National Farm Survey Results 2010

Dairy Enterprise

July 2011

The 2010 National Farm Survey (NFS) recorded data on 1,050 farms. The full financial results for these farms are available in the National Farm Survey 2010 report, (www.teagasc.ie/publications).

This publication summarises the results for the dairy enterprises on farms where the main focus is on creamery milk production. Farms producing a majority of liquid milk are excluded from the sample as are herds of 10 cows or less.

Table 1: Average gross and net margin cent per litre

	2009	2010	Percentage Change '09 to '10
	€	€	%
Milk Price	23.3	30.6	+32
Total Gross Output	**23.4**	**30.9**	**+32**
Concentrate costs	4.3	4.2	-1
Pasture and Forage Costs	4.6	4.2	-9
Other Direct Costs	3.6	3.7	+2
Total Direct Costs	**12.5**	**12.1**	**-3**
Gross Margin	**10.8**	**18.8**	**+74**
Energy and Fuel	2.2	2.4	+11
Hired Labour	0.4	0.3	-17
Other Fixed Costs	7.2	8.5	+18
Total Fixed Costs	**9.8**	**11.3**	**+15**
Total Costs	**22.3**	**23.4**	**+4**
Net Margin	**1.0**	**7.5**	**+650**

1. Analysis of Financial Performance

2010 was a very good year with milk prices up 31% and total costs of production increasing by only 4% (Table 1). Average net margin per litre in 2010 was 7.5 cent per litre, an increase of more than 7 fold on the previous year. All of the profit figures reported here do not include a cost for family labour.

On the back of a very poor year in 2009, the volume of milk delivered for sale per hectare increased by 11% (Table 2). With output per hectare increasing, production costs also increased by 26%. Net margin per hectare in 2010 was €711.

The majority of dairy farmers operate on very good soils. Average output and net margin per hectare are lower on the poorer soil types.

Table 2: Average gross and net margin Euro per hectare

	All 2009	All 2010	% change	Very Good Soils	Good Soils	Poor Soils
Share of Farm Populatiion				57	38	5
Milk Produced (litres per hectare)	8,441	9,406	+11	10,359	8,513	5,747
Total Costs (€ per hectare)	1,743	2,197	+26	2,377	1,994	1,563
Net Margin (€ per hectare)	**159**	**711**	**+447**	**841**	**624**	**190**

2. Variation in Financial Performance

Table 3 shows the average costs of production for farms classified on the basis of total production costs per litre; the best performing one-third of farms (top), the middle one-third (middle) and the poorest performing one-third (bottom).

Costs of production for the bottom one-third of farms are over 63% higher than for the top one-third. This results in a 11.3 cent per litre difference in net margin.

Table 3: Variation in production costs cent per litre for the top, middle and bottom one third of creamery milk producers.

	Top	Middle	Bottom
Concentrate feeds	3.3	4.3	5.1
Pasture & Forage	3.3	3.9	5.3
Other Direct Costs	3.1	3.9	4.1
Energy & Fuel	1.9	2.4	3.0
Labour	0.3	0.3	0.4
Other Fixed Costs	6.0	7.9	11.5
Total Costs	**18.0**	**22.7**	**29.5**
Net Margin	**12.9**	**8.3**	**1.6**

Table 4 shows the distribution of net margin per hectare on dairy farms in 2009 and 2010. In 2009 35% of farms earned a negative net margin, i.e. made a loss when all overhead costs were considered. This proportion decreased to 9% in 2010. At the opposite end of the dairy farm profit per hectare distribution, 34% of dairy farms in 2010 had a net margin of €1,000 or more compared to only 2% in 2009.

Table 4: Distribution of net margin € per hectare: 2009 and 2010

Net Margin €/hectare	% of farms 2009	% of farms 2010
<0	35	9
0-250	25	11
250-500	18	13
500-750	13	20
750-1000	7	13
>€1,000	2	34

3. Variation in Technical Performance

Table 5 presents technical performance indicators. Technical performance improves along almost all measures in 2010 with the exception of concentrate usage. With output per cow and per hectare increasing in 2010, it is not surprising that concentrate feed per cow increased by 7%

Table 5: Technical Performance Indicators

	Average 2009	Average 2010	Percentage Change
Production (litres per cow)	4,554	4,928	+8
Milk sales (litres per hectare)	8,441	8,910	+6
Milk solids (kgs per cow)	313	344	+10
Somatic Cell Count ('ooo cells/ml)	275,298	274,740	0
Concentrate feed usage (kgs per cow)	895	959	+7
Use of grass (number of days in the grazing season)	223	227	+2
Artificial Insemination (% of farms using AI)	80	82	+2

The Teagasc Road Map for dairy production has set performance indicators for farms for 2018.

Table 6 shows the percentage of farms that achieved a selection of these targets in 2010.

Table 6: Percentage of farms achieving selected Teagasc dairy road map targets

	Percentage 2010
Milk yield per cow: ≥ 5,200 litres	41
Milk solids per cow: ≥ 378kg	35
Protein Content: ≥ 3.4%	25
Fat Content: ≥ 3.95%	25
Somatic Cell Count: ≤ 200,000 cells/ml	29
Concentrate feed per cow: ≤ 750kg per cow	35

The average herd size in the 2010 NFS sample of dairy farms was 52 cows. Table 7 shows the size distribution of farms in the NFS. Just 9% of farms have a herd size of 100 cows or more but these farms account for 24% of the total milk produced.

Table 7: Herd size distribution and proportion of milk supplied – creamery milk producers

Herd Size	% of farms 2010	% of total milk produced
0-40	42	19
40-60	28	27
60-100	21	30
>100	9	24