



AGRICULTURE AND FOOD DEVELOPMENT AUTHORITY

The Irish Agriculture and Food Development Authority

Maximising Family Farm Income from Beef Production

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Themes of the presentation

- Comparing returns from dairy and beef production
- Getting the best return from beef
- What could the future look like for cattle farmers?

What motivates family farmers in choice of farm enterprise and system

- Starting position: farmers are rational!
- Aim to maximise the income earned by those resources that are considered to be scarcest to him or her, i.e. land labour and capital
- Land (amount, quality, fragmentation)
- Labour (amount, quality (skill), age and health)
- Capital (access and risk (cost))
- Most of the income differences observed across farms are down to structural rather than innate (DNA?) factors

Structure of Irish cattle production

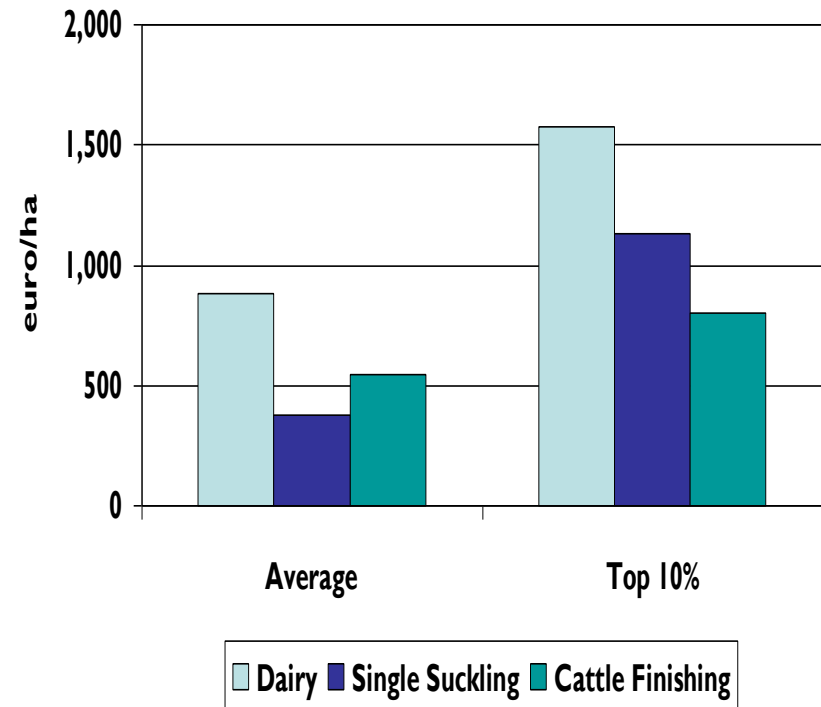
- 111k farms with cattle
 - 80k with suckler cows
 - 94k with cattle for slaughter
- 78k “specialist beef “ farms
 - About 28 ha
 - 36% of these farms had less than 20 cattle
 - 53% of these farms had less than 20 cows
 - c. 50% part-time
 - 70%+ no formal agricultural qualification

Comparing returns from farm enterprises and systems

Beware averages – they mislead!

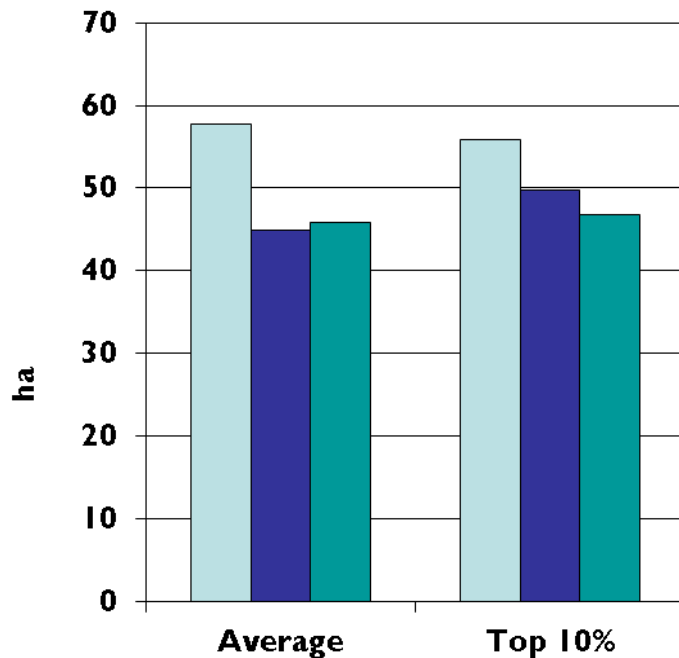
FFI (incl. DPs) per ha – Teagasc NFS

- Relative gap between enterprise returns per ha narrower for top 10% than for average
- Returns for top 10% suckling and finishing much greater than average for dairying
- Focusing on returns per ha ignores labour and capital constraints

