

Getting into sheep

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“I am more afraid of an army of 100 sheep led by a lion than an army of 100 lions led by a sheep”.

“There are some very good reasons why we should either get into sheep or continue with them as an important enterprise.”

Here are some pros and cons to the above statement.

Reasons for introducing sheep

- There is a long-term future for sheep meat. Australia and New Zealand between them export the majority of lamb to the world. Australia dominates the over 22kg export lamb trade. Although the US is a key market for our lamb, there is also strong demand from many other nations for both mutton and lamb. Prices for lamb have improved greatly over the last few years and it has been predicted that this trend will continue.
- The shift in the Aus/US \$ value in the last year means that next year's cereal crop could have significant downward pressure on price. Every one cent increase in the Australian dollar means about a \$3/t discount in the price of our wheat. The price of lamb may not experience a corresponding drop; demand for lamb in the US may actually increase because of the mad cow disease threat.
- The gross margins for most sheep enterprises in 2003 compared equally with crop options. Next year may favour sheep over other enterprises.
- Many of our soils do not suit pulse crops. For areas with these soil types, legume pastures are a viable alternative. Medics seem to grow well in soils with subsoil limitations. Legume pastures can add to the nitrogen bank, saving on future urea applications.
- Resistant weeds are becoming a major issue that demand a whole gamut of control options. Pastures in combination with group A herbicides, followed by spray topping is one option that fits well in a balanced control program. Sheep fit well in financing this control option.
- When medic pasture is sown in combination with oats, the stocking rates of the pastures increase significantly. At the BCG Farming System trial in 2001, a stocking rate of 8 DSE was achieved even though below average rainfall fell in that year. Sowing vetch as a pasture alone can have a similar result as the combination of medic and oats.
- Sheep fit well in the yearly calendar. The work that involves sheep seems to occur when the cropping program is at its most static. A sheep enterprise adds to the diversity of farming life to create interest and variety. The whole family can be involved.
- Sheep can be useful in eliminating weeds, reducing stubble for ease of sowing of crops, recycling of organic matter and often significantly reducing the number of cultivations required.
- As a risk management strategy, the more enterprises the better, a spread of the most critical factors (such as frost or disease) and covering a variety of markets. The profits from a livestock enterprise will mostly be proportionally better than crops when the season is fair to average or when some crisis affects the grain industry.

Reasons for not introducing sheep

- The high purchase price of livestock at the moment creates a greater risk of losing money if for some reason sheep prices fall. This could be because of drought, fall in demand for meat or wool, poor choice of the sheep purchased or high death rate.

- Sheep cause compaction of our soils. Some believe that this results in crops which grow with less vigour, lower density and greater unevenness.
- The trampling of straw by sheep can restrict direct drill (DD) equipment from working properly. DD farmers like straw to be standing for this reason. That is why many prefer no livestock.
- Many farms don't have the infrastructure to run sheep. Their fences, sheep yards and shearing shed are not up to scratch.
- Water availability this year is a problem for many. It is time consuming to either cart water or to constantly watch low level dams.
- At some time during the year, paddock feed is in short supply. Hand-feeding stock is expensive, can be difficult and sometimes lacks a finishing date.
- Running sheep can prevent the preparation of fallow for next year's crop. Some people would say that moisture saved with spring fallow can far outweigh the returns from sheep.
- Some people just don't like sheep. They say there are farmers and graziers and you are either one or the other!
- Sheep tie you down. Without sheep, you can go away for the weekend not having to worry about who is looking after the ewes and lambs.

What sheep to buy?

Buying options and examples:

Old Ewes.

Buying old ewes either in lamb or to be joined. This is a short-term, low cost option that can either be a way of breeding some younger ewes or producing three saleable commodities (wool, lamb and mutton).

Example 1. Bought 405 Merino ewes, 4 years old, de-pastured Poll Dorset rams Dec 2003, July shorn, ex-Jamestown in early December 2003 for \$56.50. When transport costs were added the total outlay was \$60 each. These sheep were medium to well-grown with a mixture of wool types.

Adding costs of production per head through the year

Interest \$6 + selling costs \$10 + shearing \$3 + husbandry \$4 = Total \$23

Total outlay \$83/head

Table 1. Projected income for example 1.

