

Teagasc National Farm Survey 2017

Cattle Finishing Enterprise

The 2017 Teagasc National Farm Survey (NFS) recorded data on 861 farms. The full financial results for these farms are available in the Teagasc NFS 2017 Report which is available at www.teagasc.ie/publications. The performance of the cattle finishing enterprise in 2017 is summarised here and is based on data for 112 farms. An enterprise is defined as cattle finishing if over 70% of the animals are sold for slaughter. Approximately 12,500 farms nationally are represented in this analysis. The data presented here are for enterprises with more than 10 livestock units (LU) in 2017.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and any costs relating to family labour. In 2017, gross output on cattle finishing farms decreased by 11% on average to €1,040 per hectare. A 10% average reduction in concentrate costs was accompanied by an equivalent percentage decrease in pasture and forage costs. Total direct costs decreased in 2017 (down 9% on average). This decrease in costs however occurred in conjunction with a decrease in gross output, and this is reflected in a decrease in gross margin on cattle finishing farms of 12% on average in 2017 to €478 per hectare. Total fixed costs decreased by 5% on average in 2017, with this decline driven mainly by an 11% decrease in energy and fuel costs. Net margin per hectare on cattle finishing farms was -€10 per hectare on average in 2017, a substantial decrease on the positive net margin (€32 per hectare) returned in 2016.

Table 1: Average gross margin and net margin € per hectare 2016/2017: Cattle Finishing

	2016	2017	2017/2016 % change
Gross Output	1,165	1,040	-11
Concentrate Costs	284	255	-10
Pasture and Forage Costs	252	227	-10
Other Direct Costs	83	80	-3
Total Direct Costs	620	562	-9
Gross Margin	545	478	-12
Energy and Fuel	126	113	-11
Other Fixed Costs	397	376	-5
Total Fixed Costs	514	488	-5
Net Margin	32	-10	n/a

Table 2 illustrates that on a per LU basis, gross output decreased 10% to €665/LU in 2017, with gross margin decreasing 12% to €302/LU on average. Total costs declined over the period, with the net margin on a per LU basis declining to -€26 in 2017.

Table 2: Average, gross and net margin € per livestock unit 2016/2017: Cattle Finishing

	2016	2017	2017/2016
Gross Output	739	665	-10
Total Direct Costs	395	363	-8
Gross Margin	344	302	-12
Total Fixed Costs	344	328	-5
Net Margin	0	-26	n/a

Table 3 presents the average purchase and sales prices recorded on cattle finishing farms for the various animal types these farms sold in 2016 and 2017. Prices for both purchases and sales changed little on the levels observed in 2016. The biggest change in price involved a 2% increase in weanling purchase prices. This indicates that the decline in average gross output overall was at least partially attributable to slightly higher prices for purchased weanlings.

Table 3: Animal purchase and sale prices € per head in 2016/2017

	2016	2017	2017/2016 % change
Weanlings Purchases	817	830	2
Male Stores Purchases	966	952	-1
Female Stores Purchases	905	915	1
Finished Males Sales	1,460	1,471	1
Finished Females Sales	1,271	1,266	0

2. Variation in Financial Performance

Table 4 summarises results for farms classified on the basis of gross margin per hectare; with cattle finishing farms broken into the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). The value of gross output per hectare varies considerably across the three groups, mostly due to differences in stocking rates (LU/hectare). Gross margin on the Top farms in 2017 was more than 7 times higher than for the Bottom group of farms. In 2017, total direct costs on the more intensively stocked Top performing farms were more than 70% higher than total direct costs of the less intensively stocked Bottom group.

Table 4: Costs and profit € per hectare for Top, Middle and Bottom: Cattle Finishing 2017

	Top	Middle	Bottom
Stocking rate (LU/hectare)	1.98	1.44	1.12
% of Farms on Very Good soils	68%	70%	54%
Gross Output (€/hectare)	1,666	896	573
Concentrates (€/hectare)	389	156	220
Pasture and Forage (€/hectare)	287	213	181
Other Direct Costs (€/hectare)	103	93	47
Total Direct Costs (€/hectare)	780	462	448
Gross Margin (€/hectare)	887	433	125

The average sale and purchase prices recorded for the various animal types traded by the Top, Middle and Bottom cattle finishing farms are presented in Table 5. The variation in finished sale prices is narrower than that evident for purchase prices across the groupings.

Table 5: Average sale and purchase prices (€ per head) for Top, Middle and Bottom: Cattle Finishing 2017

	Top	Middle	Bottom
Weanlings Purchases	849	729	865
Male Stores Purchases	927	978	1,016
Female Stores Purchases	899	911	949
Finished Males Sales	1,486	1,443	1,453
Finished Females Sales	1,285	1,259	1,242

3. Variation in Technical Performance

Table 6 presents selected technical performance indicators for cattle finishing enterprises in 2016 and 2017. Concentrate feed usage in 2017 was down 9% year-on-year and labour efficiency (LU per labour unit) increased by 4%.

Table 6: Technical Performance Indicators 2016/2017: Cattle Finishing

	2016	2017	2017/2016 % change
Concentrate feed usage (kg per LU)	719	652	-9
Stocking rate (LU per hectare)	1.49	1.51	1
Labour efficiency (LU per labour unit)	51	53	4

There was little change in the proportion of cattle finishing farms earning a negative gross margin in 2017 (i.e. where output value was less than the direct costs of production) with the share rising slightly from 7% to 8%. There was also little change year-on-year in the proportion of farms earning a gross margin over €500 per hectare (down 1 percentage point). The largest change between 2016 to 2017 was in the share of cattle finishing farms earning between €0 to €150 per hectare, where the percentage of farms decreased from 10% to 7%.

Table 7: Distribution of gross margin per hectare 2016/2017: Cattle Finishing

Gross Margin	% of farms 2016	% of farms 2017
<€0 per hectare	7	8
€0-€150 per hectare	10	7
€150-€300 per hectare	16	16
€300-€500 per hectare	25	27
>€500 per hectare	43	42

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