

*Helping Farmers
Tailor Production
to Maximise Premium*



MODELS TO REWARD MEMBERS



Irish Aberdeen-Angus
Producers Ltd



Foreword

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Minister for Agriculture, Food & Marine



I am delighted to introduce this range of models from the Irish Aberdeen-Angus Producer Group. The original aim of the six farmers who founded this Group back in 1995 was to coordinate with beef processors the production and marketing of a high quality product to improve returns to producers.

With over 3,000 members, the scheme has developed a proven track record in delivering extra profit to farmers through a generous premium. In excess of 40,000 cattle are slaughtered each year under the scheme, with potential to increase this to over 50,000 to satisfy demand which is increasing each year.

Irish beef is a premium product and the Aberdeen Angus brand has acquired a reputation among consumers for its excellent eating quality, succulence and tenderness. The marbling and texture of the beef guarantees it a place in the best butchers and restaurants in Ireland and across Europe.

The Breed Society has been very forward thinking in promoting the many positive aspects of the breed, including early maturity and a quiet temperament. Because of the breed's ease of calving attribute, Aberdeen Angus bulls are also popular with dairy farmers to produce high quality beef animals.

I would encourage both dairy and suckler farmers, along with beef finishers to examine the new models which are designed to increase the number of cattle processed through the Certified Irish Angus scheme. I commend the work of the group, which is based on a partnership approach between farmers and processors, to help improve returns from our valuable export oriented beef industry.



Irish Aberdeen-Angus Producers Ltd

Models to Maximise Irish Angus Premium

Model 1: Section A

FOR THE DAIRY FARMER PRODUCING ANGUS CALVES

1. **BACKGROUND**

Over the past four years, 60% of dairy cows have been bred to dairy bulls. This trend is likely to change in the coming years as we see dairy cow population predicted to increase by 4–5% per annum from 2011 to 2020, resulting in 1.65m cows by 2020. Alongside this, the development of sexed semen, reducing the use of dairy bulls and a levelling of replacement production to equal only the requirement of each individual farm, will see substantial increase in beef cross calves from the dairy herd. This will leave dairy farmers with a decision to make as to which beef bulls provide the greatest opportunities and which provide the greatest threats to the profitability of their businesses.

2. **CURRENT SITUATION**

Next to Friesian, Angus represents the second choice of bull used on dairy farms today. The reason for this choice is due to a long proven track record by Angus to delivering live valuable progeny with little impact on the cow herself.

3. **WHY ANGUS?**

When selecting a beef breed bull, many dairy farmers use the following criteria:

- a) Ease of calving (directly affects the bottom line and has a massive impact on labour and resources).
- b) Short gestation.
- c) Live calf.



- d) Good price for calf (due to high demand for Certified Irish Angus beef, Angus calves are in increasing demand).
- e) No de-horning costs.
- f) Docility.

4. ECONOMIC VALUE

a) Calving Difficulty

Currently, Teagasc value €4.72 per 1% increase in the proportion of difficult calvings per cow calving. Taking into account that most farmers would expect an increase of up to 2–3% in calving difficulty when they move away from using an Angus bull, this equates to a maximum cost of €14.16 per cow. This figure is established by taking into account the costs such as additional labour due to health issues relating to the calf and the cow as a result of difficult labour, also additional veterinary costs, the loss of value from dead calves and cows, their disposal and the more long term cost of barren cows due to injury.

b) Gestation Length

Currently, Teagasc estimate a cost of €11.97 per day per cow calving. This cost is established from not just the length of calving interval, but takes account of the additional feed requirement for cows for each day in increased gestation length.

If we consider the average Angus gestation length of 283 days and the average across all breeds of 287 days, Angus offers a saving of 4 days, resulting in a saving of €47.88 per cow (across all the herd).

c) Calf Mortality

Teagasc estimate a €2.96 value for every 1% reduction in calf mortality. Current systems would suggest that the use of the correct Angus bull on dairy cows would reduce calf mortality by anything up to 2-3%. The calf mortality figure is based on stillborn calves and calves dying within the first 28 days of age. It takes into account costs such as disposal of the dead calf, tagging and additional labour and resources used in the management of weak calves. Therefore, the reduction of 2-3% equates to a per head value of €8.88 per cow (across all the herd).

d) Calf Price

Calf price is hugely influenced by:

- i) the health of the calf at the time of sale;
- ii) the demand for those calves in the marketplace.

Calves that have come through difficulties at birth tend to have poorer health status at the point of sale.

In the case of Angus calves, the success of the Certified Irish Angus Beef brand has resulted in Angus calves being in huge demand by finishers. The premium these finishers receive filters its way down to an additional price paid for Angus calves.



