

Share farming keeps everyone happy

A unique share farming agreement between three dairy farmers in Dorset is allowing one of them to concentrate on the arable side of his business, another to take a back seat from farming and given a young farmer an opportunity to use his skills to manage a large dairy herd. Mike Green reports.

A Dorset farmer has expanded his farming business by taking advantage of collaborative arrangements with other farmers and landowners in the area. It has allowed him to build up a 420-head dairy herd on his farm using share farming agreements with two nearby farmers. Each is making a unique contribution to the dairy unit to the benefit of all three separate businesses of each of the partners.

Owen Yeatman started farming at 740-acre Lowbrook Farm, near Blandford Forum, in 1986 with 200 dairy cows and 300 acres of arable crops. By 1991 he was looking for opportunities to expand the business.

"My Promar consultant at the time identified that I could be compatible with another of her clients and she floated the idea of a share farming agreement with him," explains Owen.

Charles Crichton was running a 500-acre farm seven miles away with a 140-cow dairy herd and 250 acres of arable run by a farm manager. Under the new agreement Owen took over the running of the farm and provided labour and machinery. Mr Crichton provided the land, buildings and a proportion of the cows.

In a 70:30 deal Owen paid for 70% of the inputs and Charles 30% and each received the same proportion of profit made by the farm.

"This worked very well for both of us," says Owen. "When Charles died in 1996 his son Eric took over and I have been share farming with him ever since."

The dairy herds of both farms were housed in buildings put up in the mid-1960s and in need of updating. In 2000 it was decided to advance the agreement and amalgamate the two herds at Lowbrook Farm and rear heifers at Eric Crichton's farm.

New accommodation for 380 milking cows was built and a 24:24 milking parlour with auto-ID installed. "We budgeted on a milk



Owen Yeatman with Stuart Angell.

price of 19p to 20p a litre and showed it could work but now milk prices are down and costs up our margins have shrunk," Owen says. "However, it simplified the management of the herds and reduced capital costs by 35% to 40%."

Initially cows were housed in covered yards but this proved to be a disaster with horrendous mastitis problems. Owen had the foresight to design the building so they could accommodate cubicles and feed passages and this change solved all the mastitis problems with cell counts dropping below 100.

The next problem encountered by Owen was labour. "My experience had been one dairyman for each herd, so there were no labour issues although these guys were burning themselves out. I could not get used to managing three staff," he admits.

A farm manager was taken on but this did not work out and he left at the end of 2004. Owen took over the running of the herd that winter leaving him little time for the arable side of the business. By this time he had also taken on two contract farming agreements and in total was responsible for managing 1,500 acres of combinable

crops plus the grass and footage for the joint dairy enterprise.

"At heart I am an arable farmer and not a dedicated dairy producer," he says. "This concentrated the mind and I knew I had to do something about it. I had a modern dairy unit and could sell it or rent it out. But I wanted a well-run and profitable dairy herd on the farm. So the logical thing was to get a farming agreement to let someone else manage the unit who was better qualified than I was. So I started to look for someone for another share farming agreement."

He spoke to four potential partners but they were all keen on extensive grazing systems. "We were geared up for a high input system for 400 cows and the budgets were based on this. I needed someone with the same ethos."

Eventually he was contacted by Stuart Angell who was running a 150-cow herd with his father

Malcolm and wife Jo on a nearby county council holding. After discussions starting in the spring of 2005 they started a new share farming agreement in September.

"Stuart is interested in all the things I am not—feeding, breeding and working with cows," says Owen.

"Under the share farming agreement you divide up areas of contribution to the business and then divide the return and match it in proportion," explains Owen. And so they agreed a 50:50 partnership. Stuart bought into the dairy herd and now provides half the 3.6 million litres of milk quota. He is now responsible for managing the dairy herd and the farm staff. Owen takes responsibility for all the field work such as silage making and slurry spreading. "If Stuart needs a contractor then I do the work."

All variable costs are split between the two partners. "From my point of view this is a big driver—if Stuart is spending £1 then 50p is his own," says Owen. "He has gained access to a 200-cow dairy unit without paying any rent. I am using his skills and I have the farm. I am only getting 50% from the dairy herd but I have no labour bills and no hassle of day to day management of the unit."

The partners are now considering whether to go organic. "I would prefer to work in a dynamic market," explains Owen. "Some crops, such as oilseed rape, are barely making a profit and going organic would contribute to the whole business. But whatever we decide will be a purely business decision."

English Farming and Food Partnerships are highlighting the benefits of co-operative activity through their 'Share to Milk' initiative which aims to highlight the many dairy farmers across England who are making progress in cutting input costs by joining force with fellow producers.

More details from Simon Thelwell, telephone 01939 210308.