

## Teagasc National Farm Survey Results 2012

### Cattle Finishing Enterprise



The 2012 Teagasc National Farm Survey (NFS) recorded data on 922 farms. The full financial results for these farms are available in the National Farm Survey and to download at [www.teagasc.ie/nfs](http://www.teagasc.ie/nfs). The performance of the cattle finishing enterprise in 2012 is summarised here. An enterprise is defined as cattle finishing if over 70% of the animals are sold for slaughter, approximately 10,780 farms nationally are represented in this analysis. The data presented here are for enterprises with more than 10 livestock units (lu) in 2012.

#### 1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and the costs relating to family labour. Despite the considerable improvement in cattle prices in 2012, gross output on finishing farms was still, on average, insufficient to cover total production costs (Table 1). Total direct costs of production increased by 23% from 2011 to 2012, mostly due to an expenditure increase of 45% on concentrate feeds. Cattle finishing enterprises, on average, generated a negative net margin of -€50 per hectare in 2012. However, this represents a 27% improvement on the losses incurred in 2011.

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

	2011	2012	% Change '11 to '12
<b>Gross Output</b>	<b>899</b>	<b>1099</b>	<b>+22</b>
Concentrate Costs	244	354	+45
Pasture and Forage Costs	209	213	+2
Other Direct Costs	71	78	+10
Total Direct Costs	524	645	+23
<b>Gross Margin</b>	<b>376</b>	<b>454</b>	<b>+21</b>
Energy and Fuel	100	114	+14
Other Fixed Costs	343	390	+14
<b>Total Fixed Costs</b>	<b>443</b>	<b>504</b>	<b>+14</b>
<b>Net Margin</b>	<b>-67</b>	<b>-50</b>	<b>+27</b>

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

	2011	2012	% Change '11 to '12
Gross Output	619	705	+14
Total Direct Costs	357	408	+14
Gross Margin	262	297	+13
Total Fixed Costs	317	338	+7
<b>Net Margin</b>	<b>-55</b>	<b>-41</b>	<b>29</b>

The average gross margin per livestock unit in 2012 was €297 which was 13% higher than the 2011 level (Table 2). Average net margin per livestock unit in 2012 was -€41, a 27% improvement on 2011.

**Table 3: Animal Purchase and Sale Prices 2011 and 2012**

	<b>2011</b>	<b>2012</b>	<b>% Change '11 to '12</b>
Weanlings Purchases	693	718	+4
Male Stores Purchases	892	982	+10
Female Stores Purchases	846	989	+17
Finished Males Sales	1,330	1,530	+15
Finished Females Sales	1,167	1,345	+15

Table 3 presents the average purchase and sales prices for the various animal types in 2011 and 2012. As can be seen purchase prices increased by between 4 and 17%, depending on animal type, from 2011 to 2012, while the sale price for finished animals increased by 15% on average.

## 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 74% of them farming very good soils. The variation in profit is considerable; gross margin per hectare on the Top farms is 16 times higher than on the Bottom farms.

**Table 4: Costs and profit per hectare for Top, Middle and Bottom one-third of farms: 2012**

	<b>Top</b>	<b>Middle</b>	<b>Bottom</b>
Stocking rate (lu/hectare)	1.86	1.33	1.27
Percentage of Farms on Very good soils	74	67	50
Gross Output (€/hectare)	1,778	935	615
Concentrates (€/hectare)	480	318	269
Pasture and Forage (€/hectare)	240	184	218
Other Direct Costs (€/hectare)	94	72	68
Total Direct Costs (€/hectare)	814	574	555
<b>Gross Margin (€/hectare)</b>	<b>964</b>	<b>361</b>	<b>60</b>

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 sell finished females at a 8% premium and finished males at a 3% premium over the Bottom group. Clearly the variation in profit is mostly due to superior productivity, higher stocking rate per hectare and efficiency, lower inputs per hectare, rather than price differences.

**Table 5: Average Sale and Purchase Prices by Animal Type for Top, Middle & Bottom farms: 2012**

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Weanlings purchases	722	702	732
Male Stores purchases	895	993	1080
Female Stores purchases	1,039	868	986
Finished Males sales	1,547	1,524	1,508
Finished Females sales	1,394	1,270	1,287

### 3. Variation in Technical Performance

Table 6 presents selected technical performance indicators for cattle finishing enterprises in 2011 and 2012. Due to the inclement weather conditions in 2012, concentrate usage per livestock unit increased by 20% on average, while the average stocking rate increased slightly.

**Table 6: Technical Performance Indicators**

	<i>2011</i>	<i>2012</i>	<i>% Change '11 to '12</i>
Use of concentrate feeds (kg per livestock unit)	657	788	+20
Stocking rate (livestock units per hectare)	1.43	1.48	+4
Labour efficiency (livestock units per labour unit)	50.5	48.9	-3

Table 7 shows the percentage of farms that achieved a selection of Teagasc Road Map targets. Despite the average increase in feed usage, there was almost no change in the number of farmers achieving the concentrate feed usage target. Consistent with higher cattle prices the percentage achieving the output and profit targets increased.

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

	<i>2011</i>	<i>2012</i>
Concentrate usage: ≤ 438kg per livestock unit	48	49
Gross output: ≥ €887 per hectare	36	48
Gross margin: ≥ €377 per hectare	39	49

In 2012 5% of farms earned a negative gross margin, i.e. made a loss when only direct costs were considered, compared to 6% in 2011. 25% of farms earned a gross margin of €500 per hectare or more in 2011 increasing to 38% of farms in 2012.

**Table 8: Distribution of gross margin € per hectare: 2011 and 2012**

<b>Gross Margin</b>	<b>% of farms 2011</b>	<b>% of farms 2012</b>
<0	6	5
0 to 150	17	18
150-300	28	22
300-500	23	17
>500	25	38