Sheep enterprise profits

MFS
MONARO FARMING SYSTEMS

Has anything changed?

Where do wethers fit in?

Changing sheep enterprises usually results in

- Different stocking pressure due to differences in body weight and reproduction rates.
- Changes in management – a surge in interest because of the change.
- Together this creates noise in producer data about enterprise change.

Impact of ewe size on intake

- 60 kg (SRW) ewe eats 100%
- 70 kg ewe eats 118%
- 80 kg ewe eats 131%

- So 130, 60kg ewes equal 100, 80 kg ewes.
- Increased reproduction also increased the average intake per breeding ewe.

Modelling

- Using GrassGro allows us to determine the real differences between enterprises and set equitable stocking rates for each.

- Once the base pasture system is developed, each enterprise stocking rate can be optimised.

pasture

climate

GrassGro

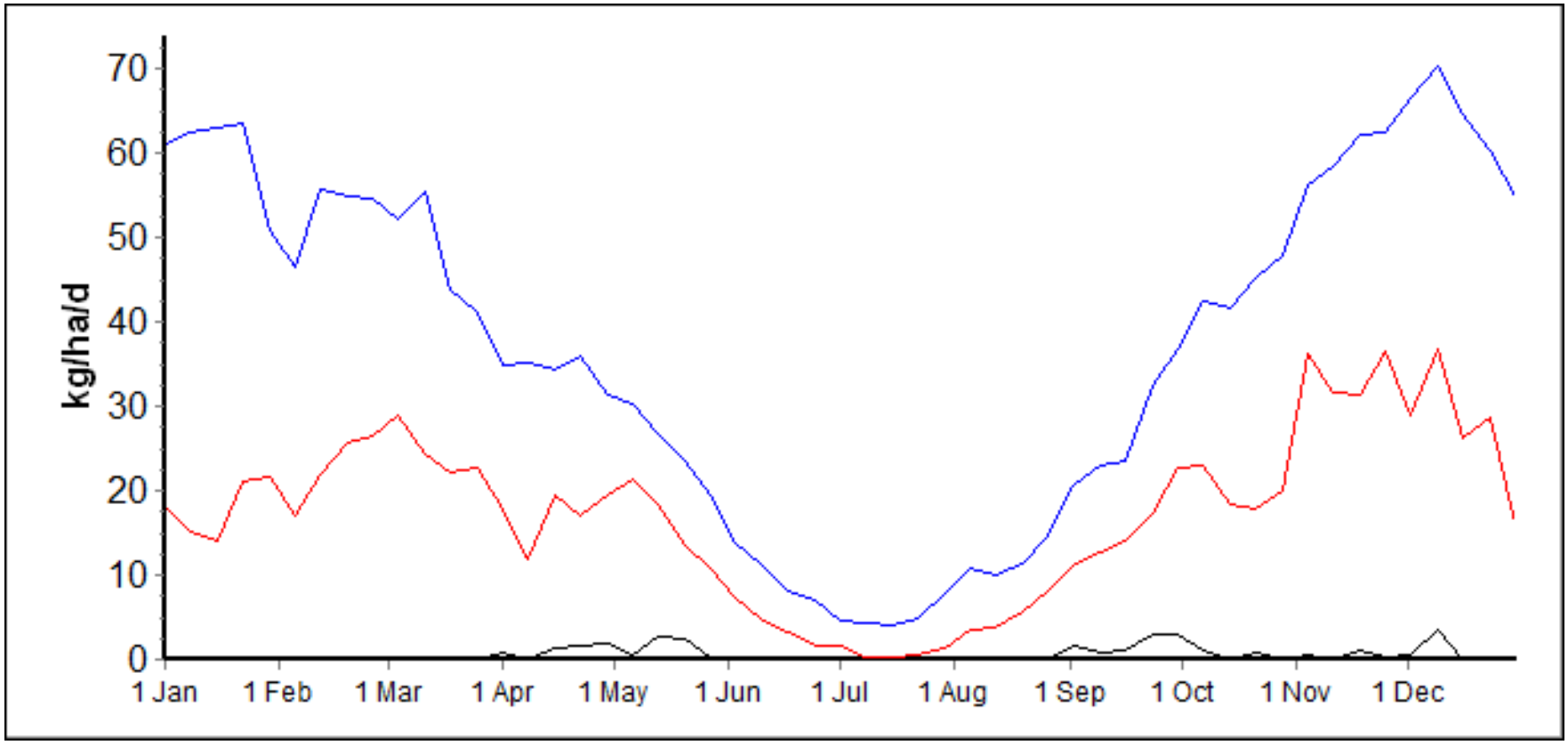
soil

livestock

Monaro Native Grasslands.

