

# **ITLUS CONFERENCE 2016**

## **“Getting the Basics right”**

### **Lessons from the Advisory service**

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Teagasc Crops Specialist**

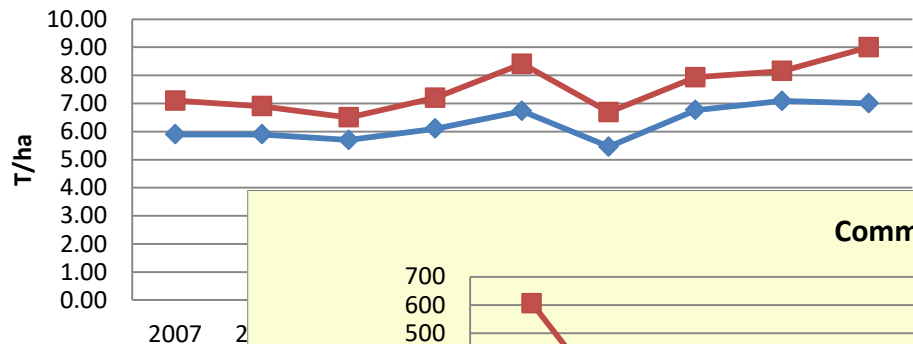
# Introduction

- National Farm Survey – farm performance
- How to achieve top performance

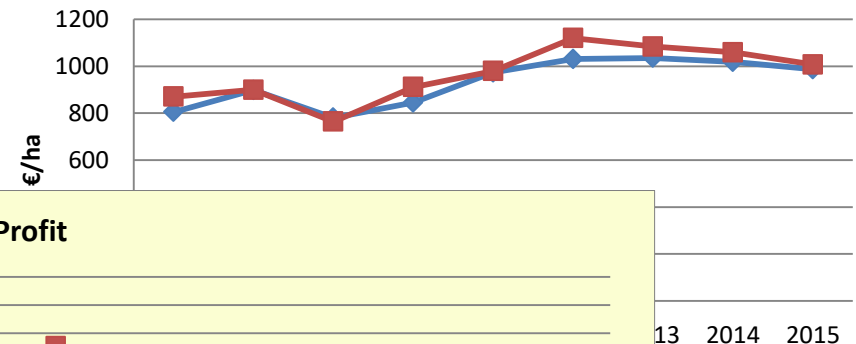
# NFS figures

- Spring barley

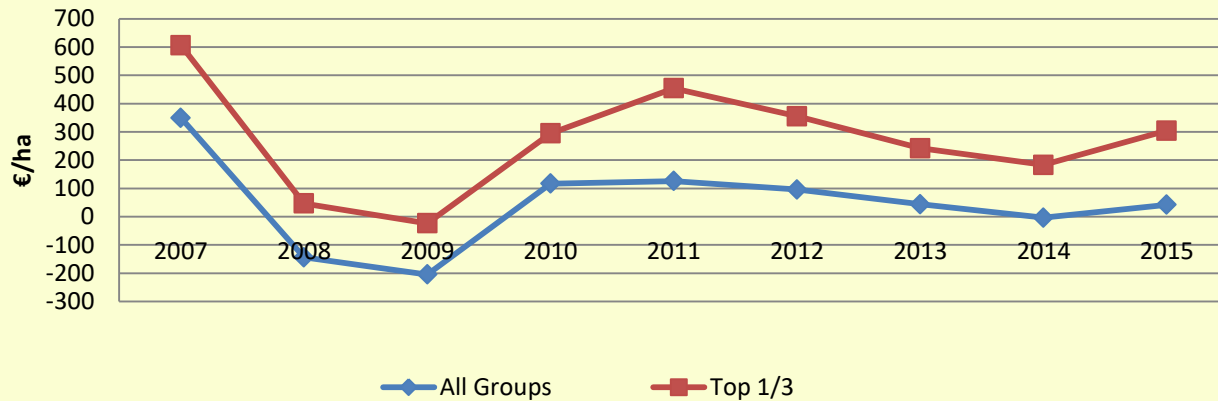
Yields t/ha



Common Costs

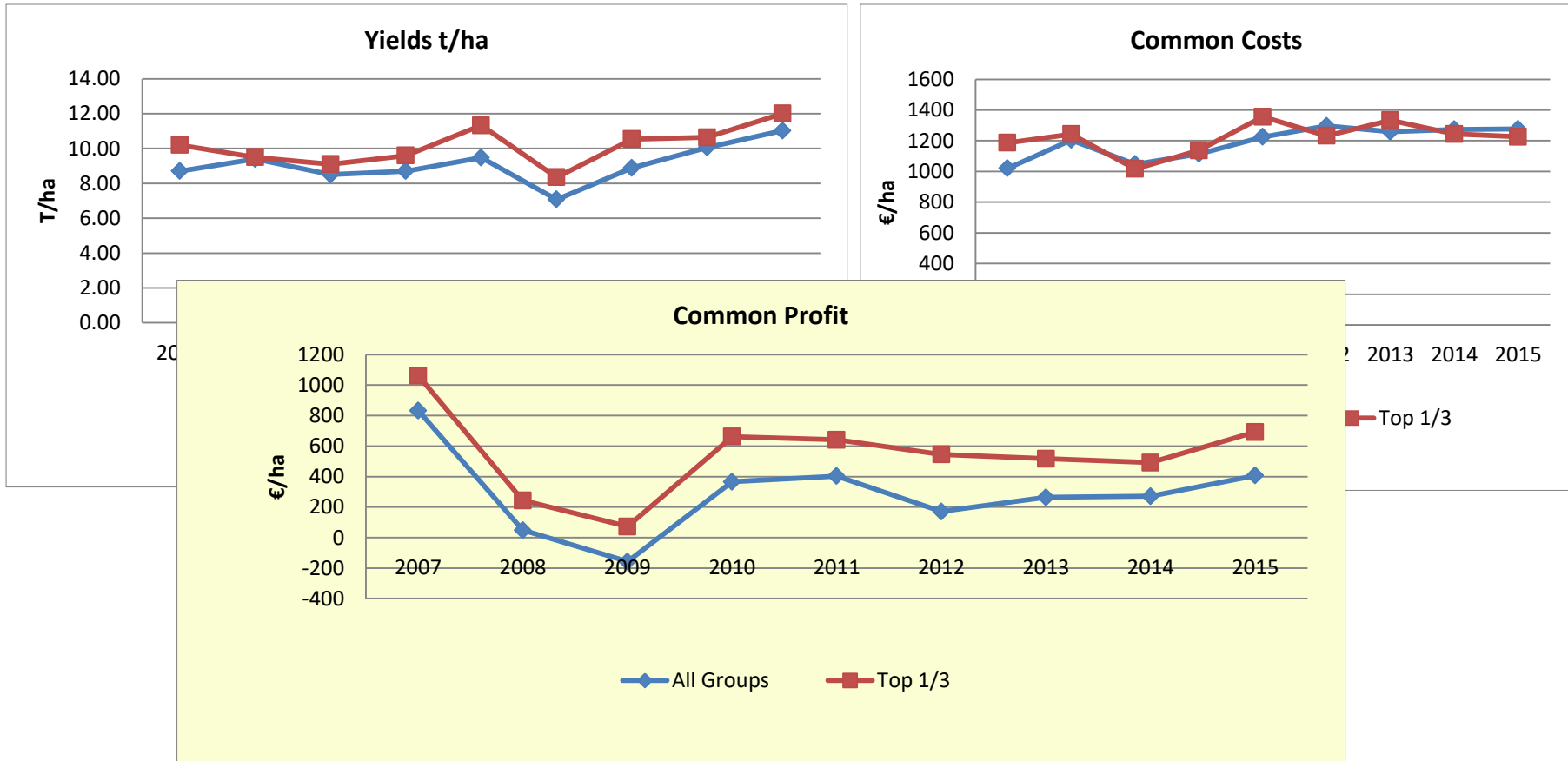


Common Profit



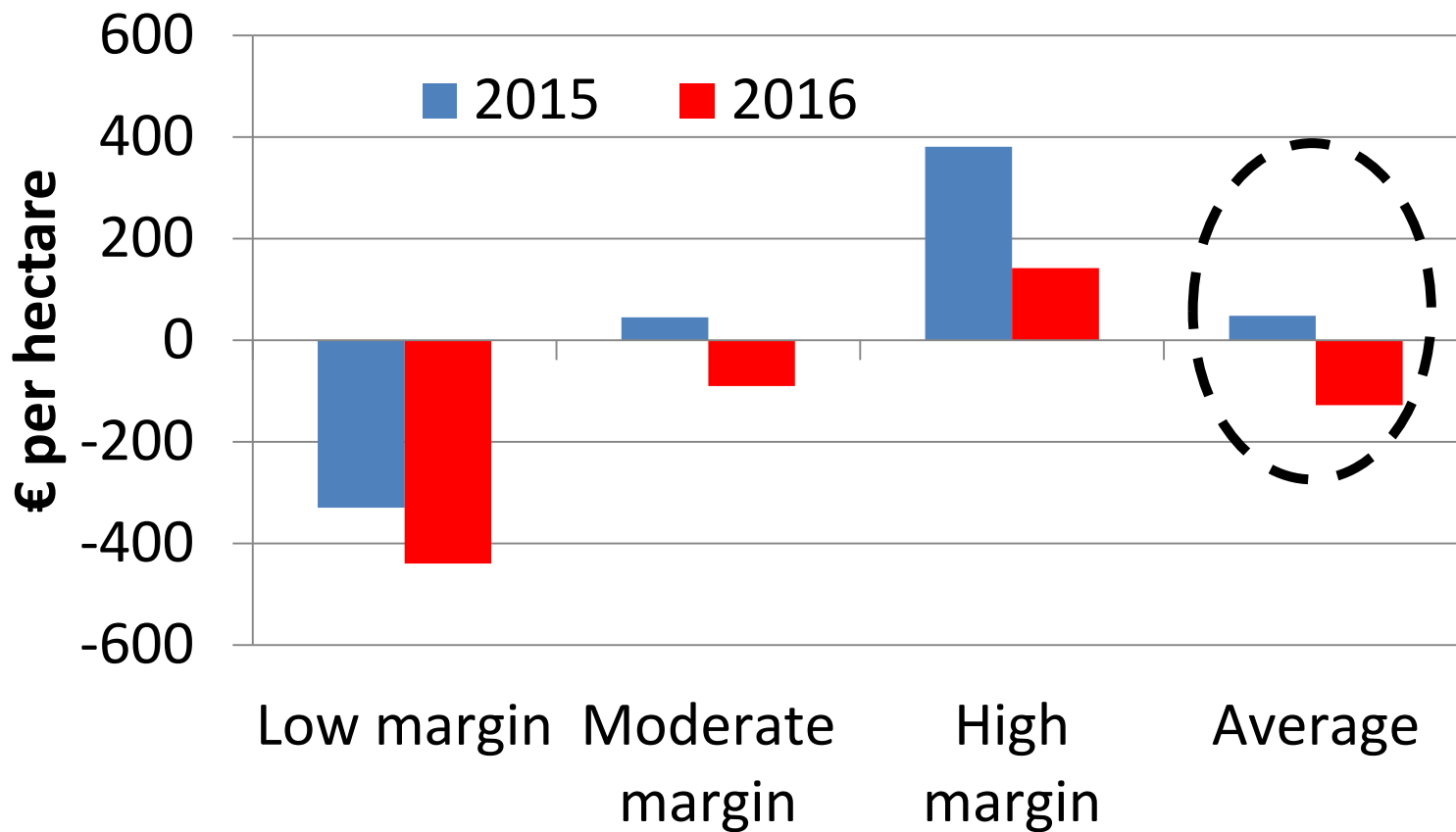
# NFS

- Winter wheat



# Cereal Enterprise Net Margin ('15 – '16)

***The average cereal farmer will make a negative market based net margin in 2016 of approx. €100 per hectare***



Source: NFS and Authors own estimates

