

National Farm Survey Results 2010

Sheep Enterprise

July 2011

The 2010 National Farm Survey (NFS) recorded data on 1,050 farms. The full financial results for these farms are available in the National Farm Survey 2010 report, (www.teagasc.ie/publications).

This publication summarises the results for the mid season lamb enterprises. There are 100 farms in the sample representing 11,060 farms nationally. Only sheep enterprises with more than 20 ewes are included in the sample.

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

	2009	2010	Change '09 to '10
	€	€	%
Coupled Direct Payment (Sheep welfare payment)	6	28	389
Total Gross Output	769	877	14
Concentrate costs	150	168	12
Pasture and Forage Costs	80	71	-12
Other Direct Costs	134	157	18
Total Direct Costs	365	397	9
Gross Margin	405	481	19
Energy and Fuel	70	69	-2
Other Fixed Costs	487	525	8
Total Fixed Costs	558	593	7
Net Margin	-153	-113	-26

1. Analysis of Financial Performance

2010 saw the introduction of the grassland sheep scheme, paid early in 2011 it is included with the 2010 figures. This coupled payment combined with an increase in lamb prices of 16% resulted in an increase of 14% in gross output per hectare on mid season lamb enterprises in 2010 (Table 1). Total direct costs increased by 9% due mostly to an increase in the concentrates feed use on farms with overall concentrate usage per ha increasing by 12%.

On average gross margin per hectare of mid season lamb enterprises increased by 19% to €481 per hectare in 2010. Total fixed costs increased by 7%. On average returns from the marketplace alone was not sufficient to cover total production costs and net margin per hectare in 2010 remained negative at €-113 per hectare.

Table 2 presents the average gross and net margin per ewe for 2009 and 2010. The average net margin per ewe in 2010 was €-21.

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

	2009	2010	Change '09 to '10
	€	€	%
Coupled Direct Payment (Grassland Sheep Scheme)	1	4	325
Total Gross Output	106	116	9
Concentrate costs	21	22	9
Pasture and Forage Costs	11	10	-12
Other Direct Costs	20	21	6
Total Direct Costs	51	53	3
Gross Margin	55	63	14
Energy and Fuel	11	11	-3
Other Fixed Costs	73	74	1
Total Fixed Costs	84	84	1
Net Margin	-29	-21	-26

2. Variation in Financial Performance

The data in Table 1 presents the average across all mid-season lamb flocks. The wide variation that occurs throughout the country in financial performance between different mid-season lamb producers is not apparent. Table 3 ranks flocks on the basis of gross margin per hectare and splits the sample into thirds (top, middle and 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. The natural advantage of the top one-third of producers is evident with 77% of them farming very good soils, compared to 41% of farms in bottom group. Gross output per hectare for the top producers is more than double that of the bottom one-third of producers.

There is a less significant difference in direct costs per hectare between the three groups. The top one-third of producers have a gross margin of €766 per hectare, almost 5 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)	8.68	6.78	6.34
Weaning rate (lambs per ewe)	1.37	1.26	1.14
% of farms on very good soils	77%	61%	41%
Gross Output (€/hectare)	1225	775	555
Concentrates (€/hectare)	189	125	180
Pasture and Forage (€/hectare)	79	64	68
Other Direct Costs (€/hectare)	191	121	149
Total Direct Costs (€/hectare)	459	309	397
Gross Margin (€/hectare)	766	466	157

Table 4 shows the distribution of gross margin per hectare for mid-season lamb enterprises in 2009 and 2010. The gross margin figures exclude all decoupled payments such as the Single Farm Payment and Disadvantage Area Payments but includes the grassland sheep scheme payment. In 2009 62% of farms earned a gross margin of less than €500 per ha. This proportion decreased to 56% in 2010. At the opposite end of the distribution 38% of farms earned a net margin of €500 or more in 2009, with this increasing to 45% of mid-season lamb enterprises in 2010.

Table 4: Distribution of gross margin € per hectare: 2009 and 2010

Gross Margin €/hectare	2009	2010
	%	%
0<300	35%	27%
300-500	27%	28%
500-750	25%	30%
750-1000	10%	12%
>1000	3%	3%

3. Variation in Technical Performance

Table 5 presents the average technical performance in 2009 and 2010 along a number of indicators.

The stocking rate per hectare and ewes let

to ram per farm decreased significantly in 2010. The weaning rate remained stable but as a result of the reduced stocking rate lamb carcass produced per hectare reduced by 8%.

Table 5: Technical Performance Indicators

	Average 2009	Average 2010	Percentage Change
Stocking rate (ewes per hectare)	8.0	7.4	-7
Weaning rate (lambs per ewe)	1.3	1.3	-6
Ewes to ram	104	91	-13
Lamb mortality (%)	0.07	0.08	20
Lambs weaned per hectare	10.8	10.0	-8
Lamb carcass (kg) per hectare	216	199	-8

The Teagasc Road Map for sheep production has set performance indicators for the sector for 2018.

Table 6 shows the percentage of farms that achieved a selection of these targets in 2009 and 2010.

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

	Percentage 2009	Percentage 2010
Lamb Mortality: ≤ 8%	67%	58%
Ewes Lambled: ≥ 94%	80%	66%
Weaning rate: ≥ 1.6 lambs per ewe	9%	8%
Stocking rate: > 9 ewes per hectare	18%	26%
Concentrate feed usage: ≤ 50kg per ewe	38%	30%

4. Overview

Table 7: Flock size distribution

Flock Size-ewes	2010
20-40	22%
40-70	26%
70-100	23%
100-150	20%
>150	9%

The average flock size in 2010 was 93 ewes.

9 percent of flocks had 150 ewes or more.

The average family farm income on the sheep farms with a mid-season lamb enterprise in 2010 was €14,800. Table 8 shows the distribution of income by flock size and reliance on direct payments (DP).

Table 8: Family Farm income and reliance on direct payments (DP)

Flock Size	Income (€)	Total DP (€)	DP as a % of Income
20-40	5506	12128	220%
40-70	6451	12906	200%
70-100	13080	15964	122%
100-150	26776	27135	101%
>150	39586	36459	92%

Average family farm income increases with flock size. Total decoupled payments (which include the Single Farm Payment, Disadvantaged area payments and REPS) account for 220% of income for the smallest flocks and 92% for the largest.