

AN INITIATIVE OF
Making More From Sheep



Plan For Success

Andrew Ritchie – Icon Agriculture

EVENT
PARTNERS:



Ruralco
HOLDINGS LIMITED

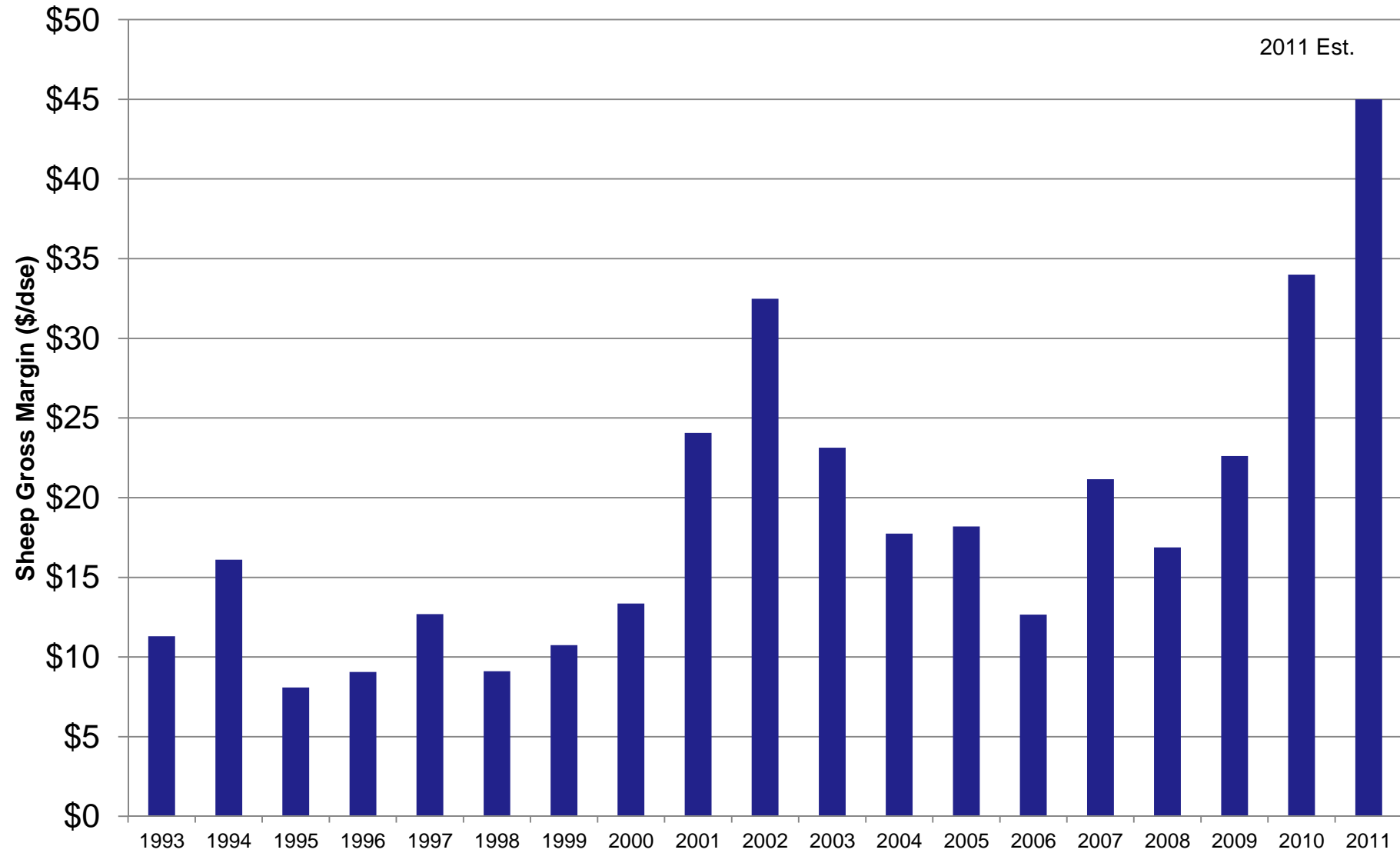


EVENT
SUPPORTERS:



STATE
PRIMARY
INDUSTRY
AGENCIES

Failing to Plan is Planning to Fail



Source: Icon Agriculture



Source: Icon Agriculture

**Don't you
dare stuff
this up!**

Don't you dare stuff this up!

