

## Teagasc National Farm Survey Results 2014



### Sheep Enterprise: Mid-Season Lamb

The 2014 Teagasc National Farm Survey (NFS) recorded data on 895 farms. The full financial results for these farms are available in the National Farm Survey and to download at [www.teagasc.ie/nfs](http://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 9,867 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. In general 2014 was a very good year for mid-season lamb with prices up and costs of production down. However, it should be put in the context that 2013 was a very poor year for profit on sheep farms. With a 10 percent increase in gross output and a reduction in direct costs, the net margin per hectare more than doubled between 2013 and 2014. There was a considerable increase in fixed costs in 2014 this is mostly due to an increase in capital spending on sheep farms driven by the availability of grants through the Targeted Agricultural Modernisation Schemes (TAMS).

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

|                          | 2013  | 2014 | %<br>Change<br>'13 to '14 |
|--------------------------|-------|------|---------------------------|
| Coupled Payments         | 51    | 55   | +8                        |
| <b>Gross Output</b>      | 1,035 | 1137 | +10                       |
| Concentrate Costs        | 244   | 184  | -25                       |
| Pasture and Forage Costs | 153   | 155  | +2                        |
| Other Direct Costs       | 114   | 129  | +14                       |
| Total Direct Costs       | 511   | 469  | -8                        |
| <b>Gross Margin</b>      | 524   | 668  | +27                       |
| Energy and Fuel          | 110   | 134  | +22                       |
| Other Fixed Costs        | 373   | 443  | +19                       |
| <b>Total Fixed Costs</b> | 483   | 577  | +19                       |
| <b>Net Margin</b>        | 41    | 91   | +122                      |

Table 2 presents the average gross and net margin per ewe for 2013 and 2014. As with the per hectare analysis, net margin when expressed per ewe also increased significantly from 2013 to 2014 albeit from a very low base.

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

|                          | 2013 | 2014 | %<br>Change<br>'13 to '14 |
|--------------------------|------|------|---------------------------|
| <b>Gross Output</b>      | 138  | 152  | +10                       |
| Total Direct Costs       | 69   | 62   | -10                       |
| <b>Gross Margin</b>      | 69   | 91   | +32                       |
| <b>Total Fixed Costs</b> | 67   | 78   | +16                       |
| <b>Net Margin</b>        | 2    | 13   | +550                      |

## 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 three 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) | 9.07  | 7.43   | 6.35   |
| Weaning rate (lambs per ewe)     | 1.46  | 1.32   | 1.16   |
| Gross Output (€/hectare)         | 1,614 | 1,075  | 733    |
| Concentrates (€/hectare)         | 196   | 187    | 170    |
| Pasture and Forage (€/hectare)   | 179   | 149    | 135    |
| Other Direct Costs (€/hectare)   | 153   | 119    | 120    |
| Total Direct Costs (€/hectare)   | 528   | 455    | 425    |
| Gross Margin (€/hectare)         | 1,085 | 620    | 308    |

**Table 4: Distribution of gross margin € per hectare: 2013 and 2014**

The proportion of farms earning low gross margins per hectare declined in 2014. Almost a quarter of farms earned a gross margin of less than €300 per hectare in 2013 and this declined to 15 percent in 2014. Similarly the number of farms earning a gross margin of €1,000 or more doubled between 2013 and 2014.

| Gross Margin | % of farms<br>2013 | % of farms<br>2014 |
|--------------|--------------------|--------------------|
| <300         | 24                 | 15                 |
| 300-500      | 28                 | 19                 |
| 500 - 750    | 30                 | 32                 |
| 750 - 1000   | 7                  | 15                 |
| >1,000       | 10                 | 19                 |

### 3. Variation in Technical Performance

Table 5 presents a number of technical performance indicators. The stocking and weaning rates per hectare were more or less unchanged between 2013 and 2014. However, there was an improvement in performance for the other indicators with lamb mortality down and carcass weight produced per hectare up.

**Table 5: Technical Performance Indicators**

|                               | 2013 | 2014 | %<br>Change<br>'13 to '14 |
|-------------------------------|------|------|---------------------------|
| Stocking rate (ewes/hectare)  | 7.5  | 7.6  | +1                        |
| Weaning rate (lambs per ewe)  | 1.3  | 1.3  | 0                         |
| Lamb mortality (%)            | 9    | 7    | -22                       |
| Lambs weaned per hectare      | 9.5  | 10   | +5                        |
| Lamb carcass (kg) per hectare | 189  | 202  | +7                        |

The Teagasc Road Map for sheep production has set performance indicators for the sector for 2025. Table 6 shows the percentage of all farms and of Teagasc clients that achieved a selection of these targets in 2014. The performance of Teagasc clients is better for all of the indicators.

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

|                                    | All Farms<br>% | Teagasc Clients<br>% |
|------------------------------------|----------------|----------------------|
| Lamb Mortality: ≤ 8%               | 77             | 80                   |
| Ewes Lamed : ≥ 94%                 | 83             | 87                   |
| Lambs weaned per ewe joined: ≥ 1.4 | 33             | 35                   |
| Stocking rate: >9 ewes per hectare | 29             | 31                   |

**Table 7: Distribution of Flock Size 2014**

There are a large number of small flocks. Almost 70 percent of flocks consist of 100 ewes or less. Just 12 percent of farms had flocks of 150 ewes or more and they accounted for 13 percent of total lamb production.

| Flock Size | % of Flocks | % of Lamb<br>Produced |
|------------|-------------|-----------------------|
| 20 to 50   | 37          | 37                    |
| 50-100     | 33          | 29                    |
| 100-150    | 18          | 21                    |
| >150       | 12          | 13                    |