



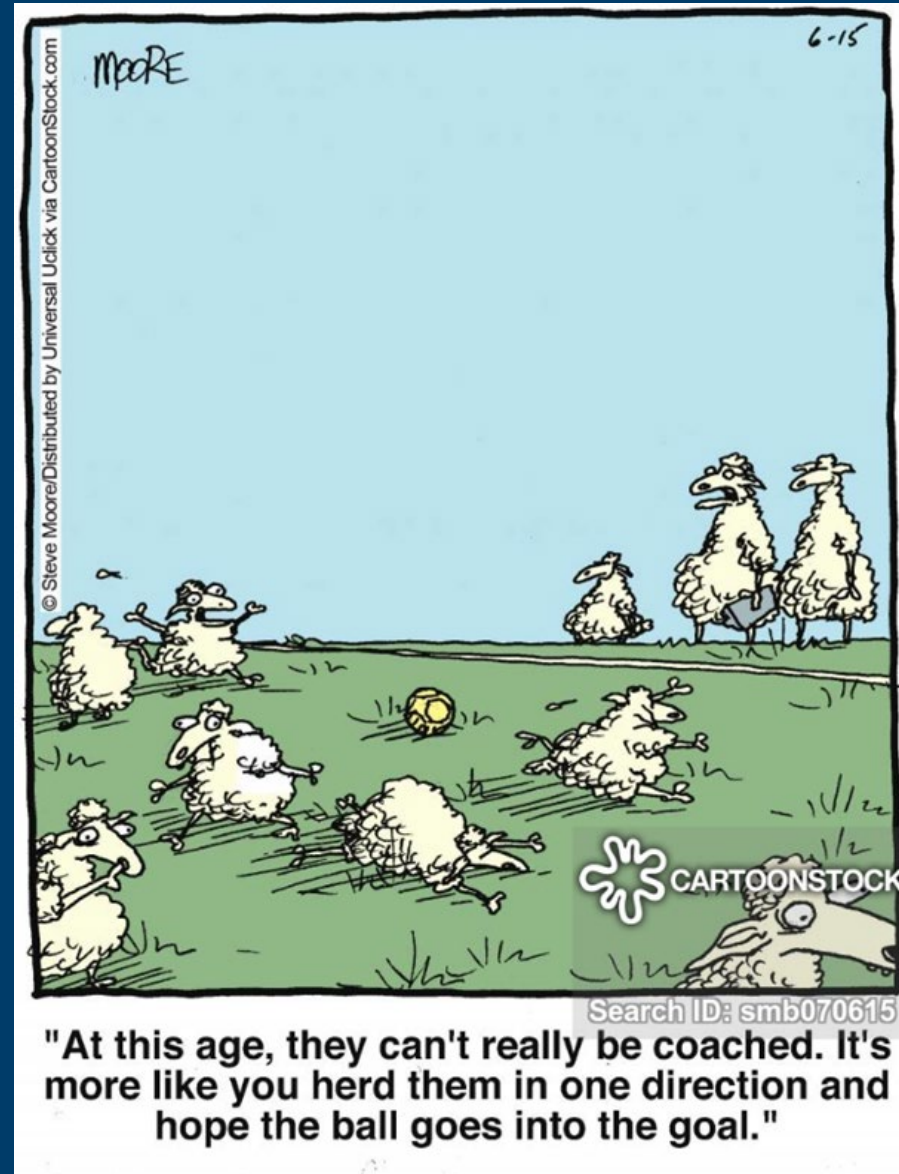
Department of
**Primary Industries and
Regional Development**

Practical ways to improve farm profitability and financial planning for livestock enterprises

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Senior Economist

What is your goal?

1. Collect your data
2. Measure, measure, measure and compare
3. Look for opportunity to improve
4. Take action = management



What is your goal?

- Increase profit from sheep?
- Increase carrying capacity?
- Increase growth rates to meet a particular market?
- Increase lamb and mutton sales/ha?
- Increase value of wool sold per ha?
- Improve land for cropping?

- Add value to the cropping business?
- Be a low cost producer?
- Increase labour efficiency?