- **Plan your enterprise mix**
 - Identify constraints
- **Plan your production**
 - Benchmark yourselves
 - Use the benchmarks
 - Understand business drivers
- **Plan your profit allocation**
 - Seek advice

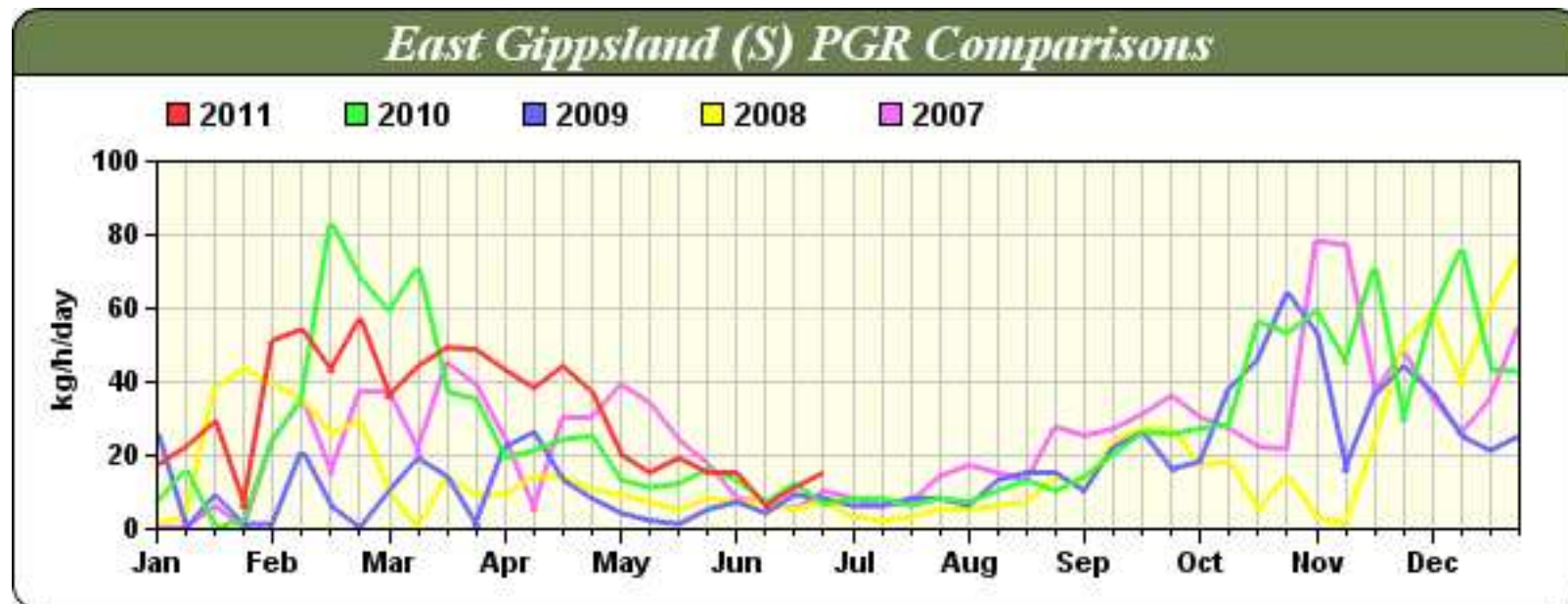
“Identify your constraints”



“For Our Clients”

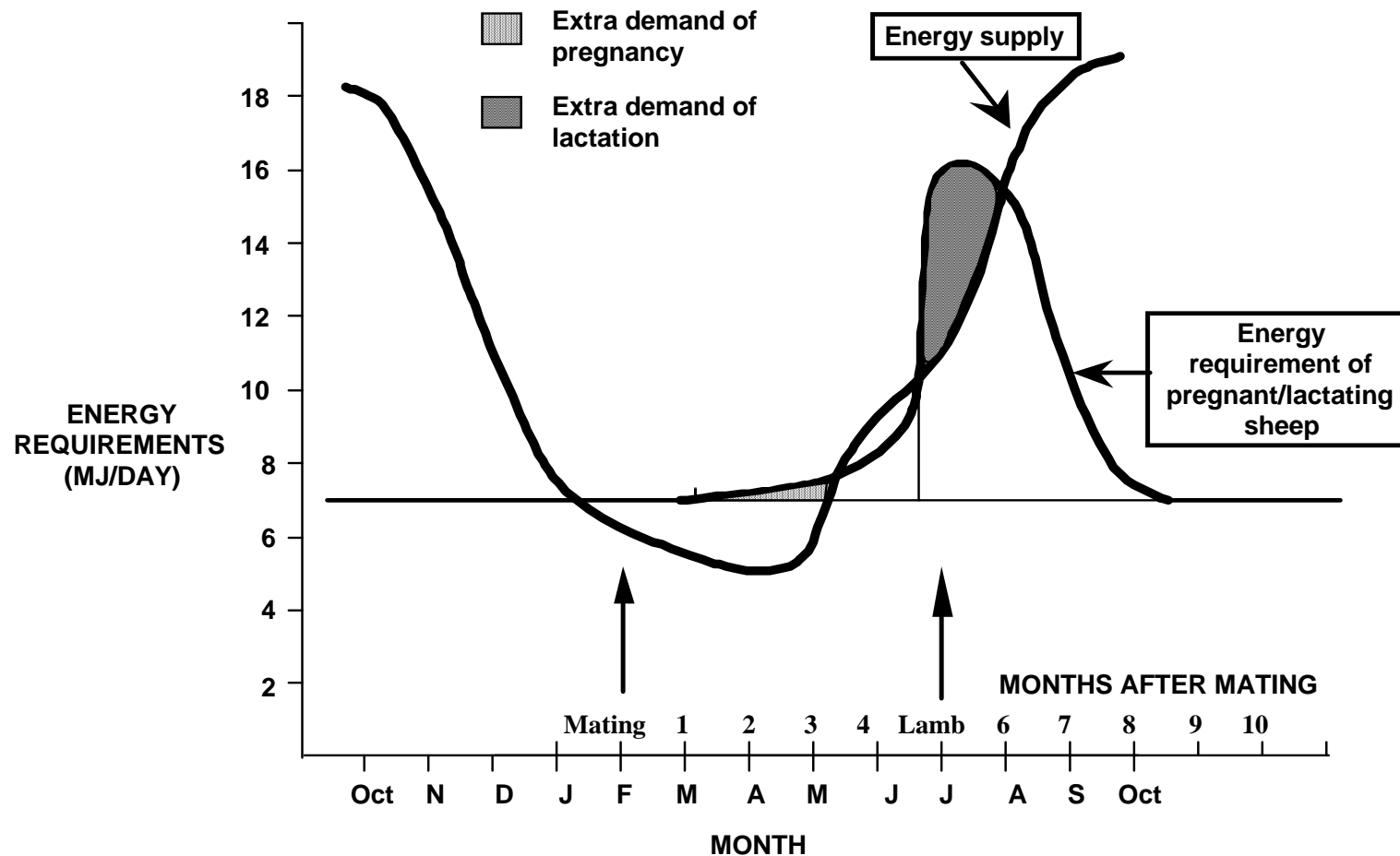
- Short growing season.
- A long summer: H₂O, Supp. feeding, lamb survival, summer stocking rates .
- Access to labour.
- Production first, Quality second.