- Fertilised Poa based grassland
  - Poa spp.
  - Austrostipa spp
  - Legume (sub and naturalised clover)
  - Annual grasses.
- Red Stony Basalt
- Bungarby data drill 1970 – 2012

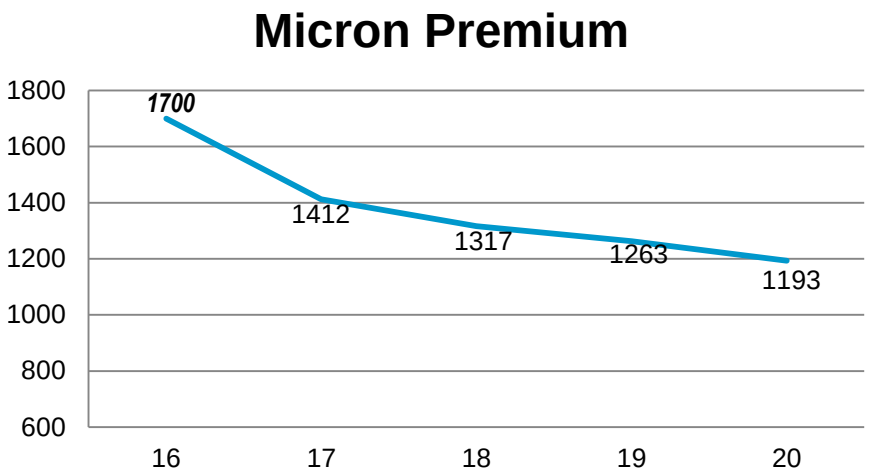
Pasture Growth



Enterprises and genotypes

M18 44 kg Lamb	M18 W/Wean	M18 Hogget	M xTerm	Dohne	BLM x Term	Merino Wether
50kg SRW	50kg	50kg	55kg	60kg	70 kg	50kg
4.8kg GFW	4.8	4.8	4.5	4.8	4.2	4.8
18 Micron	18	18	20	20.2	27	18
82% marking	82%	78%	91%	97%	116%	N/A

Prices used



	Jan 2010	April 2013
Lamb .	480 c/kg	354 c/kg
Mutton	300 c/kg	151 c/kg
18 um wool c/kg	1208 clean	1317 clean
Surplus Merino ewes	$110	$70

Costs Used 2013

- Shearing $ 6.00
- Grain feeding $280/t
- Variable costs
  - $5.75/hd ewes
  - $2.00/hd wethers
  - $5.50/ha lambs
- Fertilizer $30/ha
- Overhead costs $100/ha