Goal: to increase profit from Sheep



Production

\times

Price

$-$

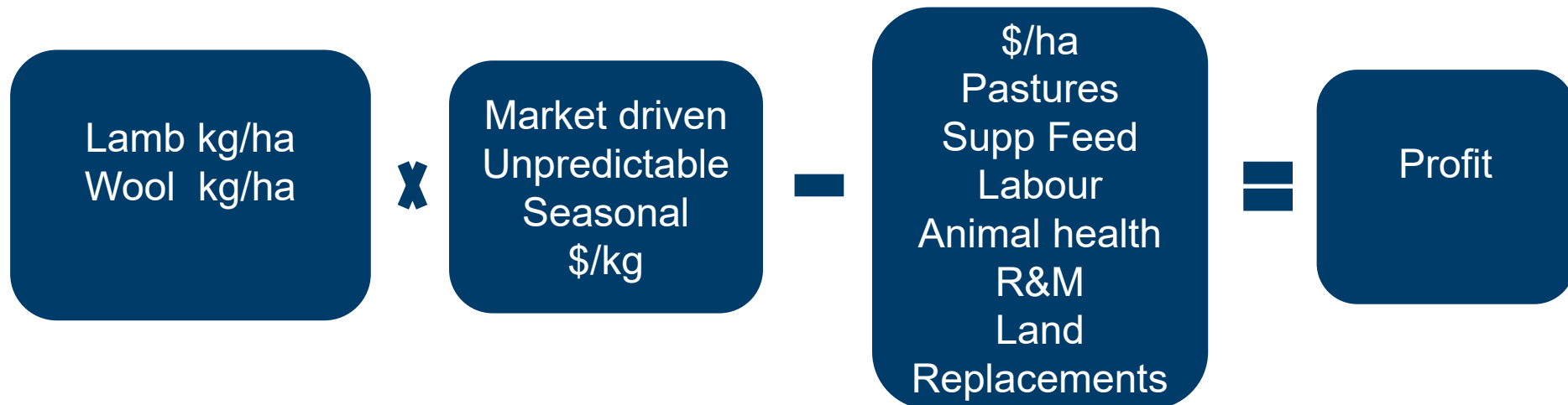
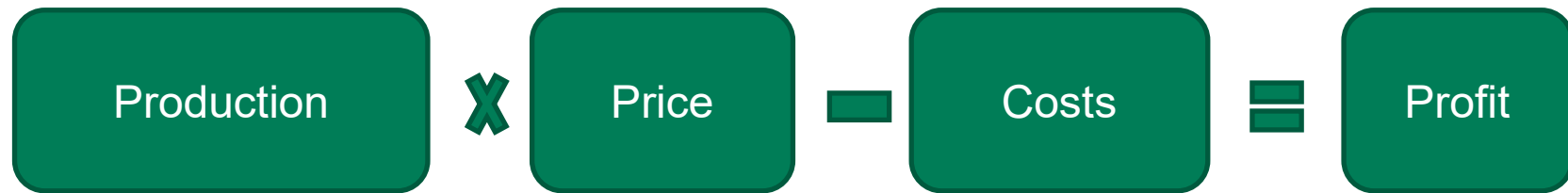
Costs

