

BETTER farm Beef Programme

BUSINESS, ENVIRONMENT, TECHNOLOGY through TRAINING EXTENSION RESEARCH

BULL BEEF STILL MOST PROFITABLE

This week **Adam Woods** takes a deeper look into the eProfit Monitor analysis across the BETTER Farms



This week we take a look in more detail at each individual farmer in the programme and analyse the 2014 eProfit Monitor results.

As with many beef farms up and down the country, some BETTER farms have a number of systems in place – the major one being used was chosen to categorise them for this analysis.

Most of the farms have made major progress in 2014 and with a poor beef price for much of the year, this is a very good achievement, especially for our finishing farms. Indeed, many have made the comment that if they hadn't put in place plans to increase output in the past few years, the drop in beef prices in 2014 would have had a greater impact on cashflow.

Having more cattle to sell helps negate some cashflow issues. One theme evident across all systems is that our highest output farms are generally the most profitable. This has to be the first step for many farms before any sweeping system changes are put in place.

Many beef farmers over the past 12 months have

looked to dairying and other enterprises to generate higher margins – indeed, three farmers have left the programme to pursue a dairy enterprise. One could not argue with these BETTER farmers or any beef farmer at the top of their game changing to dairying.

These farms have spent the last few years building soil fertility and learning the art of grass budgeting and will be well placed to make the move. For them, it's the natural step. However, one could argue with many of the individuals who are contemplating this move – a technically poor beef farmer will not automatically become a good dairy farmer.

Increasing output on a beef farm is a long-term plan and takes time. Our demo farms put in place plans two to three years ago to generate extra sales and these plans are only coming to fruition now.

Take a look this week at the demo farm that is closest to your system and follow him for 2015 to see what can be learned from his system changes. Ten of these farms will also hold public open days in 2015 and farmers should go and challenge the demo farmers and their advisers as to the decisions made.

Suckling to weanling
In 2014 there were nine

farmers operating a suckling to weanling system – four autumn-calving, four spring-calving and one split-calving. This is the second-lowest stocked system in the programme at 2.08 LU/Ha. Output was also a little below target at 664kg.

A solid trade for top-quality weanlings in autumn 2014 helped three of these farms surpass the programme target gross margin of €1,000/ha and this is a welcome change from 2013, when the suckler cow was fighting to justify her existence, especially in the northwest.

These three farms (two autumn-calving and one spring-calving) have a couple of key things in common. Each farmer – Tom Halpin, Richard Jennings and Chris McCarthy – pays close attention to maternal traits in cows and have rightly identified this as one of the key drivers of weaning weight on their farms.

All three also commanded exceptional average prices for their weanlings. This, coupled with heavy weights to generate a high weanling output price, is a necessary starting point for a high gross margin.

Costs were also greatly reduced on these farms, with Chris McCarthy averaging €61 in meal costs per calf sold. These operators are also extremely proficient grass managers and this helped



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drive animal performance.

The challenge for our farms at the lower end of this table is to drive stocking rate and weanling weights to increase gross margins in 2015. Variable costs in this group averaged €803/ha in 2014.

Suckling to store
Seven of our demo farms were in the suckling to store category and this generally strong category had a mixed 2014 when it came to financial performance. This group of farmers had the lowest stocking rate at 1.99 LU/ha, lowest output at 618kg and a knock-on low gross margin at €658/ha.

With a poor beef price at the beginning of the year, this had a knock-on effect on our store producers. Some of these producers had been servicing the feedlot

market with heavy forward bulls in May and June each year. With bad press around bulls in late spring and early summer, this decimated this market and some of our store producers chose to finish stock while the ones that sold took a hit in prices attained.

This system is dependent on a buoyant store trade and store producers need to be careful not to have a prolonged store period as this reduces output per LU and overall farm output.

With the uncertainty around the bull market, many of these producers are now producing a steer off grass to be sold on for further finishing. Variable costs for this group averaged €624 for 2014.

