

Taking control of input costs

John Noonan on why membership of a producer group can yield financial benefits for farmers

IT was Sir Horace Plunkett, agricultural reformer, and pioneer of agricultural cooperatives who coined the phrase “better farming, better business and better living”. These days this objective involves the adoption of new technologies and creating a better living environment through using co-operative structures.

The producer group concept is one area of the cooperative movement that is well established in the sheep sector mainly, and plays a role in stabilising and improving incomes for farm families.

The need to become more financially fit has never been more important as farmers cope with increasing input costs, and unstable market prices.

The bigger producer groups can exert some influence of input prices especially meal and fertiliser, while on the output side they can make a substantial improvement in returns for product.

Producer groups vary from breeding replacement groups to the more common factory groups for finished lamb, and the different services they offer.

As a business and technology advisor with Teagasc, I see producer groups playing an important role as a mechanism to adopt messages on better breeding, grassland management and reducing costs, ultimately improving group members' incomes.

The groups I work with have a number of similar qualities necessary for success

- They work hard to produce a quality product and are proud of it
- They show loyalty and commitment to the group
- They produce a product the market wants and respond to customer needs
- They have rules for the group that members adhere to
- There is competition among group members to annually improve stock
- They develop good working relationships with factories/feed companies etc that shows respect and commitment on both sides.

Breeding groups offer farmers a location where they can purchase large numbers of uniform, prolific quality stock, that are fully traceable and farmer owned and bred.

From a disease risk, they offer farmers the next best option to home breeding.

The chairman of the Mayo Mule and Greyface group, Joe Cahill said the sheep “have improved over the years responding to customer demands for better conformation, more uniformity, size and quality, which has in turn led to stronger demand and better returns to committed members.”

The Mayo Blackface group run a similar breeding sale in late September presenting uniform quality stock to producers. John Joyce, the group secretary, said “an organised sale facilitates both buyers and sellers, buyers see the best of mayo stock and sellers have competition and achieve better prices.”

Training and education

Producer groups get continual feed-



John Morahan, from Kilmaine, Co Mayo whose flock won the Best in Show trophy at the recent Premier Mayo Mule and Greyface group sale in Ballinrobe. CONOR MCKEOWN



back on key performance indicators such as kill out percentage, slaughter weight, and fat cover, from the factory and committee members.

Unlike price, farmers can control these factors and can make a big impact on enterprise returns and overall profitability.

Teagasc advisors play a vital role in a number of producer groups throughout the country including the Inishowen lamb producer group; the Sligo Leitrim lamb producer group and the Monaghan lamb producer group and the South Mayo lamb producer group.

They help facilitate groups using the platform to transmit key messages on grassland; breeding and feeding to increase output and farm incomes.

These producer groups integrate successfully with programmes including STAP Teagasc sheep events and the newly launched Knowledge transfer programme to improve the uptake of improved farming methods.

It is difficult to put a monetary value on what being a member of a producer group is worth. If you save a day's wages that can be €100 and if you have five drafts of lambs, that is €500.

The factories generally give a bonus/kilogram/lamb to group members, which can be substantial especially with large numbers of lambs and ewes.

Producer groups have the power to exert influence on prices of inputs, for example €15/t concentrates reduction for group members or a bonus of 5 cent/kilo for wool.

Cumulatively, these factors improve farm incomes and help to make farming a more viable option. There are opportunities for establishing more producer type models for cattle farmers also.

Suckler farmers normally have one or two selling days annually, which can lead to increased risk of reduced returns per head by factors they have no control over, including poor weather, number buyers present and market forces both nationally and internationally.

If suckler farmers joined together

and marketed weanlings efficiently, offering uniform groups based on weight, quality, breeding history and high health status, they would find that many cattle finishers would prefer these animals and pay a premium for them.

This model would give more structure and certainty to suckler farmers.

There is scope for the well established producer groups to form stronger links, with the possibility of sharing information and ultimately joining together in different regions.

This would further develop the concept of producer group and factories working together in partnerships to cater for consumer needs and achieve better returns for both sides.

The model is already working well in France, where there are producer groups marketing both cattle and sheep for farmer groups numbering over 40,000 members.

However, there is need to fund existing active sheep producer groups and newly emerging sheep and cattle groups, at both national and EU level, to help them develop and innovate to provide a better service to group members.

John Noonan is a Teagasc advisor based in Mayo email: john.noonan@teagasc.ie

GROUP FOCUS: THE MAYO BLACKFACE GROUP

THE Mayo Blackface group was established in 2004 following a public meeting of sheep farmers who were interested in starting a sale of high quality breeding stock in large numbers. There was an opportunity in the market for such a sale as buyers were finding it difficult to source good quality stock in substantial numbers around the country. The group began with 45 members paying a membership annually and submitting ewes, hoggets and ewe lambs for this special sale.

Following the election of a committee, a sale was organised along with Aurivo mart Ballinrobe, where stock are pre booked, advertised and sold at a designated time on the day.

In year one, the group sold 800 sheep achieving a premium of €20-30/head over stock at other similar venues. This trend has continued, with a steady improvement in quality and presentation, with 1,800 sheep sold at the 2014 sale. In 2010, the Mayo Connemara ram group joined forces with the group to sell their pre selected rams at the annual sale. This development, along with establishing the sale on the last Saturday in September at Aurivo Ballinrobe, has put the sale firmly on the map nationally.

Farmers join groups for different reasons, including breeding sales, certainty of market and good transport. The committee began working with factories hammering out group deals on light lamb from 2005 to 2008. The light lamb market collapsed and the group looked at ways of helping the members to increase selling weight of lambs through encouraging the finishing at higher weights off grass and working with meal companies to get deals on finishing rations for lambs.

The group has grown to over 200 members with many new members joining as the group began marketing lowland lamb. In 2014, the group marketed around 10,000 lambs mainly killing at an average carcase weight of 17kg. The group is involved in other activities including doing group deals with wool merchants, hammering out deals on ewe rations, and getting competitive prices on mineral supplements and dosing products.

The group works closely with the south Mayo producer group and the Mayo Mule and Greyface group, sharing office space and excellent administration staff, coordinating the various activities from booking lambs in to texting nearly 500 member farmers in west Mayo.

The group is only as good as active committed members and office staff, with a constant drive to produce excellent stock. The Mayo Blackface annual breeding sale takes place on Saturday, September 26 at Aurivo Ballinrobe with 850 ewe lambs, 450 hoggets and 500 ewes. Information is available from the group office 094 9521820 or www.mayoblackface.com



THE FACTORIES GENERALLY GIVE A BONUS TO GROUP MEMBERS