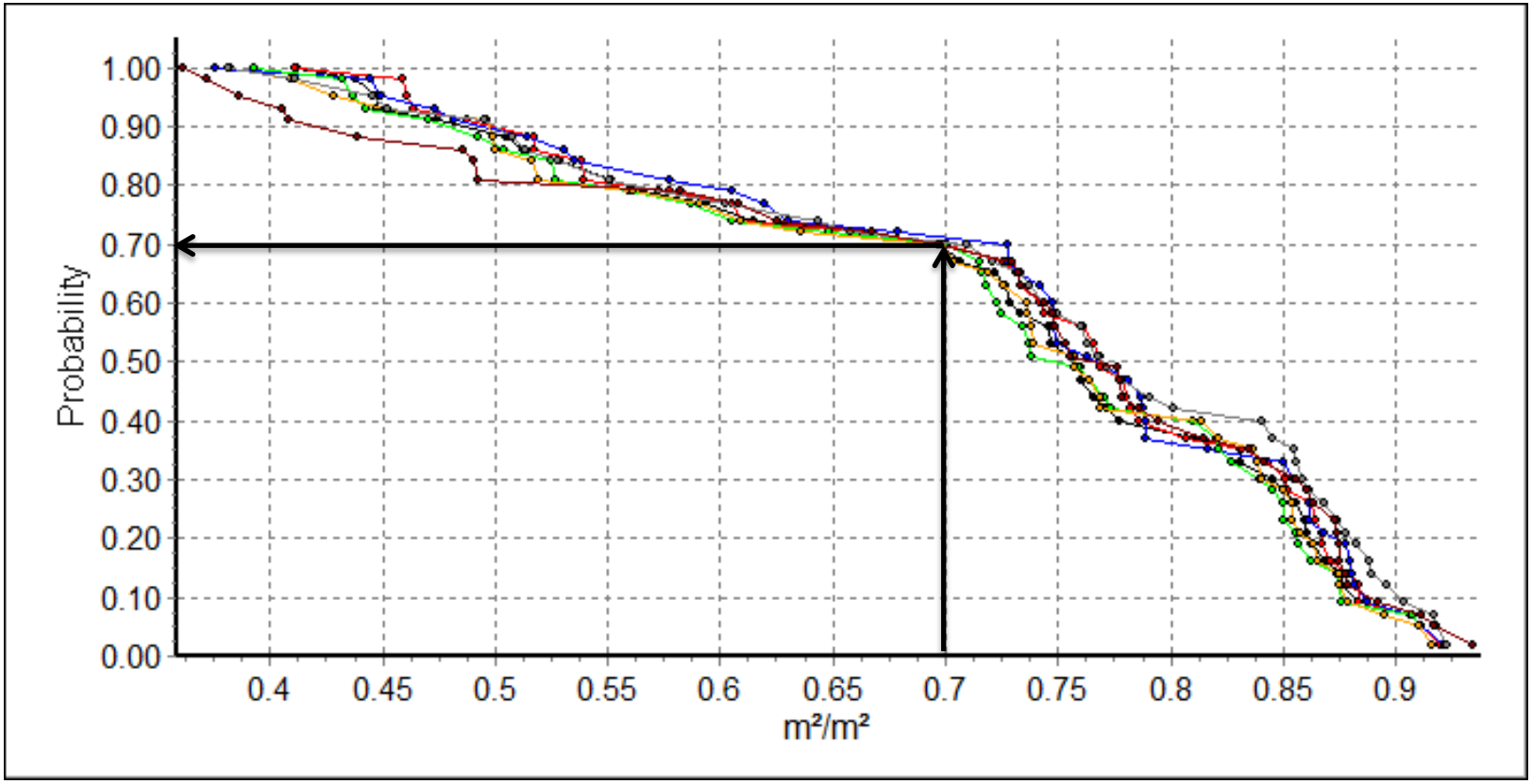
- Transport $2/hd
- Stock commission 5%
- Replacement ewes $125/hd 1st cross
- $60 merino ewes
- Rams $1100