# How to Achieve Top Performance

- Analysis
- Planning
- Crop management
- Marketing

# Analysis

# Analysis

- Financial
  - Bank Statements - Cash
  - Farm accounts- Net Profit
  - Crop records
    - E-Crops - Field by field
    - E-profit monitor- Farm
    - Commercial packages
- Benchmarks

## 2016 CEREAL CROP MARGINS

Variable Costs excl. VAT (€/ha)

	WHEAT		FEED BARLEY		MALTING BARLEY	FEED OATS	
	Winter	Spring	Winter	Spring		Winter	Spring
<b>MATERIALS</b>	<b>784</b>	<b>625</b>	<b>700</b>	<b>538</b>	<b>541</b>	<b>565</b>	<b>496</b>
Seed	75	85	85	85	94	80	80
Fertilisers	425	350	372	313	302	330	286
Sprays							
Herbicides	56	45	56	45	45	30	30
Fungicides	190	125	135	90	95	105	80
Insecticides	23	10	32	5	5	5	5
Growth Regulators	15	10	20	0	0	15	15
<b>HIRE MACHINERY</b>	<b>452</b>	<b>433</b>	<b>433</b>	<b>395</b>	<b>395</b>	<b>414</b>	<b>414</b>
Plough, One-pass & Roll	170	170	170	170	170	170	170
Spray	95	76	76	57	57	76	76
Fertiliser Spreading	57	57	57	38	38	38	38
Harvesting	130	130	130	130	130	130	130
<b>MISCELLANEOUS</b>	<b>98</b>	<b>70</b>	<b>89</b>	<b>62</b>	<b>59</b>	<b>78</b>	<b>58</b>
Interest (8%)	32	16	29	14	14	24	13
Transport (€6/Tonne)	86	54	60	48	45	54	45
<b>TOTAL VARIABLE COSTS</b>	<b>1334</b>	<b>1128</b>	<b>1221</b>	<b>995</b>	<b>995</b>	<b>1057</b>	<b>968</b>
Break-even yield (grain only)	9.2	7.8	9.0	7.4	6.0	7.8	7.2
<b>Cost per tonne @ target yields*</b>	<b>121</b>	<b>125</b>	<b>122</b>	<b>124</b>	<b>133</b>	<b>117</b>	<b>129</b>
<b>Net Price (€/Tonne)</b>	145	145	135	135	165	135	135
AID (SFP) = NOT included	0	0	0	0	0	0	0
Straw (€/ha)	90	80	140	100	100	100	90