Suckling to steer beef
Six of our demo farms operated a suckling to steer

finishing system in 2014; all were predominantly grass-based systems. This group made major progress in lifting liveweight output from 626kg/ha to 742kg/ha in 2014. However, due to lower beef prices during the summer months, they were not fully rewarded for this. Gross output increased from €1,414 to €1,595, or €181 for 116kg extra liveweight produced. Variable costs in this group remained unchanged, reflecting the good grass growing year and minimal concentrates used to finish cattle.

This group should be well-positioned to capitalise on higher prices in 2015. However, some also need to be conscious of a prolonged store period during the first winter at the weanling stage. Delays in getting cattle killed in spring 2014 led to higher costs on some of these

Suckling to stores								
Name	Stocking Rate	Output (kg/ha)	Gross Output (€/ha)	Variable Costs (€/ha)	2014 GM(€/ha)	2013 GM (€/ha)	Change (€/ha)	% Change
Tomas Murphy	2.11	613	1,355	712	643	778	-135	-17
David Walsh	2.15	749	1,547	760	787	311	476	153
Paddy Drohan	1.84	632	1,201	627	574	249	325	131
Micheal Smith	1.72	429	1,133	490	643	171	472	276
Sheplands Farm	2.12	670	1,479	832	647	436	211	48
Average	1.99	619	1343	684	659	389	270	69

Suckling to steer beef								
Name	Stocking Rate	Output (kg/ha)	Gross Output (€/ha)	Variable Costs (€/ha)	2014 GM(€/ha)	2013 GM (€/ha)	Change (€/ha)	% Change
Richard Williamson	2.00	632	1,335	602	732	594	138	23
James Kenneally	2.89	1,028	2,184	1,162	1,022	875	147	17
Trevor Minion	2.07	779	1,700	845	855	674	181	27
David Mitchell	1.94	620	1,468	1,032	436	164	272	166
James Madiqan	2.20	712	1,448	689	759	720	39	5
Mark Maxwell	1.97	683	1,437	539	899	662	237	36
Average	2.18	742	1595	812	784	615	169	27



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Suckling to weanling

Name	Stocking Rate	Output (kg/ha)	Gross Output (€/ha)	Variable Costs (€/ha)	2014 GM(€/ha)	2013 GM (€/ha)	Change (€/ha)	% Change
Joe Murray	2.09	614	1,627	1,034	592	241	351	146
Richard Jennings	2.31	838	2,257	1,060	1,197	621	576	93
Tom Halpin	2.18	774	1,676	666	1,011	767	244	32
Jane Patterson	1.87	652	1,370	891	479	120	359	299
Charlie Crawford	1.85	494	1,185	692	493	674	-181	-27
James Strain	2.05	577	1,255	883	372	132	240	182
Martin Lenehan	2.19	667	1,491	773	718	170	548	322
Chris McCarthy	2.33	728	1,798	769	1,029	410	619	151
Billy Gilmore	1.85	640	1,425	464	961	696	265	38
Average	2.08	665	1565	804	761	426	336	79

Suckling to under 16 month bulls

Name	Stocking Rate	Output (kg/ha)	Gross Output (€/ha)	Variable Costs (€/ha)	2014 GM(€/ha)	2013 GM (€/ha)	Change (€/ha)	% Change
Donal Scully	2.63	1,334	2,906	1,532	1,374	1000	374	37
Mike Dillane	2.15	852	1,868	1,034	834	390	444	114
Patrick Grennan	2.42	938	2,127	1,092	1,035	1234	-199	-16
Gerard Dineen	2.25	1,088	2,442	971	1,471	875	596	68
Average	2.36	1053	2336	1157	1179	875	304	35

Trading systems

Name	Stocking Rate	Output (kg/ha)	Gross Output (€/ha)	Variable Costs (€/ha)	2014 GM(€/ha)	2013 GM (€/ha)	Change (€/ha)	% Change
Billy Glasheen	2.65	909	2,094	1,397	696	707	-11	-2
Sean Power	2.45	774	1,946	1,207	739	754	-15	-2
Average	2.55	842	2020	1302	718	731	-13	-2

farms, especially James Madigan and David Mitchell. Variable costs for this group averaged €811/ha in 2014.