Environment is “King”

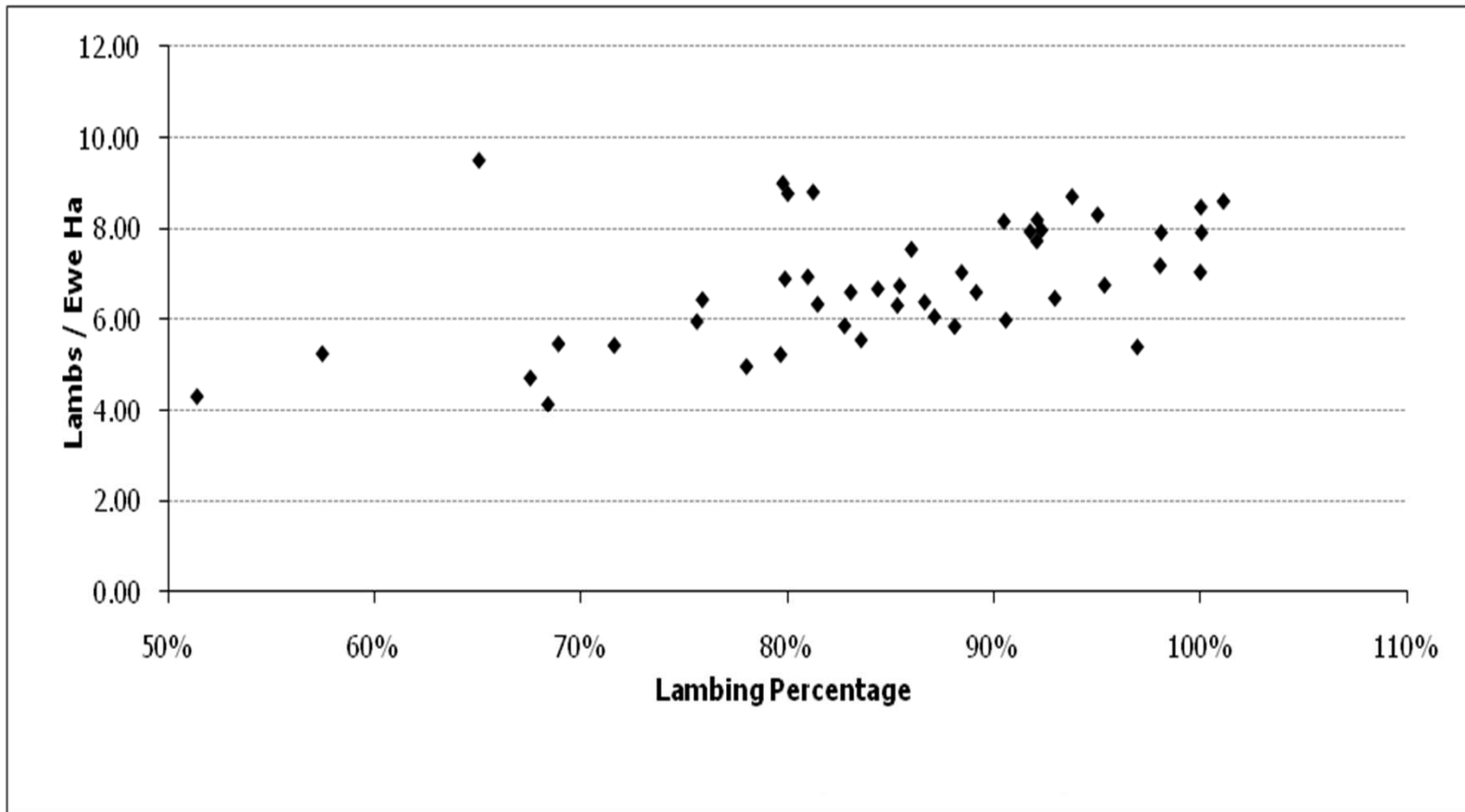


Environment is “King”

