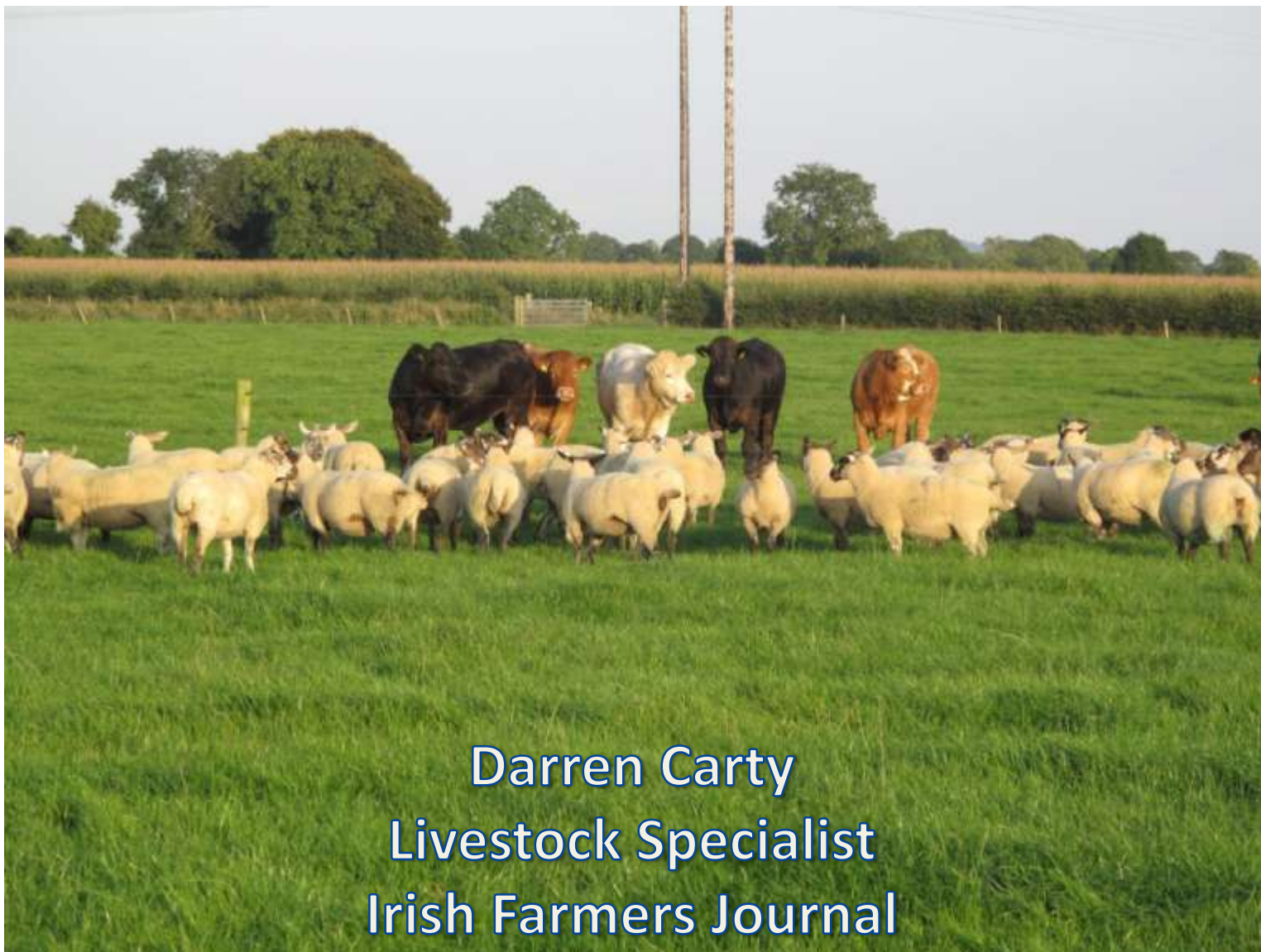


# Opportunities and challenges in sustainably growing our livestock sectors



Darren Carty  
Livestock Specialist  
Irish Farmers Journal

# Topics covered

- Sustainable production – what is it?
- Current overview of Irish livestock sector
- Review of beef & sheep sector 2012
- Challenges facing the drystock sector
- Areas requiring future discussion

**Global Agriculture  
is changing**













# What is sustainable production?



# Is it our grass-based systems?



**An ability to produce high quality beef  
& lamb from grazed grass?**

To contribute positively to protecting and maintaining our environment?



Finish animals at a younger age?