Suckling to U20-month bull beef

This group seemed to fly in the face of the industry messages and continued to produce under-20-month-old bulls to a heavy carcase weight. They were rewarded in 2014 for this high-risk decision with supply and demand falling in their favour.

However, it should be noted that many of this group would have made contact with their respective processors about producing these out-of-spec bulls and would have agreed killing terms. This group had a high stocking rate of 2.24 LU/ha and also a high beef output of 774kg/ha. The housing of these bulls at 18 months enables a higher number of cows to be carried during summer months and in turn a higher stocking rate.

William Treacy is one of the original phase 1 farmers in the BETTER programme and has consistently increased his gross margin over the past six years. He

now has the highest stocking rate in the programme at 3.0 LU/ha. Indoor finishing in the final phase has allowed him increase his stocking rate to this level. His system has seen him consistently hit targets over the past three years and is now in a quite stable position after going through a development phase. Variable costs in this group averaged €846/ha in 2014.

Suckling to U16-month bull beef

Our best performing group of 2014 had an average gross margin of €1,178, with a very high output of 1,053kg/ha. Although variable costs in this group were high at €1,157, their high gross output of €2,335/ha meant they could afford to have higher variable costs and still have a high gross margin.

One important point to note is that when people think of U16-month bull finishing systems, they think of a high-meal system with a high proportion of the output coming from purchased concentrates. While on some farms this is true, Mike Dillane, Donal Scully, Ger

Dineen and Patrick Grennan have all high maternal cows which are capable of achieving very high weaning weights. It is also no coincidence that these farmers are among the most profitable in that they are all excellent grassland managers capable of achieving high liveweight gains at grass.

Killing these bulls on the grid during 2014 helped lift the price from the low base price for much of the year.

Trading systems

Our two trading system farms made the least financial progress during the year. While both farms have made technical progress during the year, a high autumn store price has meant much of this technical progress has been eroded through low beef prices and high store prices.

Stocking rate in this group went from 2.25 LU/ha to 2.55 LU/ha and output took a large jump from 699kg to 841kg. However, this increase in output didn't lift gross output to the same level and gross output went from €1,896/ha to €2,020/ha. Variable costs for this group were €1,302/ha

Suckling to 20-month bulls

Name	Stocking Rate	Output (kg/ha)	Gross Output (€/ha)	Variable Costs (€/ha)	2014 GM(€/ha)	2013 GM (€/ha)	Change (€/ha)	% Change
William Treacy	3.00	959	2,099	1,022	1,077	995	82	8
Frank Beirne	1.79	579	1,369	745	624	261	363	139
Cathal Cread	1.91	585	1,484	591	893	1050	-157	-15
Patrick O'Reilly	2.33	767	1,832	749	1,083	729	354	49
Donie Ahern	2.19	980	2,341	1,126	1,215	920	295	32
Average	2.24	774	1825	847	978	791	187	24

Summary

The economic analysis of the BETTER farms provided by the e-Profit Monitor system highlight the importance of higher output in suckler beef systems. To achieve this high output the correct suckler cow must be in place to deliver the targets required. Milk and fertility are the two key traits which will deliver these targets, yet so many of our suckler cows are not strong in these traits. For suckler farms to be financially sustainable, they need to be able to generate a gross output in the region of €1,800-€2,200 per ha and the challenge then is to keep variable costs under

It is very encouraging to see three weanling producers pass the target of €1,000/ha. This is possibly the highlight of 2014

50% of this output.

