

Restocking options retain cull hoggets or retain older ewes?

John Francis - Agrista

After attending the recent Tablelands farming systems seasonal update it was agreed that I would conduct an analysis of options for building numbers post drought. The analysis was proposed to be specific to the circumstances at the time. That is, an abundance of feed due to exceptional seasonal circumstances and most people who attended the presentation were not yet stocked at pre-drought levels. This is not surprising given the seasons went from some of the worst on record to one of the best on record. At the autumn break livestock prices were seen as exorbitant so many chose not to restock.

This analysis compares the retention of younger ewes that would conventionally be culled based on wool earning traits with the retention of older ewes that would conventionally be culled based on age. The aim here is to execute a short term option to increase stocking rate to closer to pre-drought levels. This option reduces cashflow in the business as it delays sales of livestock that would otherwise be contributing to income generation. The analysis assumes that both sheep classes are then sold in the year following the single lambing.

The assumptions are outlined in the analysis but specifically the key differences include:

- Mortality rates (4% difference)
- Weaning percentage (10% difference)
- Wool value per ewe (\$10/head difference)
- Current sale value (\$140/head difference)
- Future sale value (\$140/head difference)
- Lamb value (Nil difference)

Name	Retain more young ewe hoggets	Retain more 5.5+yr older ewes
Lambing number	1	1
Mortality rate	4%	8%
Hogget weaning %	70%	80%
Adult weaning %	85%	80%
Fleece value (av \$/ewe)	\$48	\$38
Lamb value (\$/hd)	\$120	\$120
Winter DSE rating (DSE/ewe)	1	1
Direct ewe and lamb costs (\$/ewe joined)	\$30	\$30
Selling costs (% sale value)	8%	8%
On farm purchase value (\$/ewe)	\$300	\$160
Future sale value (\$/ewe)	\$260	\$120
Gross margin (\$/mid winter DSE)	\$45	\$47

The key outcome of this analysis is that there is little difference in return per mid-winter DSE between options but there will be a big difference in the cash requirements as sales foregone to fund the options. This means the return on investment is higher from the option to retain older ewes relative to the return from retaining younger ewes.

If the business is constrained by cash, then the option to retain older ewes is preferable as it results in less foregone sales than retaining hoggets for a similar gross margin return.

The analysis assumptions such as mortality rate for older ewes may be improved by changing management. For example, by prioritising feed quality or lowering stocking rate it may be possible to improve the outcome per ewe managed but this will change the comparative result per hectare when comparing with other options. This analysis is sensitive to nearly all the assumptions outlined.

These options are not necessarily the best options for restocking - they are the only ones examined.