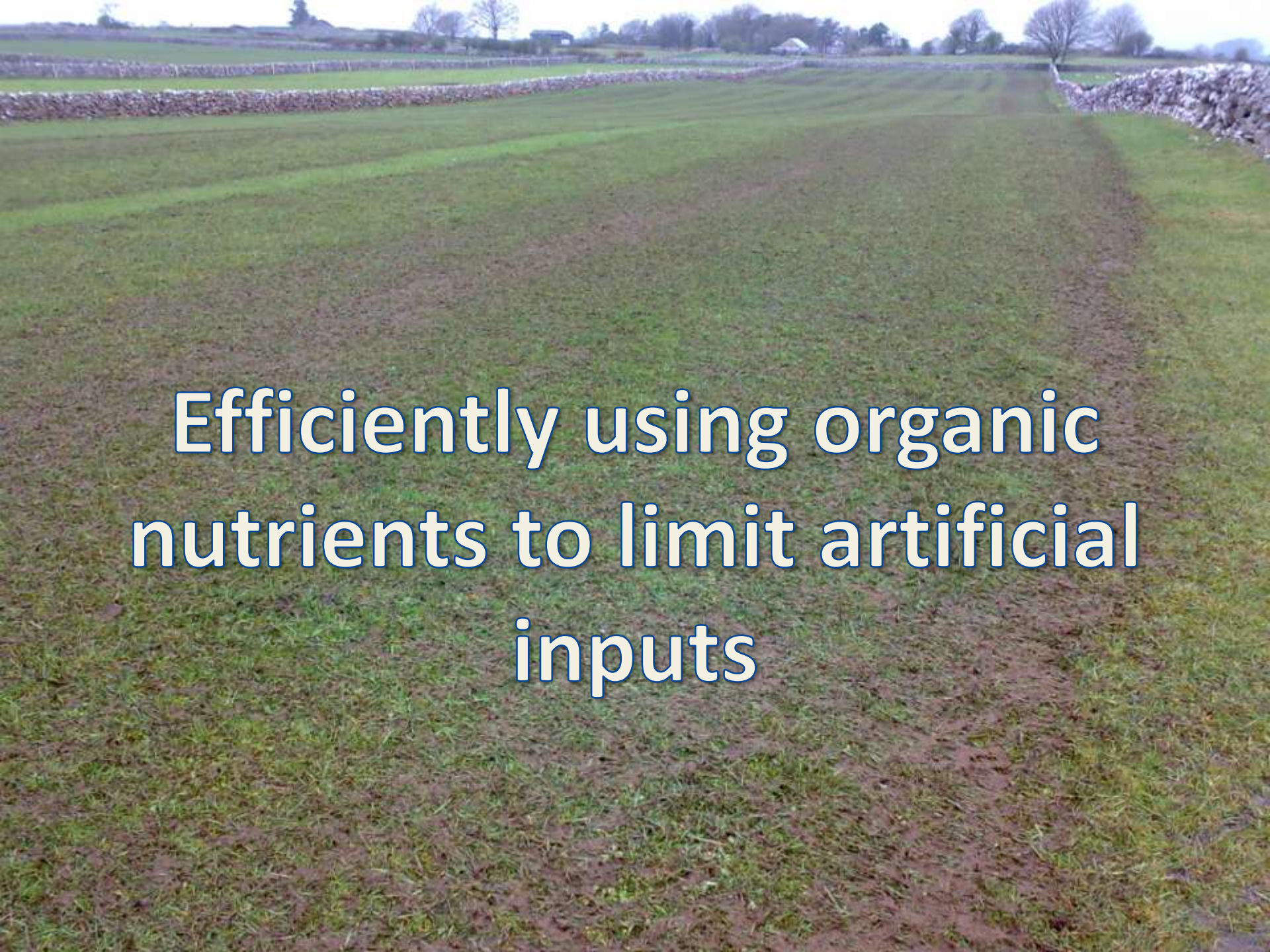




**Calf cows at 24months old?**



Or breed ewe lambs?

A wide, green agricultural field, likely a pasture or hayfield, with a stone wall on the right side. In the background, there is a fence and some trees under a clear sky. The text is overlaid on the field.

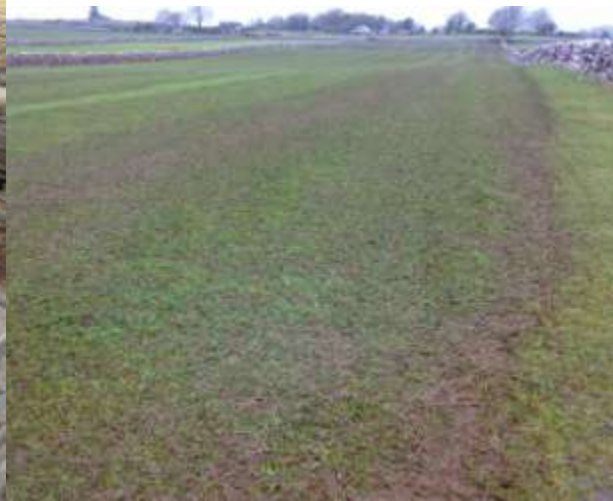
**Efficiently using organic  
nutrients to limit artificial  
inputs**



**The list of sustainable management practices are numerous!**

**We are positioned to capitalise on these and much more .....**

**BUT**



# **Sustainable production must be viable**

- If it is not sustainable, production levels and confidence in farming will suffer



**“We must provide a sustainable industry for current and future farming generations”**

# Overview Irish livestock sector

- 1 million suckler cows
- 1.15 million dairy cows
- 325,000 dairy cows inseminated to beef sires
- 2.36 million breeding ewes

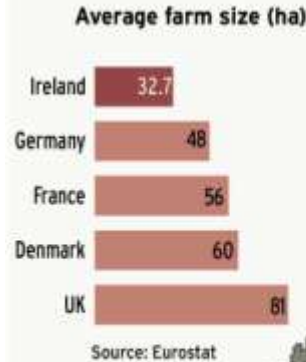


# High percentage of small scale producers

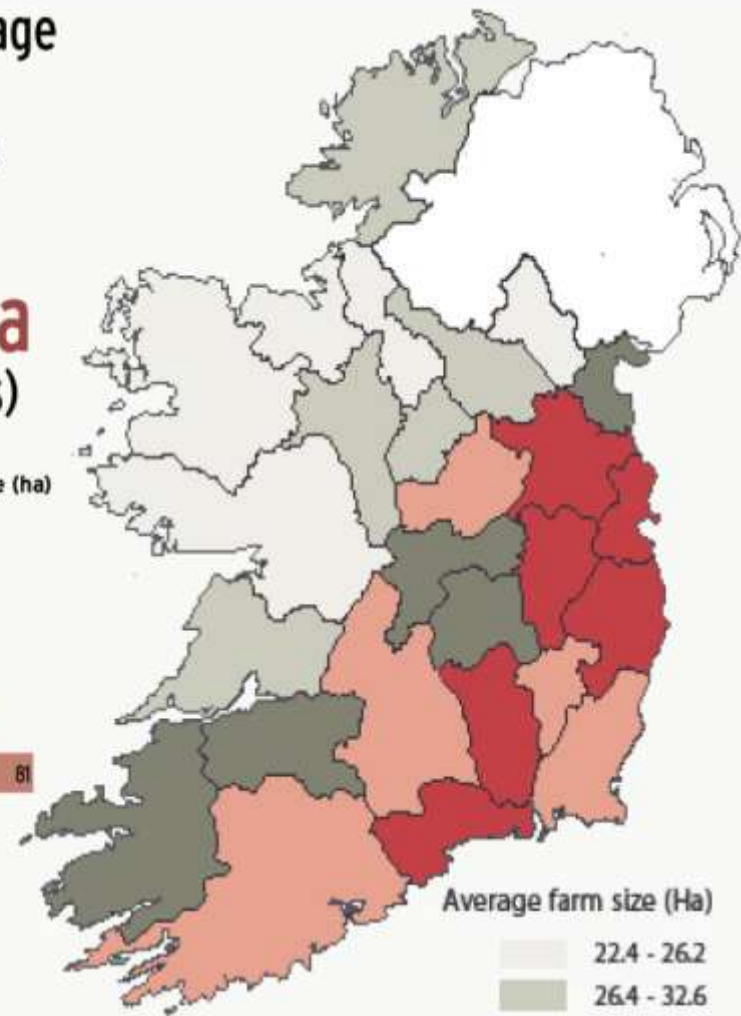
- Over 100,000 farms with livestock
- Approx 64,000 suckler farmers;
  - average herd size about **18** suckler cows
- Approx 32,000 flock owners;
  - average flock size; 105 ewes
  - around 50% of flocks have less than 50 ewes