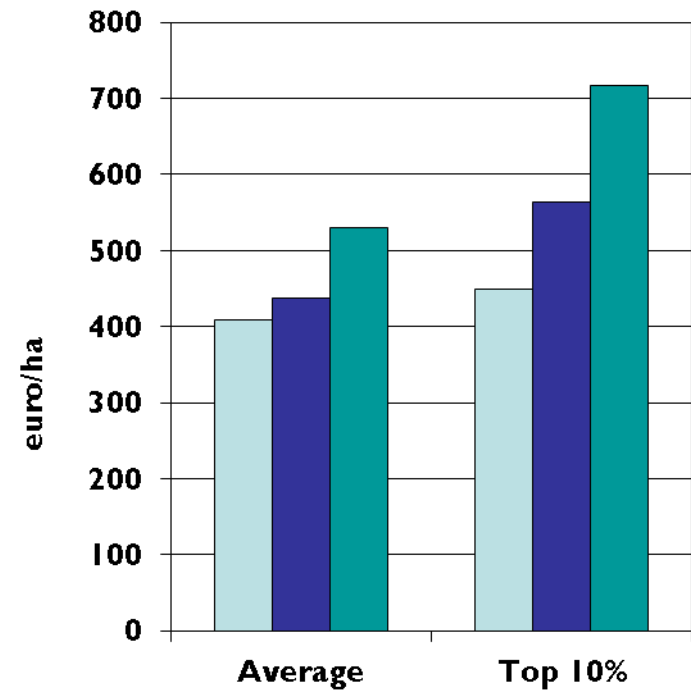


Decomposing the differences in returns – diving deeper (I)

Farm size (ha)



