

TEAGASC National Farm Survey Results 2011

Dairy Enterprise



The 2011 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, (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

	2010	2011	Percentage Change '10 to '11
Milk Price	30.7	35.2	+15
Total Gross Output	30.9	35.4	+15
Concentrate Costs	4.2	4.5	+7
Pasture and Forage Costs	4.1	4.2	+1
Other Direct Costs	3.6	3.7	+4
Total Direct Costs	11.9	12.4	+4
Gross Margin	18.9	23	+21
Energy and Fuel	2.4	2.4	+1
Hired Labour	0.4	0.5	+30
Other Fixed Costs	8.4	7.6	-10
Total Fixed Costs	11.2	10.5	-6
Total Costs	23.1	22.9	-1
Net Margin	7.8	12.5	+61

1. Analysis of Financial Performance

Milk price rose 15% from 2010 to 2011 and total costs of production declined by just 1% (Table 1). Average net margin per litre in 2011 was 12.5 cent per litre, an increase of 61% on the previous year. The profit figures reported here do not include a cost for family labour or costs relating to super levy fines. Milk produced per hectare increased only marginally but net margin per hectare increased by over 63% from 2010 to 2011 (Table 2). 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 milk production, costs and net margin per hectare

	All 2010	All 2011	% change	Very Good Soils	Good Soils	Poor Soils
Share of Farm Population	100	100		58	37	5
Milk Produced (litres per hectare)	9,544	9,687	+1	10,471	8,834	6,864
Total Costs (€ per hectare)	2,208	2,217	-	2,350	2,064	1,702
Net Margin (€ per hectare)	743	1,214	+63	1,359	1,054	807

2. Variation in Performance

Table 3 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). On a per litre basis, production costs for the Bottom group are 27% higher than for the Top group and the net margins are almost double for the Top compared to the Bottom.

Table 3: Costs and profit cent per litre for Top, Middle and Bottom one-third of farms: 2011

	Top	Middle	Bottom
Concentrate Feeds	3.9	4.2	5.4
Pasture & Forage	3.6	4.1	4.9
Other Direct Costs	3.5	4.1	3.9
Energy & Fuel	2.1	2.4	2.7
Labour	0.8	0.4	0.3
Other Fixed Costs	6.3	8.1	8.4
Total Costs	20.2	23.1	25.7
Net Margin	16.2	12.5	8.9

Table 4 presents the variation in output and profit per hectare for the Top, Middle and Bottom groups. Gross margin per hectare is almost two and a half times higher for the Top group than the bottom. These greater rates of profitability are driven by productivity (higher output per hectare) and efficiency (efficient use of concentrate feed and other direct costs).

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

	Top	Middle	Bottom
Stocking rate (Cows/Hectare)	2.22	1.84	1.52
Milk Sold per hectare (litres)	12,747	9,564	6,749
Concentrates fed per cow (kg)	876	861	925
Concentrates fed per litre of milk produced (kg)	0.15	0.17	0.21
Gross output per hectare (€)	4,620	3,370	2,325
Total Costs per hectare (€)	508	418	379
Gross Margin per hectare (€)	3,208	2,189	1,348

Table 5 shows the distribution of net margin per hectare on dairy farms in 2010 and 2011. In 2010 18% of farms earned a net margin less than €250 per hectare compared to just 8% in 2011. At the opposite end of the dairy farm profit per hectare distribution, 35% of dairy farms in 2011 had a net margin of €1,500 per hectare or more compared to 17% in 2010.

Table 5: Distribution of net margin € per hectare: 2010 and 2011

Net Margin €/hectare	% of farms 2010	% of farms 2011
<250	18	8
250-500	13	7
500-750	19	11
750-1000	13	15
1,000-1,500	19	25
>1,500	17	35

3. Variation in Technical Performance

Table 6 presents a selection of technical performance indicators for dairy farms. Technical performance improved across all of the selected measures in 2011. Output measures increased, while somatic cell count declined. Concentrate feed usage per cow declined in line with an increase in the length of the grazing season by 3 days on average across the country.

Table 6: Technical Performance Indicators

	Average 2010	Average 2011	Percentage Change
Production (litres per cow)	4,978	5,170	+4
Milk sales (litres per hectare)	9,046	9,181	+1
Milk solids (kgs per cow)	349	365	+5
Somatic Cell Count ('000 cells/ml)	277	252	-9
Concentrate feed usage (kgs per cow)	963	875	-9
Use of grass (number of days in the grazing season)	234	237	+2
Artificial Insemination (% of farms using AI)	81	85	+5

The Teagasc Road Map for dairy production has set performance indicators for farms for 2018. Table 7 shows the percentage of farms that achieved a selection of these targets in 2010 and 2011. Again performance improved across all measures with the number of farmers achieving the targets increasing.

Table 7: Percentage of farms achieving selected Teagasc dairy road map targets

	Percentage 2010	Percentage 2011
Milk yield per cow: $\geq 5,200$ litres	41	48
Milk solids per cow: ≥ 378 kg	36	44
Protein Content: $\geq 3.4\%$	28	42
Fat Content: $\geq 3.95\%$	25	31
Somatic Cell Count: $\leq 200,000$ cells/ml	26	37
Concentrate feed per cow: ≤ 750 kg per cow	34	45

Table 8 shows the size distribution of farms in the NFS. In 2011 11% of farms had a herd consisting of 100 cows or more. Despite representing just 11% of the population, these farms accounted for 26% of total milk production in 2011.

Table 8: Herd size distribution and proportion of milk supplied

Herd Size	% of farms 2011	% of total milk produced
0-40	31	13
40-60	31	27
60-100	26	34
>100	11	26