➤ The average farm in Ireland is small -

**32.7ha**  
(83 acres)



➤ Farms in the west are smaller than the average

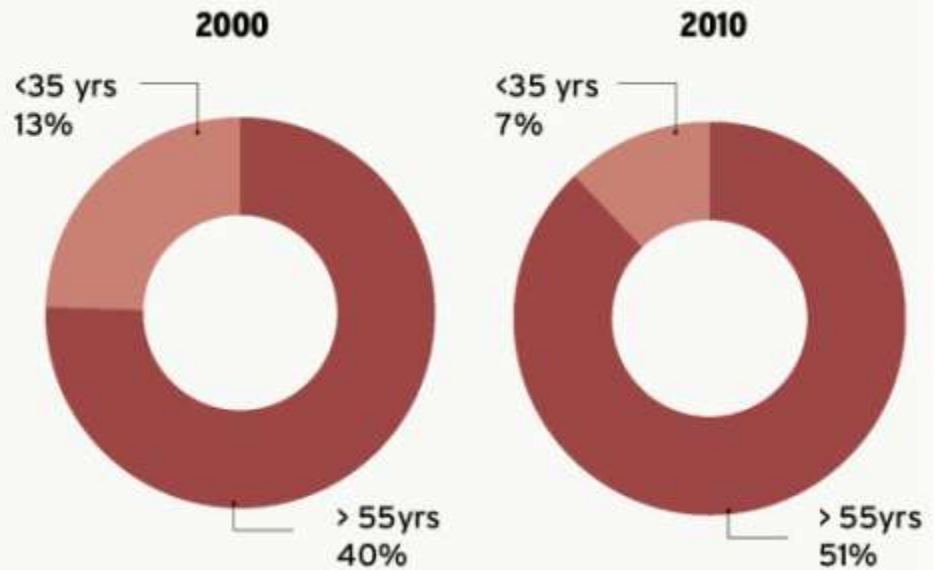


The Census of Agriculture 2010 shows that the average farm size (ha) decreases as you go from east to west across the country. The biggest farm holdings are found in Leinster with the smallest being found in Connacht.

# Rate of succession is slow

➔ Farmholders are getting older.

(Source: CSO Farm Structure Survey 2007)



➔ The pace of change in farm structure is very slow.

1%

	2000	2010
Number of farms	141,527	139,829
Average size (ha)	31.4	32.7

% change in 10 years -  
(source: Census of Agriculture 2000 and 2010)

# Meat & livestock exports

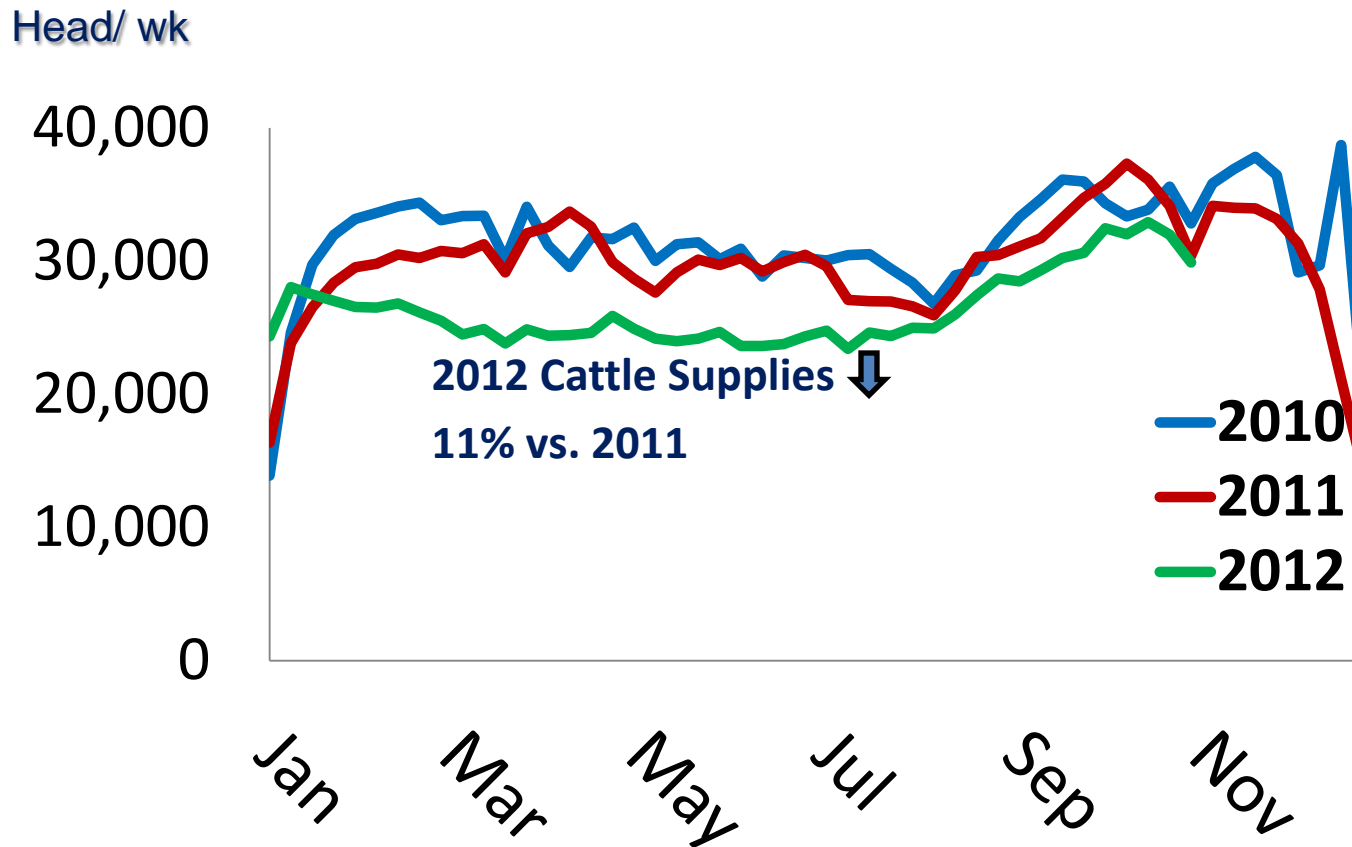
- Total meat export value increased 4% or €130million in 2012 to over €3billion
- Value of beef exports +2% to €1.9billion
  - volume reduced by 11% but value increased by 13%
- Value of sheepmeat exports +7% to €205m
  - volume increased by 12% to 43,300t & 7% lift in value

