



NEPROVALTER project: a model for the valorisation of the agriculture of the alpine area. *Tarvisio, 1-2 December 2005*

## ORGANIC AND QUALITY MEAT AND DAIRY PRODUCTION

**Analysis and comparison of production cost for meat and milk in the mountain farms of the partner regions**

*Manuela Nait*

Settore Agricoltura Aziende Sperimentali e Dimostrative della Provincia di Pordenone – Regione Autonome Friuli Venezia Giulia (ITALIA)

## OBJECTIVES

To compare the production costs of organic and conventional meat and milk across the pilot areas

To compare the extent and the impact of the public intervention on the reduction of costs

## APPROACH

Collection of data through the Network of Agricultural Accounting Information (RICA) of the INEA



INEA did not record data of the farm typology included in our study



Creation of a model (Neprovalter) for the data acquisition in some characteristic breeding farms of the pilot areas

## ACTUAL SITUATION

No farms producing organic milk in the pilot areas of 2 out of 3 partners in the related WP (VDA and FVG)

Low diffusion of organic meat production in most of the studied areas

High heterogeneity of the animal type bred for meat (350 to 700 kg live weight)

## AVAILABLE DATA

### Milk

VDA and FVG from surveys according the model Neprovalter  
BAL from other information sources

### Meat

FVG, LIG and BZ from surveys according the model Neprovalter  
KAR and SLO from other information sources

# METHODOLOGY

## Objective

To collect some elements as baseline points for comparing the economic validity of the different productive systems

To apply a simple technique in order to relate the single budget items (active and passive) to the unit of produced meat / milk, detecting ...

# METHODOLOGY

*... the costs*

Detected costs: livestock acquisition, paid employment, energy, veterinary and healthy interventions, current costs related to breeding

Calculated costs: capital interest rate, depreciations, farm taxes, social costs of the family workers

Total = detected costs + calculated costs

Manpower costs

# METHODOLOGY

*... and the benefits*

Unit price

Public interventions

Related costs

## MILK PRODUCTION COSTS

	VDA	FVG
N of farms	9	5
Avg. ABU	44	38
Medium production per cows/year (kg)	2396	3239
Forage UAA, no alpine grazing (ha)	38	30
Forage UAA, alpine grazing (ha)	355	60

## MILK PRODUCTION COSTS - BALANCE

<i>COSTS</i>	<i>VDA</i>	<i>FVG</i>
Detected costs (€/kg)	0.5	0.48
Calculated costs (€/kg)	0.34	0.18
<b>Total (€/kg)</b>	<b>0.84</b>	<b>0.66</b>
Manpower costs (€/kg)	0.72	0.93
<b>TOTAL COSTS (€/kg)</b>	<b>1.56</b>	<b>1.59</b>
<i>BENEFITS (SGP)</i>	<i>VDA</i>	<i>FVG</i>
Milk price (€/kg)	0.5	0.35
Public intervention (€/kg)	0.54	0.44
Related income	0.18	0.12
<b>Total</b>	<b>1.22</b>	<b>0.91</b>

## CONCLUSIONS – MILK PRODUCTION COSTS

The analysed farms have a loss-account balance

Farmers do not take into account the actual manpower and depreciation costs, that anyway have relevant impact on the economic assessment

In many cases the income is integrated by other economic activities, thus it is to argue that the maintenance of milk breeding in the mountains is for many aspects linked to the multi-functionality of farms

## MEAT PRODUCTION COSTS

	LIG bio	LIG con	BZ bio	FVG con	FVG bio
No. of farms	1	1	5	4	1
Avg. ABU	50	31	13	10	39
Liveweight (kg/head)	550	500	350	600	350

## MEAT PRODUCTION COSTS - BALANCE

<i>COSTS</i>	LIG bio	LIG con	BZ bio	FVG con	FVG bio
Detected costs (€/kg)	1,35	1,76	2,42	1,89	2,61
Calculated costs (€/kg)	2,98	3,57	5,48	2,71	3,67
<b>Total (€/kg)</b>	<b>4,33</b>	<b>5,33</b>	<b>7,9</b>	<b>4,6</b>	<b>6,28</b>
Manpower costs (€/kg)	2,43	2,07	1,96	1,74	2,08
<b>TOTAL COSTS (€/kg)</b>	<b>6,76</b>	<b>7,4</b>	<b>9,86</b>	<b>6,34</b>	<b>8,36</b>
<i>BENEFITS (SGP)</i>	LIG bio	LIG con	BZ bio	FVG con	FVG bio
Meat price (€/kg)	3,19	3,3	3,2	2,25	4,25
Public intervention (€/kg)	2,77	1,06	2,17	1,52	4,05
Related income	0,27	0,27	0,29	0,08	0
<b>Total</b>	<b>6,23</b>	<b>4,63</b>	<b>5,66</b>	<b>3,85</b>	<b>8,3</b>

## MEAT PRODUCTION COSTS

	SLO BIO	SLO BIO	SLO CONV	KAR BIO	KAR BIO
<i>COSTS</i>	fattening	suckler cows		fattening	suckler cows
Total cost (€/kg)	1,65	1,5	1,7	2,52*	1,66*

\* calculate data; detected data are 947 euro/head (fattening) and 623 euro/head (suckler cows).

## CONCLUSIONS – MEAT PRODUCTION COSTS

The results indicate that the income / kg of organic meat is higher than the conventional meat

This is due to the major size of the organic farm with respect to the conventional one (higher UAA and ABU = lower costs per head, more contribution per area)

In fact, considering the situation of BZ where the farm size is generally lower, even the organic farms result in loss-account balance, notwithstanding consistent public contributions

## CONCLUSIONS – MEAT PRODUCTION COSTS

The conventional farms result always in loss-account balance, also because of the lower size, that makes them not suitable for conversion

For most of the analysed farms, the meat production is not the main activity, but rather an income integration

This happens because the calculated costs and the manpower are not taken in proper consideration



Thanks for your attention