

Improved profitability through benchmarking

Connecting people in the business of sheep

SNAPSHOT

Name:	Sheldon Keller
Location	Robertstown and Hampden
Average rainfall	325 mm & 400 mm
Enterprises	Self-replacing Merino flock and cropping
Farm size	1,280 hectares (240 ha Hampden; 1,040 ha Roberstown)
Vegetation:	240 ha un-arable hills and scrub (Robertstown) 100 to 300 ha sown pasture

Background

Sheldon Keller is a 4th generation farmer in the Robertstown area with sheep, wool and cropping enterprises. In an average season Sheldon runs 900 merino breeding ewes all mated to merino rams and crops 800 hectares to wheat, barley, oat/vetch hay and pulses. A further 100 ha is sown as pasture feed with cereal and vetch. In seasons with average to above average opening rains Sheldon sows pulses, mainly faba beans on the Hampden block. With below average opening rains over the last few years he has reduced his cropping area to reduce risk and provide additional pasture for livestock.

Traditionally Sheldon had run a merino flock but decided to trial Dohne's in 2012/13 and mated his older merino ewes to White Suffolk rams to produce prime lambs to take advantage of increasing lamb prices.

Motivation to Change Practices

In 2014/15 Sheldon joined the Mid-North sheep benchmarking group, which meets several time a year. There are 15 business from across the region involved in the group, comparing sheep management, production and financial data with the aim of improving their livestock enterprises.

After joining the group and comparing the production and profitability of his different livestock enterprises, Sheldon quickly realized that his pure merino flock was more profitable than either the Dohne or prime lamb flocks. Being involved with the group and the data from the benchmarking gave him the confidence to move back to a pure merino flock.



Sheldon's containment feeding area

Results of the Change

Through the benchmarking group Sheldon has gained skills in condition scoring his sheep and he now undertakes this on a regular basis aiming to keep his ewes at condition score 3 (CS3) to maximize fertility and productivity.

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He had been pregnancy scanning ewes for several years and selling dry ewes but this was only providing limited benefit.

In early 2019, Sheldon conducted a feed budget with the feed he had on-hand, which included oat/vetch hay and barley grain. He found that he had a short fall in the amount of feed required and decided to purchase sheep pellets to fill the gap. Although pellets are expensive they are easy to handle and feed out through his lick feeders with minimal or no waste.

Following pregnancy scanning in April, 2019 he split the ewes with singles and those with multiple births into separate mobs. The two mobs of ewes were placed in containment feeding areas and fed different rations for six weeks. In mid-June (one to two weeks prior to the start of lambing) the ewes were put out onto sown pasture paddocks to lamb. Despite poor seasonal conditions in 2019, Sheldon marked 112% lambs from the ewes that were mated (including 2.5% mature dry ewes). All maiden ewes were kept but dries were identified and will be culled if they do not produce a lamb in 2020. This lambing performance compares very favourably with others in the district, who only achieved 60% lambing in 2019.

Sheldon established a containment feeding area in 2013 with funding from the Murray Darling Basin NRM Board, following the 2012 drought. In the first few years it was only used for short periods in the autumn to let pastures get established but has been used extensively in 2018, 2019 and early 2020. Although the cost of feeding has increased the extra production has more than offset this cost. Sheep have been removed from stubble and pasture paddocks when they still have sufficient cover to minimize the risk of erosion and pastures have been able to establish after opening rains, while the sheep are in the containment area. These changes have enable the sheep enterprise to remain profitable (2018/19 benchmarking data) despite the extended drought, experienced throughout the district.

Table 1: Cost:benefit analysis of splitting single and multiple births.

Benefits		
Additional Income		
Wool	200 hoggets @ 4 kg/hd of 17.5 micron	\$8,350
Wether lambs	100 additional lambs @ \$170/hd	\$17,000
Cull ewe lambs	100 additional lambs @ \$200/hd	\$20,000
Reduced Costs		
Less ewe losses	1% @ \$250/hd	\$1,563
Total benefits		\$46,913

Costs		
New variable costs		
Sheep pellets for ewes	24 t @ \$450/t	\$10,800
Shearing	200 hoggets @ \$7.50/hd	\$1,500
Other management	200 hoggets @ \$15.50/hd	\$3,100
Lamb selling charges	Industry levies and commission	\$2,864
Wool commission & levies		\$355
New overhead costs		
Depreciation		\$840
Opportunity Cost		\$360
Total Costs		\$19,819
GROSS MARGIN		\$27,094

By maintaining ewes at CS3 and splitting single and multiple birth ewes and feeding them accordingly, it is estimated that lambing percentage has been increase from 80% to 112%. This has meant an additional 200 lambs plus wool (Table 1) has been available for sale. After subtracting the additional costs of feed, shearing, management and selling charges, this change in management has provided an additional gross margin of \$27,000 from the livestock enterprise.

Sheldon had been leaving the rams with the ewes for up to eight weeks, however following discussions with the benchmarking group he has now reduced this to six weeks. This has condensed his lambing period, making management of livestock easier and reduced the number of late, poor performing lambs.

Sheldon has been purchasing plain bodied rams with very little body wrinkle and longer staple length for a number of years. In 2018, he decided to stop mulsing to reduce lamb stress and improve animal welfare. This was several years earlier than originally planned but he has had minimal problems with fly strike and has not needed to undertake more intensive management at this stage. The wool of these sheep is not as dense, enabling it to dry out quicker, however this allows more dirt to penetrate with lower wool yield. Sheldon has been shearing hoggets at eight months of age with adequate staple length, however six monthly shearing would incur a discount. He has considered shearing all his flock on an eight month cycle but found that it would be too difficult to fit in with other farm management practices.

The on-going drought since 2017 has meant that ewe numbers have been reduced from 900 in 2017 to 600 in 2019, due to poor pasture and stubble availability. The benchmarking group has helped him develop management plans for the drought with strategies and trigger points for livestock management and sheep sales, including what livestock class to sell in what order.

Even with the reduced sheep numbers, Sheldon has still increased the containment and supplementary feeding of hay and grain to ensure livestock are maintained in adequate condition. He doubled the area he normally sows to hay in 2019 to replenish supplies. After receiving only 141 mm growing season rainfall he needed to purchase a small amount of hay and sheep pellets for the 2019/20 season.

As part of the benchmarking group Sheldon compared the weight gain of lambs, grazing cereal stubble with those grazing bean stubble. He found that the lambs grazing bean stubble gain weight much faster and is now growing beans in preference to other break crops such as canola.

Opportunities for the future

With the improved lambing percentage in 2019, Sheldon is in a strong position to take advantage of a return to more favourable conditions in 2020. He has mated almost 800 merino ewes this season and with current management and an average season should be able to increase this to 900 ewes in 2021. However, if the opening rains are late or patchy he has the flexibility to reduce livestock numbers by selling his older ewes, pregnancy scanned and in-lamb in late May or early June.

The benchmarking group has enable producers to discuss and learn from other producers successful and unsuccessful management practices. The group has given producers the confidence to implement new strategies to improve livestock profitability. . Each year they visit a member's property to view and discuss sheep handling equipment, containment areas and management practices. Sheldon is continuing to learn and implement new management practices as time and finances allow.

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