# Beef Market performance overview 2012

- Value of beef exports +2% to €1.9billion  
-volume reduced by 11% but value increased by 13%
- Tight supplies reduced exports from 500,000 to 444,000 tonnes
- Strong price performance Jan-Jun; price performed above EU average
- Prices slipped from Sept-Dec;
  - End year price- Ireland:€3.91/kg for R grade steer
    - EU average: €3.97/kg
    - UK: €4.44/kg
- Live exports reduced 55,000 head  
(calves declined most)



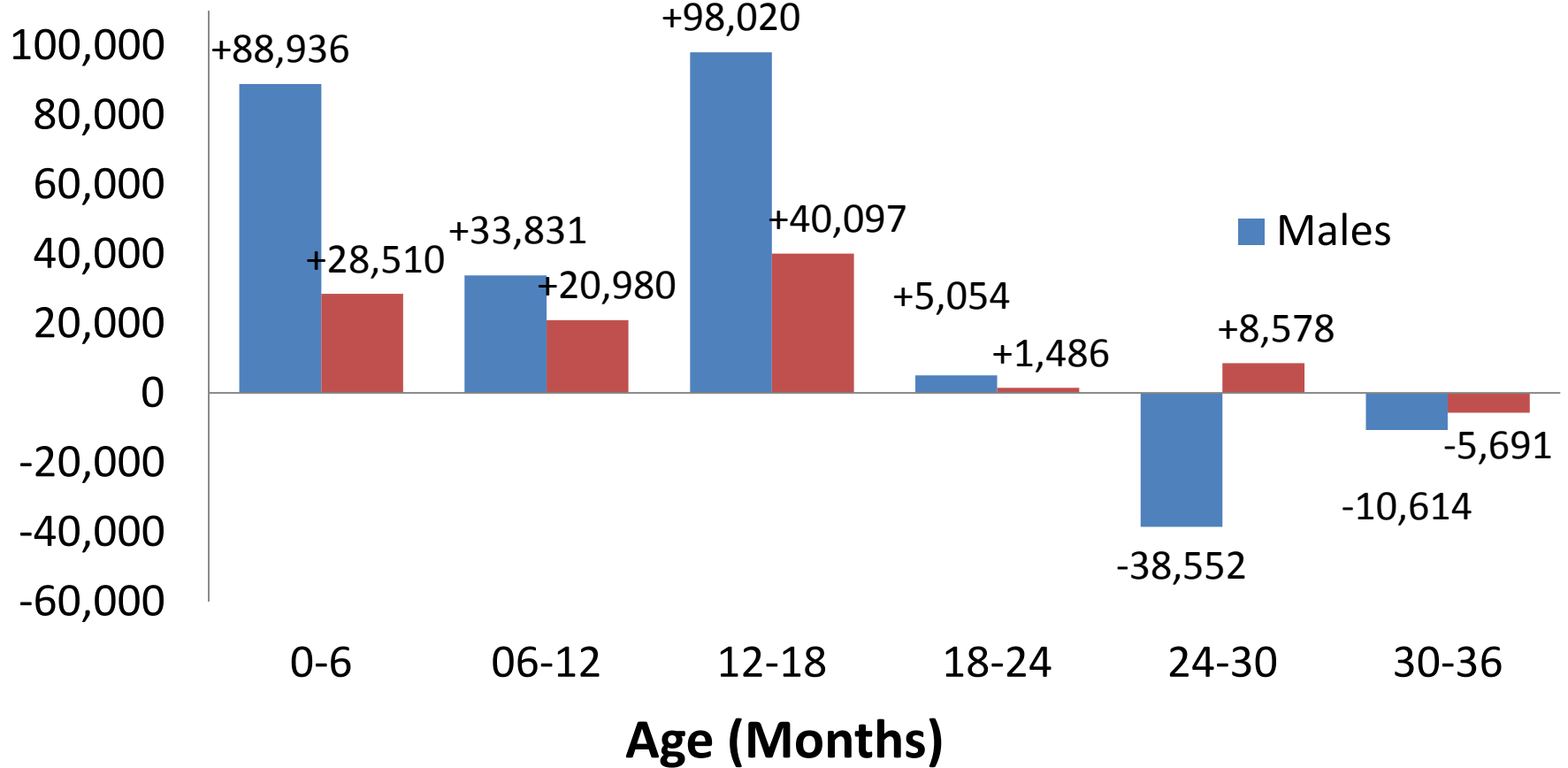
# Tighter cattle supplies in 2012



Source: Bord Bia

# Supplies set to recover in 2013

Trends in National Cattle Herd By Age, August 1st 2012  
(Change in head on 2011)



