

Teagasc National Farm Survey Results 2012



Single Suckling Enterprise

The 2012 Teagasc National Farm Survey (NFS) recorded data on 922 farms. The full financial results for these farms are available in the National Farm Survey and to download at www.teagasc.ie/nfs. The performance of the single suckling enterprise in 2012, for herds greater than 10 cows, is summarised here. This is the predominant cattle system in Ireland, operated on over 30,000 farms.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and the costs relating to family labour. Despite relatively strong cattle prices in 2012, gross output on suckling farms was still, on average, insufficient to cover total production costs (Table 1). Total direct and fixed costs of production increased by 12% and 13% respectively, with expenditure on concentrate feed increasing by 20%. On average net margins were down 18% in 2012 to -€46.

Table 1: Average gross and net margin Euro per hectare: single suckling

	2011	2012	% Change '11 to '12
	€	€	%
Coupled Suckler Cow Welfare Payment	24	21	-12
Gross Output	703	790	+12
Concentrate Costs	108	129	+20
Pasture and Forage Costs	192	213	+11
Other Direct Costs	88	93	+6
Total Direct Costs	388	435	+12
Gross Margin	315	355	+12
Energy and Fuel	87	92	+6
Other Fixed Costs	267	309	+16
Total Fixed Costs	354	401	+13
Net Margin	-39	-46	-18

The average stocking rate was 0.78 of a cow per hectare in 2012. Average gross margin per cow was €459, a 13% increase on 2011. Average net margin per cow in 2012 was -€85, down 3% on 2011.

Table 2: Average gross and net margin Euro per Cow: single suckling

	2011	2012	% Change '11 to '12
Gross Output	930	1,040	+12
Total Direct Costs	525	581	+11
Gross Margin	405	459	+13
Total Fixed Costs	487	543	+11
Net Margin	-82	-85	-3

2. Variation in Production System

The various production systems operated by single suckling farmers, i.e. selling progeny as weanlings, stores or finished animals, are presented in Table 3. Single suckling to weaning is the most prevalent production system, operated on 33% of farms. On average, suckling to finishing is the most profitable system. Typically these farms have a higher stocking rate and better soil quality.

Table 3: Variation in gross margin per hectare by production system

	<i>Weanling</i>	<i>Store</i>	<i>Finishing</i>
Percentage of Farms	33	32	23
Stocking rate (livestock units per hectare)	1.11	1.32	1.47
Percentage of Farms on Very good soils	36	45	60
Gross Output (€/hectare)	666	783	936
Total Direct Costs (€/hectare)	376	428	490
Gross Margin (€/hectare)	290	355	446

Sales prices increased across all animal types in 2012 with finished animals recording the highest price increase from 2011 to 2012, up 17% for finished females.

Table 4: Average Animal Sales Prices

	<i>2011</i>	<i>2012</i>	<i>% Change '11 to '12</i>
Weanlings	728	773	6
Male Stores	955	1,070	12
Female Stores	861	959	11
Finished Males	1,325	1,533	16
Finished Females	1,122	1,308	17
Cull Cows	1,087	1,221	12

3. Variation in Financial Performance

Table 5 summarises results for farms classified on the basis of gross margin per hectare; the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom).

Table 5: Profit per hectare for Top, Middle and Bottom one-third of farms: 2012

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Stocking rate (livestock units per hectare)	1.63	1.23	1.00
Weaning rate (calves per cow)	0.97	0.96	0.89
Percentage of Farms on Very good soils	68	42	29
Gross Output (€/hectare)	1,130	739	503
Concentrates (€/hectare)	153	115	119
Pasture and Forage (€/hectare)	240	206	193
Other Direct Costs (€/hectare)	115	92	73
Gross Margin (€/hectare)	622	326	118

Gross output per hectare varies considerably across the three groups mostly due to varying stocking and weaning rates. Gross output per hectare for the Top group is more than double that of the Bottom group. The natural advantage of the Top group is evident with 68% of them operating on very good soils. The Top group earned a gross margin of €622 per hectare in 2012, more than 5 times higher than the margin earned by the Bottom Group.

Farms in the Top group typically achieve a 10 to 12% price premium for their animals compared to farms in the Bottom group, suggesting that the Top group of farms are producing heavier and/or superior quality animals.

Table 6: Average sale price of animal for Top, Middle and Bottom one-third of farms: 2012

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Weanlings	813	796	720
Male Stores	1,109	1,049	1,006
Female Stores	1,032	931	846
Male Finished Animals	1,582	1,494	1,442
Female Finished Animals	1,338	1,253	1,264

4. Variation in Technical Performance

The Teagasc Road Map for beef production has set performance indicators for the sector for 2018. Table 7 shows the percentage of farms that achieved a selection of these targets in 2011 and 2012. The percentage of farms achieving the feed usage targets decreased slightly, probably due to the inclement weather conditions. Consistent with higher cattle prices the percentage achieving the output and profit targets increased.

Table 7: Percentage of farms achieving selected Teagasc Cattle road map targets

	<i>2011</i>	<i>2012</i>
Concentrate usage: ≤ 438kg per livestock unit	77	75
Gross output: ≥ €887 per hectare	25	34
Gross margin: ≥ €377 per hectare	25	34

The proportion of farms earning a negative gross margin, i.e. made a loss when only direct costs were considered, decreased from 5% in 2011 to 3% in 2012. At the opposite end of the distribution, 24% of farms earned a gross margin of €500 per hectare or more in 2012 compared to 20% in 2010

Table 8: Distribution of gross margin € per hectare: 2011 and 2012

Gross Margin	% of farms	% of milk
	2012	2012
<0	5	3
0 to 150	17	16
150-300	32	26
300-500	26	31
>500	20	24