Run at highest sustainable SR

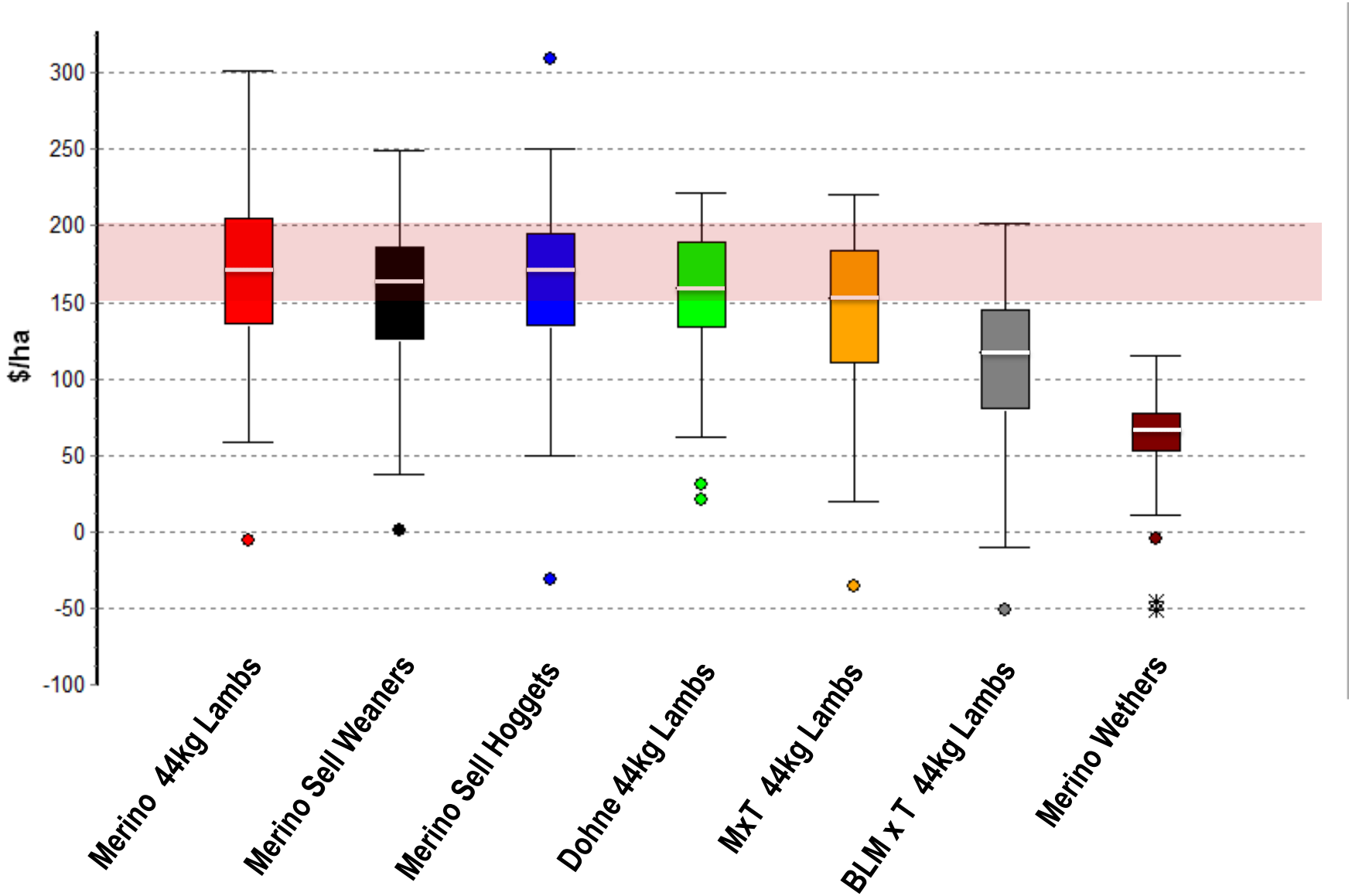
- Minimum Ground Cover
  - above 70% in 70% of years.

M18 44 kg Lamb	M18 W/Wean	M18 Hogget	M x Term	Dohne	BLM x Term	Merino Wether
50kg SRW	50kg	50kg	55kg	60kg	70 kg	50kg (57)
5.4 ewes/ha	4.8	4.2	4.2	4.4	3.2	6.8 ewes/ha

