

Free Range Contract Egg Production

BFREPA costing are scrutinised by both the packers and supermarkets therefore it is very important that the costings are reliable and representative of the majority of free range producers. From this month we are going to publish our costings with both an explanation of how the figures were achieved but also with a variety of other scenarios where the figure may change substantially between producers.

The average producer gets 290 eggs per bird, however some producers will be achieving above and below this figure so we have given options at the bottom of this page for varying eggs per bird and how this would affect our costings.

costs without including the benefits that those costs incur.

One main change on this month's costings is the increase in cost of old hen values. Another change is the inclusion of premiums. It is unrealistic to include all

Old hen values

As at 1st March 2012 the old hen values were:-
25 pence less a catching fee of 7p per bird

Labour

Every unit is different. However one thing that doesn't change is that units don't run themselves. Your time or hired time the cost is calculated on the agricultural minimum wage as set out by law including the cost of holiday cover. For a 12,000 bird flock the time spent on average would be four hours in the morning and one and a half hours in the evening seven days a week with the weekends being classed as overtime. We have used the AMW grade two for our calculations. These are listed below.

Agricultural Minimum Wage and pay

The amount you are entitled to be paid as an agricultural worker depends on your category and grade.

	Minimum weekly pay £/week	Hourly pay £/hour	Overtime pay £/hour
Grade one compulsory school age		3.05	4.58
Grade one above compulsory school age	237.90	6.10	9.15
Grade two	264.03	6.77	10.16
Grade three	290.55	7.45	11.18
Grade four	311.61	7.99	11.99
Grade five	329.94	8.46	12.69
Grade six	356.46	9.14	13.71

Packer and Producer Prices

We survey five packers and five producers. Each producer receives some kind of premium for woodland, loyalty, brand or shed etc. These figures do not include any private or farmgate sales.

Packers

Packer 1 - 86.28
Packer 2 - 88.08
Packer 3 - 88.68
Packer 4 - 84.60
Packer 5 - 90.11

Producers

Producer 1 - 83.17
Producer 2 - 99.15
Producer 3 - 88.68
Producer 4 - 81.15
Producer 5 - 87.20

Percentages used for Free Range

Very Large - 5.97
Large - 48.95
Medium - 34.95
Small - 3.86
Seconds - 6.27

Farm seconds and seconds are averaged together where used

Average - 87.55

Average - 87.20

- 100%

BFREPA Free Range price **87.37**

Average of both Packer and Producer prices

Eggs per bird variations and how they affect our margin per bird

260	265	270	275	280	285	290	295	300	305	310	315	320
-3.87	-3.51	-3.14	-2.78	-2.42	-2.05	-1.69	-1.32	-0.96	-0.60	-0.23	0.13	0.50

What a price rise does to our margin per bird

88p	89p	90p	91p	92p	93p	94p	95p	96p	97p	98p	99p	1.00
-1.54	-1.29	-1.05	-0.81	-0.57	-0.33	-0.09	0.16	0.40	0.64	0.88	1.12	1.36

Free Range Contract Egg Production

Operating Budget per cycle of 58 weeks (17 - 72 weeks +2)

You can also work out your own figures by visiting www.theranger.co.uk/egg_costing.htm

Flock Size	12,000	Financial Indicators	
Physical performance levels used in this budget		Capital investment per bird	£30.00
Eggs per bird housed to 72 weeks	290	Producers capital investment	£360,000
Feed consumption gm/bird/day	130	Annualised margin per bird	-£1.51
Mortality %	7	Year 1 - return on capital	-5.0%

Income Items	Input unit values	£'s per flock	£'s pence/doz	% of costs
Egg sales (64 grams weighted average weight at 5% seconds)	8737	253,373.00	8737	
Old hen value less catching cost	.18	2008.80	0.69	
	TOTAL SALES	255,381.80	88.06	
Cost Items	Unit cost £'s			
16 wk replacement pullets	3.85	46,200.00	15.93	17%
Feed @£'s per tonne	254.00	152,552.40	52.60	55%
Labour: based on 0.45 hours/000 birds/day				
72% @ A.W.B grade 2 rate of £/hr	6.77	10,686.63		
28% @ A.W.B grade 2 overtime rate of £/hr	10.16	6,236.94		
+13% holiday cover, 11% N.I.		5,745.34		
	SUB TOTAL	22,668.91	7.82	8%
Electricity	p/bird 0.28	3360.00	1.16	
Repairs/Maintenance	960.00	960.00	0.33	
Vaccination/Vet/Animal Health	3600.00	3600.00	1.24	
Shed cleandown costs	5000.00	5000.00	1.72	
Range management costs	450.00	450.00	0.16	
Litter	p/bird 0.05	600.00	0.21	
Pest Control - Contractor	480.00	480.00	0.17	
Land rental equivalent	£/ha 250.00	3346.15	1.15	
Water	0.09	1092.00	0.38	
Insurance	1500.00	1500.00	0.52	
Petrol/Vehicles	1102.00	1102.00	0.38	
Telephone/Office	420.00	420.00	0.14	
Bank charges/accountant	850.00	850.00	0.29	
	SUB TOTAL	22,760.15	7.85	8%
Finance charges				
Based on £180,000, 10 years @ 5% (Interest and Capital)	22,802.00	25,433.00		
Based on £180,000 own capital interest only @ 3%	5,400	6,023.08		
	SUB TOTAL	31,456.08	10.85	11%
	TOTAL COSTS	275,637.54	95.05	
	MARGIN PER FLOCK	-20,255.74	-6.98	
	MARGIN PER BIRD	-1.69		

This survey was conducted between the dates of 29th February to the 2nd March 2012. Any rises announced before and during these dates and due to be implemented during the two weeks after this date have been included.