## Gross Margins (€/hectare)

(Incl. Straw)

Tonnes/hectare	WHEAT		FEED BARLEY		MALTING BARLEY	FEED OATS	
	Winter	Spring	Winter	Spring		Winter	Spring
6.5	-301	-105	-204	-18	178	-79	0
7.5	-156	40	-69	117	343	56	135
8.0	-84	112	-1	185	425	123	202
9.0	61	257	134	320	590	258	337
10.0	206	402	269			393	
11.0	351		404				
12.0	496		539				

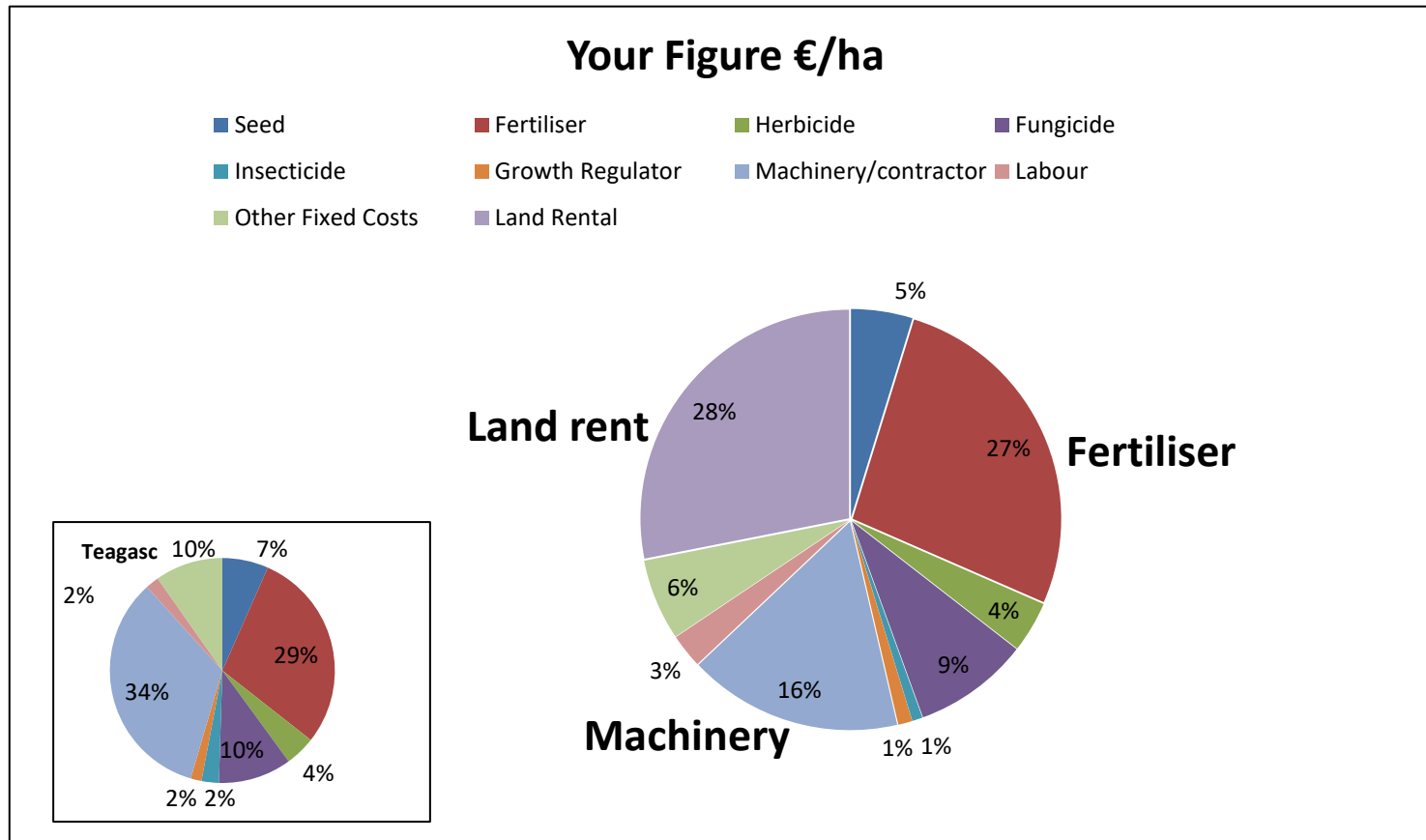
\*Crop margins are underlined for the various crop target yields.

Totals may not agree due to rounding.