FOR THE DAIRY FARMER FINISHING HIS ANGUS CALVES

The ability of dairy farmers to grow grass efficiently and to produce high quality winter feed has been very evident over the past number of years. Dairy farmers who adopt these skills to beef production on parts of their holding have found that the production of Certified Irish Angus Beef and the collection of the premium for

doing so has resulted in healthy returns. Again, all of the above management tools used to ensure the production of healthy quality Angus calves alongside the utilisation of high quality management skills has resulted in Angus beef topping the chart for profitability of beef production.

WHAT THE IRISH ANGUS PRODUCER GROUP CAN OFFER THESE FARMERS

- 1) Outlet for Certified Irish Angus Beef at a premium price due to discerning customers prepared to pay a premium for quality, which Certified Angus Beef has been proven to provide over a long number of years.
- 2) Increased premium for focused production periods.
- 3) Support and advice in relation to management, feeding, production and the tailoring of some or all of that production in order to maximise the sale price.
- 4) The option to create a relationship with the finisher looking for Irish Angus calves or stores to reduce the cost of sales.
- 5) The benefits of being part of a large group in relation to setting prices, using a transparent system with a built-in premium.



Model 1: Section B

BEEF FARMERS FINISHING ANGUS CALVES

For the beef farmer who decides to purchase Angus calves and finish them within an overall finishing system, the production of Certified Irish Angus beef offers a number of opportunities.

WHAT THE IRISH ANGUS PRODUCER GROUP CAN OFFER THESE FARMERS PRODUCING “CERTIFIED IRISH ANGUS BEEF”

- 1) Calf supply.
- 2) Suitability to traditional production systems.
- 3) High health status.
- 4) Dedicated market with sustainable payment.
- 5) Acknowledgement for producing world renowned Angus beef.

1) Calf Supply

Due to the predicted increase in dairy cow numbers over the coming years, it is expected that numbers will be 1.65m by 2020, resulting in additional Angus calf production. The Irish Angus Producer Group along with its processor partners, AIBP and Kepak, intend to assist finishers in the procurement of high quality Angus calves for finishing.



2) Suitability to Traditional Production Systems

Angus calves finished alongside larger cattle on a traditional finishing farm offer the farmer an opportunity to maximise returns from grass. Calves grazed ahead of large cattle in early Spring convert this high quality grass into good weight gain and have little impact on the large cattle coming behind. As larger cattle are sold, these smaller Angus cattle are available to come along and eat grass left behind, which avoids the need to re-enter the marketplace mid-Summer to purchase expensive stores with small performance expectations.

Irish Angus cattle have the ability to finish easily on well managed grass and very low levels of concentrate achieving minimum levels of fat cover required to meet quality payments at slaughter. This is particularly important in the production of young bulls.

From a point of view of selling, the carcasses produced by most Angus cattle fit the requirements of almost all Irish and UK premium markets which require 'supermarket' type weights.



3) High Health Status

An ever increasing cost on Irish farms is the cost of poor animal health. Diseases such as BVD have had massive negative impact on farm profitability over the past number of years. The production of Angus calves from well-managed dairy farms reduces the risk of this type of disease.

The fact that dairy herds in general have good bio-security and herd health status means that these calves benefit from this.

4) Dedicated Market with Sustainable Payment

Farmers taking Angus calves through to slaughter via the Irish Angus Producer Group benefit from belonging to a large group that has been established over a long number of years with two of Europe's top beef processors as partners, combined with long term relationships with blue chip retailers who have built the Certified Irish Angus brand to a point where it has requirement for very large volumes of beef at a premium price. This premium is sustainable as a consumers are prepared to pay for the superior eating quality which Certified Irish Angus Beef guarantees every time.

Certified Irish Angus Beef is one of the few beef brands that sustains a premium all the way from the consumer to the producer.



Model 2

IRISH ANGUS BEEF PRODUCTION FROM SUCKLER COWS

1. BACKGROUND

With rising prices of store cattle and a decreasing self-sufficiency of beef across Europe, and with a background that suggests suckler cow premia will be coupled to cow numbers in the upcoming CAP reform, the likelihood is that suckler cow numbers will increase.

The suckler cow is an expensive system of producing calves. Therefore, it is of the utmost importance that each cow produces a calf each year. If this fundamental element of production is not achieved, profitability is impossible. In the absence of this calf per cow per year, the only way to achieve profitability is to ensure a very high value at sale to compensate for the loss of production.

2. CURRENT SITUATION

Suckler farms are most profitable at high levels of output and that output may be measured in high levels of live weight (kg per hectare) at standard prices or low levels of live weight (kg per hectare) at very high value. Many suckler farmers are part-time and the production of the type of animal that achieves these very high values per kilo involves difficult calvings which do not fit well with part-time farming.