Direct payments per ha

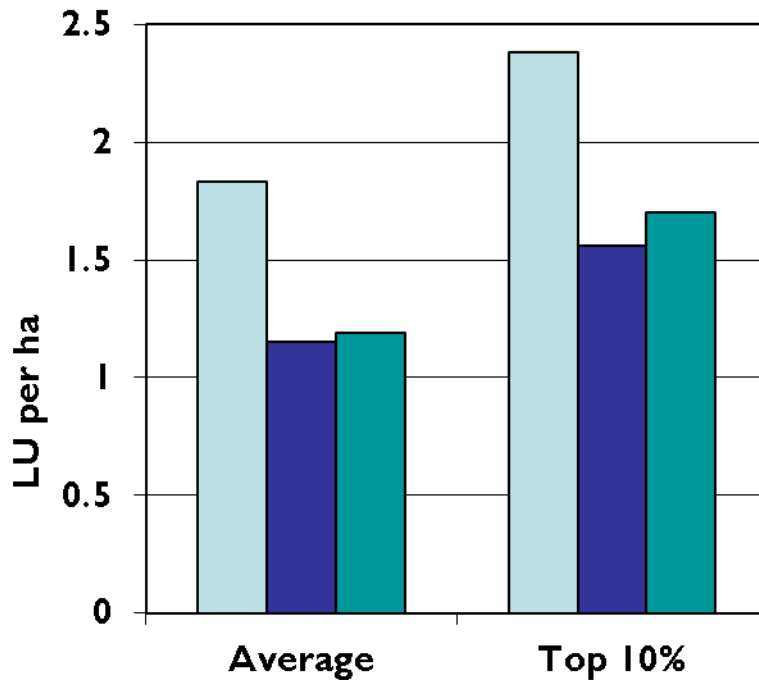


■ Dairy ■ Single Suckling ■ Cattle Finishing

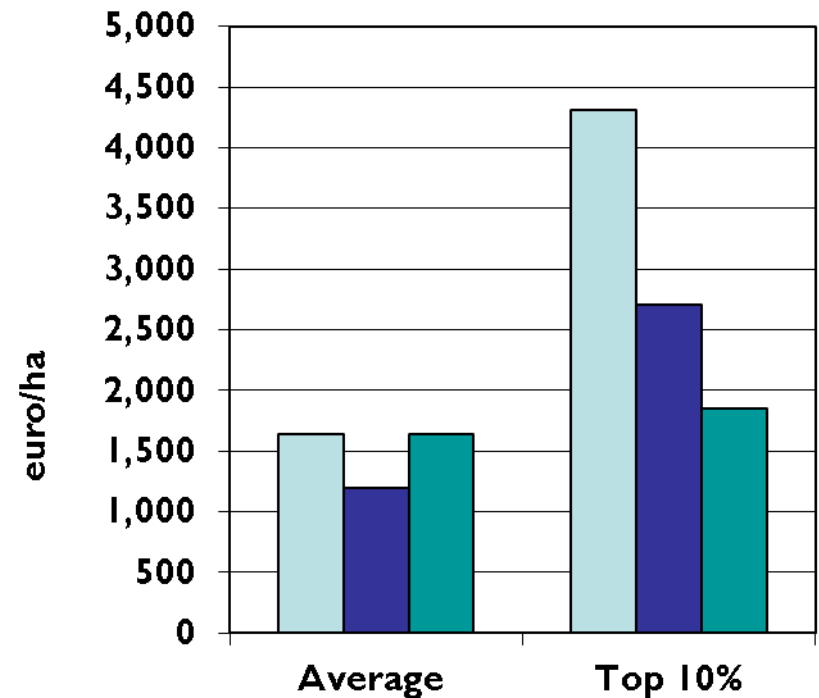
■ Dairy ■ Single Suckling ■ Cattle Finishing

Decomposing the differences in returns – diving deeper (2)

Livestock units per ha



Gross output per ha

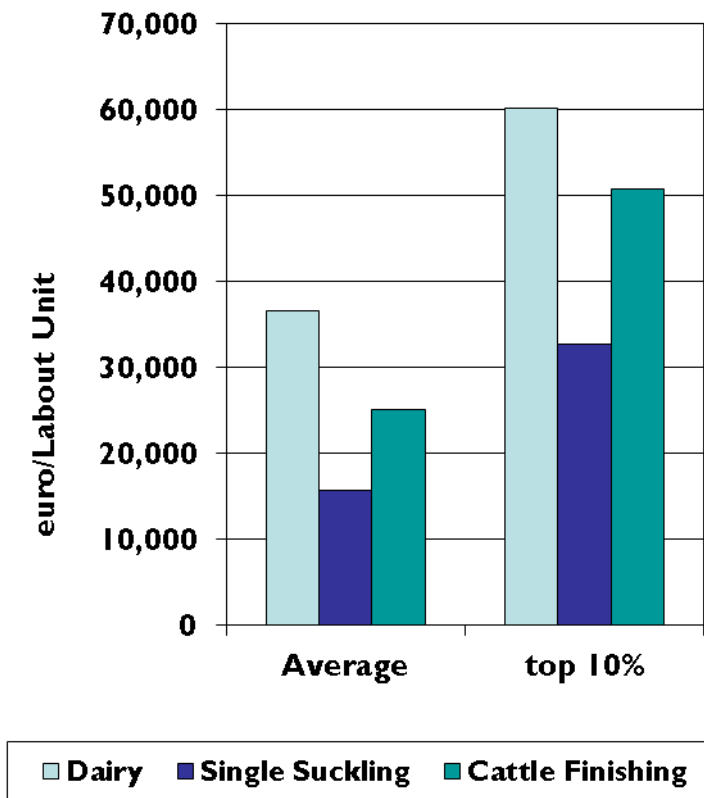


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Labour requirements by enterprise and system