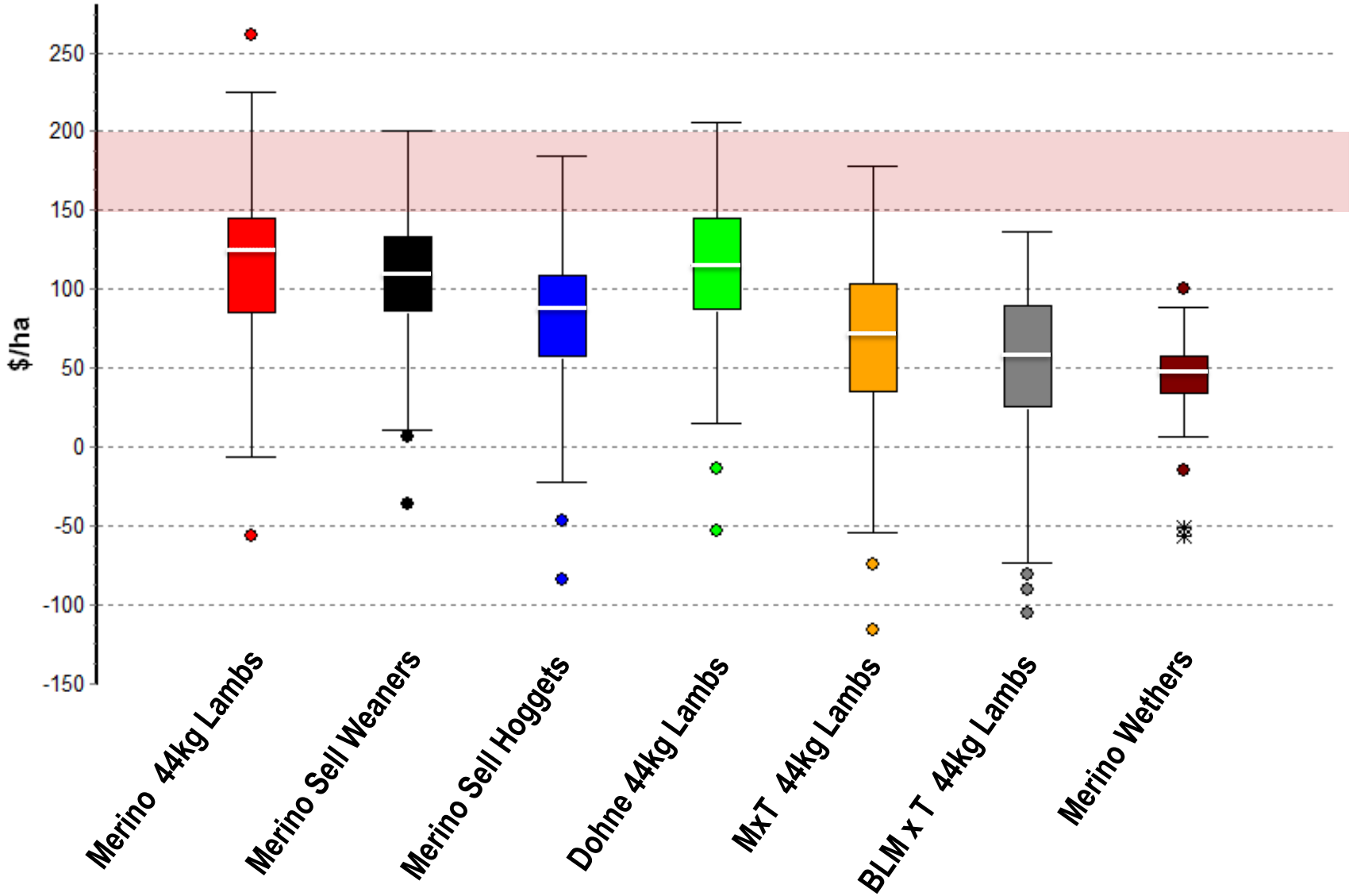
Minimum Ground Cover



2010 Analysis



2013 Analysis



Rogan 2003

Enterprise	Gross Margin ($/DSE) 5 year average prices	Gross Margin ($/DSE) July 2003 prices
Merino wethers (17 μ)	27.50	41
Merino wethers (19 μ)	22	19
Merino wethers (21 μ)	12	21
Merino ewes (17 μ)	31	48
Merino ewes (19 μ)	28	34
Merino ewes (21 μ)	22	36
First cross lambs	17	38
Second cross lambs	13	36

Source: Rogan (2003), Sheep CRC

Why would you want to run wethers?

- Based on the average economic performance you wouldn't
- But there is great variation between wethers in a flock and
- They confer other benefits not captured in Grassgro

Some reasons why you would

- Country available
  - Aspect / shelter. Affects on lamb survival.

	Marking Rate (%)	Profit ($/ha)
Sheltered Paddock	82%	116
Exposed Paddock	71%	108

Some reasons why you would

- Parasite Control
  - Wethers next best thing to cattle

    But
  - Higher returns than weaner production

Some reasons why you would

- Grazing Management
  - You can push them harder
    - Any time of year
    - Force them to eat weeds

