Teagasc National Farm Survey Results 2014

Dairy Enterprise

The 2014 Teagasc National Farm Survey (NFS) recorded data on 895 farms. The full financial results for these farms are available in the National Farm Survey and to download at 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

There was no change in the average milk price from 2013 to 2014, but gross output per litre was down 2%. A recovery from the fodder crisis, which persisted into 2013, was evident with concentrate feed cost down 23% and total direct costs down 9% in 2014. Average net margin per litre was up 7% in 2014. The margin figures reported here do not include decoupled payments and do not reflect a deduction for the cost of family labour.

Table 1: Average gross and net margin cent per litre

	2013	*2014*	*Change (%) '13 to '14*
Milk Price	39.58	39.5	0
Total Gross Output	**39.53**	**38.86**	**-2**
Concentrate Costs	7.14	5.49	-23
Pasture and Forage Costs	5.11	4.94	-3
Other Direct Costs	3.92	4.31	+10
Total Direct Costs	**16.17**	**14.74**	**-9**
Gross Margin	**23.35**	**24.13**	**+3**
Energy and Fuel	2.36	2.39	+1
Hired Labour	0.53	0.46	-13
Other Fixed Costs	8.36	8.31	-1
Total Fixed Costs	**11.25**	**11.16**	**-1**
Total Costs	**27.43**	**25.90**	**-6**
Net Margin	**12.10**	**12.97**	**+7**

Milk produced per hectare was up 3% and with declining costs net margin per hectare was up 8%.

Table 2: Average net margin euro per hectare

	2013	*2014*	*% change*
Milk Produced (litres / hectare)	10,375	10,686	+3
Total Costs (€/hectare)	2,817	2,698	-4
Net Margin (€ per hectare)	**1,290**	**1,390**	**+8**

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 almost 25% higher than for the Top group and the net margins are more than three times lower.

Table 3: Costs and profit cent per litre for Top, Middle and Bottom one-third of farms: 2014

	Top	*Middle*	*Bottom*
Concentrate Feeds	4.91	4.97	6.58
Pasture & Forage	4.42	4.72	5.67
Other Direct Costs	4.03	4.35	4.55
Energy & Fuel	2.04	2.24	2.89
Labour	0.66	0.50	0.22
Other Fixed Costs	7.39	8.28	9.24
Total Costs	23.45	25.06	29.16
Net Margin	**15.73**	**13.11**	**10.09**

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 (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: 2014

	Top	*Middle*	*Bottom*
Stocking rate (Cows/Hectare)	2.51	2.04	1.63
Milk Sold per hectare (litres)	14,226	10,469	7,398
Concentrates fed per cow (kg)	996	912	968
Concentrates fed per litre produced (kg)	0.17	0.17	0.22
Gross output per hectare (€)	5,551	3,978	2,750
Direct Costs per hectare (€)	1,955	1,493	1,191
Gross Margin	**3,596**	**2,485**	**1,559**

In general there was an improvement in net margin per hectare in 2014 with the percentage of farms earning higher margins increasing. In 2013 37 percent of farms earned a net margin of €1,500 or more and this increased to 41 percent of farms in 2014.

Table 5: Distribution of net margin per hectare

Net Margin €/hectare	**% of farms 2013**	**% of farms 2014**
<250	6	6
250-500	7	7
500-1000	25	16
1,000-1,500	25	30
>1,500	37	41

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3. Variation in Technical Performance

Table 6 presents a selection of technical performance indicators for dairy farms. All of the indicators suggest improved performance in 2014 with output up, use of grass up and considerable reduction in somatic cell count.

Table 6: Technical Performance Indicators

	Average 2013	*Average 2014*	*% Change*
Production (litres per cow)	5,135	5,170	+1
Milk sales (litres per hectare)	10,375	10,686	+3
Milk solids (kgs per cow)	370	375	+1
Somatic Cell Count (‘000 cells/ml)	224	198	-12
Concentrate feed usage (kgs per cow)	1,159	959	-17
Use of grass (number of days in the grazing season)	237	244	+3

The Teagasc Road Map for dairy production has set performance indicators for farms for 2025. Table 7 shows the percentage of all farms that achieved a selection of these targets in 2014 as well as the percentage of discussion group members. Dairy discussion group members perform better across all of the performance targets indicating the positive return to knowledge and discussion group membership.

Table 7: Percentage of farms achieving selected Teagasc dairy road map targets in 2014

	Percentage All Farms	*Percentage Discussion Group Members*
Milk yield per cow: ≥ 5,420 litres	44	52
Milk solids per cow: ≥ 407kg	30	34
Concentrate feed per cow: ≤ 750kg	36	43
Cows per labour unit: > 75 cows	16	22
Somatic Cell Count: ≤ 200,000 cells/ml	51	60

The average herd size in 2014 was 68 cows and just 15% of farms had a herd size of 100 cows or more. Despite representing just 15% of the population, these farms accounted for 30% of national milk production.

Table 8: Herd size distribution

Herd Size	% of farms 2014	% of milk 2014
<40	20	8
40-60	29	22
60-100	37	40
>100	15	30