An online version of this calculator is available at [www.teagasc.ie/crops/crops\\_margins](http://www.teagasc.ie/crops/crops_margins)

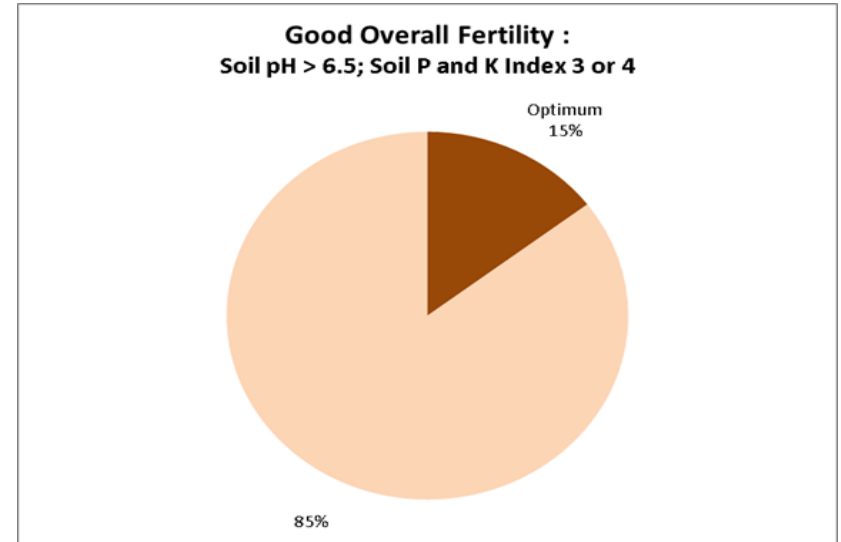


# Compare your performance against industry or peers



# Analysis

- Agronomic
- Yield monitoring
- Soil test – nutrients
  - Every 4 - 5 years
- Physical tests- spade
  - Identify compaction
  - Structure problems



# Soil analysis

- 2009

		Field No./NMP No.		
		Land Parcel No.		K1110 3004
Nutrients - Test Results				
Nutrient	Result	Units	Grassland Index	Advisory Comments
pH	7.41			
SMP (for lab use only)	7.26			
Phosphorus (P)	12.80	mg/l	High (4)	
Potassium (K)	135.40	mg/l	Medium (3)	
Magnesium (Mg)		mg/l	Medium (3)	

- 2014

Field No./NMP No.

Land Parcel No.

K1110 3004

Nutrients - Test Results

Nutrient	Result	Units	Tillage Index	Advisory Comments
pH	7.38			
SMP (for lab use only)	7.18			
Nitrogen (N)			V. Low (1)	
Phosphorus (P)	6.35	mg/l	Medium (3)	
Potassium (K)	34.10	mg/l	V. Low (1)	
Magnesium (Mg)		mg/l		

What has caused this?

ANS:

Not enough fertilizer

What has caused this?

ANS:

A. Not enough fertiliser

B. Not sampled often enough

# Soil analysis

- Recommendations based on Nitrates

Nutrients - Advice and Comments for Feeding Barley - Winter (BW) on Mineral Soil			
Nutrient	Advice / No Org. Manure	Units	Laboratory Comments
Lime Requirement	XSL	tonnes/ha	
Nitrogen (N)	180	kg/ha	
Phosphorus (P)	25	kg/ha	Deduct 3 - 5 kg/ha P if straw ploughed in
Potassium (K)	115	kg/ha	

- Need to take into account yield potential
  - 10 T/ha = **P 38 Kgs/ha** **K 130 Kgs/ha**
  - Use of organic manures → **5 Bags /ac 0-7-30**

# Farm Planning

# Planning

- What do you need to live and re-invest?
- Machinery policy
- Farm plan
- Alternative opportunities
- Decision making
  - Farmer +/-
    - Advisor/Agronomist
    - Discussion group
    - Accountant

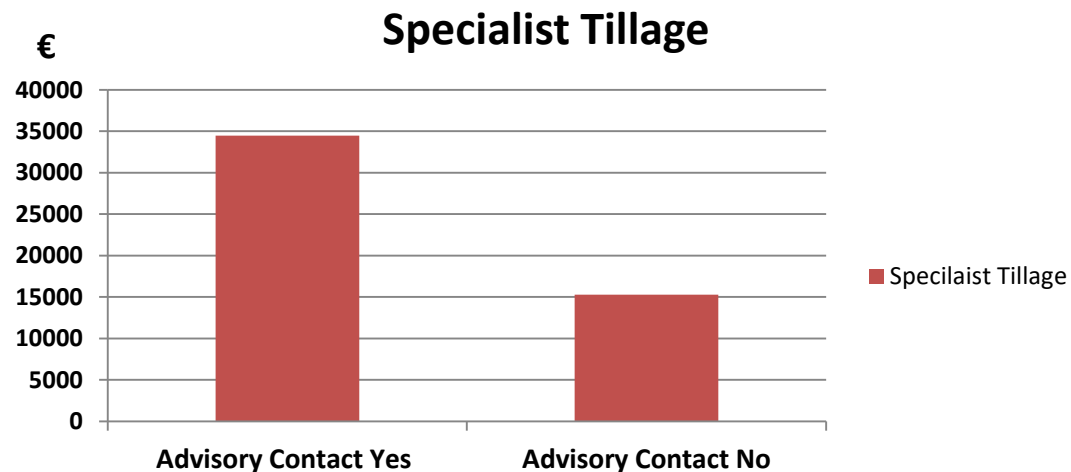


# Help is at hand

- Discussion group benefits (2009)