FFI per family labour unit

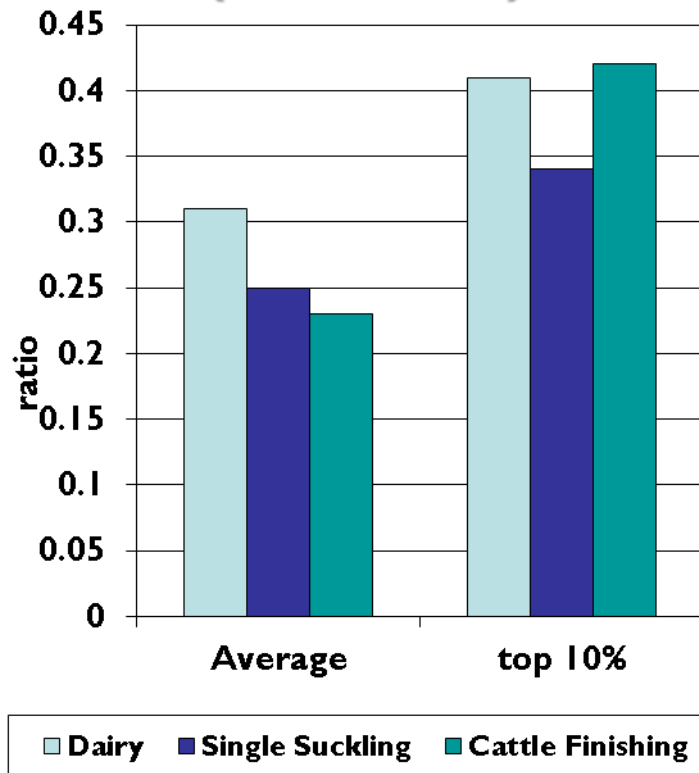


Labour returns

- The FFI for top 10% “finishers” was 84% of dairy farms and 54% for “sucklers”
- The FFI top 10% “finishers” > average dairy farms & 90% for “sucklers”
- About 25% less hours worked for top 10% cattle systems

Capital requirements by enterprise and system

Ratio of FFI to assets (excl. land)



Capital intensity

- Top 10% capital requirements slightly higher for finishers!
- Suckling lower requirements (less risk)

