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STOCK WISE: Smart Decisions for Sheep and Wool Producers in South Australia

Many livestock producers will face complex and emotive decisions regarding their business, animals and pasture resources over the coming months. For many, maintaining livestock helps diversify income, improve risk management and provide benefits to the cropping phase through weed control, nitrogen and organic matter.

The situation facing farmers this year is different than ever before because of:

- The cost of feed being at record highs
- Low cash reserves
- High currency values keeping sale prices lower.

These factors combined have radically altered all equations regarding the retention and feeding of sheep under adverse seasonal conditions.

Australian Wool Innovation Limited (AWI) and Meat & Livestock Association (MLA) have engaged consultants in each state to develop key messages and tips to support decision making this season.

These key messages are supported by a range of resources which can be accessed through the AWI and MLA Stock Wise websites (www.wool.com/drought or www.mla.com/drought).

Key messages and tips to support decision making this season

Prepared for Sheep and Wool Producers in South Australia by:



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1. MAKE A PLAN

The projected 2007 income, the cost of continuing until the drought breaks, and the cost of restarting all need to be pulled together to form a view on your likely financial position in 2008 – A plan for your farm business.

Plan your approach to drought by considering:

- Measuring and monitoring ground cover and available dry matter. What is the minimum ground cover that should be preserved?
- What are your stored feed reserves or capacity to purchase feed for sheep.

- Based on the amount of available dry matter and stored feed how many sheep can you realistically sustain until the next break in season?
- What are your objectives for feeding - maintaining core breeders or finishing lambs for sale.
- What are the current grain/hay prices?
- When is the season likely to break? How long will you have to feed?
- What are the costs of feeding different classes of stock?
- Which sheep should I keep and which sheep should I sell?
- What will be my overall operating costs including labour, fuel, interest?
- What are the trigger points for selling or keeping sheep?

A formal planning process will allow you to make an informed decision based on the facts, rather than a hasty emotional decision.

Discuss these issues with your family and support team. If unsure of the answers seek assistance from your advisors, remember to take both short and long term planning horizons.

2. SEEK ADVICE AND HELP

Discuss the issues facing your enterprise with your family and support team. If you are unsure of the answers seek assistance from your advisors, remember to take both short and long term planning horizons.

Seek information and support through professional channels including:

1. Drought Hotline;
2. Rural Financial Counsellors;
3. Your farm consultant; or
4. Bank Manager

Contact an advisor who can help you work through your situation and help you to PLAN. HOPE IS NOT A PLAN.

3. THE IMPORTANCE OF SHEEP IN THE LONG TERM AS PART OF A MIXED ENTERPRISE FARM

Work out the best ratio of cropping and livestock for your business. A reason for having a livestock enterprise combined with crop is one of risk management. Determining the best mix of livestock and cropping can help spread the risk of relying on one enterprise.

There are other reasons to consider livestock:

- Utilising land unsuitable for cropping
- Rotational advantages
- Weed control

Work out the best ratio of cropping and livestock to your business based on:

- Gross Margins of enterprise mixes
- Land suitability
- Benefits of cash flows at different times of the year
- Managing and spreading risk
- Dealing with increased variability of climate and rainfall
- Actively monitoring groundcover and other relevant NRM issues

This will allow you to assess the long term benefits of sheep for the stability of your enterprise.

4. WHEN IS THE DROUGHT MOST LIKELY TO BREAK?

It is impossible to know when the drought will break. When designing your feed budget, estimate the most likely time for the season to break in your district and then allow for a least an extra month of feeding, taking into consideration the lag time of the season breaking and when it will be suitable for animals to be released back into the paddock.

5. DECIDE WHICH LIVESTOCK TO KEEP

To help you decide which sheep to keep, consider:

- Your objectives for feeding
- The length of time you will be feeding
- The cost and quality of sheep that will be available for purchase post drought.
- The classes of sheep you can't afford not to feed
- Your genetic potential and the value placed on having your own sheep

Make an informed decision about the sheep to keep. Act now and regularly assess your stocking program as the season progresses. Use the publication Which Sheep to do I Keep? (www.wool.com/drought).

Assess the financial requirements of feeding and retaining sheep by:

- Developing a feed budget (there are tools to assist with this)
- Working out the costing on alternatives to feeding such as agistment, sale and re-purchase.
- Determining the value of your livestock and wool at the end of the feeding period, and
- Monitor grain and hay prices.

This will give you the information you need to determine the cost of keeping your sheep.

The following table can be used to calculate the weekly cost of maintaining various classes of sheep under droughtlot conditions using wheat as the supplement (13.1 MJ/kg @ 90% moisture). In arriving at a full cost remember to allow for additives, roughage and labour. The costs will vary according to livestock class, feed type and cost, condition score to be maintained and whether you are feeding in a droughtlot or paddock situation. Other feed ration programs are available to help design a ration and feed budget. Contact a consultant to help you with this process.

Weekly feed costs for a range of livestock classes and grain prices (droughtlot).

Class of stock	Condition Score	Energy Required MJ/day	Feed Required Kg/week	\$300/t	\$350/t	\$400/t	\$450/t	\$500/t
Dry 50 kg Ewe/wether	3	6.7	4.0	1.19	1.39	1.59	1.79	1.99
Dry 60 kg Ewe/wether	3	7.8	4.6	1.39	1.62	1.85	2.08	2.32
Crossbred ewe	3	9.4	5.6	1.67	1.95	2.23	2.51	2.79
Dry 50 kg Ewe/wether	2	6.0	3.6	1.07	1.25	1.42	1.60	1.78
Dry 60 kg Ewe/wether	2	6.8	4.0	1.21	1.41	1.61	1.82	2.02
Crossbred ewe	2	8.2	4.9	1.46	1.70	1.95	2.19	2.43
Weaner lamb (allowing for growth)	3	10.0	5.9	1.78	2.08	2.37	2.67	2.97

More detailed costs of feeding can be obtained from programs such as Stockplan (www.wool.com/drought) and Lifetime Wool Feed Budget Tables for Dry Times (www.lifetimewool.com.au).

6. DROUGHTLOTING/CONFINEMENT FEEDING

Under drought conditions, droughtlotting is recommended for many reasons:

- Care of the property with less land degradation (wind and water erosion)
- Quicker pasture recovery with rain
- Greater control of feeding and water supplies
- More simple and regular checking of the results of feeding and livestock condition

The AWI publication, *Managing sheep in droughtlots* (www.wool.com/drought), has been written to highlight the purpose, benefits and experiences of wool growers managing sheep in confined areas during drought.

7. KEEP UP SOCIAL CONTACT WITH FRIENDS, COMMUNITY AND RELATIVES

Sustained drought has a significant impact on individuals and families. Health professionals recommend that during drought farming families recognise and acknowledge what can be a very emotional period.

Positive ways of coping with drought include:

- Taking time to be with family and friends.
- Trying to keep the rest of your life as normal as possible.
- Openly discussing issues relating to drought and its impact on family income.
- Looking after yourself (eating properly, exercising).
- Expressing your emotions and letting your family talk about their emotions.
- Taking more care when driving or working around the farm.
- Remembering your sense of humour and laughing.
- Taking breaks and holidays away from the farm whenever possible.