

Teagasc National Farm Survey Results 2015

Sheep Enterprise: Mid-Season Lamb



The 2015 Teagasc National Farm Survey (NFS) recorded data on 898 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. 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. Following a reasonably good year in 2014, margins on sheep enterprises declined in 2015. Gross output was down 15 percent per hectare due to both lower lamb prices and coupled payments. Although total direct costs declined, gross margin still fell by 21%. Overhead costs fell considerably in 2015 driven mostly by lower fuel prices. Overall net margin per hectare for mid-season lamb fell by 34 percent.

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

	2014	2015	% Change '14 to '15
Coupled Payments	55	9	-84
Gross Output	1137	967	-15
Concentrate Costs	184	191	+4
Pasture and Forage Costs	155	140	-10
Other Direct Costs	129	108	-16
Total Direct Costs	469	439	-6
Gross Margin	668	528	-21
Energy and Fuel	134	105	-22
Other Fixed Costs	443	363	-18
Total Fixed Costs	577	468	-19
Net Margin	91	60	-34

Table 2 presents the average gross and net margin per ewe for 2014 and 2015. As with the per hectare analysis, net margin when expressed per ewe also decreased significantly from 2014 to 2015.

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

	2014	2015	% Change '14 to '15
Gross Output	152	133	-12
Total Direct Costs	62	60	-3
Gross Margin	91	73	-20
Total Fixed Costs	78	67	-14
Net Margin	13	6	-54

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 lower despite the significantly larger output. Gross margin per hectare is more than five 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)	8.36	7.13	6.62
Weaning rate (lambs per ewe)	1.44	1.26	1.14
Gross Output (€/hectare)	1319	914	672
Concentrates (€/hectare)	148	158	268
Pasture and Forage (€/hectare)	146	140	126
Other Direct Costs (€/hectare)	113	102	117
Total Direct Costs (€/hectare)	407	400	510
Gross Margin (€/hectare)	912	515	162

Table 4: Distribution of gross margin € per hectare: 2014 and 2015

The proportion of farms earning low gross margins per hectare increased in 2015. Just over a quarter of farms earned a gross margin of less than €300 per hectare in 2015. The number of farms in the higher gross margin categories declined. In 2014 19% of farms produced a gross margin of €1,000 or more compared to 9% in 2015.

Gross Margin	% of farms	
	2014	2015
<300	15	26
300-500	19	23
500 - 750	32	28
750 - 1000	15	14
>1,000	19	9

3. Variation in Technical Performance

Table 5 presents a number of technical performance indicators. The weaning rates per ewe and per hectare were more or less unchanged between 2014 and 2015. However, the stocking rate and the lamb carcass produced per hectare declined by 3% and 5% respectively from 2014 to 2015.

Table 5: Technical Performance Indicators

	2014	2015	% Change '14 to '15
Stocking rate (ewes/hectare)	7.6	7.4	-3
Weaning rate (lambs per ewe)	1.3	1.3	-
Lamb mortality (%)	7	7	-
Lambs weaned per hectare	10	10	-
Lamb carcass (kg) per hectare	202	193	-5

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 2015. The performance of Teagasc clients is better for all of the indicators with the exception of stocking rate.

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

	All Farms %	Teagasc Clients %
Lamb Mortality: ≤ 8%	68	73
Ewes Lamed : ≥ 94%	61	68
Weaning rate: >1.6	14	17
Stocking rate: >9 ewes per hectare	24	21

Table 7: Distribution of Flock Size 2015

There are a large number of small flocks. Over 70 percent of flocks consist of 100 ewes or less. Just 17 percent of farms had flocks of 150 ewes or more and they accounted for 19 percent of total lamb production.

Flock Size	% of Flocks	% of Lamb Produced
20 to 50	35	35
50-100	29	26
100-150	18	20
>150	17	19