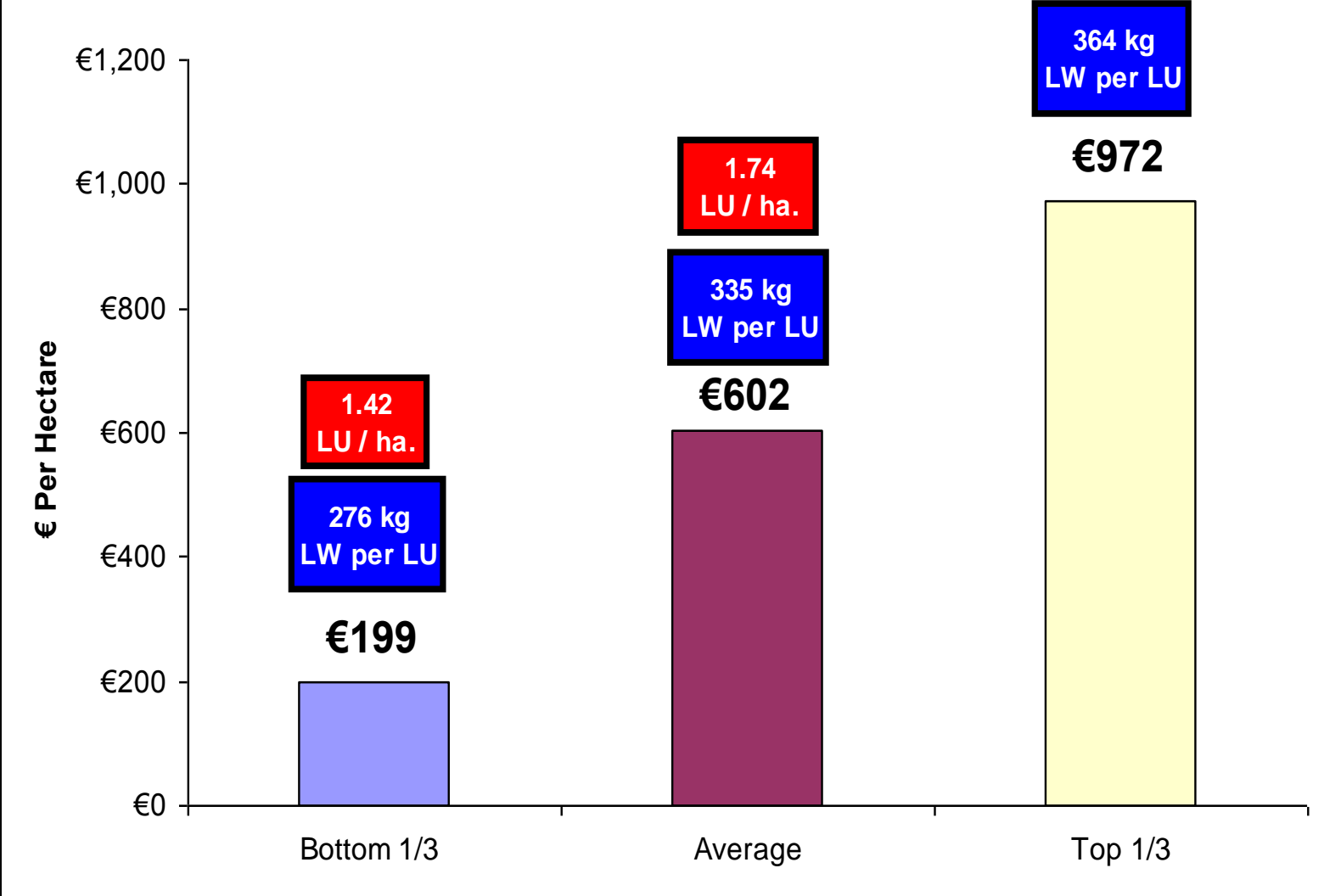
Summary: returns from dairy vs. beef

- Top 10% of dairy and drystock farms comparable proportions on good quality soil
- Dairy farms are only a little larger (about 10 ha)
- And Direct Payments are not dramatically different
- The intensity of production (LU/ha) and the value of output are considerably higher on dairy farms *but* ...
- The higher intensity of production and higher output needs more labour and capital
- Accounting for labour and capital differences reduces the returns gap between dairy and drystock systems, certainly for the best farmers

Key messages

- Choice of farm enterprise and system complex *but*
- Given the system choice focus needs to be on maximising returns from that system
- With all cattle systems the gap in returns between the best and worst performing farms is due primarily to lower production (Teagasc Profit Monitor results) ...

Suckling to Beef Farms Gross Margin Per Hectare 2012



Beef research and advisory programme built around 3 pillars

Grass yield and utilisation - increasing yield of high digestibility herbage supporting high levels of beef carcass output

Animal breeding - breeding beef cattle with good reproductive and carcass performance in grass-based systems (AI, Eurostar & New Maternal Index, Grange)

Production systems - focusing on systems that maximise economic returns by enabling the genetic capacity of beef cattle to be optimised within grass-based systems (Derrypatrick Herd, Grange, Dairy Beef, Johnstown Castle)

Key targets and priorities for the beef research and advisory programme

- Grass utilisation (tDM/ha)
- Output (GM \$/ha)
- Stocking rates (LU/ha)
- Variable costs relative to output %
- Heifers calving at 24 months %
- Compact calving (% calving 3 months)
- Calving Feb-Mar %
- Fertility (calves/year)

2012 _{ePM}	Target
4.7	10.4
€1054	€1500
1.58	>2 LU
55.5	45
17	30
78	95
33	70
0.87	0.95

- Increase farmer utilisation of financial management tools (Teagasc Profit Monitor)
- Build and deepen relationships with industry

Teagasc/Farmers Journal BETTER Beef Programme

- Began 2008 with 16 Core Farms and new phase (2013) with 34 Core Farms plus 8 satellite Discussion Groups (c. 150 farms)
- Average GM/ha increased from €386 to €864 and 65% of growth due to increased productivity
- Focus on driving output
 - Increasing stocking Rate
 - Improving kg produced /LU (animal performance and health)
 - Improved breeding performance (calves produced)
 - Increase soil fertility, grass production & utilisation
 - Better cost control
 - Optimise sale value
- Lessons incorporated into BTAP