Source: Bord Bia

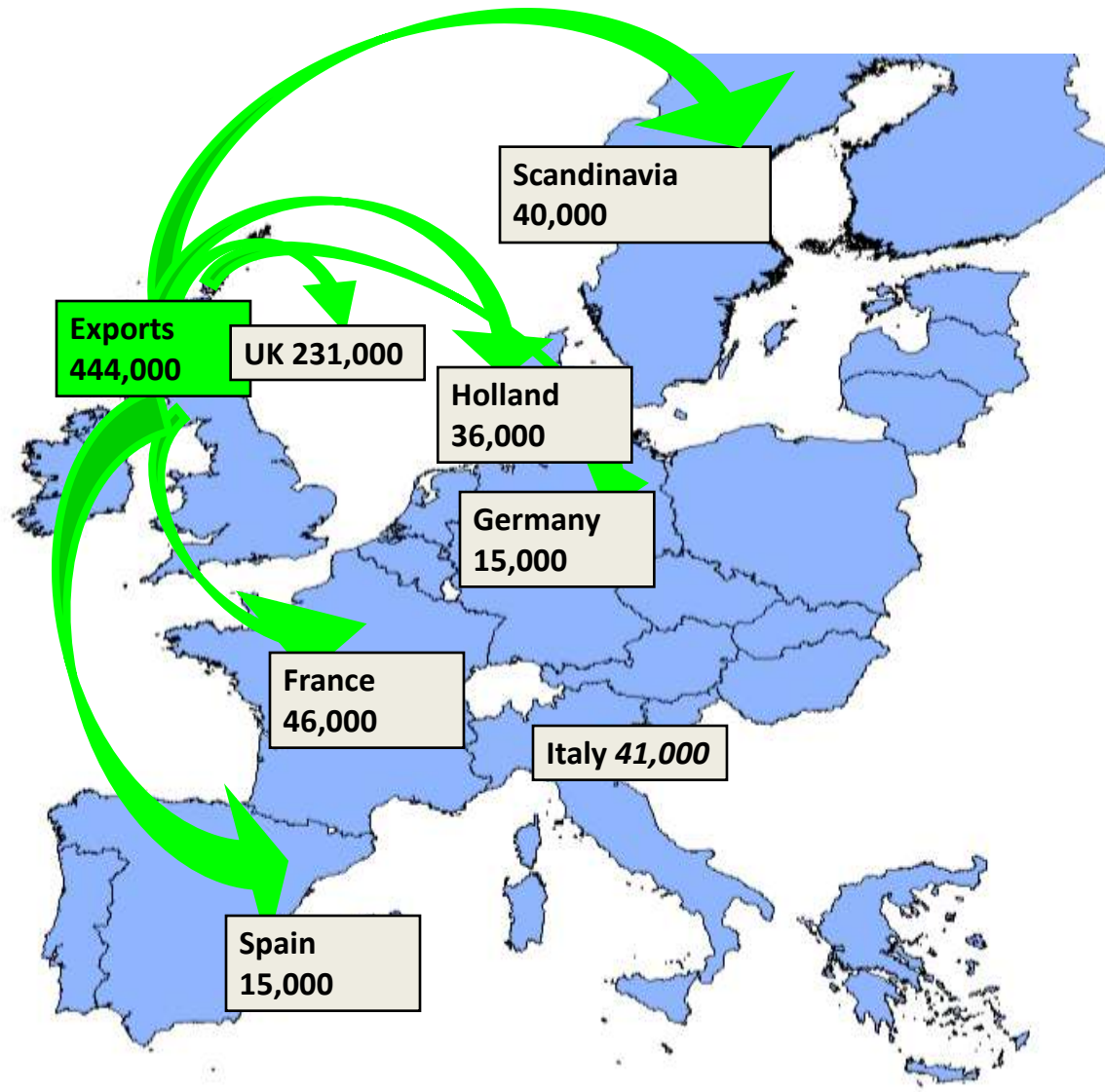
# Throughput forecast to recover in 2013 (,000 head)

	2011	2012 (E)	2013 (F)
<b>Steers</b>	578	450 - 460	530 - 570
<b>Y Bulls</b>	185	200 - 210	200 - 220
<b>Heifers</b>	415	350 - 360	370 - 380
<b>Cows</b>	337	320 - 330	340 - 350
<b>Other</b>	55	40 - 42	40 - 45
<b>Total</b>	<b>1,570</b>	<b>1,370 – 1,400</b>	<b>1,500 – 1,550</b>

## Possible barriers to this forecast

- Live trade to Libya
- Reduction in young bull kill (cost of production)
- Lower animal performance
- Possible live trade to UK?

# Exports of Irish beef 2012



- Limited by supply falling 11%
- Increased value caused price competition in some markets
- Consumption fell 0.8% in 2012 (reduced consumer spending)
- EU production forecast to fall 2013

# Market prospects for 2013

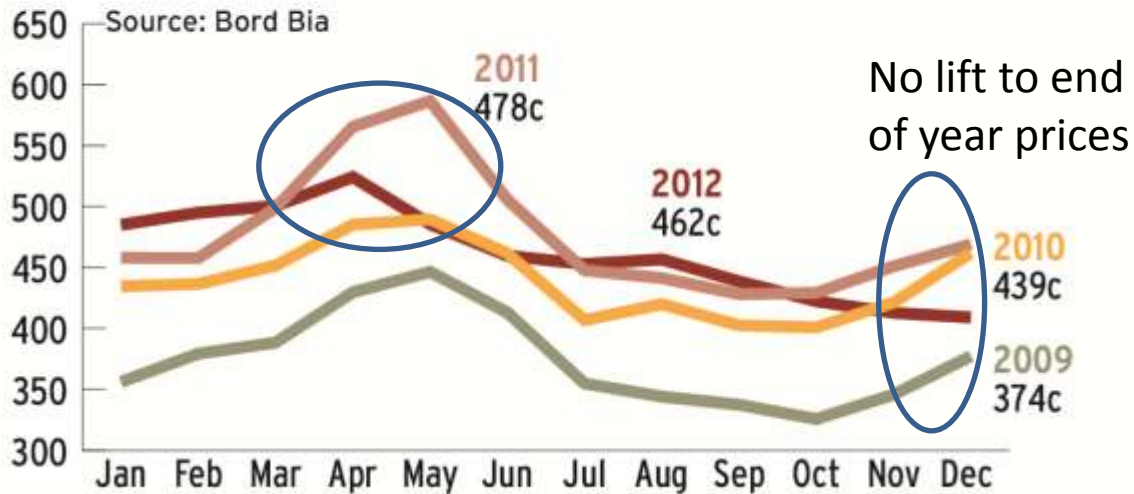
- Lower EU production forecast but consumption due to fall 0.6%
- UK production set to fall – present opportunities for Irish beef exports
- Strong performance predicted in higher value EU markets of Germany and Italy and to a lesser extent France & Holland
- US production to fall further (tight supplies/ drought /alternative production)