  As long stock density is high

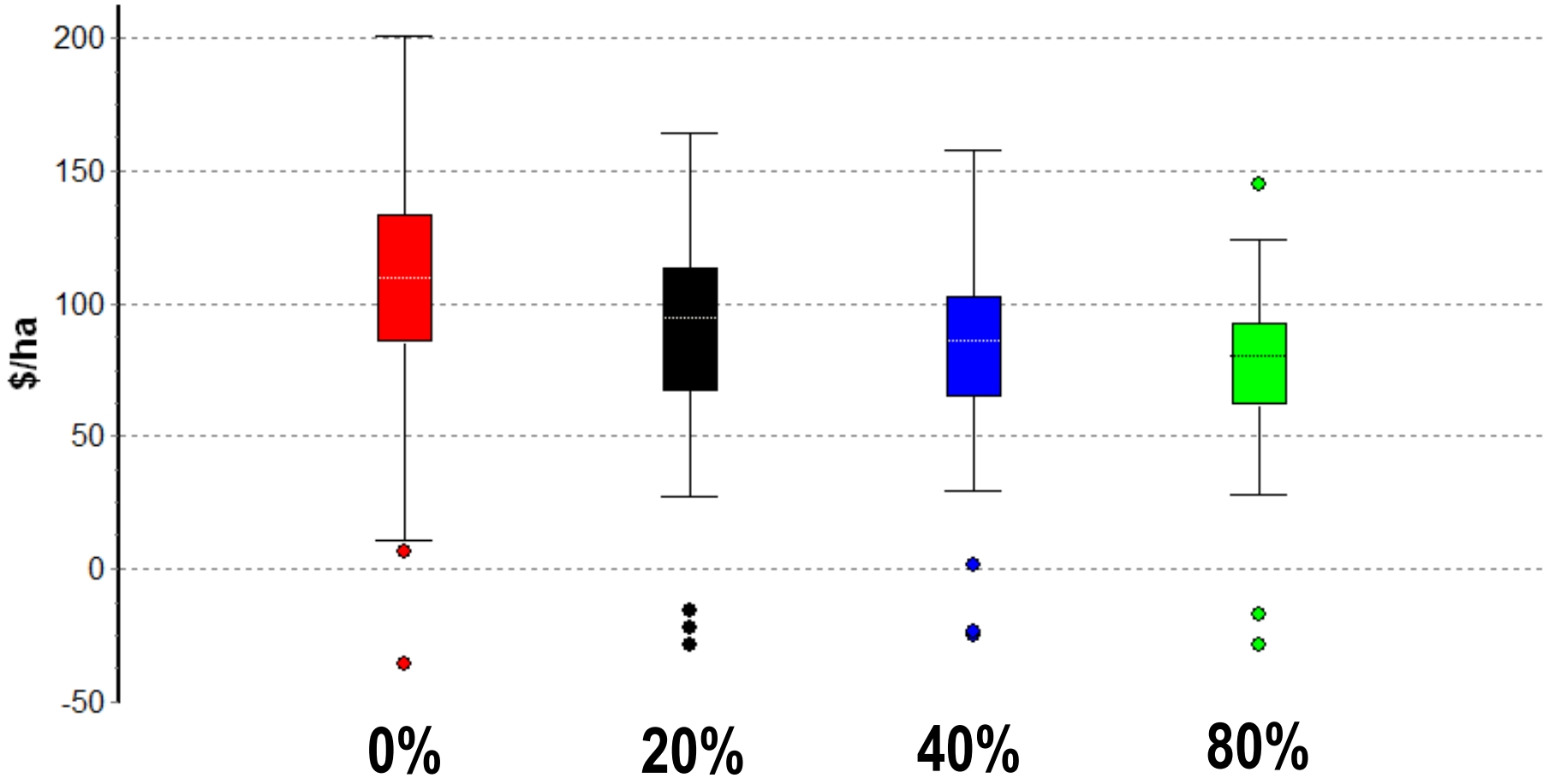
Some reasons why you would

- Lower labour requirements
  - Arguably run more DSE's per labour unit
    - No lambing/marking/weaning
    - Less labour to feed
    - Less drenching
- Still better off with ewes if labour is currently under utilised.

Some reasons why you would

- Can sell down stocking rate easily
  - breeding flock structure unaffected
  - buy back in without buying culls.
  - breed back without compromising selection in the breeding flock.

Economic effect of the percentage of wether weaners retained on farm?



What if you keep the finest end?