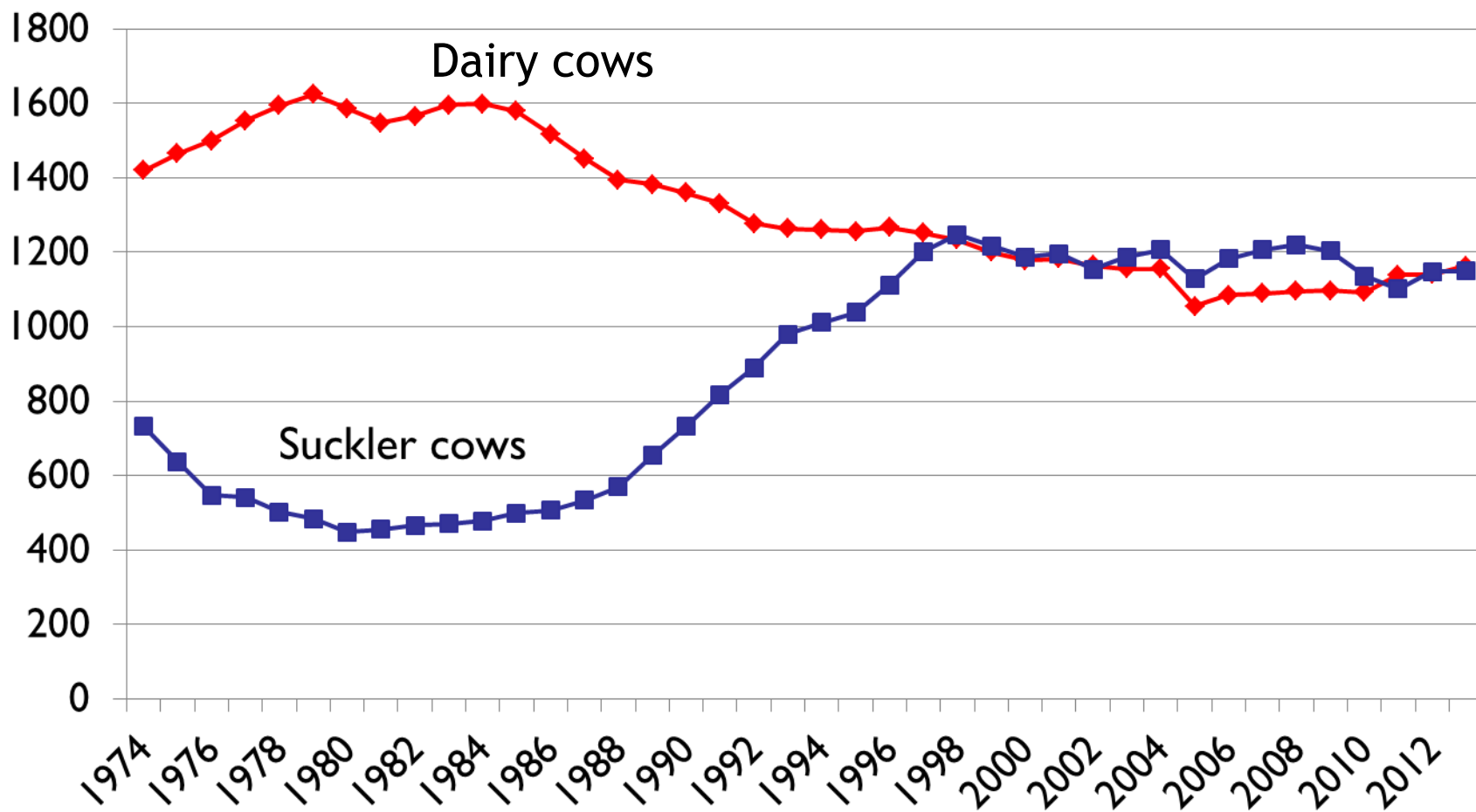
Beef Technology Adoption Programme (BTAP)

- Programme commenced in 2012: demanding requirements viz. grass budgeting and completion of Teagasc Profit monitors (critical)
- Teagasc currently operating 287 Discussion Groups (3 Fold Increase) ... over 4,500 farmers
- Scope to improve the discussion group processes, AGM, Annual Plan, group projects and getting participants to take more ownership of their groups
- Need for continual adviser/ facilitator development
- Rigorous review of programme to be undertaken this year