Projected income	Dollars
5.5kg wool @ 360c/kg clear	19.80
Sell 95% lambs for \$75	71.25
Sell 95% ewes for \$45	42.75
Total return/hd	133.80
Expected profit/hd	50.80

One could reasonably expect to carry 3 ewes per hectare over the winter / spring period. Gross margin / ha would be a healthy \$152 / ha .

Example 2. Bought 800 Merino ewes, 5 years old, January shorn, ex-Hillston in early August 2003. These ewes were on the point of lambing to Border Leicester rams. They cost \$92 plus transport \$4 = 96/hd.

Adding cost of production per head throughout the year

Interest (6 months) \$4.80 + selling costs \$6.60 + shearing \$3.50 + husbandry \$4 = Total \$18.40

Total outlay \$114.40/ hd

Table 2. Expected income for example 2.

Projected income	Dollars
5.5kg wool @ 380c/kg clear	20.90
Sell 90% lambs @ \$85/hd	76.50
Sell 95%ewes march 2004@ \$55	52.25
Total return/hd	149.65
Expected profit/hd	35.25

As in the above example profit per hectare when stocked at three ewes/ha would be \$105.75 for a six month period. Another possibility for this example is keeping the first-cross ewe lambs as either future breeding stock or keeping them for another 6-12 months and selling them for \$120-150 each.

Young ewes

In most situations, buying young ewes means that the intentions are long-term. The cost of a young ewe can be proportioned over a number of years. The difference between their sale price and replacement cost can be averaged over the life of the ewe. With the choice between buying first-cross ewes for purely fat lambs or Merino ewes for wool and meat, each has its own benefits and disadvantages. First-cross ewes produce higher lambing percentages, lambs mature faster, need more food than Merino ewes and usually cost about 50% more to buy. Merino ewes are dual purpose, generally have a hardier nature and as a supplier of breeding stock are an attractive alternative. First-cross sheep tend to eat more heliotrope than Merinos which can cause copper poisoning and death.

Example of a short-term situation:

Example 3. Bought 331 one-year-old first-cross ewe weaners, October shorn, ex-Edenhope, de-pastured Poll Dorset rams mid January 2004 with the intention of selling ewes and lambs in August 2004 when lambs are only 8 weeks old. These sheep are true to type, well grown but out of condition when bought in November 2003.

Cost

\$91 plus freight \$1.50 = \$92.50/head.

Add costs of production

Interest for 6 months \$5 + selling costs \$8.60 + husbandry \$4 = Total \$23.60

Total outlay = \$116.10/head

Estimated income received

Sell 100% ewes and lambs @ \$150/head

Expected Profit = \$33.90/head

This example could have a different conclusion if the lambs are kept till maturity and sold for \$80 and the ewes sold as two year olds for \$120 each, giving an extra return of \$50 per head. The pressure will come in this exercise if the season is late or very dry. Lambing ewes on limited feed is difficult and often result in low lambing percentages.

Store lambs

Buying store lambs has been a popular activity with many farmers in our region. The usual practise is to buy lambs in November/ December to eat cereal stubbles and sell in the autumn when both lambs are fat and prices are good. In the last couple of years the cost of buying lambs has increased significantly making the capital investment much greater.

Example 4. Purchase 2000 cross-bred lambs unshorn, ex-various markets in October/November 2003.

Costs

Lambs + freight + shearing + animal health (Av carcase wt 16kg) = \$72/ head

Production costs.

Interest (4 months) \$ 2.20 + selling costs \$5 = Total \$7.20/head.

Total outlay = \$79.20/head

Projected income.

Sell 99% of lambs over hooks @ 3.70 / kilo for 25 kg carcase plus a \$12 skin = \$103 / head

Profit = \$23.80/head

Over the summer period lambs should be able to be run at 5 to the hectare. This would give a gross margin of \$119/ha.

This scenario has a number of risks associated with it. Experience tells us that even though in theory lambs can gain weight at 200 grams a day, in reality it is difficult to achieve in the paddock and some lambs will never make 25kg carcase weight. On the other hand some lambs achieve more than 25kg carcase weight at 5 months. The average is the important consideration when planning such an option.

Sometimes buying 16kg lambs in October at \$4.50/kg and selling the 25kg lambs in January for \$3.70/kg will be the best option and other times buying the same lamb in December and selling in April for \$4.00/kg will be better. That is why some farmers buy lambs at different times to average out their buying and selling price. Forward selling at a set cost per kg helps minimise risks.