Energy requirements and supply for July/August Lambing ewes

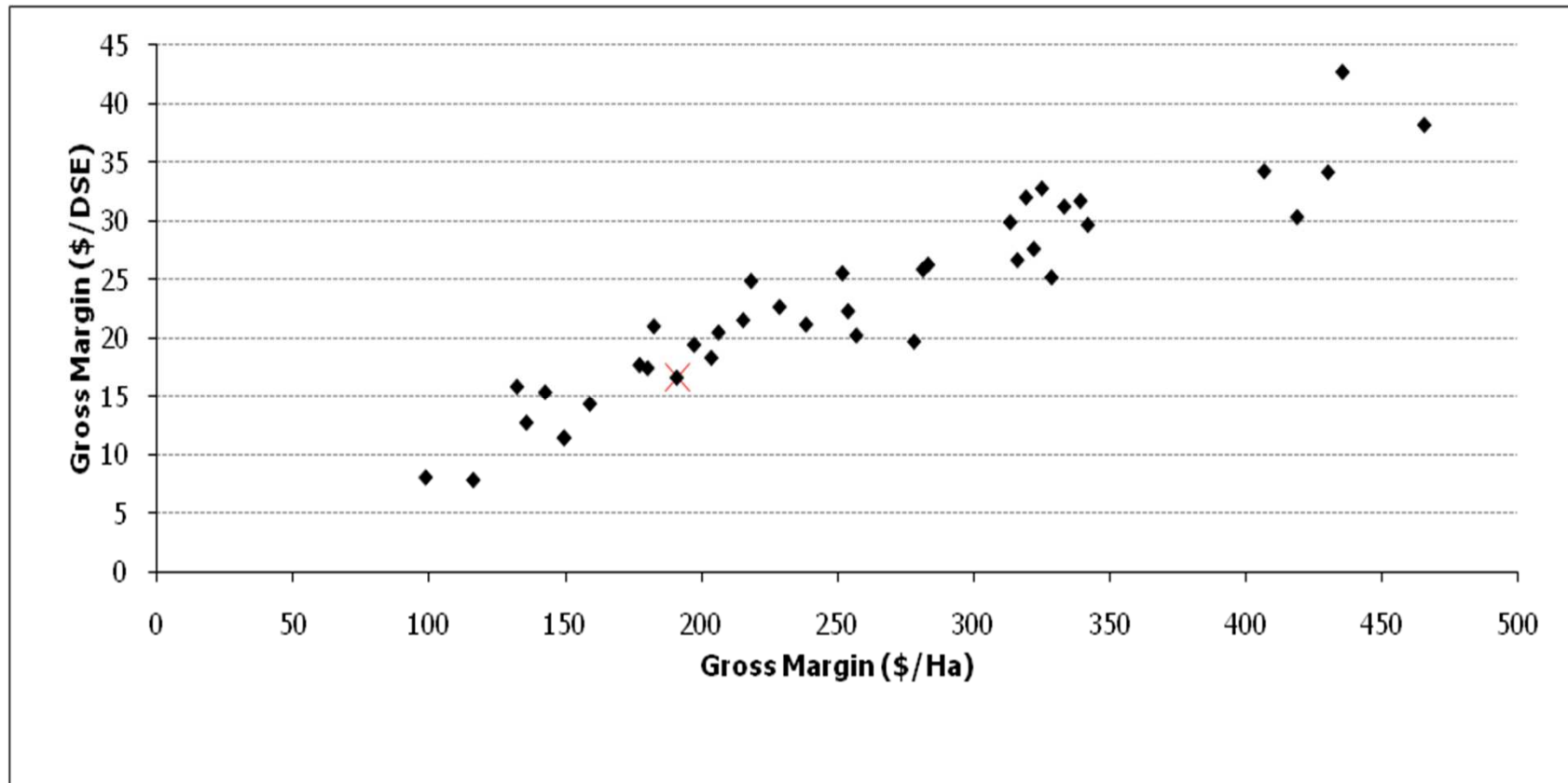


Benchmark your System



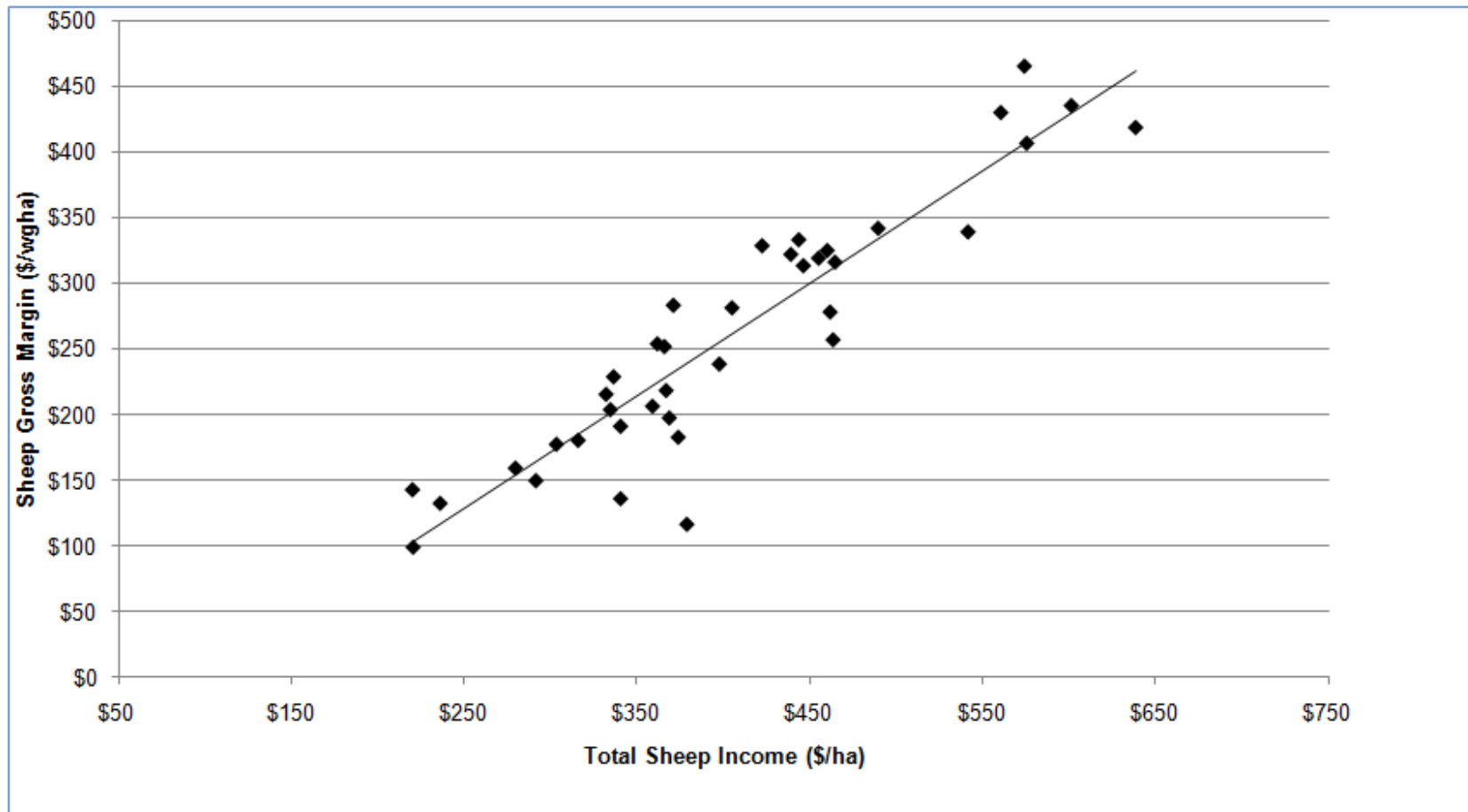
Source: Icon Agriculture

Benchmark Your Business



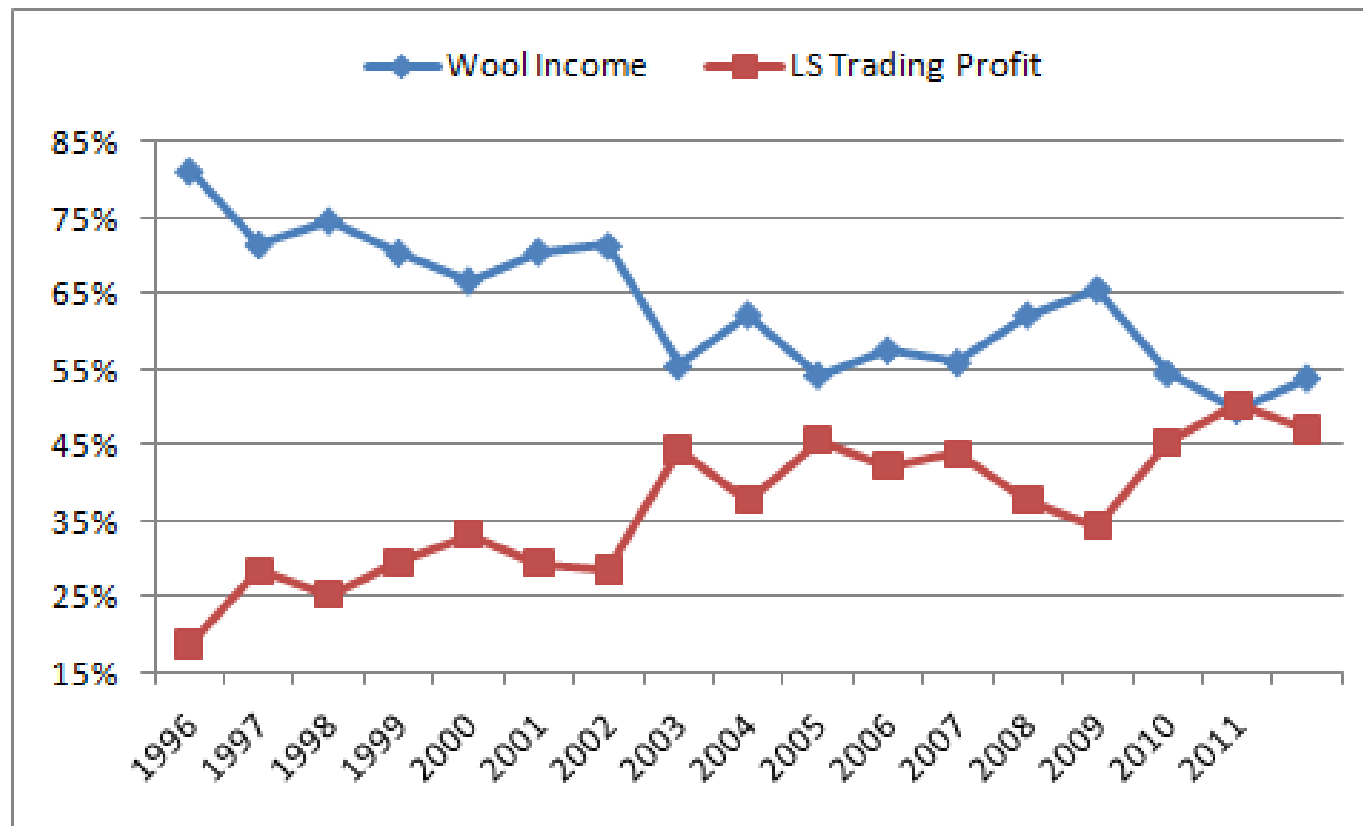
Source: Icon Agriculture

Sheep Income Drives Margins