# Sheep market performance 2012

- Value of sheepmeat exports +7% to €205m  
-export volume +12% to 43,300t & 7% lift in value of sheepmeat
- Throughput +260,000 sheep to 2.43m head
- Production +5,300t to 53,300t
- NI Imports 464,456 head(-4% on 2011)

# Market performance in 2012

Irish Sheep prices (c/kg)



- Carryover of 2011 born hoggets – hit early lamb trade hard
- Surplus lambs in market from July onwards
- Normal year end price rise never materialised

# Value added & brand premiumisation

➤ Has been some benefits to the trade in 2013



**Commodity selling!**

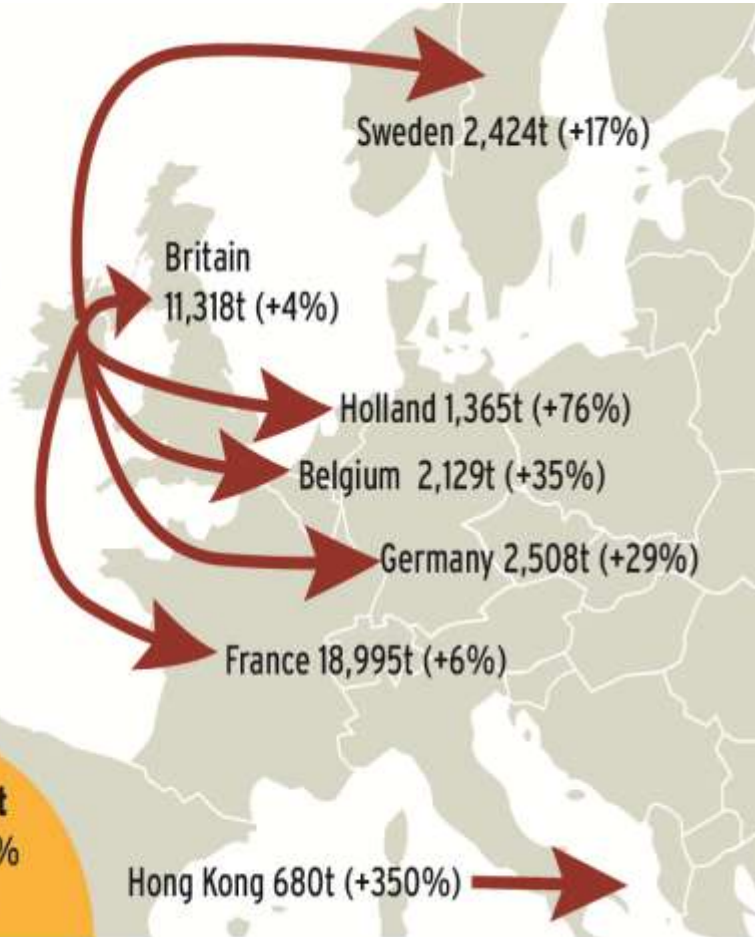


**Adding value!**

# Premium selling & growth in high-value markets

Sheep market performance, January to December 2012

Source: Bord Bia estimates based on CSO/GTIS



**Export market**  
Volumes up 12%  
Value up 7%

➤ Sustainability must pay!!

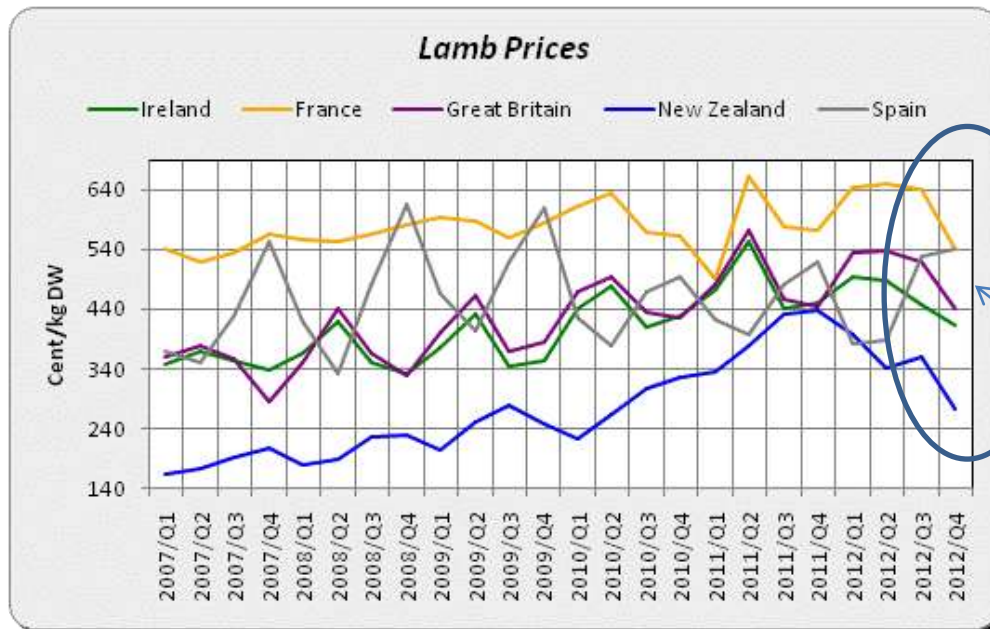
➤ Need focused marketing & brand identification to differentiate high value products

➤ Potential to increase even further?

- Will New Zealand imports recover?