Variable	Member	Non member	Diff	Measure
Gr. Margin /L	13	10	3	c/L
Gr. Margin /ha	1338	885	453	€/ha

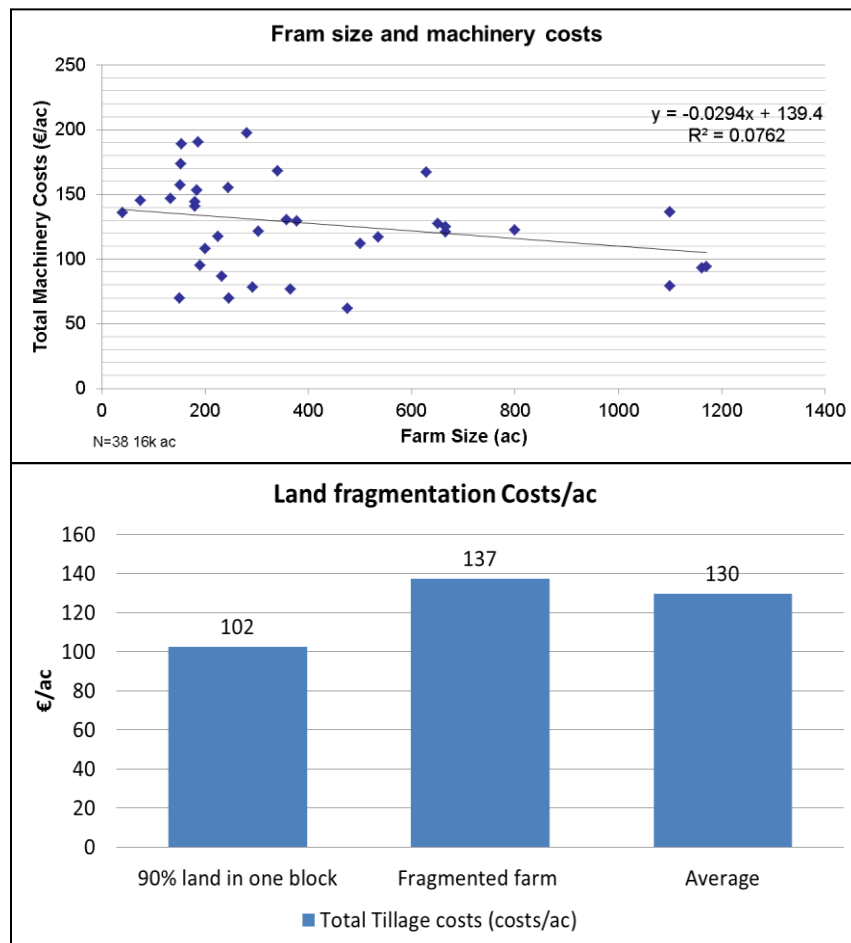
- Advisory contact



- Source: National Farm Survey

# Machinery policy

- 30-35% of overall costs
- No correlation between farm size and machinery costs
- Additional land??
- New hi-tech vs second hand
- Machinery hiring