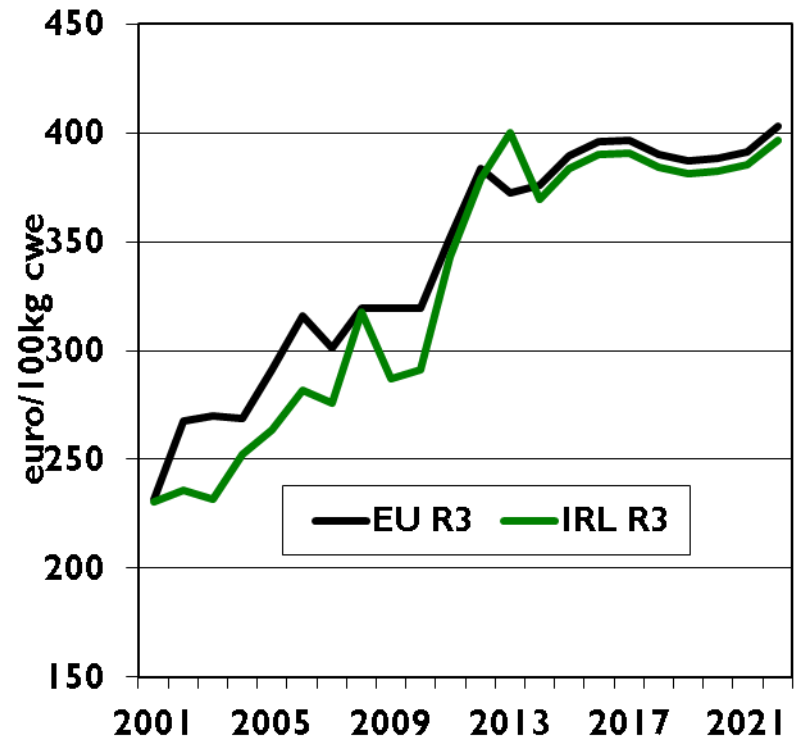
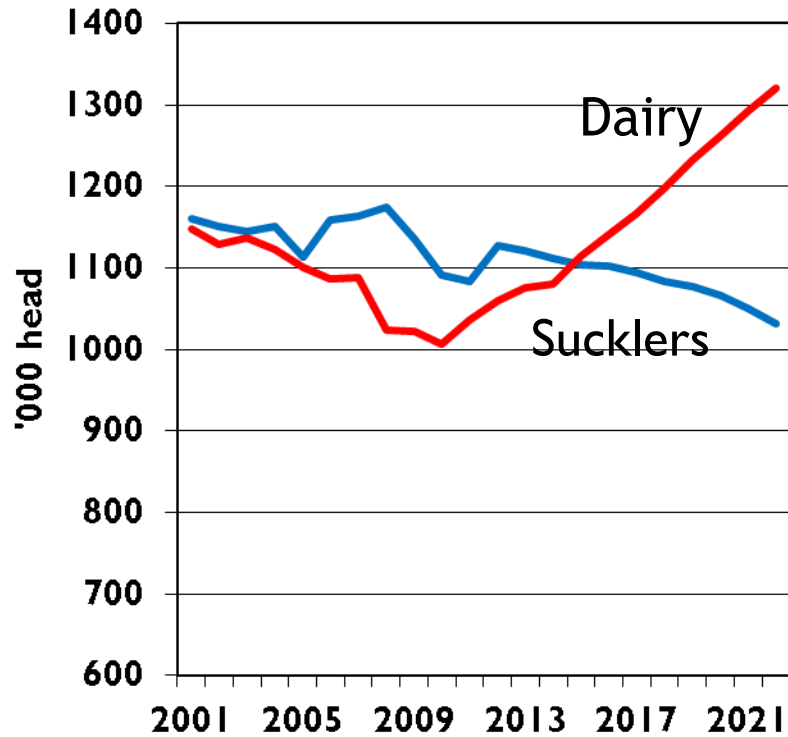
What's the future likely to hold?

- Significant reduction in the numbers of suckler cows
- Big increase in production of beef from dairy cows facilitated by new technology (e.g. sexed semen)
- Big reduction in production of beef on dairy farms
- Small numbers of conversions from beef to dairy
- More specialisation in dairy systems giving rise to opportunities for drystock farmers (e.g. calf and heifer raising)
- Continued advances in productivity on top specialist beef producers (e.g. AI, Eurostar, genomic selection, grass utilisation, financial management, business models)

Long-term trend in dairy and suckler cow herd



Cow numbers and cattle price projections



Thank You