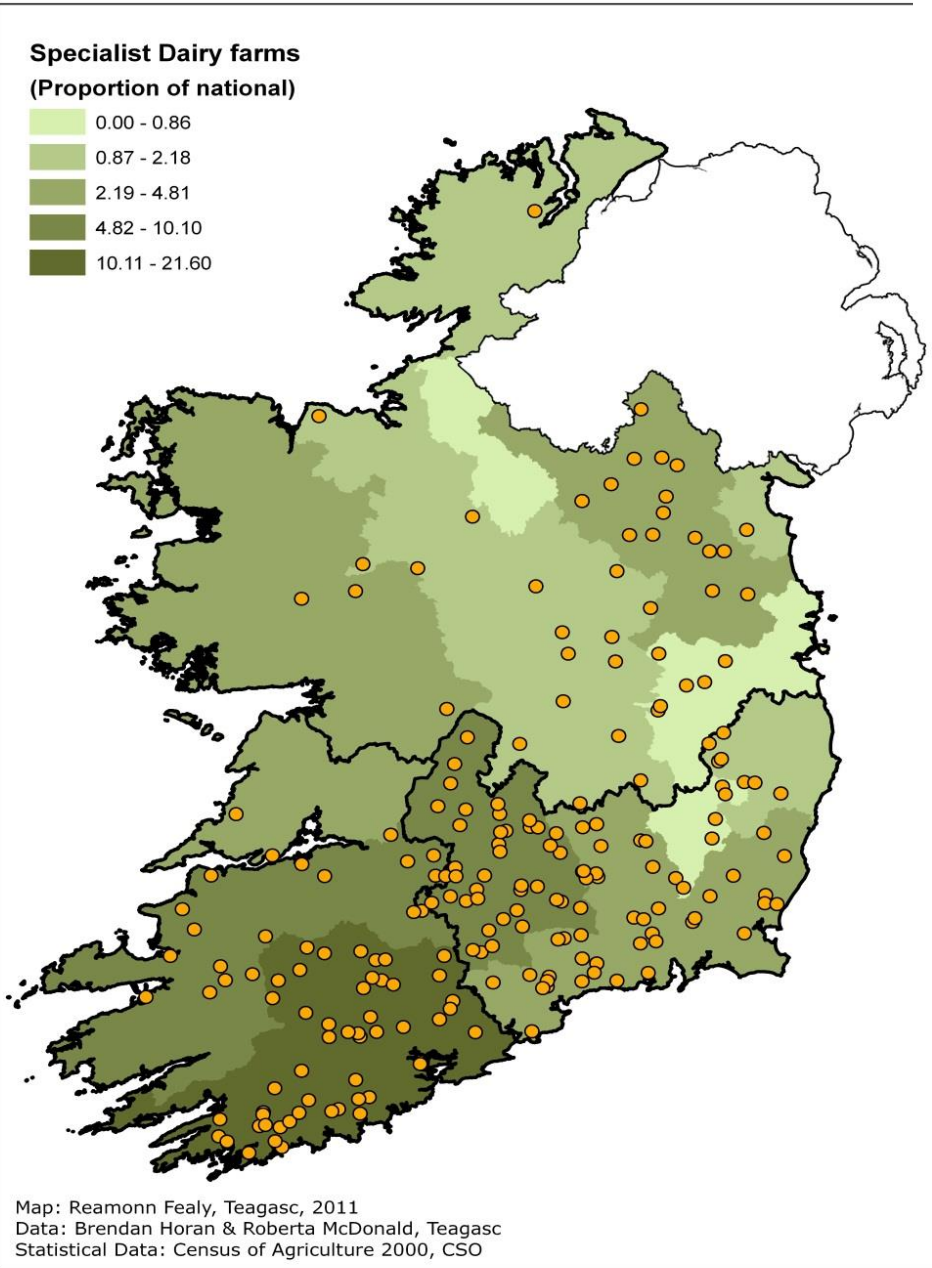
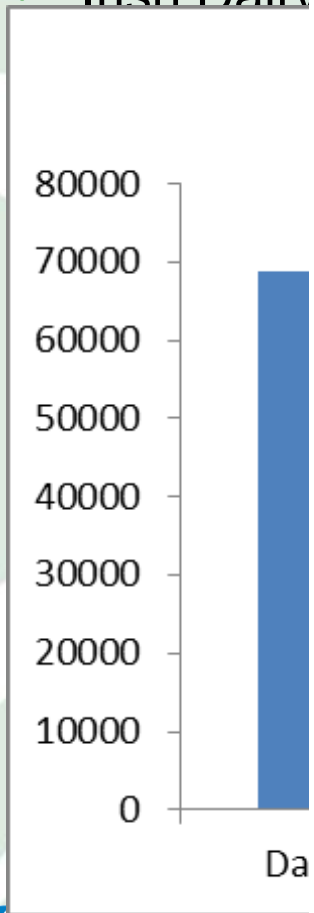
■ Multi-disciplinary PhD 2010-2013