# Farm Planning

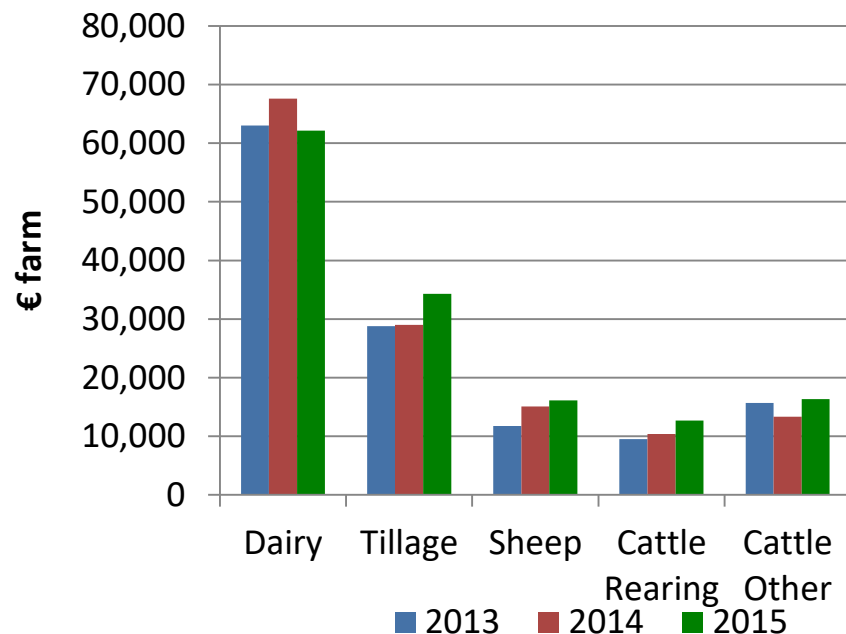
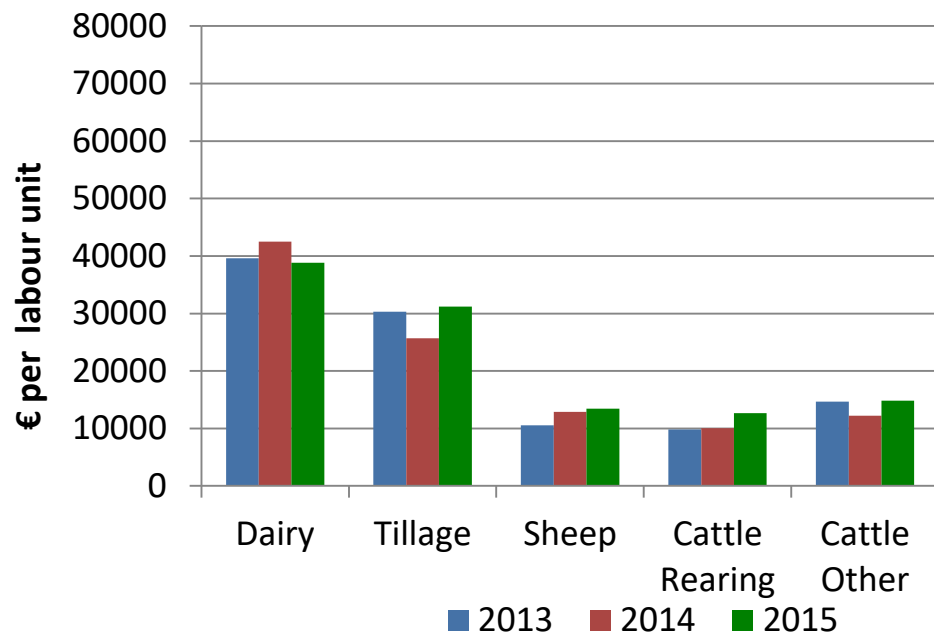
- Crops
  - Rotation
- Suitability? → Plan years ahead
- Inputs – plan early
  - Contractors
  - Machine repairs
  - Extra land – Entitlements
  - Managing risk

# Reducing Risk

- Forward sell grain / Grow crops on contract
- Hire machinery instead of purchase
- Machinery share / contract systems
- Share farm (shares the risk & return)
- Partnerships with another enterprise

# Average income by system - per labour unit versus per farm

**Sector Income per labour unit : Tillage still below dairy, but differences are much reduced**



Source: Teagasc, National Farm Survey

# Alternative income streams

- Schemes – GLAS, Proteins, KT groups
- Four assets
  - Land
  - Farmyard
  - Machinery
  - Farmer
    - Tillage farms have spare labour capacity

# Additional opportunities

- Bigger area farmed – but not at any cost
- Contracting- but must make money
- Schemes – GLAS, Proteins, KT groups
- B&B livestock
- Ex-farm
- Work with neighbour to reduce costs

# Crop Management

# Crop management

- Crop targets
- Measurements
- Input applications
  - Adjust based on info?
- Decision making
  - Farmer responsible
  - Discussion groups help
- Nutrient balancing