- Richards and Atkins (2006)
  - Profit from keeping the finest end

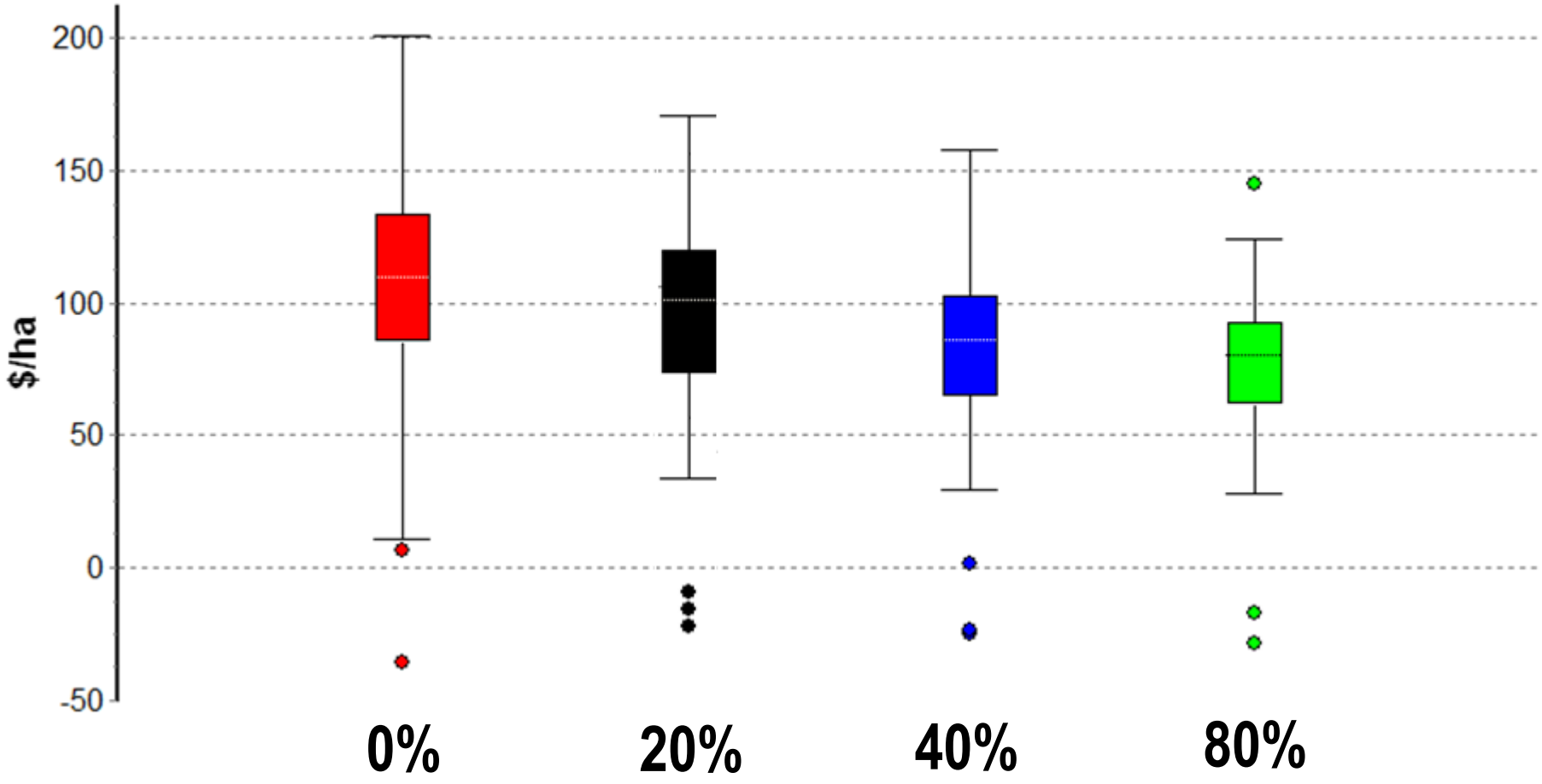
GM/DSE	$/45kg animal	No wethers	10% wethers	20% wethers	30% wethers	40% wethers	50% wethers
18µm	20	31.27	32.90	33.55	33.83	33.96	**34.00**
flock	40	36.80	38.06	**38.39**	38.37	38.23	38.01
	60	42.32	**43.23**	**43.23**	42.91	42.49	42.02
	80	47.85	**48.39**	48.06	47.44	46.76	46.03

How much difference is there between the finest and the average of the classed flock?

- 2012 MFS wether trial data.

	Team Rank	Micron	GFW
Finest	13	-8.1%	-4.7%
20%	1	-9.3%	-6.0%
	24	-7.6%	-10.6%
Diff. vis Average		**-8.4%**	**-7.1%**
Finest	13	-5.8%	1.5%
40%	1	-5.5%	-1.0%
	24	-5.7%	-15.7%
Diff. vis Average		**-5.7%**	**-5.1%**

Economic effect of the percentage of wether weaners retained on farm?



The payoff depends on

- Relative price of meat and wool.
- Micron premium within the flock range

Conclusion

- Current prices haven't changed the relativities signficantly.
- Wethers still lagging ewes but…

  a small specially selected group to leverage

  co-benefits may pay off across the whole farm.