3. WHY ANGUS?

- a) Farm Output
- b) Part-time Farming
- c) Ease of Finishing
- d) No De-Horning
- e) Guaranteed Markets
- f) Premium Price for Premium Product

a) Farm Output

The correct selection of an Angus bull for the type of suckler cow on a farm ensures the birth of a live calf every year. It also ensures little impact on the cow, resulting in less barren cows and therefore less need for replacements. Over a five year period, these factors will increase the level of farm output on the basis of weight (kg per hectare).



b) Part-time Farming

Use of an Angus bull reduces calving difficulty by a minimum of 4% over and above the average of all breeds. This, alongside correct management of suckler cows during the dry period, results in the majority of cows calving to an Angus bull without any assistance. With many of today's farms requiring off-farm income, it is ideal to have a breeding policy that results in it not being necessary for the



farmer to be present at the birth of each calf. It is also important that the calf is able to get to his feet and suckle as quickly as possible after birth, ensuring that he consumes an adequate amount of colostrum. The Angus breed has been selected worldwide for its ability to achieve these goals and we see its very strong presence in countries such as Canada, America and Argentina, where herds are very large and are expected to give birth without assistance.



c) Ease of Finishing

The ability of Angus cattle to finish on grass alone is matched by few breeds. This ability not only offers the farmer the benefit of reduced costs due to low levels of meal feeding, it also ensures that the animals when sold achieve the required fat scores to avail of quality payments. This is particularly evident in the production of young bulls which, in order to achieve the optimum beef quality, must grade better than fat score 2. This fleshing ability allows these cattle to achieve this naturally.



WHAT THE IRISH ANGUS PRODUCER GROUP CAN OFFER THESE FARMERS

- 1) Large pool of breeding stock to choose from.
- 2) Support and advice on the purchase of a suitable bull – including a farm visit if requested.
- 3) Assistance and advice in the marketing of the progeny either as beef or as stores in partnership with a finishing farmer.
- 4) Part of large grouping in relation to setting prices, using a transparent system with a built-in premium. Premium can be maximised by tailoring production to specific periods of the year, many of which suit suckler stock in particular.



Model 3

"CERTIFIED IRISH ANGUS BEEF" PRODUCTION FROM BULLS

1. BACKGROUND

Over the past four years, the production of young bulls has become very popular among Irish beef farmers. The increased efficiency in food conversion makes young bull production extremely attractive. However, it comes with a number of challenges. Bulls are a lot more difficult to manage, particularly in a grazing situation, where bulls demonstrate considerably more aggression than bullocks. They also require additional management and superior housing. In some situations, it is difficult to achieve the minimum fat score which is generally a 2+.

2. WHY ANGUS BULLS?

- a) Good food conversion
- b) Natural easy fleshing ability
- c) Polled animals

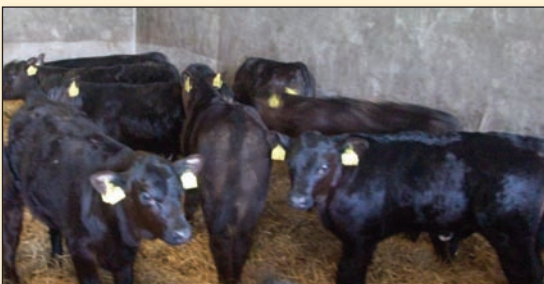
a) Good Food Conversion

Bulls offer a huge opportunity to increase output by being considerably more efficient at converting food (grass or concentrates) into saleable meat, in turn increasing farm profitability. Bulls have a 15% increased food conversion over bullocks. Angus bulls perform on a par with any other breed of bull, particularly at young ages. From a daily live weight gain perspective, Angus bulls are comparable with other breeds up to 16 months of age. The most efficient way to produce bulls is to feed the animal to its maximum potential from a young age and slaughter at as young an age as possible.



b) Natural Easy Fleshing Ability

One issue with bull production is under-fleshed animals at point of sale. Bulls achieve the weight gains and the food conversions. However, when slaughtered, they show a disappointing level of fat cover. This lack of fat cover devalues the beef and reduces the original aims. Angus bulls have a natural fleshing ability which compared with other breeds allows them achieve the minimum fat score of 2+ with much greater ease, hence ensuring that the beef quality can reflect the additional effort.



c) Polled Animals

When producing bulls for commercial beef, one of the key elements is that the animals are kept calm with no upset. De-budding of non-Angus animals is one such upset that affects performance and causes a setback. Being polled, Angus bulls eliminate this additional stress and offer a reduction in the workload. Where farmers decide not to de-bud, horned animals with the level of aggression associated with bulls creates a risk to the farmer himself. Once again, this risk is reduced with Angus animals due to them being naturally polled.



WHAT THE IRISH ANGUS PRODUCER GROUP CAN OFFER THESE FARMERS

- 1) Support and advice in relation to the production and management of Angus bulls.
- 2) Planned production system ensuring that animals are slaughtered at an age that maximises the return to the farmer and ensures quality beef.
- 3) The benefits of being part of a large group in relation to setting prices, using a transparent system with a built-in premium.
- 4) Reassurance that a secure outlet is available for these bulls when finished.



Certified Irish Angus Beef



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