Teagasc National Farm Survey Results 2015

Dairy Enterprise

The 2015 Teagasc National Farm Survey (NFS) recorded data on 898 farms. This analysis summarises the results of dairy enterprises, excluding farms supplying mostly liquid milk and herds of 10 cows or less. The methodology for weighting dairy farms in the NFS changed in 2015. In order to ensure consistency in drawing comparisons between 2014 and 2015, the new weighting methodology has also been applied to the 2014 figures meaning that the 2014 figures reported here do not correspond with those previously published.

1. Analysis of Financial Performance

The average milk price fell by 22% in 2015. Good production conditions, coupled with lower animal feed and energy prices led to a reduction in direct costs but average net margin per litre was down 25% in 2015. 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

	2014	*2015*	*Change (%) '14 to '15*
Milk Price	39.44	30.94	-22
Total Gross Output	**38.72**	**32.21**	**-17**
Concentrate Costs	5.49	4.60	-16
Pasture and Forage Costs	4.84	4.35	-10
Other Direct Costs	4.28	3.73	-13
Total Direct Costs	14.60	12.68	-13
Gross Margin	**24.11**	**19.53**	**-19**
Energy and Fuel	2.40	1.94	-19
Hired Labour	0.46	0.44	-4
Other Fixed Costs	8.38	7.33	-13
Total Fixed Costs	11.23	9.71	-14
Total Costs	25.84	22.39	-13
Net Margin	**12.88**	**9.82**	**-24**

Following the removal of the milk quota in April, milk production increased by 13% nationally according to CSO statistics in 2015 relative to the 2014 calendar year. Milk production on NFS farms increased by 11% on average. This was achieved by a combination of greater milk production levels per hectare and additional land devoted to milk production. Dairy forage area on the average farm increased by 8%, while milk produced per hectare increased by 3%.

The increased production per hectare in 2015 offset some of the milk price decline with net margin on a per hectare basis falling by 20%.

Table 2: Average net margin euro per hectare

	2014	*2015*	*% change*
Milk Produced (litres / hectare)	10,437	10,755	+3
Total Costs (€/hectare)	2,634	2,392	-9
Net Margin (€ per hectare)	**1,350**	**1,083**	**-20**

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).

Table 3: Costs and profit cent per litre for Top, Middle and Bottom one-third of farms: 2015

	Top	*Middle*	*Bottom*
Concentrate Feeds	3.90	4.34	5.51
Pasture & Forage	4.01	4.20	4.80
Other Direct Costs	3.61	3.85	3.73
Energy & Fuel	1.69	1.93	2.17
Labour	0.68	0.35	0.29
Other Fixed Costs	6.87	7.43	7.68
Total Costs	20.77	22.10	24.18
Net Margin	12.52	10.22	6.89

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: 2015

	Top	*Middle*	*Bottom*
Stocking rate (Cows/Hectare)	2.45	2.03	1.52
Milk Sold per hectare (litres)	14,368	10,574	7,503
Concentrates fed per cow (kg)	871	861	978
Concentrates fed per litre produced (kg)	0.15	0.16	0.20
Gross output per hectare (€)	4,764	3,408	2,315
Direct Costs per hectare (€)	1,693	1,344	1,062
Gross Margin per hectare	3,071	2,064	1,253

3. Variation in Technical Performance

Table 5 presents a selection of technical performance indicators for dairy farms. Most of the indicators suggest improved performance in 2015 with output up, use of concentrate feed down and a considerable reduction in somatic cell count.

Table 5: Technical Performance Indicators

	Average 2014	*Average 2015*	*% Change*
Production (litres per cow)	5,135	5,384	+5
Milk sales (litres per hectare)	10,437	10,755	+3
Milk solids (kgs per cow)	372	393	+6
Somatic Cell Count ('000 cells/ml)	201	181	-10
Concentrate feed usage (kgs per cow)	954	905	-5
Use of grass (number of days in the grazing season)	244	239	-2

The Teagasc Road Map for dairy production has set performance indicators for farms for 2025. Table 6 shows the percentage of all farms that achieved a selection of these targets in 2015 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 6: Percentage of farms achieving selected Teagasc dairy road map targets in 2015

	Percentage All Farms	*Percentage Discussion Group Members*
Milk yield per cow: ≥ 5,420 litres	49	58
Milk solids per cow: ≥ 407kg	44	56
Concentrate feed per cow: ≤ 750kg	71	77
Cows per labour unit: > 75 cows	34	45
Somatic Cell Count: ≤ 200,000 cells/ml	68	80

The average herd size in 2015 was 68 cows and just 17% of farms had a herd size of 100 cows or more. Despite representing just 15% of the population, herds of over 100 cows accounted for 35% of national milk production.

Table 7: Herd size distribution

Herd Size	% of farms 2015	% of milk 2015
<40	20	7
40-60	27	19
60-100	35	39
>100	17	35

For further information on this publication or other National Farm Survey publications contact NFS@teagasc.ie