

Profitable organic beef production

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Introduction

In order for any farm enterprise to be profitable, the returns from the enterprise must be greater than the costs of production. Organic beef farming systems are no different to any other farm enterprise. This paper will show the key components that lead to profitable organic beef production.

There are two elements to profitable production:

1. High output
2. Efficient systems of production

This is a very simplistic view of making a profit; many farmers do not know their costs of production and may not know what a high output is. The Teagasc Drystock E Profit Monitor is a farm efficiency measurement tool. It is used to measure your efficiency and help increase farm profitability.

High output

Achieving high output (maximising sales income) in an organic beef system is about selling a decent carcass size for a premium price and producing a high number of finished cattle per ha. The key components of this are:

- Market returns
- Carcass weight
- Stocking rate
- Sward management

Market returns

The key to getting the maximum returns from the market is to produce a product that the market demands. Organic beef is in demand at present. The organic beef market has always returned a premium price to the farmer. Typically this has been 15 and 25% above conventional prices. Ireland is relatively self-sufficient in organic beef at present; the export market for Irish organic beef has been growing for the last few years and this is expected to continue. The sector is small and because of this it is important to be in constant contact with processors to ensure that your animals can be slaughtered when they are fit, without any delays.

Carcass weight

In organic beef production, achieving decent carcass weights will be a problem if you are not working with the right type of stock. With the high cost of organic concentrates, the aim is to finish cattle on as little concentrates as possible. The traditional breeds of Hereford and Aberdeen Angus are early maturing breeds and will finish easily however carcass weights can be low. In general, a continental type cow is recommended using a traditional breed of bull. The higher the weight of the carcass produced, the greater the output of beef leading to a potentially greater profit. It is imperative that carcass weights are maximised and a target dead weight of 350kg should be achievable with good management.



DAFM may offer organic farmers grant support for the purchase of new machinery and DAFM spec. animal housing

Stocking rate

Stocking rate is one of the key drivers of farm profit. The area of land that an individual farms is generally limited, so stocking rate is seen as another way of increasing output. At higher stocking rates there is a greater throughput of animals. If each animal is leaving a profit, then there should be a greater profit. Another element to stocking rate is getting animals finished off the farm as young as possible; this also increases the throughput of animals. The average stocking rate in Ireland is less than 1 LU per ha. With excellent grassland management on good land it is possible to achieve up to 2 LU per ha on organic farms. Clover swards are key to achieving this target.

Support payments

Like all farming systems, scheme support payments are an integral part of farming in the EU. Organics has been well supported in the past with it's own support payment. The most recent five year scheme delivered €220 per ha up to 60ha in conversion for 2 years which reverts to €170 for the remaining three years. The average organic farm in Ireland is approximately 37ha. Support payment for such a sized farm amount to a total of €35,150 over the five years. This is a decent payment and when combined with a Basic Payment and GLAS, is a very attractive option for Irish beef farmers. In addition DAFM administer an organic capital investment scheme (OCIS) which offers grant aid on certain buildings and machinery relevant to organic farming.

Efficient systems of production

In an organic system of production, the main costs of production are different. The use of conventional fertilisers are not permitted, but it is imperative that soil fertility is managed to both maintain and increase production of herbage. Straw and concentrates costs may be higher in this system; their use needs to be correctly managed for efficient production. Good animal husbandry techniques are essential to minimise the need for veterinary treatments.

Good grassland management is essential to minimise the requirement for additional purchased concentrate/ cereal feed. Forward planning and budgeting is a key to managing this cost. Many organic farmers (beef finishers and dairy) have started growing their own cereals and pulses, this may not suit all farms due to land type, skills and machinery required.

Making the best use of pastures involves growing as much grass as possible from a hectare of land, and extending the grazing season using grass budgeting and other decision support tools. Performance is achieved by keeping the quality of the grass high and minimising the levels of parasites in the animals.

Grazing clean pastures with young animals, leader follower systems and grazing silage aftermaths are some methods of reducing costs on organic farms.

The inclusion of clover in all organic grassland sward increases the productivity of grassland and animals, and the management of this is a key to efficient production.

Summary

Organic beef production can be a very profitable enterprise with some of the most profitable beef farmers in the country farming organically. The key components to achieving this are a decent level of production, premium price coupled with an efficient system of production which includes good grassland management, herd health and soil fertility plans. The use of the Teagasc E Profit Monitor financial tool is important component to plan for the future, control costs, increase output and should be part of profitable organic beef production.

