Teagasc National Farm Survey 2016

Cattle Finishing Enterprise

The 2016 Teagasc National Farm Survey (NFS) recorded data on 861 farms. The full financial results for these farms are available in the Teagasc NFS 2016 Report which is available at www.teagasc.ie/publications. The performance of the cattle finishing enterprise in 2016 is summarised here and is based on data for 101 farms. An enterprise is defined as cattle finishing if over 70% of the animals are sold for slaughter. Approximately 12,500 farms nationally are represented in this analysis. The data presented here are for enterprises with more than 10 livestock units (LU) in 2016.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and the costs relating to family labour. Despite lower finished cattle prices in 2016, gross output on cattle finishing farms increased by 8% on average to €1,165 per hectare. A 7% average reduction in concentrate costs was offset by an equivalent percentage increase in pasture and forage costs. Total direct costs increased only marginally in 2016 (up 1% on average). This marginal cost increase, alongside an increase in gross output, resulted in an increase in gross margin on cattle finishing farms of 18% on average in 2016 to €545 per hectare. Total fixed costs increased by 4% on average in 2016, driven mainly by a 16% increase in energy and fuel costs. Net margin per hectare on cattle finishing farms was €22 per hectare on average in 2016, a substantial increase on the negative net margin (€-31 per hectare) returned in 2015.

Table 1: Average gross margin and net margin € per hectare 2015/2016: Cattle Finishing

	2015	2016	2016/2015 % change
Gross Output	**1,074**	**1,165**	**+8**
Concentrate Costs	305	284	-7
Pasture and Forage Costs	235	252	+7
Other Direct Costs	73	83	+14
Total Direct Costs	613	620	+1
Gross Margin	**461**	**545**	**+18**
Energy and Fuel	109	126	+16
Other Fixed Costs	383	397	+4
Total Fixed Costs	492	514	+4
Net Margin	**- 31**	**22**	**n/a**

Table 2 illustrates that on a per LU basis, gross output increased 5% to €739 from 2015 to 2016, with gross margin increasing 13% to €344 on average. Total costs remained unchanged over the period, resulting in net margin on a per LU basis close to zero in 2016.

Table 2: Average, gross and net margin € per livestock unit 2015/2016: Cattle Finishing

	2015	2016	2016/2015 % change
Gross Output	**707**	**739**	**+5**
Total Direct Costs	400	395	-1
Gross Margin	**303**	**344**	**+13**
Total Fixed Costs	342	344	+1
Net Margin	**-39**	**0**	**n/a**

Table 3 presents the average purchase and sales prices recorded on cattle finishing farms for the various animal types in 2015 and 2016. Prices across both purchases and sales were all down on 2015 levels implying that the rise in average gross output overall was due to an increase in physical output (cattle numbers) in 2016.

Table 3: Animal purchase and sale prices € per head in 2015/2016

	2015	2016	2016/2015 % change
Weanlings Purchases	830	817	-2
Male Stores Purchases	1,006	966	-4
Female Stores Purchases	962	905	-6
Finished Males Sales	1,534	1,460	-5
Finished Females Sales	1,399	1,271	-9

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 margin on the Top farms is more than 8 times higher than for the Bottom group of farms. Total direct costs on the more intensively stocked Top performing farms were over twice that of the more extensive Bottom group in 2016.

Table 4: Costs and profit € per hectare for Top, Middle and Bottom: Cattle Finishing 2016

	Top	Middle	Bottom
Stocking rate (LU/hectare)	1.99	1.42	1.11
% of Farms on Very Good soils	75	83	45
Gross Output (€/hectare)	1875	1017	536
Concentrates (€/hectare)	437	271	160
Pasture and Forage (€/hectare)	330	240	195
Other Direct Costs (€/hectare)	125	73	56
Total Direct Costs (€/hectare)	1658	1092	728
Gross Margin (€/hectare)	**1,089**	**468**	**133**

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 finished sale prices is narrower than that evident for purchase prices across the groupings.

Table 5: Average sale and purchase prices € per head for Top, Middle and Bottom: Cattle Finishing 2016

	Top	Middle	Bottom
Weanlings Purchases	736	837	859
Male Stores Purchases	933	985	1,021
Female Stores Purchases	861	975	910
Finished Males Sales	1,466	1,458	1,452
Finished Females Sales	1,240	1,317	1,276

3. Variation in Technical Performance

Table 6 presents selected technical performance indicators for cattle finishing enterprises in 2015 and 2016. Concentrate feed usage was down 6% year-on-year, but labour efficiency (LU per labour unit) also declined by 3%.

Table 6: Technical Performance Indicators 2015/2016: Cattle Finishing

	2015	2016	2016/2015 % change
Concentrate feed usage (kg per Livestock Unit)	763	719	-6
Stocking rate (LU per hectare)	1.48	1.49	+1
Labour efficiency (LU per labour unit)	53	51	-3

There was a slight improvement in the proportion of cattle finishing farms earning a negative gross margin in 2016 (i.e. output was unable to cover the direct production costs) with the figure falling from 10% to 7%. On the other hand, there was a reduction in the proportion of farms earning a gross margin over €500 per hectare year-on-year (down 3 percentage points). The largest proportional change from 2015 to 2016 was in the €300 to €500 group, where the percentage of farms increased from 18% to 25% over the period.

Table 7: Distribution of gross margin € per hectare 2015/2016: Cattle Finishing

Gross Margin	% of farms 2015	% of farms 2016
<0	10	7
0-150	11	10
150-300	15	16
300-500	18	25
>500	46	43

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