1. General Characteristics
2. Start-up Strategies
3. Technology Adoption
4. Decision-making
 - a) Policy Influence
 - b) Actors Influence



1. Gene

- Irish Dairy



2. Start-up Strategies

- Expansion necessary to prevent erosion of farm income
 - NFS
- Cash flow deficits occur in early expansion years
 - Business planning
 - Budgeting
 - Contingency plans
- Once-a-day optimum strategy for quota transition
- Maximise profits with large scale expansion
 - Risk aversion
 - Risk management



3. Technology Adoption

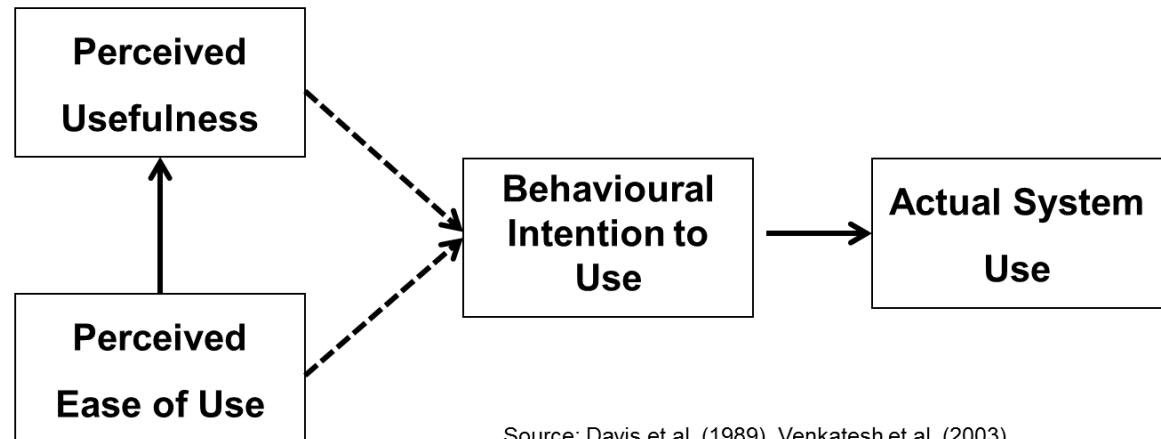
Perceived Usefulness (PU) =

Time-saving + increased profits + increased production + better than what it replaces + important to the farm

Perceived ease-of-use (PEOU) =

easy to understand + easy to use

- **Grass budgeting:**
Adoption increases as PU & PEOU increase
- **AI:**
Adoption increases as PU increases
- **Farm financial accounts:**
Adoption occurs but PEOU decreases



Source: Davis et al. (1989), Venkatesh et al. (2003)

4. Decision-making Analysis

a) Policy Influence

- First time in 30 years people able to enter dairy
- Flexible business to withstand markets
- New entrants in a quota restricted environment

“We couldn’t see suckling and beef being able to stand on its own two feet...”

“I’m happy enough that we moved when we did and I’m happy to have the quota...”

“...be able to pay your bills and pay your mortgage and buy groceries and send the kids to school, but that’s all you want to do”

4. Decision-making Analysis

b) Actors Influence

- Farmer-Expert Interaction
- Peer-to-peer learning (role models)
- Family & legacy

"... everyone has their own opinions but I haven't quite developed my own (laughs)..."

"...like that man that we bought from ... they would be men we would hold on a mantelpiece as targets like..."