The high profitability of our bull beef systems in the BETTER programme cannot be ignored. These systems can deliver very high output with very good efficiency and have delivered the highest gross margins in 2014. It is, however, a system where relationships need to be good with your processor to maintain visibility of supply from their point of view.

It is very encouraging to see three weanling producers pass the target of €1,000/ha. This is possibly the highlight of 2014 and points to the potential in every system if the key performance indicators are correct.

Gross margin per ha does not include fixed costs. The fixed costs on the BETTER demo farms range between €310 and €672 and these costs need to be deducted off gross margin to determine net margin per ha. None of the above margins include Single Farm Payment, area aid payments, environmental payments or Beef Genomics Scheme payments

FARMER FOCUS

Patrick Drohan, Co Waterford

Calving season is in full swing here since the 1 January. To date, 24 cows have calved, with 29 left to calve. The calving is very compact so far as I calved down 12 cows by 4 January. I have 24 calves from 24 calvings - I lost one calve at three weeks of age and had a set of twins to make up for it. I brought the dead calf straight to the Regional Veterinary Laboratory to get a post-mortem.

The cows are calving very well and so far I have only had to assist one heifer. I have five out of seven maiden heifers calved - they are calving down at approximately two years of age and body condition score around 2.75. These are my own homebred heifers that I bred from a Simmental stock bull and I sired them with a new Limousin stock bull I purchased last year. My winter feeding diets haven't changed and the pregnant cows are still on 68-70 DMD baled silage

ad-lib and I am feeding them barley straw over the weekend and they are getting pre-calving mineral lick buckets.

I am starting to supplement my early-calved cows and calved maiden heifers with 1-1.5kg of concentrates until they go out to grass. I will vaccinate my second batch of in-calf cows against rotavirus and corona virus this week.

Housing space is getting tight for cows and calves so if the weather settles in early February I will try to turn out some of the early-calved cows with the strongest calves to a sheltered paddock. I dehorned the seven oldest calves and vaccinated them with a 10-in-1 clostridial vaccine last weekend.

I am also continuing to castrate my male calves by applying rubber rings at three days of age as it has worked very well for me.

The weanling steers and heifers are getting 2kg of concentrate and ad-lib access to first-cut baled silage that is 70-72 DMD.



Tom Halpin, Co Meath

We are preparing sheds and facilities for calving which should start around 10 February.

I am converting my old sheep shed into eight individual pens that will accommodate cows with their calves after calving and allow them three to four days to bond before moving them to another group pen with other cows and calves.

The spring cows are being fed second-cut silage ad-lib and minerals and are on slatted pens but I will move them on to straw bedding before calving.

I plan on weaning my summer cows and calves around 25 February so I can use the slats and straw lieback pens for my spring-calved cows and calves when they are three to four days old.

I weighed my summer calves on 12 January to monitor their weight gain when indoors. The bull and heifer calves weighed 273kg and 250kg and have grown at 1.07kg/day and 0.82kg/day since housing in early November.

I am now feeding the bulls 2kg of concentrate and the heifers

1.5 kg of concentrate with access to first-cut silage. The summer cows are now cut back to 1 kg of concentrate and are on first-cut silage ad-lib.

The summer cows were scanned in December and the 32 cows and seven maiden heifers were in-calf. Only one maiden heifer proved not in calf. I am feeding the five cull cows that I didn't breed 7kg-8kg of concentrate and first-cut silage and will slaughter them after weaning them from their calves.

I also weighed my spring 2014 born heifers and they are growing at 0.5 kg/day since housing, which is on target. I will try to get them out to grass in mid-February.

I am spreading slurry this week on my paddocks that were closed up last and that have the lowest covers.

If the weather allows I might try on-off grazing with my summer calves next week. I will let them graze paddocks close to the sheds by day and house them at night.

I slaughtered my 2013 summer-born heifers last week and they killed out at 290kg carcase weight at about 540 kg liveweight. I was happy with their performance considering they were only 18 months of age.