$=$

Profit

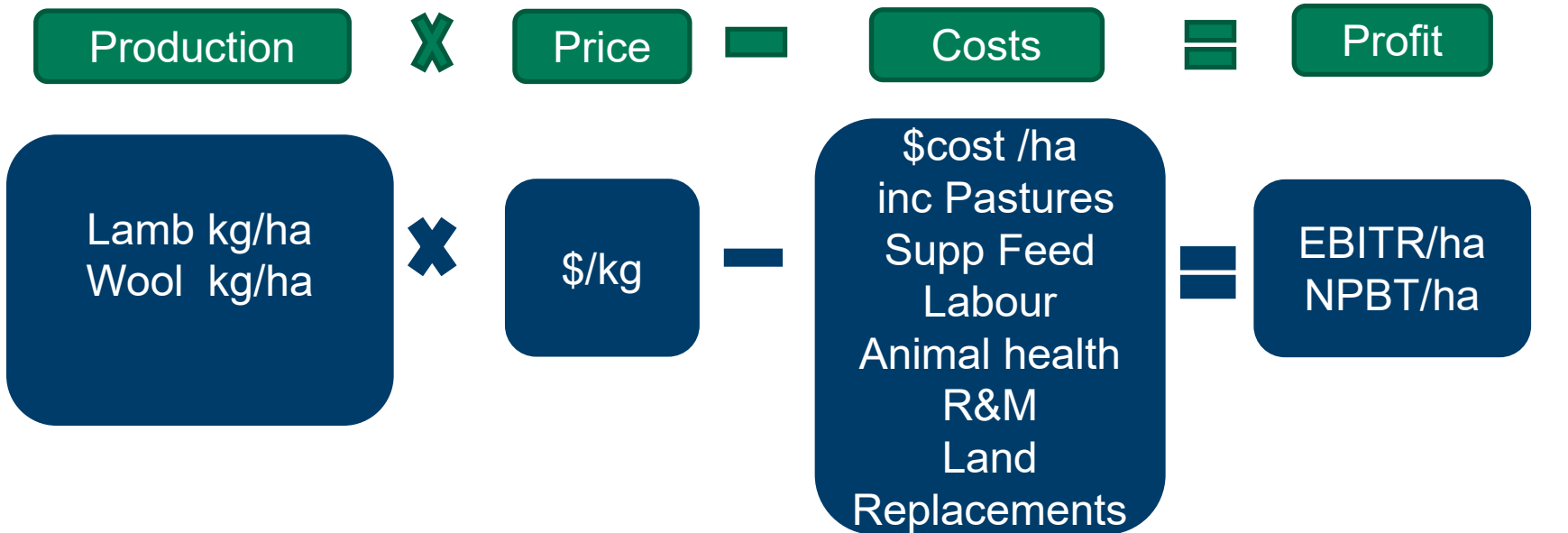


Goal: to increase profit from Sheep





Goal: to increase profit from Sheep



Driven by:

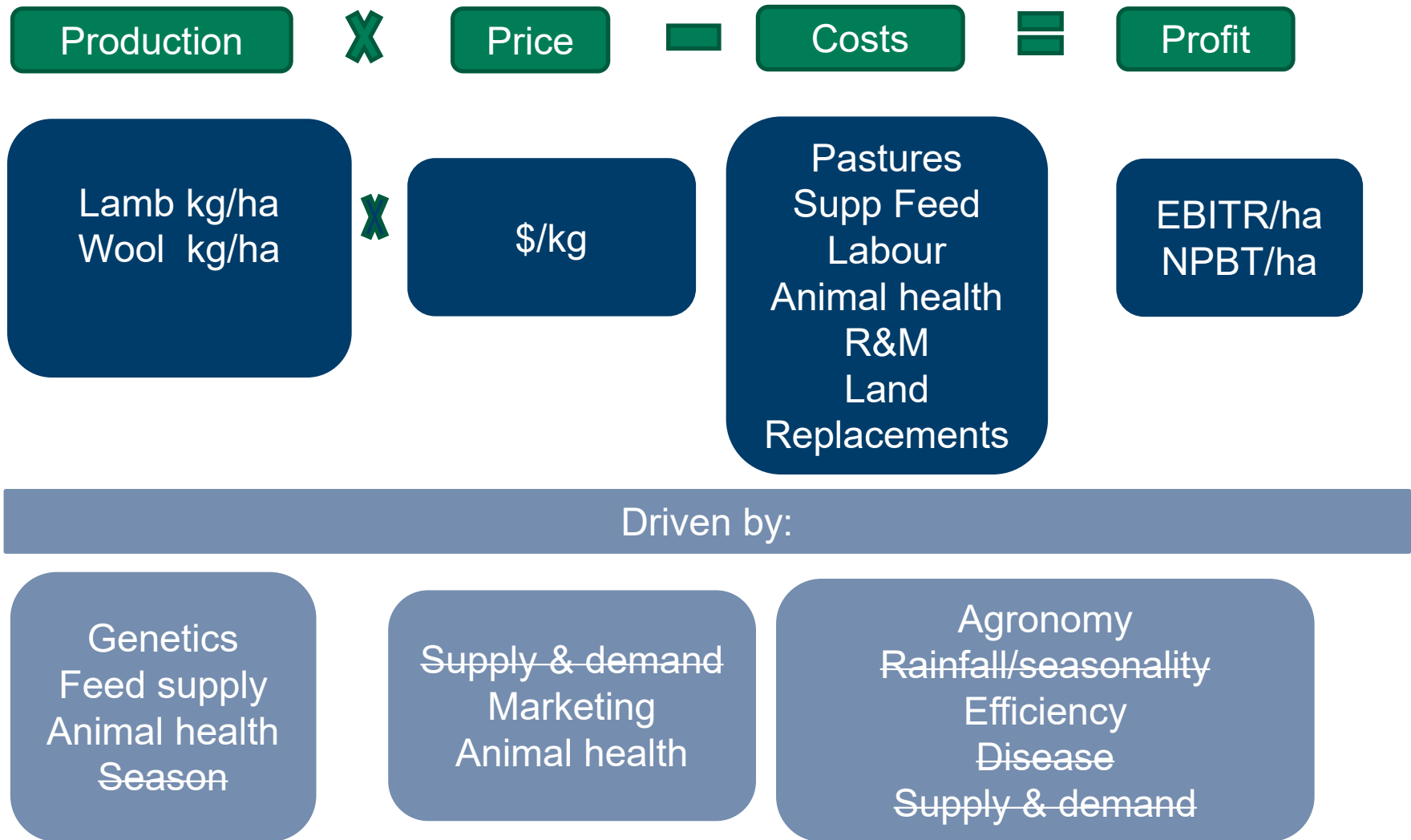
Genetics
Feed supply
Animal health
Season

