

Teagasc National Farm Survey Results 2013



Single Suckling Enterprise

The 2013 Teagasc National Farm Survey (NFS) recorded data on 911 farms. The full financial results for these farms are available in the National Farm Survey, go to www.teagasc.ie/nfs. The performance of the single suckling enterprise in 2013, for herds greater than 10 cows, is summarised here. This is the predominant cattle enterprise in Ireland, operated on over 31,000 farms.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled direct payments and the costs relating to family labour. Despite declining prices for the majority of cattle categories in 2013, gross output on suckling farms increased by 4%, on average. The increase in output value was, however, insufficient to cover the large increase in the total production costs (Table 1). Total direct and fixed costs of production increased by 20% and 4% respectively, with expenditure on concentrate feed increasing by 30%. On average the negative net margins (losses) on suckling enterprises were 167% higher in 2013, increasing from -€46 in 2012 to -€123 in 2013.

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

	2012	2013	% Change '12 to '13
	€	€	%
Coupled Suckler Cow Welfare Payment	21	0	-100%
Gross Output	790	819	+4%
Concentrate Costs	129	168	+30%
Pasture and Forage Costs	213	251	+18%
Other Direct Costs	93	105	+13%
Total Direct Costs	435	524	+20%
Gross Margin	355	295	-17%
Energy and Fuel	92	96	+4%
Other Fixed Costs	309	321	+4%
Total Fixed Costs	401	418	+4%
Net Margin	-46	-123	-167%

In 2013 the average gross margin earned per cow was €362, a 21% decline on the level in 2012. With increased total production costs the average negative net margin per cow also increased in 2013. In 2013 losses per cow were -€171, which is more than twice the level of the average negative net margin in 2012.

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

	2012	2013	% Change '12 to '13
Gross Output	1,040	1,015	-2%
Total Direct Costs	581	653	+12%
Gross Margin	459	362	-21%
Total Fixed Costs	543	533	-2%
Net Margin	-85	-171	-101%

2. Financial Performance by 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 weanling is the most prevalent production system, operated on 33% of farms. On average, the cattle finishing was the most profitable system in 2013. Typically the single suckling farms that take cattle to finish 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	33	24
Stocking rate (livestock units per hectare)	1.22	1.34	1.65
Percentage of Farms on Very good soils	45	48	62
Gross Output (€/hectare)	716	734	1067
Total Direct Costs (€/hectare)	466	468	666
Gross Margin (€/hectare)	250	265	401

In 2013 sales prices decreased across most animal types (exceptions being male and female finished animals). The largest price decline was for Male stores, down 10%, while female stores declined by 4%. These price declines were in stark contrast to price developments in 2012 when sales price increased across all animal types.

Table 4: Average Animal Sales Prices

	<i>2012</i>	<i>2013</i>	<i>% Change '12 to '13</i>
Weanlings	773	773	-2
Male Stores	1,070	1,070	-10
Female Stores	959	959	-4
Finished Males	1,533	1,533	0
Finished Females	1,308	1,308	+4
Cull Cows	1,221	1,221	-4

Note: All prices in euro per head liveweight.

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: 2013

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Stocking rate (livestock units per hectare)	1.71	1.32	1.09
Weaning rate (calves per cow)	0.95	0.89	0.85
Percentage of Farms on Very good soils	69	52	29
Gross Output (€/hectare)	1,198	756	507
Concentrates (€/hectare)	192	157	154
Pasture and Forage (€/hectare)	286	243	225
Other Direct Costs (€/hectare)	132	101	83
Gross Margin (€/hectare)	588	255	45

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 69% of these farms operating on very good soils. The Top group earned a gross margin of €588 per hectare in 2013, more than 13 times higher than the margin earned by the Bottom Group.

The advantages conferred by good soil quality do not explain all of the variation in gross margin per ha. Farms in the Top group typically achieve a 10 to 22% price premium for their animals when compared to farms in the Bottom group. This suggests that the Top group of farms are producing animals that are better aligned with what the market is demanding.

Table 6: Average sale price of animal for Top, Middle and Bottom one-third of farms: 2013

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Weanlings	788	775	712
Male Stores	1,023	992	875
Female Stores	986	925	808
Male Finished Animals	1,572	1,498	1,434
Female Finished Animals	1,406	1,283	1,181

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 2012 and 2013. The percentage of farms achieving the feed usage targets decreased slightly in 2013 due to the hard winter and late spring in 2013 and the legacy of the 2012 fodder crisis. Despite lower average animal prices in 2013, the percentage of farms achieving both the output and profit targets increased compared to 2012.

Table 7: Percentage of farms achieving selected Teagasc Beef Production Road Map targets

	<i>2012</i>	<i>2013</i>
Concentrate usage: ≤ 438kg per livestock unit	75	67
Gross output: ≥ €887 per hectare	34	37
Gross margin: ≥ €377 per hectare	34	37

The proportion of farms earning a negative gross margin, i.e. where output value is less than direct costs, increased from 3% in 2012 to 8% in 2013. At the opposite end of the distribution, 19% of farms earned a gross margin of €500 per hectare or more in 2013 compared to 24% in 2012.

Table 8: Distribution of gross margin € per hectare: 2012 and 2013

Gross Margin	% of farms 2012	% of farms 2013
<0	3	8
0 to 150	16	24
150-300	26	27
300-500	31	22
>500	24	19