

Irish Farm Report 2020

New *ifac* research reveals that after a difficult 2018, lower feed prices helped improve margins for livestock farmers last year. It was a different story on tillage farms, however, where despite 2019's higher yields, the weaker grain price eroded margins.



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More than 1,500 farmers participated in research for *ifac*'s 2020 Irish Farm Report, sharing their views on all of the key issues that farmers currently face—from sectoral and environmental challenges to pensions, labour management and succession planning. Detailed coverage of the findings, supplemented by an analysis of 2,548 sets of 2019 farm accounts, will be published in *ifac*'s forthcoming 2020 Irish Farm Report.

Profitability

As in previous years, the top 25% of farmers in the beef and dairy sectors significantly outperformed other farmers, with better cost management the main driver of higher returns.

On dairy farms, average profits (excluding other income) rose almost 18% in 2019, reaching €948 per ha. Feed costs fell by €209 per ha with costs on a per litre basis down almost 7%.

On beef farms, average profit was €435 per ha, up 12% on 2018. However, when other income such as BPS, GLAS and BEEP is excluded, these farms lost an average €101 per ha.

Sheep farmers achieved marginal gains but, again, these businesses are loss-making when other income sources are excluded.

On tillage farms, despite higher yields, weaker grain prices saw average profits fall by €99 per ha (to €153 per ha).

Other Findings

Business structure can have a significant impact on lifestyle, finances and farm sustainability. While most farmers operate as sole traders, the number of partnerships and limited companies has been growing in recent years.

More than half of this year's respondents worry about the future viability of their business, suggesting there is scope for new strategies on many farms. This is an area where advisors with specialist sector knowledge can help farmers achieve peace of mind.

While fewer than half of the farmers who participated in this year's research prepare budgets and cashflows, those who do say it gives them greater clarity when making decisions about their business.

Despite farms being a valuable asset, a staggering 84% of survey respondents have no formal succession plan in place. Here, the key message is that unless you plan ahead and document what you want to happen to your business, there is no guarantee your wishes will be carried out.

On a more positive note, 93% of respondents want to reduce their carbon footprint and more than 7 in 10 support the use of more sustainable energy on their farms.

Overall, it is clear from this year's research that many farms would benefit from an objective review of their business. A chat with your *ifac* advisor could be the first step on the journey to secure your future.

Key Takeaways

DAIRY PROFITS



Average dairy farmer made a net profit, before other farm income, of €948/ha in 2019 [2018 profit €804/ha]

Average costs per litre decreased by 6.7% mainly driven by a reduction in feed

DAIRY TOP 25%



The top 25% of dairy farmers made a net profit, before other farm income, of €1,735/ha

CASHFLOW & BUDGETS



Over ½ the farmers surveyed do not complete a cash-flow or budget. Interestingly, over ¼ of these farmers cited lack of financial ability & understanding as reason why budget not completed

BEEF PROFITS



Average beef farmer made a loss, before other farm income, of €101/ha [2018 loss of €116/ha]

BEEF TOP 25%



Top 25% of beef farmers made a net profit before other farm income of €251/ha

SUCCESSION



84% of farmers have no definite Succession plan in place with over 1/3 of farmers having no Will. Over 1/3 are avoiding Succession as they believe business is not viable

SHEEP SECTOR



Average sheep farmer made a loss before other farm income of €144/ha. After other farm income was included, a net profit of €337/ha was achieved

TILLAGE SECTOR

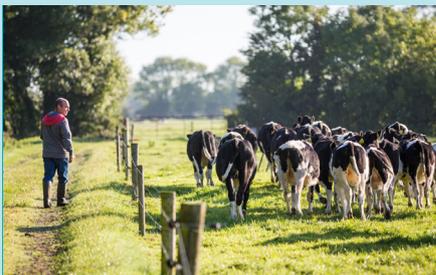


Average tillage farmer made a profit of €153/ha before other farm income. When other farm included a profit of €591/ha was achieved

ENVIRONMENT



93% of farmers were willing to take actions on farm to lower carbon footprints while 91% felt that carbon tax collected from agri sector should be ring fenced for farms



Find out more at
www.ifac.ie/irish-farm-report

Contact your local ifac office to find out how our teams can help you plan for your farm's future