Supply & demand
Marketing

Agronomy
Rainfall/seasonality
Efficiency
Disease
Supply & demand

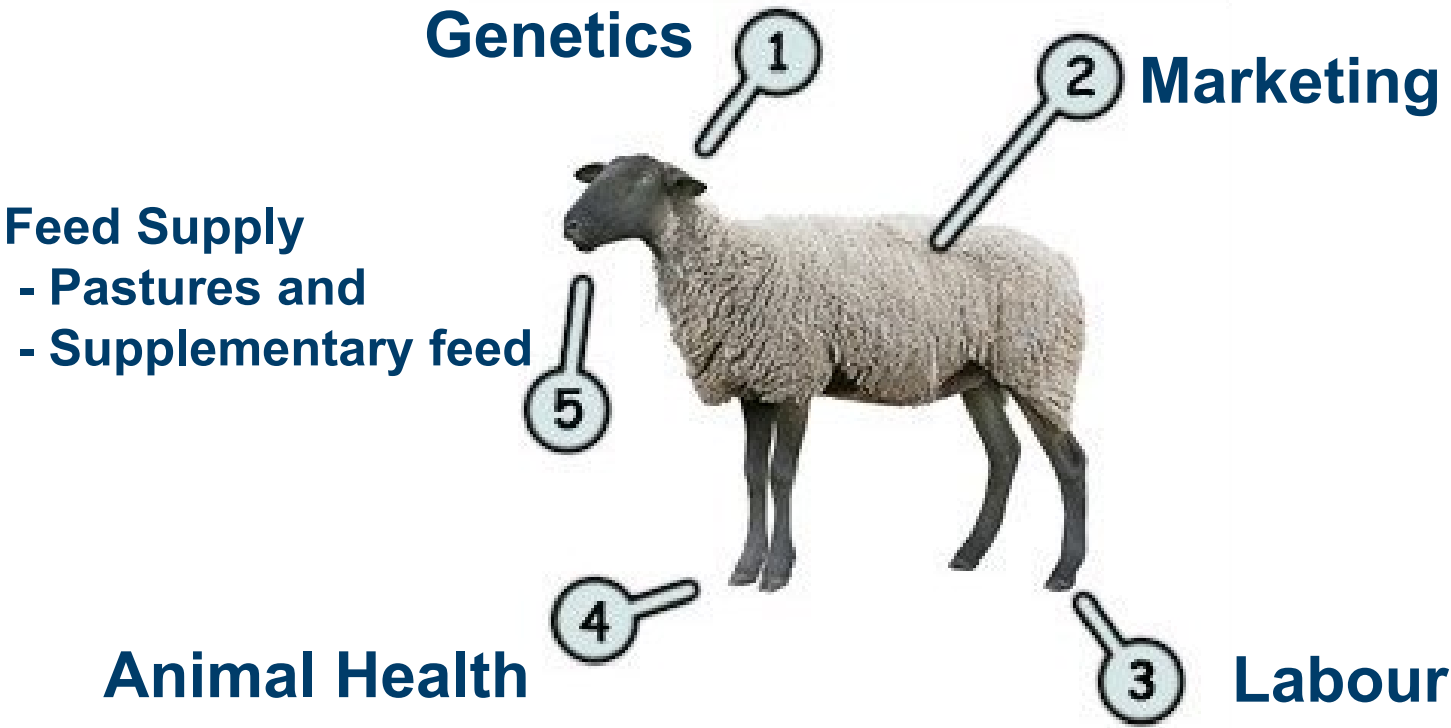


Goal: to increase profit from Sheep





Focus on drivers you can control



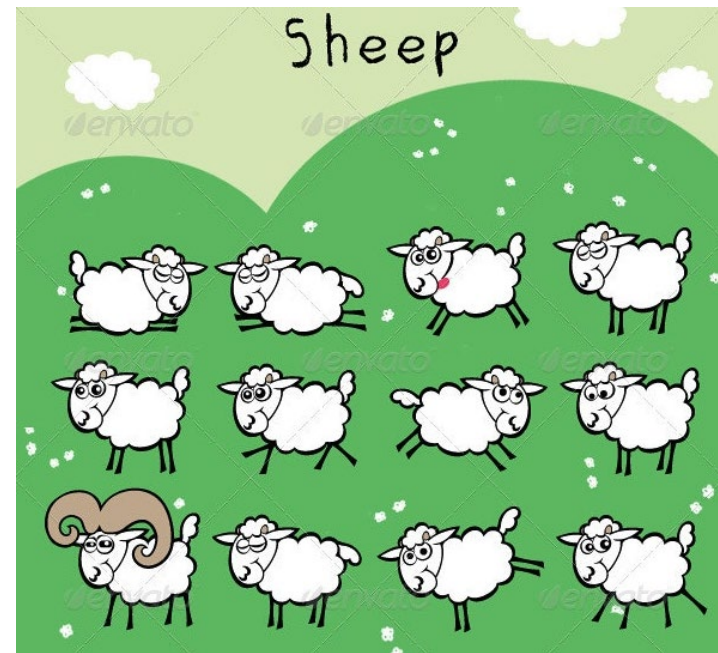
Genetics - drives production



