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Farming Independent

John and Catherine Lalor on the farm at Ballyfin Co Laois.
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CASE STUDY — JOHN LALOR: AIMING FOR A GROSS MARGIN OF €1,000/HA

A RECENT Teagasc Green Acres Calf to Beef farm walk on the farm of John Lalor, Ballyfin, Co Laois highlighted John's position at the start of the programme and the targets to be achieved by 2018.

Traditionally being a suckler farmer, John decided to change to a dairy calf to beef production system and in early 2014 sold the last of his suckler cows.

He joined the Teagasc Green Acres Calf to Beef programme in 2015 and at the start of the programme he was slaughtering around 75 Angus/Hereford heifers out of the shed between Feb and May at 22 to 24 months of age. He was farming 45 hectares of grassland at a stocking rate of just under two livestock units per hectare.

As can be seen from the adjoining table, John was producing 848kgs of beef per hectare with a value of €1,521/ha. His main variable costs of production which ran to €808/ha were purchased feed, home grown feed, fertiliser, veterinary, straw, levies and transport.

As a percentage of his output, this accounted for 53pc, which meant that for every €1 John received it cost him 53 cent to produce.

All this left John with a gross margin of €713/ha, which was required to cover all his fixed costs which can range between €450 and €650 on similar non-breeding farms.

Once the fixed costs are removed the remainder is what is left to live on and re-invest!

A plan was drawn up for John to try and improve his margins. Due to the high cost of purchasing the Angus/Hereford heifer calves and the lighter carcass weight at slaughter, it was decided to reduce the number of Angus heifers reared and to bring some Friesian steers into the system.

The main thoughts on doing this were to have more beef produced per ha while still

rearing the same number of calves.

The purchasing cost of calves in the spring would be reduced, therefore not tying up as much money. Also, all his eggs wouldn't be in the one basket and John now has two different products to sell at different times of the year, creating a better cash flow.

So the plan for John for 2018, is to buy in 52 Friesian bull calves in early spring and then another 52 Angus/ Hereford heifers in March, the bulls will be castrated and run as steers.

Allowing for four percent mortality, there will be 50 heifers and 50 steers to sell as beef.

To reduce the number of animals to be housed, the 20–25 best performing heifers will be sold off of grass in the October/November period at 250kg carcass weight.

The remaining 25 heifers plus the 50 steers will be housed. The heifers will be finished out of the shed at around 260kg and the steers will be returned to grass for a third grazing season.

The Friesian steers will then be slaughtered off of grass at the beginning of June at the traditionally higher beef price. The aim is to have them between 650–660kgs killing a 330kg carcass.

This system will create a gross output of €2,071/ha, variable costs will increase to €1,036/ha, but as there is more output, the variable costs as a percentage of output will decrease to 50pc.

All this should leave John with a gross margin of just over €1,000 per hectare and a 45pc increase on his 2014 figures.

The table outlines the plan for John over the next two to three years. Best estimates are given to calf price, carcass weights and beef price. There could be some variations but it is a very worthwhile process to go through and at least John has a plan to follow and targets to aim for.

OUTPUT AND SALES WHEN SYSTEM IS IN FULL PRODUCTION

| Sales: | Kg(Live) | € |
|--|-------------------|------------------|
| 50 bullocks sold @ 330kg carcass weight (€3.70/kg) | 33,000 | 61,050 |
| 25 heifers sold @ 250kg carcass weight (€4.00/kg) | 11,875 | 25,000 |
| 25 heifers sold @ 260kg carcass weight (€4.10/kg) | 12,000 | 26,650 |
| Purchases: | | |
| 52 bull calves bought @50Kg (€125/head) | -2,600 | -6,500 |
| 52 heifer calves bought @45Kg (€250/head) | -2,340 | 13,000 |
| Gross Output: | 51,935 | 93,200 |
| Gross Output/Ha: | 1,154kg/ha | €2,071/ha |

| | Start of programme | 2018 | % Change |
|-----------------------|--------------------|-------|----------|
| Hectares | 45 | 45 | - |
| Stocking Rate (LU/ha) | 2 | 2.58 | +29 |
| Gross output (kgs/ha) | 848 | 1,154 | +36 |
| Gross output (€/ha) | 1,521 | 2,071 | +36 |
| Variable costs/output | 53% | 50% | -3 |
| Variable costs (€/ha) | 808 | 1,036 | +28 |
| Gross Margin (€/ha) | 713 | 1,035 | +45 |

GROSS MARGINS FOR THE 10 FARMERS PARTICIPATING IN THE TEAGASC GREEN ACRES CALF TO BEEF PROGRAMME

| Name | System | Stocking Rate (LU/ha) | Output (kg/ha) | Gross Output (€/ha) | Variable Costs | Costs as Gross % of output | Margin (€/ha) |
|----------------|--|-----------------------|----------------|---------------------|----------------|----------------------------|---------------|
| Michael Ryan | Angus/Hereford heifers | 1.75 | 924 | 1,585 | 952 | 60 | 633 |
| Michael Flynn | Hereford steers | 2.06 | 1,095 | 2,186 | 1,389 | 64 | 797 |
| John Lalor | Angus/Hereford heifers | 2.01 | 996 | 1,775 | 730 | 41 | 1,045 |
| Ben Sweeney | Friesian bulls, steers and Angus heifers | 2.25 | 820 | 2,021 | 1,660 | 82 | 360 |
| Eamon Kirk | Angus steers | 2.36 | 1,337 | 2,689 | 1,388 | 52 | 1,301 |
| Pat Bowden | Friesian steers | 1.37 | 518 | 983 | 352 | 36 | 632 |
| Christy Dowd | Angus/Hereford heifers | 1.96 | 786 | 1,212 | 898 | 74 | 314 |
| Conor Greene | Friesian steers | 1.83 | 676 | 1,327 | 778 | 59 | 548 |
| Joe Farrell | Angus heifers, Friesian bulls | 2.65 | 1,517 | 3,046 | 1,833 | 60 | 1,213 |
| David Drum | Friesian bulls | 2.13 | 1,010 | 2,056 | 1,324 | 64 | 732 |
| AVERAGE | | 2.04 | 968 | 1,888 | 1,130 | 60 | 758 |

MAIN FACTORS IN ACHIEVING A GOOD MARGIN:

- High stocking rate.
- Selecting the right calves at purchase.
- Good calf rearing procedures.
- Animal health plan with a vaccination programme in place.
- Buying calves early in spring to maximise days at grass in year 1.
- Early turnout to grass in year two, targeting at least 230 days grazing.
- Having a paddock system in place to supply quality leafy grass at all times, thereby maximising weight gain from grass.
- Six to seven paddocks per grazing group.
- Weighing cattle regularly to monitor performance.
- Improving soil fertility through better use of slurry and fertilisers.
- Producing quality silage to help reduce meal input over the winter period.
- Ensuring that animals meet the required market specification to achieve bonuses, quality assurance payments etc.

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