

Teagasc National Farm Survey Results 2013

Cattle Finishing 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. The performance of cattle finishing enterprises in 2013 is summarised in this note. The data presented here are only for enterprises with more than 10 livestock units (LU) in 2013. An enterprise is defined as a cattle finishing enterprise if over 70% of the animals sold from the farm are sold for slaughter. The sample of cattle finishing enterprises analysed represents approximately 10,160 farms nationally.

1. Analysis of Financial Performance

The profit figures reported exclude all decoupled direct payments and the costs relating to family labour. Gross output on finishing farms in 2013 was, on average, insufficient to cover total production costs (see Table 1). Total direct costs of production increased by 18% between 2012 to 2013. This increase in costs was mostly due to the 20% increase in expenditure on concentrate feeds and the 19% increase in pasture and forage costs. Cattle finishing enterprises, on average, generated a negative net margin of -€133 per hectare in 2013. This loss per hectare is 166% higher than that incurred in 2012.

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

	2012	2013	% Change '12 to '13
Gross Output	1099	1157	+5
Concentrate Costs	354	425	+20
Pasture and Forage Costs	213	254	+19
Other Direct Costs	78	81	+4
Total Direct Costs	645	760	+18
Gross Margin	454	397	-13
Energy and Fuel	114	120	+5
Other Fixed Costs	390	410	+5
Total Fixed Costs	504	530	+5
Net Margin	-50	-133	166

Table 2: Average gross and net margin Euro per Livestock Unit: Cattle finishers

	2012	2013	% Change '12 to '13
Gross Output	705	703	-0.3
Total Direct Costs	408	454	+11
Gross Margin	297	250	-16
Total Fixed Costs	338	337	-0.3
Net Margin	-41	-87	112

The average gross margin per livestock unit in 2013 was €250 which was 16% lower than in 2012 (Table 2). Average net margin per livestock unit in 2013 was -€87. This level of losses per livestock unit represents a 112% increase on the level observed in 2012 of -€41 per livestock unit.

Table 3: Animal Purchase and Sale Prices 2012 and 2013

	2012	2013	% Change '12 to '13
Weanlings Purchases	718	809	+13
Male Stores Purchases	982	948	-3
Female Stores Purchases	989	927	-6
Finished Males Sales	1,530	1393	-9
Finished Females Sales	1,345	1193	-11

Note: All prices in euro per head liveweight

Table 3 presents the average purchase and sales prices for the various animal types in 2012 and 2013. Purchase prices declined by between 3 and 6% for store cattle, while prices for weanlings increased by 13% between 2012 to 2013. The sale prices for finished animals received by the cattle finishing enterprises analysed declined by between 9% and 11% between 2012 and 2013.

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 over two and a half times higher than the Bottom group. The natural advantage of the Top group is evident with 70% of these farms operating on very good soils, compared to only 56% of farms in bottom group. The variation in profit is also considerable; gross margin per hectare on the Top farms is 12 times higher than that earned on the Bottom farms.

Table 4: Costs and profit per hectare for Top, Middle and Bottom one-third of farms: 2013

	Top	Middle	Bottom
Stocking rate (lu/hectare)	1.84	1.59	1.30
Percentage of Farms on Very good soils	70%	65%	56%
Gross Output (€/hectare)	1,774	1,056	680
Concentrates (€/hectare)	602	367	317
Pasture and Forage (€/hectare)	296	242	227
Other Direct Costs (€/hectare)	95	79	70
Total Direct Costs (€/hectare)	993	688	614
Gross Margin (€/hectare)	781	368	66

The average sale and purchase prices recorded for the various animal types on the Top, Middle and Bottom farms are presented in Table 5. The variation in average profit between the Top, Middle and Bottom groups of farms is mostly due to superior productivity (higher stocking rate per hectare and efficiency, lower inputs per hectare) rather than differences in prices paid and received for cattle.

Table 5: Average Sale and Purchase Prices by Animal Type for Top, Middle & Bottom farms: 2013

	<i>Top</i>	<i>Middle</i>	<i>Bottom</i>
Weanlings purchases	818	782	822
Male Stores purchases	888	977	1,046
Female Stores purchases	926	974	850
Finished Males sales	1,529	1,516	1,573
Finished Females sales	1,377	1,479	1,278

Note: All prices in euro per head liveweight

3. Variation in Technical Performance

Table 6 presents selected technical performance indicators for cattle finishing enterprises in 2012 and 2013. Due to the late spring in 2013 and the legacy of the 2012 fodder crisis, average concentrate usage per livestock unit on cattle finishing enterprises increased by 4% between 2012 and 2013. The average stocking rate increased by 6% to average of just under 1.6 LU/ha, while labour efficiency, measured on a LU per labour unit basis, increased by 10%.

Table 6: Technical Performance Indicators

	<i>2012</i>	<i>2013</i>	<i>% Change '12 to '13</i>
Use of concentrate feeds (kg per livestock unit)	788	817	+4
Stocking rate (livestock units per hectare)	1.48	1.57	+6
Labour efficiency (livestock units per labour unit)	48.9	54.0	+10

Table 7 shows the percentage of farms that achieved a selection of Teagasc Beef Production Road Map targets. Owing to the increase in average feed usage, there was a notable decline in the number of farmers achieving the concentrate feed usage target, declining to 39% of finishing farms. The percentage of farms achieving the output targets increased, while the proportion of farms achieving the profit per hectare target of €377 per hectare declined from 49% to 43%.

Table 7: Percentage of farms achieving selected Teagasc Beef Production Road Map targets

	<i>2012</i>	<i>2013</i>
Concentrate usage: ≤ 438kg per livestock unit	49	39
Gross output: ≥ €887 per hectare	48	56
Gross margin: ≥ €377 per hectare	49	43

In 2013 11% of cattle finishing enterprises earned a negative gross margin, i.e. where direct costs were greater than output value. This represents an increase relative to 2012 (5%). The vast majority of cattle finishing enterprises returned a positive gross margin, while 34% of enterprises in 2013 earned a gross margin of €500 per hectare or more.

Table 8: Distribution of gross margin € per hectare: 2012 and 2013

Gross Margin	% of farms 2012	% of farms 2013
<0	5	11
0 to 150	18	10
150-300	22	18
300-500	17	27
>500	38	34