

# Strategies for success – contrasting approaches to organic dairy farming

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## ABSTRACT

Financial and some physical aspects of ten commercial dairy farms with different management approaches and at different stages of organic conversion were monitored, alongside two herds at a research farm. One herd at the research farm was managed to maximize profit, the other aimed for self-sufficiency to maximize sustainability. Dairy enterprise gross margins per forage hectare varied from £824 to £1,851/ha and overhead costs ranged from £606 to £1,022/ha on the commercial farms, illustrating the necessity for control of overhead costs as well as enterprise performance in achieving profitability on organic farms.

*Keywords: organic farming; economics, sustainability*

## INTRODUCTION

The Institute of Grassland and Environmental Research (IGER) started converting the Ty Gwyn dairy herd to organic methods in 1992. In 1999 this herd was split in two to investigate the sustainability of self-sufficient systems (Ty Gwyn A) and contrast results with a system (Ty Gwyn B) designed to maximise production and profits within the limitations of the organic standards (UKROFS, 2001).

The financial performance of commercial farms has been monitored throughout the duration of the organic work at Ty Gwyn; the current phase aimed to monitor established commercial farms adopting the approaches of each of the Ty Gwyn herds, and farms that converted in the late 1990's ('new' organic). Three intensive dairy farms converting to organic methods were also monitored through the conversion.

## METHODS

Farm financial performance was monitored using the methodology adopted by the Farm Business Survey (MAFF, 1998), with additional recording of concentrates grown and fed.

## RESULTS

### Milk yields and stocking rates

Milk yields of eight organic farms averaged at 5,237 l/cow; the maximum achieved was 6,068 and minimum 4,149 l/cow. The recently converted organic farms both achieved below average yields per cow. The yields per cow on converting farms on in their second years of conversion were 7,437 l and 6,275 l.

In terms of yields per hectare, the organic farms achieved an average of 7,697 l/ha, with a maximum of 9,443 and a minimum of 4,830 l/ha. Five of the six established commercial organic farms achieved 8,000 l/ha or more. The farm under first full year of organic management achieved 10,050 l/ha and the two farms in their second year of conversion, achieved 9,600l/ha.

Stocking rates ranged from 1.95 livestock units per forage hectare (LU/for.ha) on the farm in the first year of organic management, to 0.94 LU/for.ha. The mean on established organic farms was 1.5, ranging from 1.08 to 1.85 LU/for.ha.

### Gross margins

Both Ty Gwyn units and three of the established organic farms achieved average gross margins of over £1,000/cow. Milk disposals were £216/cow higher on the profit maximising herd at Ty Gwyn B than Ty Gwyn A, but £250 more per cow was spent on concentrates on Ty Gwyn B.

Approximate calculations using broad UME values for concentrates and forage on the established farms gave an inverse trend when milk from forage per hectare was plotted against concentrates purchased per hectare.

Table 1. Selected results from four organic dairy farms, 2000/01.

	Stocking rate (LU/for.ha)	Conc's fed (t/cow)	Yield (l/cow)	Yield (l/ha)	Gross margin (£/ha)
New converter	1.95	1.0	5,142	10,046	1,782 (a)
New organic	1.85	1.8	4,149	7,553	1,685
Ty Gwyn B	1.67	1.8	5,602	9,359	1,851
Established organic	1.51	0.5	5,305	8,000	1,826

(a) Organic milk price for eight months only  
Fowler, S.M., et al (2001)

### Overhead costs

Overhead costs per hectare on the nine commercial farms ranged from £606 to £1,022; three of the farms had overheads of around £1,000/ha.

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