Source: Icon Agriculture

Contribution of Income Source

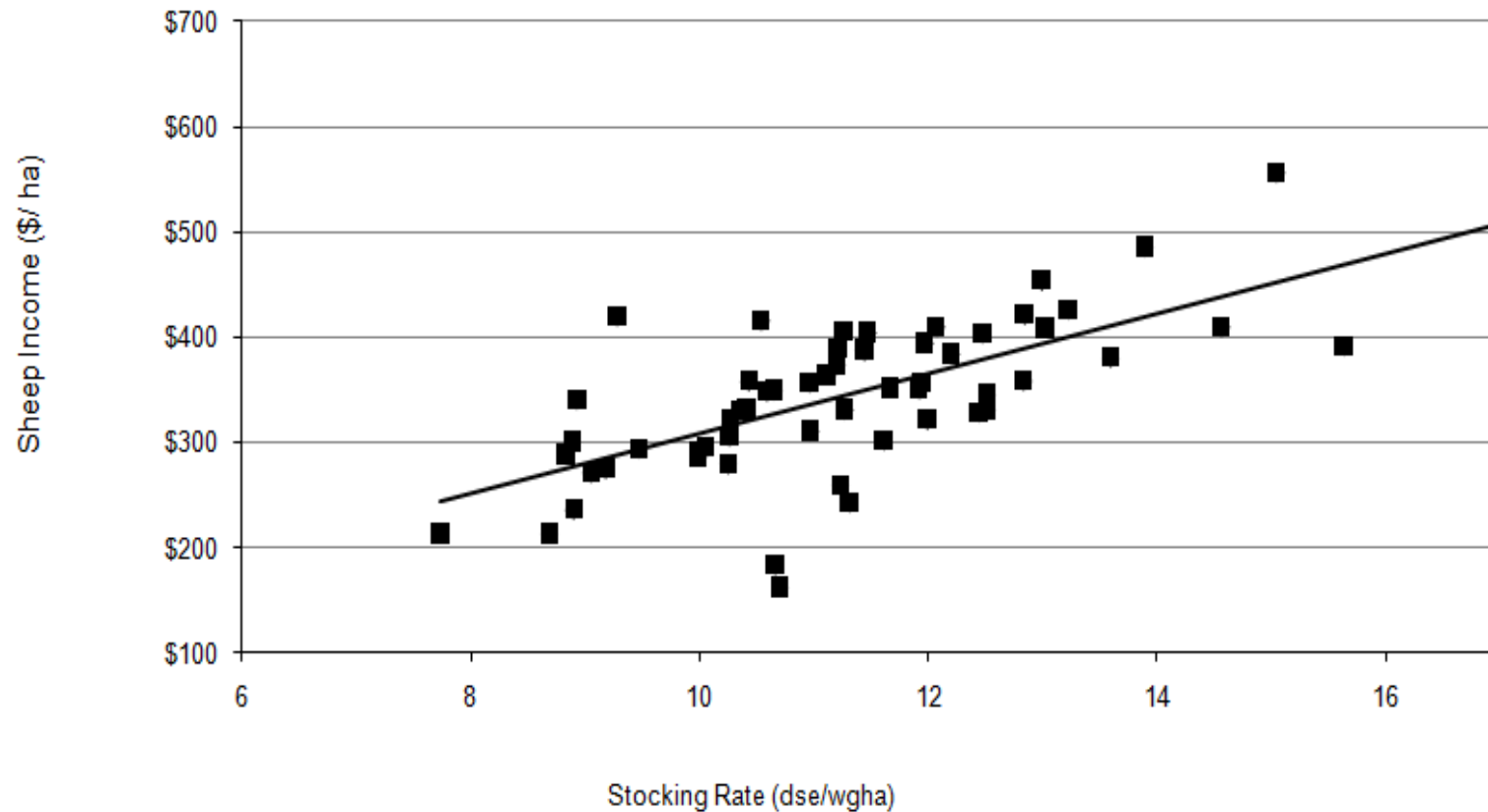


Source: Icon Agriculture

Implications?

- Wool has dominated income until now.
 - To remove Wool, must double LSTP.
 - Double lambing %?
 - Increase Prices?
 - Realistic to change?
-

Stocking Rate is Yield Potential



