

Teagasc National Farm Survey 2017

Single Suckling Enterprise

The 2017 Teagasc National Farm Survey (NFS) recorded data on 861 farms, 256 of which were single suckling farms. The full financial results for these farms are available in the Teagasc NFS 2017 Report, which is available to download at www.teagasc.ie/publications. The performance of the single suckling enterprise in 2017 is summarised here and relates to those farms with herds of greater than 10 cows. The Single Suckling enterprise is the predominant cattle enterprise in Ireland, operated on over 35,500 farms.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and any costs relating to family labour. Gross output increased (6%) on the average single suckling enterprise in 2017 to €971 per hectare. In 2017, this increase in gross output was accompanied by a 4% increase in direct costs, leading to a 9% increase in the average gross margin earned per hectare basis. On average energy and fuel costs increased by 5% year-on-year and other fixed costs increased by 9%. Overall, in 2017 the increase in gross output was offset by higher direct and overhead costs, so that the net margin per hectare increased only marginally to -€3 per hectare on average in 2017.

Table 1: Average gross and net margin € per hectare in 2016/2017: Single Suckling

	2016	2017	2017/2016 % change
Gross Output	913	971	6
Concentrate Costs	127	141	11
Pasture and Forage Costs	245	246	0
Other Direct Costs	108	113	5
Total Direct Costs	481	500	4
Gross Margin	432	471	9
Energy and Fuel	108	113	5
Other Fixed Costs	332	361	9
Total Fixed Costs	440	474	8
Net Margin	-8	-3	n/a

With the increase in gross output on a per cow basis, gross margin per cow also increased by 3% in 2017 to an average of €527, as illustrated in Table 2. Due to the rise in fixed costs, the net margin per cow dis-improved to -€34 per cow in 2017.

Table 2: Average, gross and net margin € per cow in 2016/2017: Single Suckling

	2016	2017	2017/2016 % change
Gross Output	1,071	1,102	3
Total Direct Costs	569	576	1
Gross Margin	502	527	5
Total Fixed Costs	530	561	6
Net Margin	-28	-34	n/a

2. Variation in Production System

2017 data on the various production systems found on Irish single suckling farms (weanlings, stores and finished animals) are presented in Table 3. Single suckling to weaning and suckling to store systems are more prevalent than suckling to finishing systems. However, the latter is more profitable; the suckling to finishing enterprises in 2017 had the highest gross margin per hectare (see Table 3). A higher stocking rate and superior soil quality are found on suckling to finishing farms.

Table 3: Variation in gross margin per hectare by production system 2017: Single Suckling

	Weanling	Store	Finishing
% of Farms in production system	34	33	21
Stocking rate (Livestock units per hectare)	1.26	1.47	1.67
% of Farms on Very Good Soils	42%	45%	65%
Gross Output (€/hectare)	802	914	1,195
Total Direct Costs (€/hectare)	436	451	624
Gross Margin (€/hectare)	367	463	571

Table 4 below shows that the changes in animal sales prices between 2016 and 2017 varied across the categories of cattle sales made by single suckling farmers, with an average 5% increase in weanling prices being the largest percentage change between 2016 and 2017.

Table 4: Average animal sales prices (€ per head) in 2016 and 2017

	2016	2017	2017/2016 % change
Weanlings	736	775	5
Male Stores	936	925	-1
Female Stores	910	924	2
Finished Males	1,477	1,461	-1
Finished Females	1,327	1,321	0

3. Variation in Financial Performance

Table 5 summarises the 2017 Teagasc NFS results for single suckling 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-thirds of farms in 2017

	Top	Middle	Bottom
Stocking rate (LU/hectare)	1.91	1.40	1.07
% of Farms on Very Good soils	74	53	19
Gross Output (€/hectare)	1,455	885	583
Concentrates (€/hectare)	165	144	116
Pasture and Forage (€/hectare)	306	218	214
Other Direct Costs (€/hectare)	164	105	72
Gross Margin (€/hectare)	820	418	183

The broad variation in gross output per hectare on Irish single suckling is evident across the three groups, with gross output on the Top performing farms of €1,455 per hectare, while gross output per hectare for the Bottom performing group was only €583. The gross margin (€ per ha) earned is almost 6 times higher on the Top performing group of farms as compared to the average gross margin earned by the Bottom group of farms. The variation in expenditure on feed across the three groups of farms is less marked than the variation in gross output, although it is evident that a higher proportion of the Top performing single suckling farms have a superior soil type. The average sale and purchase prices recorded for the various animal types on the Top, Middle and Bottom single suckling farms are presented in Table 6.

Table 6: Average sale price (€ per head) for Top, Middle and Bottom one-thirds of farms 2017

	Top	Middle	Bottom
Weanlings Purchases	850	839	756
Male Stores Purchases	1,010	1,116	978
Female Stores Purchases	991	1,056	853
Finished Males Sales	1,519	1,466	1,308
Finished Females Sales	1,324	1,355	1,238

4. Variation in Technical Performance

The proportion of Single Suckling farms attaining the Teagasc 2025 Sectoral Road Map Targets in 2016 and 2017 is set out in Table 7. There was some improvement over the period 2016/2017 in the proportion of farms reaching the gross output, gross margin and net margin targets set out in Teagasc's 2025 Road Map. For instance, the proportion of farms earning a gross margin greater than €553 per hectare increased by 2 percentage points year-on-year. There appears to have been a dis-improvement in the proportion of farms meeting the threshold relating to concentrate usage per LU. The proportion of farms meeting this target fell by 3 percentage points between 2016 and 2017.

Table 7: Percentage of farms achieving selected Teagasc Cattle 2025 Road Map Targets

	2016	2017
Gross Output per hectare > €1,106	28%	29%
Gross Margin per hectare > €553	30%	32%
Net Margin per hectare > €110	31%	32%
Concentrate per Livestock Unit < 390 kg	66%	63%

Table 8 shows a decline in the share of farms in the lower part of the gross margin distribution in 2017 relative to 2016. In 2017 there was a 6 percentage point decrease in the proportion of single suckling farms earning less than €150 gross margin per hectare.

Table 8: Distribution of gross margin per hectare: 2016/2017

Gross Margin	% of farms 2016	% of farms 2017
<€0 per hectare	4	1
€0-€150 per hectare	13	10
€150-€300 per hectare	16	20
€300-€500 per hectare	30	30
>€500 per hectare	37	39

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