

Teagasc National Farm Survey Results 2013

Dairy Enterprise



The 2013 Teagasc National Farm Survey (NFS) recorded data on 911 farms. The full financial results for these farms are available in the National Farm Survey, to download go to www.teagasc.ie/nfs. Here the results for the dairy enterprise are summarised. Farms producing mostly liquid milk are excluded from the sample, as are herds of 10 cows or less.

1. Analysis of Financial Performance

The average Irish farm gate milk price increased by 23% between 2013 and 2012; unfavourable weather conditions in 2012 and the first half of 2013, led to a shortage of fodder and higher than normal levels of feed supplementation, resulting in an 8% increase in the direct costs of production in 2013. The increase in milk price more than compensated for the rise in costs and average net margin per litre increased by 58% in 2013. The profit figures reported here do not include decoupled direct payments or a cost for family labour.

Table 1: Average gross and net margin cent per litre

	2012	2013	Change (%) '12 to '13
Milk Price	32.26	39.58	23%
Total Gross Output	33.30	39.53	19%
Concentrate Costs	5.99	7.14	19%
Pasture and Forage Costs	4.78	5.11	7%
Other Direct Costs	4.26	3.92	-8%
Total Direct Costs	15.04	16.17	8%
Gross Margin	18.26	23.35	28%
Energy and Fuel	2.31	2.36	2%
Hired Labour	0.48	0.53	12%
Other Fixed Costs	7.82	8.36	7%
Total Fixed Costs	10.60	11.25	6%
Total Costs	25.64	27.43	7%
Net Margin	7.66	12.10	58%

Milk produced per hectare increased by 9% and net margin per hectare was up 64%. 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 net margin euro per hectare

	All 2012	All 2013	% change	Very Good Soils	Good Soils	Poor Soils
Share of Farm Population	100%	100%	n.a.	59%	35%	5%
Milk Produced (litres / hectare)	9,496	10,375	9	11,091	9,468	8,651
Total Costs (€/hectare)	2,399	2,817	17	2,990	2,600	2,366
Net Margin (€ per hectare)	783	1,290	65	1,391	1,135	1,213

2. Variation in Financial 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 17% higher than for the Top group and the net margins are more than 40% lower.

Table 3: Costs and profit cent per litre for Top, Middle and Bottom one-third of farms: 2013

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Concentrate Feeds	6.55	6.85	8.02
Pasture & Forage	4.58	4.86	5.89
Other Direct Costs	3.77	3.91	4.09
Energy & Fuel	2.07	2.26	2.74
Labour	0.74	0.52	0.33
Other Fixed Costs	7.85	8.30	8.93
Total Costs	25.57	26.70	30.00
Net Margin	14.85	12.73	8.75

Table 4 presents the variation in output and profit per hectare for the Top, Middle and Bottom groups. In 2013 there was a narrowing in the differential between the gross margin per hectare of the top group and the bottom group as the top group experienced a larger increase in production costs, driven by their increased feed requirements during the fodder shortage. Nevertheless, the top group continued to have a much greater level of profitability than the Middle and Bottom groups, due to its higher productivity (higher output per hectare) and efficiency (more 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: 2013

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Stocking rate (Cows/Hectare)	2.24	1.85	1.59
Milk Sold per hectare (litres)	12,571	9,200	6,759
Concentrates fed per cow (kg)	1,049	959	1,026
Concentrates fed per litre produced (kg)	0.18	0.19	0.24
Gross output per hectare (€)	4,356	3,055	2,151
Direct Costs per hectare (€)	1,722	1,335	1,189
Gross Margin	2,634	1,720	962

In 2013 just 3% of farms earned a net margin less than €250 per hectare compared with 9% in 2012. At the other end of the distribution, 22% of dairy farms in 2013 had a net margin of €1,500 per hectare or more compared to 32% in 2012 (and 54% in 2011).

Table 5: Distribution of net margin

Net Margin €/hectare	% of farms 2012	% of farms 2013
<250	9	3
250-500	9	2
500-1000	23	6
1,000-1,500	28	10
>1,500	32	22

3. Variation in Technical Performance

Table 6 presents a selection of technical performance indicators for dairy farms. In spite of the persistence of poor weather conditions in the first half of 2013, output per cow increased by 3%, but this was achieved in circumstances where concentrate feed usage per cow increased by 15%. The number of grazing days fell dramatically, due mainly to poor early season grass growth and ground conditions. As a result, technical performance deteriorated across all of the indicators.

Table 6: Technical Performance Indicators

	Average 2012	Average 2013	% Change
Production (litres per cow)	4,968	5135	3%
Milk sales (litres per hectare)	9,496	10375	9%
Milk solids (kg per cow)	355	370	4%
Somatic Cell Count ('ooo cells/ml)	228	224	-2%
Concentrate feed usage (kg per cow)	1,011	1159	15%
Use of grass (number of days in the grazing season)	237	237	0%
Artificial Insemination (% of farms using AI)	83	84	1%

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 2012 and 2013. The deterioration in performance in 2012, was partially reversed in 2013, but both years, will have to be seen as outliers and unrepresentative of indicators of true progress in farm performance due to the heavy impact of factors which were largely beyond farmers' control.

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

	Percentage 2012	Percentage 2013
Milk yield per cow: $\geq 5,200$ litres	36	43
Milk solids per cow: ≥ 378 kg	37	43
Protein Content: $\geq 3.4\%$	42	47
Fat Content: $\geq 3.95\%$	46	51
Somatic Cell Count: $\leq 200,000$ cells/ml	47	47
Concentrate feed per cow: ≤ 750 kg per cow	27	18

The average herd size in 2013 was 66 cows and 14% of farms had a herd size of 100 cows or more, an increase of 1 percentage point on the 2012 figure. Despite representing just 14% of the population, these farms accounted for 29% of national milk production.

Table 8: Distribution of farms and milk production by dairy cow herd size

Herd Size	% of farms 2013	% of milk 2013
<40	21	9
40-60	30	22
60-100	35	40
>100	14	29