

What's the future for Irish beef farming?

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In December 2005, Pearse Kelly wrote an article entitled: “What Future for Irish Beef Farming?” Ireland had nearly completed the first year under the new, decoupled system of direct payments, with the many different headage payments replaced by a Single Farm Payment on each hectare.

In this article, Pearse reviews what actually happened and whether it can help us predict the future for the sector.

Freedom to farm

The expectation in 2005 was that the Single Farm Payment would give beef farmers the freedom to farm, rather than be tied into suckler cow quotas, premia applications, regulations and retention dates.

The ‘Celtic Tiger’ was alive and well, providing many opportunities for off-farm income for farmers and their partners. The term “armchair farmers” began popping up, as the Single Farm Payment offered farmers the freedom ‘not to farm’ but still claim their direct payments.

There has been some reduction in the number of ‘active’ beef farmers, but for the most part we have not seen any real growth of an ‘armchair’ category of beef farmers. What we have seen is a rise in the average age of our beef farmers – it’s now around 60 years of age.

So what level of production will there be on beef farms over the next 15 years? There will be three big influences on this. The first is the growth in the wider economy.

Since the start of COVID-19, economists have been telling us that we can expect a post-COVID jump in econom-



ic activity.

The majority of beef farmers need to have off-farm employment to supplement their incomes. They will be among the first to take advantage of a rising economy, leaving less time for farming.

This will put a downward pressure on beef farm outputs. Demand for dairy calves by beef farmers outstripped supply over the last two springs, during the height of the pandemic restrictions.

Will the same demand be there if many beef farmers are back in work full-time?

The second major influence will be demands to reduce our emissions of carbon from agriculture. I didn’t men-

tion any potential influences regarding the environment on likely future beef outputs in my 2005 article. While water quality had been under the spotlight since the 1980s, it has tended to be more of an issue for dairy farms than drystock farms.

During the four phases of REPS, there was a huge amount of slurry storage built on drystock farms. Now, of course, it is all different. Greenhouse gas (GHG) emissions have come to the top of the agenda for all agencies, organisations and government bodies.

The very ambitious target of having a climate neutral agriculture by 2050 has been set in the Ag Climatise – National Climate and Air Roadmap for the Agriculture Sector.

What does this mean for the Irish cattle sector?

In short, we don’t know yet, but this target will, without a doubt, have an impact on our levels of beef production for the foreseeable future.

Table 1: Cattle numbers from the CSO Livestock Surveys (December 2005 and December 2020)

	Total Cattle	Suckler Cows	Dairy Cows	Male Cattle
Dec. 2005	6,390,200	1,113,700	995,800	2,175,500
Dec. 2020	6,529,400	922,700	1,456,000	1,885,100



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Young advisors, and farmers, will be addressing this topic for the rest of their careers.

The third influence that will affect beef production levels is the introduction of environmental schemes under the new, soon to be agreed, Rural Development Programme. We know a reasonably substantial environmental scheme is planned and the payments for involvement will be dependent on farmers carrying out tasks and achieving certain goals.

Some of these requirements will likely reduce output. All beef farmers will have to consider the financial

benefits of joining any such scheme.

Suckler cow numbers

The next topic I looked at back in 2005 was the number of suckler cows we expected to be in the country over the coming years. That autumn, the value of bull weanlings had fallen significantly, with even good-quality weanlings back by up to €200 per head.

This was because they no longer carried with them a plethora of premia payments. With the cost of keeping the suckler cow put at €600, only efficient farms would achieve a profit. We expected less efficient

farms to start dropping suckler cow numbers. We also expected some buyers to start breeding their own weanlings.

Milk quotas meant options to expand were limited, so 9,000 dairy farms had suckler cows. In 2005, we had just over 1.1m suckler cows in the country. Last December, there was a little over 900,000 suckler cows.

The Suckler Cow Welfare payment, which began in 2008 and ran for five years (worth €80 per cow up to a maximum of 100 cows), slowed the

»Continued on page 12

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» From page 11

rate of decline. This was followed in 2015 by the BDGP scheme, which again steadied the ship and today we have the BEEP-S scheme.

In the last three years, Teagasc has seen a significant number of its full-time suckler farmer clients switch to dairying. This trend is likely to continue.

Again, if we see a return to full employment in a more buoyant economy, the less labour-some 'non-suckler' beef systems become more attractive. Having said all of that, there are factors preventing a significant drop in suckler cow numbers.

The average suckler cow herd size is under 20 and many of these cows are kept on 'marginal land' that is only suitable for them, or perhaps a flock of ewes.

There is also no incentive for a part-time farmer with a small suckler herd to switch to an alternative beef enterprise, where profitability per hectare may be no better.

Larger herds on better quality land will also remain in suckling, but they do need to be at the top of their game when it comes to efficiency levels. In short, in 2005 it was difficult to predict future suckler cow numbers – and it still is.

Beef from the dairy herd

Fifteen years ago, dairy farmers were starting to drop their beef enterprises to reduce their stocking rates so that they could join the REPS scheme. At the time I wrote: "At the moment, there are very few calf-to-beef systems using bought-in dairy bred

calves on pure drystock farms. This is likely to change and we may see this type of system returning to some farms." How times have changed.

No one was predicting the end of milk quotas and the expectation was that dairy farmers who were exiting milk would be the most likely customers for the small number of surplus calves that were coming from dairy farms.

Today, we are looking at over 1.0m dairy-bred calves under six weeks of age available for beef production. Interestingly, there are still approximately 350,000 of these finished on dairy farms, but that still leaves a huge number of calves for finishing on beef farms, even with a strong live export trade.

These numbers suggest that calf-to-beef enterprises are going to be a common feature on many Irish beef farms over the coming years. But will they be profitable? That's a big question, but if they are to leave a margin for the beef farmer, we will have to see a significant improvement in the beef merit of many of the calves coming from the dairy herd. Recent statistics have shown carcass weights and conformation have been trending downwards in dairy-bred beef calves over the last 10 years.

Beef contracts

We believed 15 years ago that we were starting to see the introduction by meat processors of forward contract pricing arrangements for beef cattle. We hoped these contracts would become the norm and would provide a degree of certainty, especially for finishers. Are we any further on in

2021? Probably not. Yes, some innovative processor-farmer contracts have emerged and there are some currently in operation that are showing a degree of promise.

Unfortunately, the majority of beef farmers still do not know, one month out from slaughter, what price they are going to be paid per kg. For the sector to prosper, this nut will eventually have to be cracked.

Other predictions

In 2005, I surmised what would happen to slaughter age, investments in farm buildings and specialisation on farms. We definitely have seen a huge amount of investment in farm buildings on beef farms in the intervening years and we expect that to continue, as it allows part-time farmers the ability to continue farming more efficiently.

The biggest influence on slaughter age was a long period of young bull beef production. For the moment though, that is consigned once again to the history books on many farms.

The future

My final comments on the beef sector back in 2005 were that it was hard to predict what was going to happen six months ahead, let alone in 15 years, but that the industry was very resilient and capable of adapting to meet the many new and changing requirements. This still very much applies.

In the years ahead, there will be many new challenges facing Irish beef farmers and the innovation and flexibility we have seen in the sector will, without doubt, help them to overcome these challenges.