

Teagasc National Farm Survey Results 2012

Sheep Enterprise: Mid-Season Lamb



The 2012 Teagasc National Farm Survey (NFS) recorded data on 922 farms. The full financial results for these farms are available in the National Farm Survey and to download at www.teagasc.ie/nfs. This publication summarises the results for farms with a mid season lamb enterprise. There are 104 farms in the sample representing 8,450 farms nationally. Only sheep enterprises with more than 20 ewes are included in the analysis.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled payments and the costs relating to family labour. The sheep grassland payment, as it is coupled to production, is included in the analysis and increased in value by 50% in 2012. This increase was due to an overhang of 2011 payments that were actually made in 2012. Lamb prices were down 7% in 2012, resulting in an overall 6% decline in gross output (Table 1). Total direct costs increased by 11% with expenditure on concentrate feed increasing by 18%. Despite fixed costs remaining unchanged, net margin still declined by almost 40%.

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

	2011	2012	% Change '11 to '12
Coupled Grassland Welfare Payment	55	83	+51
Gross Output	1,070	1,011	-6
Concentrate Costs	148	175	+18
Pasture and Forage Costs	127	129	+2
Other Direct Costs	93	103	+11
Total Direct Costs	368	407	+11
Gross Margin	702	604	-14
Energy and Fuel	104	105	+1
Other Fixed Costs	334	334	-
Total Fixed Costs	438	439	-
Net Margin	264	165	-37

Table 2 presents the average gross and net margin per ewe for 2011 and 2012. As with the per hectare analysis, net margin when expressed per ewe also declined significantly from 2011 to 2012.

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

	2011	2012	% Change '11 to '12
Coupled Sheep Grassland Payment	8	12	+50
Gross Output	149	138	-7
Concentrate Costs	22	25	+14
Pasture and Forage Costs	18	17	-6
Other Direct Costs	13	14	+8
Total Direct Costs	53	56	+6
Gross Margin	96	82	-15
Energy and Fuel	15	15	-
Other Fixed Costs	48	48	-
Total Fixed Costs	63	63	-
Net Margin	33	18	-44

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). Due to higher weaning and stocking rates, output on the Top farms is more than double the output of the Bottom Farms and total direct costs are only 13% higher despite the significantly larger output. Gross margin per hectare is more than four times higher on the Top farms compared to the bottom.

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)	8.95	7.05	5.57
Weaning rate (lambs per ewe)	1.26	1.30	1.09
Gross Output (€/hectare)	1,437	1,005	612
Concentrates (€/hectare)	177	163	185
Pasture and Forage (€/hectare)	159	116	112
Other Direct Costs (€/hectare)	110	102	98
Total Direct Costs (€/hectare)	446	380	395
Gross Margin (€/hectare)	992	625	217

Table 4: Distribution of gross margin € per hectare: 2011 and 2012

In 2012 19% of farms earned a gross margin of less than €300 per ha, up from 14% in 2011. At the opposite end of the distribution 12% of farms earned a net margin of €1,000 or more in 2012, which was unchanged on the 2011 level.

Gross Margin	% of farms 2011	% of farms 2012
<300	14	19
300-500	17	15
500 - 750	26	33
750 - 1000	30	21
>1,000	12	12

3. Variation in Technical Performance

Table 5 presents a number of technical performance indicators. The stocking rate per hectare remained unchanged between 2011 and 2012. However, farm performance deteriorated along all of the other technical indicators. Weaning and mortality rates declined as did the number of ewes let to ram. The lamb carcass weight also declined possibly due to the inclement weather conditions and/or in response to the falling lamb price.

Table 5: Technical Performance Indicators

	2011	2012	% Change '11 to '12
Stocking rate (ewes/hectare)	7.2	7.2	-
Weaning rate (lambs per ewe)	1.3	1.2	-5
Ewes to ram	115	111	-3
Lamb mortality (%)	7	8	+7
Lambs weaned per hectare	9.3	8.8	-6
Lamb carcass (kg) per hectare	187	175	-6

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 2011 and 2012. The percentage of farmers achieving the lambing and stocking rate targets increased, while performance along all of the other technical indicators deteriorated. In some cases this was weather related, for example in the case of concentrate feed usage.

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

	2011	2012
Lamb Mortality: $\leq 8\%$	70	61
Ewes Lambed : $\geq 94\%$	54	64
Weaning rate: ≥ 1.6 lambs per ewe	12	3
Stocking rate: >9 ewes per hectare	13	19
Concentrate feed usage: $\leq 50\text{kg/ewe}$	34	26

Table 7: Distribution of Flock Size 2012

The average flock size in 2012 was 103 ewes. Just 14% of farms had flocks of 150 ewes or more and they accounted for 17% of total lamb production.

Flock Size	% of Flocks	% of Lamb Produced
20-50	35	33
50-100	26	23
100-150	25	26
>150	14	17