

TEAGASC National Farm Survey Results 2011

Cattle Finishing Enterprise



The 2011 Teagasc National Farm Survey (NFS) recorded data on 1,050 farms. The full financial results for these farms are available in the National Farm Survey 2011 Report at (www.teagasc.ie). The performance of the cattle finishing enterprise in 2011 is summarised here. A cattle enterprise is defined as a finishing enterprise if over 70% of the animals are sold for slaughter, approximately 15,700 farms nationally operate this type of cattle enterprise. The data presented here are for enterprises with more than 10 livestock units (lu) in 2011.

Table 1: Average gross and net margin per hectare: Cattle finishers

	2010	2011	Change '10 to '11
	€	€	%
Gross Output	628	829	32
Concentrate Costs	186	201	8
Pasture and Forage Costs	199	202	2
Other Direct Costs	64	66	3
Total Direct Costs	449	469	4
Gross Margin	179	360	101
Energy and Fuel	55	63	15
Other Fixed Costs	369	379	3
Total Fixed Costs	424	442	4
Net Margin	-244	-82	66

1. Analysis of Financial Performance

Despite the considerable improvement in cattle prices in 2011, on average gross output on finishing farms was still insufficient to cover total production costs (Table 1). The profit figures reported here exclude all decoupled payments and the costs relating to family labour. Total direct costs of production increased by 4% from 2010 to 2011, due to an expenditure increase of 8% on concentrate feeds and 2% on pasture costs. Fixed costs on finishing enterprises were €442 per hectare. Cattle finishing enterprises, on average, generated a negative net margin of -€82 per hectare in 2011. However, this represents a 66% improvement on the losses incurred in 2010.

Table 2: Average gross and net margin Euro per Livestock unit: cattle finishers

	2010	2011	Change '10 to '11
	€	€	%
Total Gross Output	469	617	32
Total Direct Costs	335	345	3
Gross Margin	134	271	102

The average gross margin per livestock unit in 2011 was €271 which was double the 2010 level (Table 2).

Table 3: Animal Purchase and Sale Prices 2010 and 2011

	2010	2011	Change '10 to '11
	€	€	%
Purchases			
Weanlings	586	692	18
Male Stores	744	886	19
Female Stores	713	841	18
Sales			
Finished Males	1109	1335	20
Finished Females	992	1166	18

Table 3 presents the average purchase and sales prices for the various animal types in 2010 and 2011. As can be seen purchase prices increased by between 18 and 19%, depending on animal type, from 2010 to 2011, while the sale price for finished males increased by slightly more.

2. Variation in Financial Performance

Table 4 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). The value of gross output per hectare varies considerably across the three groups, mostly due to a variation in stocking rates. Gross output per hectare for the Top group is almost three times higher than the Bottom. The natural advantage of the Top group is evident with 82% of them farming very good soils. The Top group have a ten-fold higher gross margin than those in the Bottom group, €731 compared to €72 per hectare.

Table 4: Costs and profit per hectare for Top, Middle and Bottom one-third of farms: 2011

	Top	Middle	Bottom
Stocking rate (lu/hectare)	1.75	1.15	1.05
Percentage of Farms on Very good soils	82%	54%	46%
Gross Output (€/hectare)	1346	630	511
Concentrates (€/hectare)	279	139	184
Pasture and Forage (€/hectare)	245	159	203
Other Direct Costs (€/hectare)	91	55	52
Total Direct Costs (€/hectare)	615	353	439
Gross Margin (€/hectare)	731	277	72

The average sale and purchase prices recorded for the various animal types on the Top, Middle and Bottom farms are presented in Table 5. On average farms in the Top group purchase weanlings at prices 17% lower than farms in the Bottom group but sell finished males at prices that are 5% higher than the Bottom group. The price differences are not as apparent across the other animal types.

Table 5: Average Sale Prices by Animal Type for Top, Middle and Bottom farms: 2011

	Top	Middle	Bottom
Weanlings purchases	655	682	767
Male Stores purchases	872	906	892
Female Stores purchases	875	774	813
Finished Males sales	1354	1323	1299
Finished Females sales	1175	1102	1208

Table 6 shows the distribution of gross margin per hectare for the cattle finishing enterprise in 2010 and 2011. In 2011 7% of farms earned a negative gross margin, i.e. made a loss when only direct costs were considered, compared to 18% in 2010. Only 9% of farms earned a gross margin of €500 per hectare or more in 2010 but this improved in 2011 to 23% of farms.

Table 6: Distribution of gross margin per hectare: 2010 and 2011

Gross Margin	2010	2011
€/hectare	%	%
<0	18	7
0 to 150	34	19
150-300	22	26
300-500	17	26
>500	9	23

3. Variation in Technical Performance

Table 7 presents selected technical performance indicators for cattle finishing enterprises in 2010 and 2011. On average, concentrate usage per livestock unit increased by 10% from 2010 to 2011 while the average stocking rate remained unchanged.

Table 7: Technical Performance Indicators

	Average 2010	Average 2011	Percentage Change
Use of concentrate feeds (kg per livestock unit)	545	597	10
Stocking rate (livestock units per hectare)	1.3	1.3	-
Labour efficiency (livestock units per labour unit)	32.5	36.9	+13

Table 8 shows the percentage of farms that achieved a selection of Teagasc Road Map targets. Performance improved along all dimensions, most notably: concentrate usage on which 58% of farms achieved the target in 2011. Gross output and gross margin performance also improved although it should be noted that this is price driven.

Table 8: Percentage of farms achieving selected Teagasc beef road map targets

	Percentage 2010	Percentage 2011
Concentrate usage: ≤ 438kg per livestock unit	48	58
Gross output: ≥ €887 per hectare	21	32
Gross margin: ≥ €377 per hectare	19	36

