

Teagasc National Farm Survey Results 2013

Sheep Enterprise: Mid-Season Lamb



The 2013 Teagasc National Farm Survey (NFS) recorded data on 911 farms. The full financial results for these farms are available in the National Farm Survey, to download these go to www.teagasc.ie/nfs. This publication summarises the results for farms with a mid-season lamb enterprise. Only enterprises with more than 20 ewes are included in the analysis. There are 115 farms in the sample with the mid-season lamb enterprise and they represent almost 10,250 farms nationally.

1. Analysis of Financial Performance

The profit figures reported here exclude all decoupled direct payments and the costs relating to family labour. The sheep grassland payment, as it is coupled to production, is included in the enterprise analysis; the value per hectare of the sheep grassland payment decreased by 39% in 2013. The average lamb prices received by the farms in the Teagasc NFS sample were marginally higher in 2013 than in 2012 (+1%), so that overall there was a 2% increase in gross output (see Table 1). Total direct costs increased by 26%, with expenditure on concentrate feed increasing by 40%. Fixed costs increased by 10% leading to a decline in net margin per hectare of 75% in 2013 as compared with 2012.

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

	2012	2013	% Change '12 to '13
Coupled Grassland Welfare Payment	83	51	-39
Gross Output	1,011	1,035	+2
Concentrate Costs	175	244	+40
Pasture and Forage Costs	129	153	+19
Other Direct Costs	103	114	+10
Total Direct Costs	407	511	+26
Gross Margin	604	524	-13
Energy and Fuel	105	110	+5
Other Fixed Costs	334	373	+12
Total Fixed Costs	439	483	+10
Net Margin	165	41	-75

Table 2 presents the average gross and net margin per ewe for 2012 and 2013. As with the per hectare analysis, net margin when expressed per ewe also declined significantly between 2012 to 2013, with net margin in 2013 of €2/ewe 89% lower than in 2012. The decline in profitability in 2013 was driven by large increases in direct and overhead costs most notable concentrate feed and pasture and forage costs.

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

	2012	2013	% Change '12 to '13
Coupled Sheep Grassland Payment	12	7	-42
Gross Output	138	138	-
Concentrate Costs	25	33	+32
Pasture and Forage Costs	17	20	+18
Other Direct Costs	14	15	+7
Total Direct Costs	56	69	+23
Gross Margin	82	92	-16
Energy and Fuel	15	15	-
Other Fixed Costs	48	52	+8
Total Fixed Costs	63	67	+6
Net Margin	18	2	-89

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 6% higher despite the significantly larger output. Gross margin per hectare is almost five times higher on the Top farms compared to the Bottom farms.

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)	8.75	7.40	6.27
Weaning rate (lambs per ewe)	1.32	1.32	1.15
Gross Output (€/hectare)	1,439	1,014	670
Concentrates (€/hectare)	234	242	257
Pasture and Forage (€/hectare)	197	143	121
Other Direct Costs (€/hectare)	112	123	106
Total Direct Costs (€/hectare)	543	509	483
Gross Margin (€/hectare)	896	505	187

In 2013 24% of mid-season lamb enterprises earned a gross margin of less than €300 per ha, up from 19% in 2012 (14% in 2011). At the opposite end of the distribution 10% of farms earned a gross margin of €1,000 or more in 2013, which was down from the 2011 level of 12%.

Table 4: Distribution of gross margin € per hectare: 2012 and 2013

Gross Margin	% of farms 2012	% of farms 2013
<300	19	24
300-500	15	28
500 - 750	33	30
750 - 1000	21	7
>1,000	12	10

3. Variation in Technical Performance

Table 5 presents data for a number of technical performance indicators for the mid-season lamb enterprise. In 2013 the average stocking rate per hectare increased to 7.5 ewes/hectare while the weaning rate per ewe also increased, with the weaning rate in 2013 8% higher than in 2012. The hard winter and late spring of 2013 however meant that some of this improvement was offset by higher levels of lamb mortality, which increased by 13% in 2013. Overall the volume of lamb carcass produced per hectare in 2013 increased by 14kg (8%) in 2013.

Table 5: Technical Performance Indicators

	2012	2013	% Change '12 to '13
Stocking rate (ewes/hectare)	7.2	7.5	+4
Weaning rate (lambs per ewe)	1.2	1.3	+8
Ewes to ram	111	113	+2
Lamb mortality (%)	8	9	+13
Lambs weaned per hectare	8.8	9.5	+8
Lamb carcass (kg) per hectare	175	189	+8

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 2012 and 2013. In 2013 the share of farmers achieving the weaning and stocking rate targets increased. Performance along the other technical indicators deteriorated with the main reason for the deterioration the poor weather in the winter of 2012/2013 and the spring of 2013. This led to increased levels of concentrate usage and increased levels of lamb mortality.

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

	2012	2013
Lamb Mortality: ≤ 8%	61	53
Ewes Lambled : ≥ 94%	64	62
Weaning rate: ≥ 1.6 lambs per ewe	3	8
Stocking rate: >9 ewes per hectare	19	26
Concentrate feed usage: ≤ 50kg/ewe	26	19

The average flock size in 2013 was 107 ewes, increasing from 103 in 2012. Just 16% of farms had flocks of 150 ewes or more and these farms accounted for 17% of total lamb production.

Table 7: Distribution of Flock Size 2013

Flock Size	% of Flocks	% of Lamb Produced
20-50	37	39
50-100	22	18
100-150	25	26
>150	16	17