# Market prospects for 2013

- **Surplus sheepmeat in marketplace**
  - Weeks kill Friday 18 Jan; +13,055 head
- **Carryover of hoggets in Scotland & England**
  - Now flooding onto market & price pressure
- **Falling world sheepmeat prices**



World prices on downward trend

# Difficulties encountered in 2012/2013

Higher feed costs



Forage quality



Light lamb market difficulties



Liver fluke



Ewe body condition



Schmallenberg disease



# Challenges facing the drystock sector

## Biggest challenge is profit

- Profit monitor 2011 shows only 30-40% of those analysed generating a gross margin (GM) to cover fixed costs

Suckling farms



Avg GM 2011 - €485/ha  
Profit excl premia ; €13/ha

Cattle farms



Avg GM 2011 - €517/ha  
Profit excl premia; €57/ha

Mid-season lamb



Avg GM 2011 – €652/ha  
Profit excl premia ; €212/ha

- \*Generally top performing farmers in the industry so average may be even lower
- \*sharp rise in variable costs 2012
- \*Sheep prices fell by 8-10% in 2012

# Challenges facing the sector

## Difficult farming conditions

- Costs continue to creep upwards
  - erode the gains of higher market returns
- Difficult summers;
  - increasing the housing period
  - reducing animal performance
  - deterioration in the condition of grassland (poaching/fertility/rushes/drainage)



## Net effect;

**Combined with declining government support & poor margins, sucking the confidence out of livestock sector**

# Challenges facing the sector

## Reduced Government support for livestock farmers

### - Disadvantaged Area Scheme

- cut from 44ha to 30ha in 2013 (34ha in mountain areas)

Disadvantaged area	Payment rate	Loss on 40 ha farm
Less severely handicapped lowland/coastal area	€82.27/ha	€822.70
More severely handicapped lowland	€95.99/ha	€959.90
Mountain type grazing	€109.71 (first 10ha- €95.99 thereafter)	€575.94

### -Rural Environment Protection Scheme (REPS)

- real blow to vulnerable livestock farmers

### - SCWS

- cut from €80 to €40
- 2013; BDP payment €20/cow with max payment of €400/participant



# Challenges facing the sector

## Reduced Government support for livestock farmers cont...

### -Grassland sheep scheme (7ewes/ha)

	2012 rate	2013 rate	Difference/ ha	Reduced payment
Mountain				
0-20 ha	€28.05/ha	€21.81/ha	€6.24/ha	€124.80
21-84 ha	€23.38/ha	€18.18	€5.20/ha	€332.80
Lowland				
0-30 ha	€65.45/ha	€50.90/ha	€14.55/ha	€436.50

### -Farm assist

- Cut by €10 per week

# Challenges facing the sector

## Reduced Government support

Farm example; 84 acre (34ha) suckler & sheep farmer with 20 cows and 50 lowland ewes

### Cuts

**DAS** reduction (2013 -10ha x €95.99/ha) = -€383.96

**REPS 3** payment (20ha x €200/ha & 14ha x €175) = -€6,450  
(€1,612.50 -25% exchequer funding)

**SCWS** (2008-2013 - €80/cow to €20/cow (€400 max)) = -€1,200

**Total reduction = €8033.96**

### Potential gain

Sheep Grassland Scheme (7 ewes/ha) = +€356.30

Sheep Technology Adaption Programme = +€600-€700 net

Beef Technology Adaption Programme = +€600-€700 net

BDP = +€400

**Total potential addition = €2056.30**

# Challenges outside our control

## Euro zone economic difficulties

- **Fiscal consolidation;**  
limiting economic activity
- **Household debt;**  
reducing consumer spending & consumption higher value meats



- **Banking fears;**  
Ireland, Italy, Spain, Portugal

- **Unemployment rate rising?**

- **Lower global meat prices;**  
availability of lower cost import alternatives e.g. New Zealand lamb

# CAP reform – a big challenge but also an opportunity

## €1.3 billion funding to Irish livestock farms

- Fear that Government does not understand the dependence of direct payments for drystock farmers
- We all agree that there is scope to improve farm efficiencies, **BUT** we cannot underestimate importance of direct payments for livestock farms
  - Estimated direct payments 90% of income on drystock farms in 2012
  - Absence of continued support; real concern suckler & sheep numbers will plummet
- **But, there is a real opportunity to use CAP reform payments to incentivise increased farm efficiency**

# CAP reform – ‘a long way to go’

## The CAP dilemma

### - ‘Active farmers or active land’

- Discussions ongoing **but** still a long way from finalising
  - First step; agree EU budget
  - Second step; agree CAP budget
  - Third step; agree Irish budget
  - Fourth step; decide on payment regime

# Possible areas for industry improvements

## Integration between sectors

- Scale does not permit self-contained production system
  - Machinery costs & farm size prevents economies of scale
- Lower availability of grain imports forecast
  - Renewable energy initiatives & increasing worldwide demand
- Food safety standards – Ireland can build on sustainable image brand – sheep & beef produced from home grown grain
  - GM debate
  - Traceability on all aspects of the production chain

# Integration between sectors continued

**Livestock**



**Slurry/FYM**



**Straw**

**Tillage**



**Land access**



**Feed source /  
reseeding**



# Changing suckler breed type

- Ongoing debate on small versus large cow size



- Numerous farms have a suckler breed type that doesn't suit their land or production system
- But we have no proven research information on traditional breeds suckler production systems in Irish conditions
- Need research that targets changes coming down the line and targets commercial realities faced on Irish suckler farms