Get the genetics right and accelerate genetic gain as fast as possible

Management measurements/inputs

- ASBV's – select traits that match your breeding objective
- Compare ram purchases with existing ram and ewe lamb flock

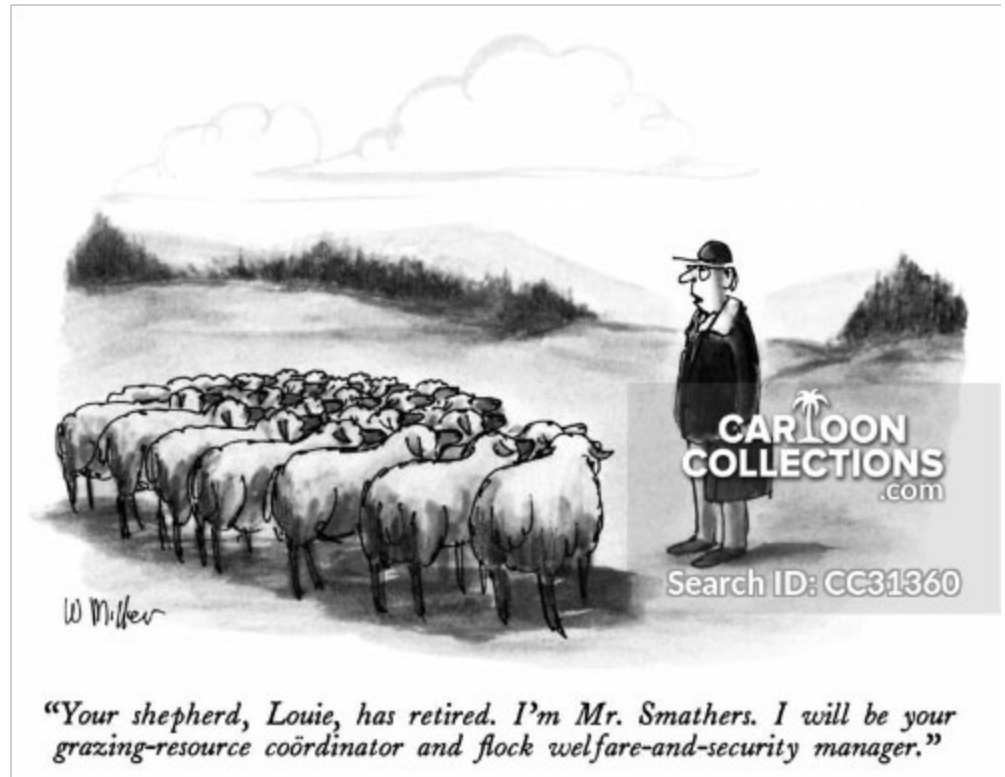


Animal Health – drives production

Keep them healthy and alive!

