TEAGASC National Farm Survey Results 2011

Sheep Enterprise: Mid-Season Lamb

The 2011 National Farm Survey (NFS) recorded data on 1,050 farms. The full financial results for these farms are available in the National Farm Survey 2011 report, (www.teagasc.ie/publications). This publication summarises the results for farms with a mid season lamb enterprise. There are 99 farms in the sample representing 9,427 farms nationally. Only sheep enterprises with more than 20 ewes are included in the analysis.

Table 1: Average gross and net margin Euro per hectare: mid-season lamb

	2010	*2011*	*Change '10 to '11*
	€	€	%
Coupled Direct Payment (Sheep welfare payment)	28	57	103
Total Gross Output	882	1056	20
Concentrate Costs	163	155	-5
Pasture and Forage Costs	72	81	13
Other Direct Costs	147	145	-1
Total Direct Costs	381	381	-
Gross Margin	500	675	35
Energy and Fuel	65	80	23
Other Fixed Costs	510	448	-12
Total Fixed Costs	575	528	-8
Net Margin	-74	147	298

1. Analysis of Financial Performance

Strong lamb prices in 2011 resulted in a 20% increase in gross output per hectare on mid-season lamb farms (Table 1). On some farms there was a delay in the payment of grassland sheep scheme payment from 2010 into 2011 and as a result the value of the payment on a per hectare basis increased from 2010 to 2011. The profit figures reported here exclude all decoupled payments and the costs relating to family labour. Overall total direct costs remained unchanged, concentrates and other direct costs declined while pasture and forage costs increased by 13% over this period. On average, gross margin per hectare of mid season lamb enterprises increased by 35% to €675 per hectare in 2011. Total fixed costs declined by 8%. In contrast to previous years, on average, returns from the marketplace were sufficient to cover total production costs and net margin per hectare in 2011 was €147, compared to a negative net margin of -€74 per hectare in 2010, an increase of 298%.

Table 2 presents the average gross and net margin per ewe for 2010 and 2011. The delay in payment of the coupled grassland sheep scheme combined with higher lamb prices increased the gross output per ewe by 24%. With only moderate increases in direct costs and reductions in fixed costs, the average net margin per ewe in 2011 was €15, an almost 200% increase on the 2010 figure.

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Table 2: Average gross and net margin Euro per Ewe: mid-season lamb

	2010	*2011*	*Change '10 to '11*
	€	€	%
Coupled Direct Payment (Grassland Sheep Scheme)	4	8	100
Total Gross Output	119	147	24
Concentrate Costs	22	23	5
Pasture and Forage Costs	10	11	10
Other Direct Costs	20	20	0
Total Direct Costs	52	55	6
Gross Margin	67	92	37
Energy and Fuel	10	12	21
Other Fixed Costs	73	66	-9
Total Fixed Costs	83	77	-7
Net Margin	-16	15	196

2. Variation in Financial Performance

Table 3 summarises results for farms classified on the basis of gross margin per hectare; the best performing one-third of farms (Top), the middle one-third (Middle) and the poorest performing one-third (Bottom). The value of gross output per hectare varies considerably across the three groups, this is mostly due to variation in stocking and weaning rates. Gross output per hectare for the Top group is more than double that of the Bottom. There is a less significant difference in direct costs per hectare between the three groups, with the Top group spending on average €379 per hectare on total direct costs in comparison to €366 and €358 in the Middle and Bottom groups. The Top group has a gross margin of €1098 per hectare, almost 4 times higher than the Bottom one-third.

Table 3: Variation in output and profit: top, middle and bottom one-third of mid season lamb producers

	Top	*Middle*	*Bottom*
Stocking rate (ewes per hectare)	8.96	7.15	5.06
Weaning rate (lambs per ewe)	1.40	1.35	1.27
Gross Output (€/hectare)	1477	1020	642
Concentrates (€/hectare)	128	153	160
Pasture and Forage (€/hectare)	108	70	78
Other Direct Costs (€/hectare)	143	143	120
Total Direct Costs (€/hectare)	379	366	358
Gross Margin (€/hectare)	1098	654	284

Table 4 shows the distribution of gross margin per hectare for mid-season lamb enterprises in 2010 and 2011. In 2011 32% of farms earned a gross margin of less than €500 per ha, declining from 55% in 2010. At the opposite end of the distribution 45% of farms earned a net margin of €500 or more in 2010, increasing to 67% in 2011.

Table 4: Distribution of gross margin € per hectare: 2010 and 2011

Gross Margin	**2010**	**2011**
€/hectare	%	%
<300	25	17
300-500	30	15
500 - 750	27	29
750 - 1000	15	27
>1000	3	11

3. Variation in Technical Performance

Table 5 presents the average technical performance in 2010 and 2011 along a number of indicators. The stocking rate per hectare declined between 2010 and 2011 but the ewes let to ram per farm increased by 4% in 2011. The weaning rate also increased year on year to almost 1.4 lambs per ewe. This resulted in lamb carcass produced per hectare increasing by 5% to an average of 207kg per hectare.

Table 5: Technical Performance Indicators

	Average 2010	*Average 2011*	*Percentage Change*
Stocking rate (ewes/hectare)	7.4	7.0	-5
Weaning rate (lambs per ewe)	1.3	1.4	+8
Ewes to ram	97	101	+4
Lamb mortality (%)	0.08	0.07	-13
Lambs weaned per hectare	9.9	10.4	+5
Lamb carcass (kg) per hectare	198	207	+5

The Teagasc Road Map for sheep production has set performance indicators for the sector for 2018. Table 6 show the percentage of farms that achieved a selection of these targets in 2010 and 2011. Performance improved along all dimensions with the exception of stocking rate. The percentage of farms stocking 9 ewes per hectare or more decreased from 23 to 13 percent.

Table 6: Percentage of farms achieving selected Teagasc dairy road map targets

	Percentage 2010	*Percentage 2011*
Lamb Mortality: ≤ 8%	60	68
Ewes Lambed : ≥ 94%	68	76
Weaning rate: ≥ 1.6 lambs per ewe	8	14
Stocking rate: >9 ewes per hectare	23	13
Concentrate feed usage: ≤ 50kg/ewe	31	32

The average flock size in 2011 was 102 ewes. There were 14% of farms with flocks size of 150 ewes or more.

Table 7: Distribution of gross margin € per hectare: 2010 and 2011

Flock Size	**Percentage of Flocks**
20-40	24
40-70	27
70-100	14
100-150	20
>150	14