# Changing suckler breeding– industry wide involvement needed

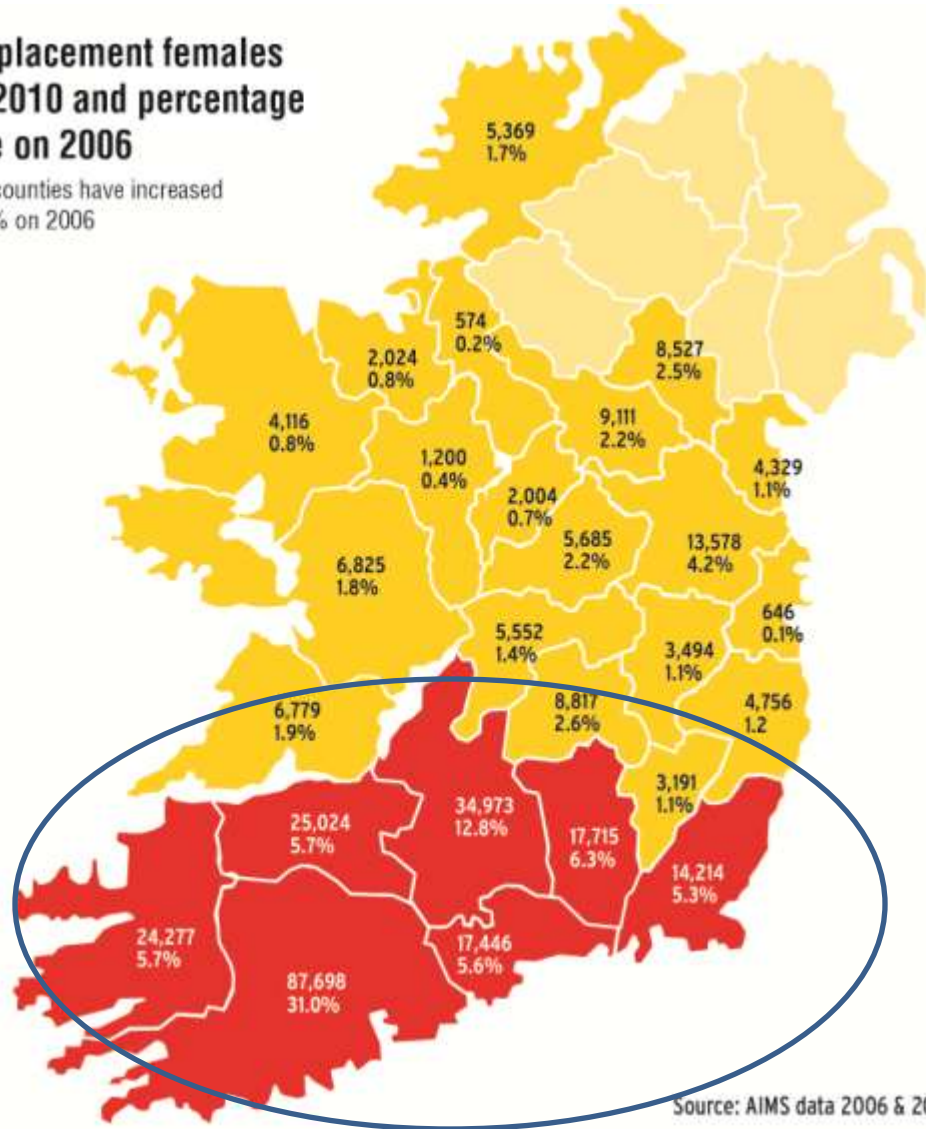
- Not a matter of saying – switch over to Angus/Hereford/Stabiliser
- Plus; no industry incentive to do so
  - Continental weanlings still attracting best money despite increasing input costs in finishing these animals
  - Continually told that the consumer market requires smaller meat cuts but yet no differential in price between overweight carcasses
- Farmers need to take control of their own destiny and realise the strengths of a grass based system
- Processors and our marketing bodies also have to stand up to the mark
  - set clear market signals and pay a premium for the product they want.

# Dairy expansion

- Dairy expansion has begun; 5% heifer increase since 2006 in dairy strongholds
- Undoubtedly more dairy bred males born in expansion phase
- Potential for drystock farms to increase stocking rate
  - Finish dairy bred animals
  - Rear replacements heifers
- But systems need to be profitable for drystock farmers – high cost of cereals putting pressure on production systems

**Dairy replacement females born in 2010 and percentage increase on 2006**

Red shaded counties have increased more than 5% on 2006



# A dairy enterprise for a beef farmer

- Dairying will present opportunities for some beef farmers to switch enterprises
- It doesn't have to be all about milk production from a grass-only system or using high concentrate feeding for 2,000 plus gallon cows
- A greater percentage of beef is forecast to come from the dairy herd (even more so if suckler numbers fall)
  - Will highly bred Holsteins or Kiwi cross cows produce sufficient quantities of high value beef cuts?
- Breeds like Flekvieh, Rotbunt, Mountbelliarde, MRI, British Friesian could provide an opportunity to operate a 'dual purpose system'

# Sexed semen

- Huge potential for suckler & dairy herds



- Selection of maternal/ terminal sires
- Increase performance of maternally born male animals
- Allow more potential for herds focused on breeding replacements to develop

- Targeted use of dairy semen
- Potential to increase beef bred animals from dairy herd
- Currently
  - 325,000 beef bred animals (30%)
  - 700,000+ dairy bred animals
- Future: 1.5m dairy cows
  - 450,000 beef bred animals (30%)
  - Sexed semen - 600,000-700,000 beef animals?

# Grass varieties to suit extensive systems

Difficult summers reducing content of rye grass in swards: fertility, pH etc.

Many grass seed mixtures unsuitable to heavy soils



Persistency is equally as important as yield potential on heavy soils

Information on varieties suitable to lower pH & more persistent to poaching

Identify swards that perform sufficiently with low fertiliser inputs

# Investigate the merit of clover swards

Rising cost of  
fertiliser  
escalating costs in  
extensive  
production  
systems

Animal productivity  
gains need to be  
quantified to justify  
planned inclusion



Opportunities even  
on highly stocked  
farms to incorporate  
clover into a  
percentage of  
grassland

Has been shown  
to suit dairy  
farms (Solohead)  
but swards are  
more open &  
different grazing  
practices to  
drystock farms

# Planning, succession & land movement

- Vital that there are streamlined processes for transferring land
  - Ensures both parties are protected and the successor is not left with insurmountable costs which the farm will not cover
- Tax breaks on long term land leasing
- Options for planning partnerships and integration between sectors

# Keeping young farmers involved

Heifer & hogget competition 2011



**Attracting younger farmers to Agriculture will be one of our greatest challenges**

# We have the complete package



- Ireland is the only global beef exporter that can deliver the complete package
- Full birth to beef traceability
- Environmentally sustainable
- Year round supply
- High animal welfare standards
- A grass based production system
- World leading quality assurance standards
- Strong relationship with the worlds leading food manufactures/retailers
- World leading food safety standards



**Thank you for your time**