Source: Icon Agriculture

Key Drivers

What makes the difference?



Key Drivers: What makes the difference

	Group Avg	Top 25%
KEY PRODUCTION BENCHMARKS		
Stocking Rate DSE / WGHa	11.1	11.8
S/Rate DSE / WGHa / 100mm GSR	3.16	3.42
Wool Production Kg/WGHa	42.0	45.6
Net Wool Price	\$ 5.08	\$ 5.18
Kg Wool / DSE	3.77	3.86

Key Drivers: What makes the difference

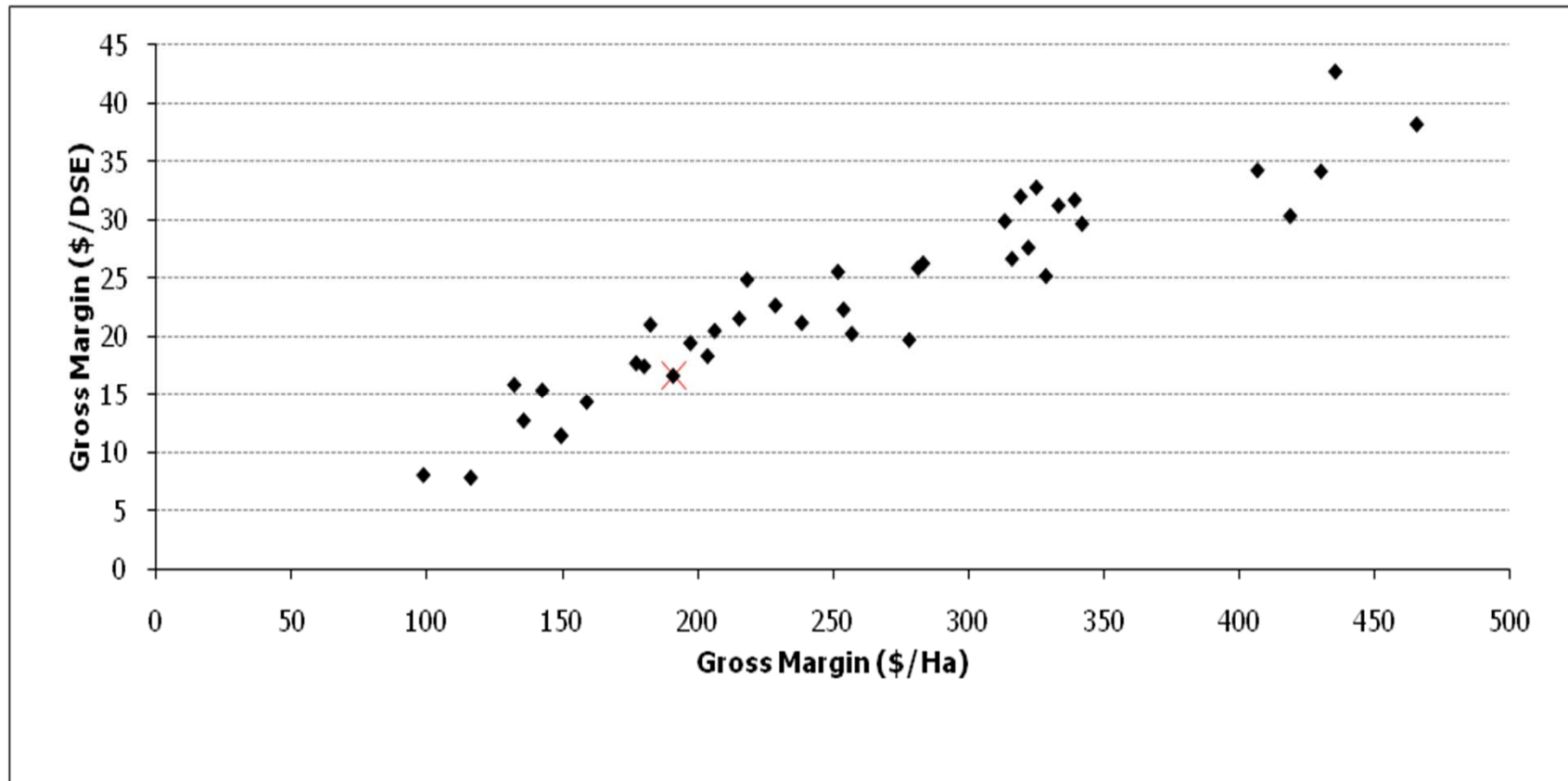
	Group Avg	Top 25%
KEY PRODUCTION BENCHMARKS		
Lambs / Ewe Ha	6.2	7.0
Lambing Percentage	83%	89%
Losses (%)	7.1%	6.3%
Sale Price Average (\$/hd)	\$ 44	\$ 49
Energy in Feed (Mj/hd)	271	255
Kg P / DSE	1.0	1.0