Management measurements/inputs

- Preg/Marking/weaning %
- % ewe and lamb losses
- Condition scores
- % kg/lambs/ewes discounted



Feed supply – drives costs and production

Agronomy - Treat pasture as a crop and maximise FOO (yield)

- Soil test results – pH, K, P, N
- Seed and weed management
- Nutrient management – N, K, P, lime application rates
- Rotation/system
- FOO Potential (30kg x GSR) v Actual
- Supplementary feed kg/ha or MJ/ha (shortfall)



Feed supply – drives costs and production



Feed conversion – return in Kg wool or lamb on feed

- Ewes/wgha/100mm GSR
- Lambs weaned/wgha/100mm GSR
- Wool cut/ewe & kg/ha/100mm GSR
- Lamb growth rates at weaning, 14weeks, 8mth etc
- % lambs at turnoff weight by ... or average weight at turnoff date
- Feed costs \$/ha, \$/kg lamb produced, \$/marginal Kg (feedlot) and c/MJME (quality)

Marketing – drives price

Know your target market and meet the specs to maximise price

Management measures

- % lambs that fit max price on grid
- % wool or lamb Direct/agent sales, forward contract/spot
- % sold as stores/prime lambs or % ready by target sale date
- Cwt – average and spread
- Fat score – average and spread
- Micron
- Wool cut/ewe





Labour - drives costs

Is there a way I can do this more efficiently?

Management measurements/input

- Work plan – Days spent per year on sheep with outsource/management split
- % labour outsourced
- Labour costs – casual + contract + management
- Income/Labour unit or cost
- DSE/labour unit or cost
- Labour cost/kg lamb/wool produced



Outputs

PRODUCTION

Lamb produced kg/ha

Wool produced kg/ha

x PRICE

\$/kg wool; \$/kg lamb, mutton

= Income \$/ha

LESS COSTS

Variable costs \$/ha

Fixed costs \$/ha

Total cost \$/ha &

Total cost \$/kg produced (COP)

= PROFIT

EBITR/ha

NPBT/ha



Look for opportunities

1. Identify the losses and why?
2. Identify if not meeting potential and why?
3. How can I increase potential?
4. Look at marginal returns for each additional \$ spent

Then TAKE ACTION

To reduce losses, meet potential, increase potential and manage effort for maximum return.





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- Look for opportunities to improve
- Take action

Thank you

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Sources of benchmarks:

Farm consultant/Bank

Planfarm benchmarking

http://www.makingmorefromsheep.com.au/plan-for-success/tool_1.9.htm

Measure, Measure, Measure

Production drivers

- ASBV's – know and match your breeding objective
- FOO Potential v Actual
- Lamb growth rates at weaning, 120 days, 8mth
- Ewes/wgha
- Wool cut/ewe & /ha
- Feed shortfall/supp feed kg/ha or MJ/ha
- Preg/Marking/weaning %
- % ewe and lamb losses
- Condition scores
- Soil test results - pH
- Seed and weed management
- Nutrient management – N, K, P
- Rotation/system

Price drivers

- Micron
- % kg/lambs/ewes discounted
- Direct sales, fwd contract
- % lambs at turnoff weight by ... or average weight at turnoff date

Cost drivers

- Total cost/Kg produced
- Income/Labour cost
- Labour hours/dse
- Labour cost/kg produced
- Feed costs \$/ha and \$/kg lamb produced and c/MJ



Management measurement

Genetics

- ASBV's – know and match your breeding objective

Feed supply (Pastures and Supp feed)

- FOO Potential v Actual
- Feed shortfall/supp feed kg/ha or MJ/ha
- Feed costs \$/ha and \$/kg lamb produced and c/MJ
- Ewes/wgha
- Lamb growth rates at weaning, 120 days, 8mth
- % lambs at turnoff weight by ... or average weight at turnoff date
- Wool cut/ewe & /ha
- Micron

Animal Health

- Preg/Marking/weaning %
- % ewe and lamb losses
- Condition scores
- % kg/lambs/ewes discounted

Outputs

- Lamb produced kg/ha
- Wool produced kg/ha



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 - Select one of the Table Styles.

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- dpird.wa.gov.au
- Another link 3

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