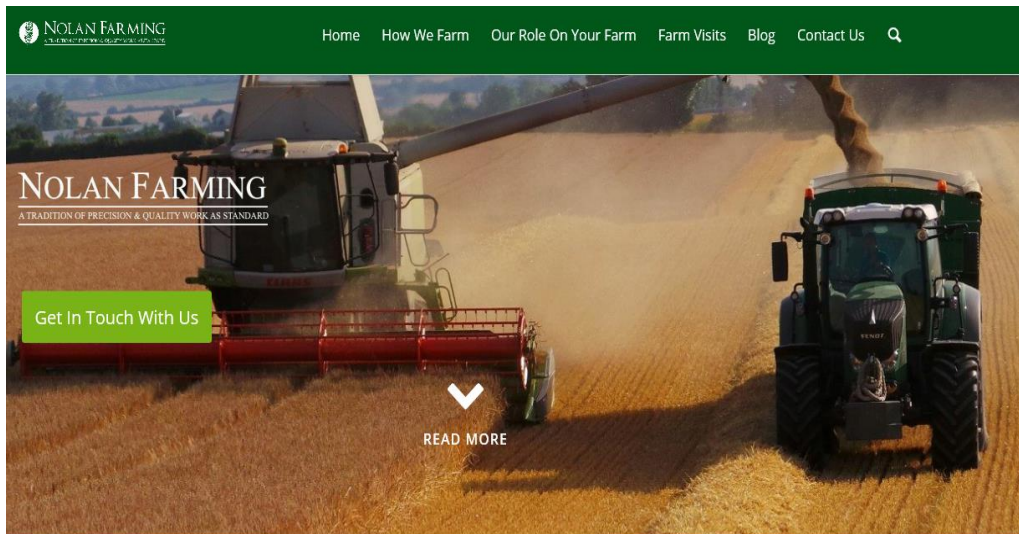
# Marketing



# Marketing why?

- Can help to reduce risk
  - Can access new markets/ premium
  - Will help budgeting
  - Will help to add value
  - Identify extra opportunities
- 
- Market your output but also yourself!

# Marketing



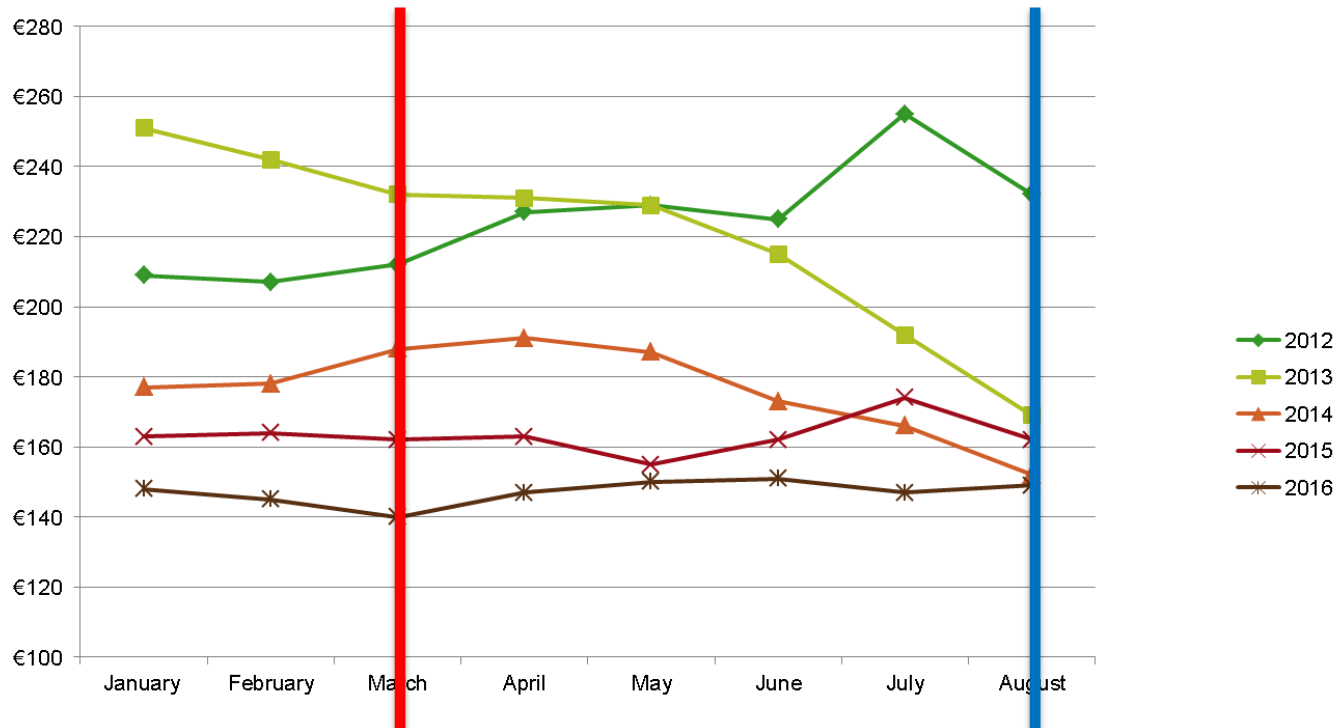
# What markets are out there?

- Seed
- Malting
- Oat corn
- Dried a
- Rolled
- Treated grains
- Straw markets

Premiums can add anything from  
**€75 – 375 /ha**  
to the bottom line.



# Dried Feed Barley Historical Prices 2012 - 2016



**Picking only one time to sell – increases risk!!**



# Selling 50 tonnes per month Jan – Aug vs Selling 400 tonnes in August



# Conclusions

- There is no one silver bullet
  - Lots of little pellets
- Many aspects to successful farm
- No man is an island - help is at hand
- There are opportunities out there



Acknowledge; Ml. Hennessy, Fiona Thorne, Mark Plunkett, Ciaran Collins

# Successful farmer

One who comes home safe every day!!