"...we have four kids ...you have to have a wage for them ...so that's why I went down the dairy route."

Conclusions & Implications

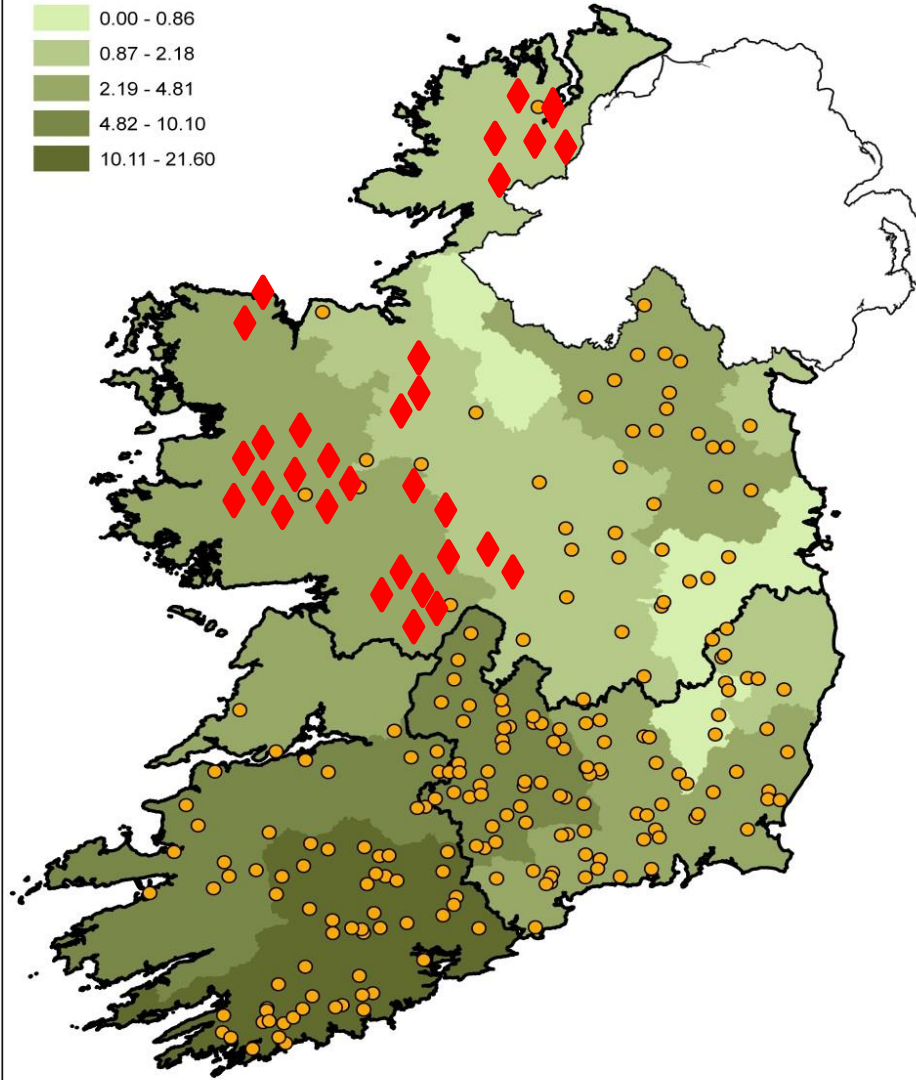
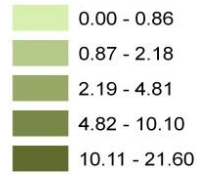
- A. Collaboration of research, extension, farmers
- Incorporation of PEOU and PU in key technologies research
 - Financial management training for new entrants
- B. Farmers not driven by profit alone
- Family members fundamental to the decisions
- C. Peer-to-peer learning influential to management techniques that were less transformative
- Role of local leaders
 - Advisors role



Post-Qu

- 85% dair
- 50% f
- 75 cows
- 13% incr
- YTD
- New Ent
- Challe
- Oppor

Specialist Dairy farms (Proportion of national)



Map: Reamonn Fealy, Teagasc, 2011
Data: Brendan Horan & Roberta McDonald, Teagasc
Statistical Data: Census of Agriculture 2000, CSO



Thank you