Key Drivers: What makes the difference

Flock Structures

	Group Avg	Top 25%
Ewes	60%	64%
Merino	70%	65%
Prime	30%	35%
Wethers	4%	3%
Hoggets	30%	28%

Good Operators



Source: Icon Agriculture

\$6/dse = \$80 000!

GROSS MARGIN / HA

Income

	Group Avg	Top 25%
Wool Proceeds	\$ 209	\$ 231
Profit from Livestock Trading	\$ 154	\$ 214
Total Sheep Income	\$ 363	\$ 445

Expenses

Sheep Costs	\$ 80	\$ 79
Fertiliser	\$ 33	\$ 32
Feed	\$ 46	\$ 47
Pasture	\$ 1	\$ 1
Total Variable Costs	\$ 160	\$ 159

Gross Margin / WGHa	\$ 203	\$ 286
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Gross Margin / Sheep Used Ha	\$ 190	\$ 266
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Plan your profit allocation

Secure the business future

- Get good advice, tax is looming
 - Debt Reduction?
 - Expand Sheep?
 - New Infrastructure! A chance enhance efficiency
 - New Kitchen!
 - Mistakes made now have a long term effect
-

More Sheep?

Silk Purse Ewes

Annual Death Rate	5 %
Weaning % (LW/EJ)	85%
Fleece Value (\$/Sheep Purch)	\$27
Lamb Sale Value from Ewes	\$70
Winter DSE Rating	1.3
Direct Costs (\$ Sheep Purch)	\$12
Selling Costs	7%
Purchase Value	\$110
Final Sale Value of Sheep	\$80
Ann. GM (\$/Winter DSE)	\$21.44
Investment (\$/DSE)	\$84.62
Return on Investment	25%

More Sheep?

	Silk Purse Ewes	Sows Ear Ewes
Annual Death Rate	5 %	6%
Weaning % (LW/EJ)	85%	75%
Fleece Value (\$/Sheep Purch)	\$27	
Lamb Sale Value from Ewes	\$70	
Winter DSE Rating	1.3	
Direct Costs (\$ Sheep Purch)	\$12	
Selling Costs	7%	
Purchase Value	\$110	
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Direct Costs (\$ Sheep Purch)	\$12	
Selling Costs	7%	
Purchase Value	\$110	
Final Sale Value of Sheep	\$80	\$70
Ann. GM (\$/Winter DSE)	\$21.44	\$8.94
Investment (\$/DSE)	\$84.62	\$84.62
Return on Investment	25%	11%

New Infrastructure (Do your sums)

- Update Existing Infrastructure
 - Yards
 - Shed
- New Tools
 - V Belts
 - Auto Draft
 - Remote Sensing

Conclusions

- A “lifetime” of waiting may be over
- Be prepared and understand how to maximise the opportunity
- Plan to disperse profits vary carefully
- Re-invest in sheep if you manage variables

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this up!**