Weighing lambs should be standard practise for all of us. In this situation where lambs are fat, you should roughly calculate about 47% body weight as the estimated carcase weight, after lambs have emptied out for 6-7 hours.

Merino Wethers

Buying wethers for wool production is not a long-term option at the moment, as the price of wool is so low. However buying wethers and targeting the mutton market has possibilities as a short-term option. The mutton price has been averaging about \$2.60/kg this year which is significantly above its long-term average. Buying out of condition wethers and fattening them can give quite satisfactory returns.

Example 5. Bought 250 Merino wethers 2.5 years old, October shorn, ex-Bendigo in January 2004. These were well grown Riverina type sheep and cost \$44/head plus \$1 freight = \$45 /head

Cost of production per head

Interest (6 months) \$ 2.20 + selling costs \$3.20 + shearing \$3 = Total \$8.40

Total outlay \$53.40 /h

Table 3. Projected income for example 5.

Projected income	Dollars
Shear 4.2kg wool @ 380c/kg	16.00
Sell 98% in June 2004 @ \$62	61.00
Total return/hd	77.00
Expected profit/hd	23.60

The advantage with this option is that wethers can be used to clean up fallows or weedy pastures and they will still put on weight because they are older sheep. This is also the low maintenance option. Only a casual eye needs to be on these sheep. It doesn't take up much time and it doesn't need a great deal of expertise to make it happen. The greatest risk is that the mutton price might drop 6 months down the track reducing profits.

Stocking rates for wethers can be much higher than for ewes or young sheep. It is possible to graze 8 wethers / ha on some Mallee type country, however to assure that maximum weight gain a more conservative approach would need to be adopted.

Other alternatives

A self replacement flock is another option. For some, this means buying Merino ewes and producing their own first-cross ewe lambs from British breed rams to be used for fat lamb production. The other option is producing pure Merino lambs from a self replacing 'foundation flock', which then has the capacity to breed Merino, first-cross or Dorset X lambs. A self replacing flock is a long-term option that demands year long feed and performance indicators to improve the flock over time. Generally, a self replacement flock is for the committed sheep person who has a genuine passion for sheep, and who is prepared to ride the highs and lows of prices and seasons. This option, once started, does not require any capital investment except buying rams.

The initial purchase of the foundation ewes needs to be carefully considered and needs to be discounted over a number of years.

Pastures

Many farmers believe that leaving stubble is enough to create subsequent pasture the following year. This has meant in many instances that the pasture has nothing but a little self-sown cereal plus the odd weed. We cannot expect our sheep to survive on these pastures at high stocking rates without some effort. Paddocks with a high clover or medic history can produce adequate pastures but mostly this is not always the case.

Once, every combine had a small seed box to sow medic or sub clover seed. Unfortunately this is no longer the case either. However, now most seeders can sow canola which means they are able to sow pastures as well. If farmers are serious about grazing sheep then investing in sowing pastures with fertiliser can be a good investment. Vetch sown as a pasture has become a popular alternative to other legume pastures. Not only will stocking rates increase dramatically but nitrate levels in the soil will also increase.

The problem with pure medic or clover pastures is that during the winter, production is not enough to sustain high stocking rates. The addition of oats in the pasture mix is a great way of producing winter feed while the medic has a chance to establish. The combination of oats, medic and fertiliser sown early in the season can produce an enormous amount of feed particularly when the season opens early in March or April.

The practise of autumn saving can also be a great investment, particularly when the season is late starting and rainfall low. Autumn saving involves the removal of livestock from paddocks while pastures have a chance to reach a critical mass. The practise allows the plants to grow as fast as possible, using the greatest amount of surface area and without being eaten or stood on. Intensive hand feeding sheep for a short time soon after the break can ultimately save in the long-term the amount of feed used.

The glamour crop lucerne should also be mentioned here. Those areas that are suited to the growing of lucerne enjoy a highly nutritious pasture that can keep lambs growing bone as

well as muscle right through the summer and autumn period. It is important to make sure that young sheep continue to grow through the summer months, because if a check occurs, the time taken to restore live weight can be substantial.

Finally livestock like crops need monitoring, the proper equipment needs to be used, understanding and interest helps and doing the job properly when working with them can save time. And remember one of the great pleasures of this business is on a warm summers afternoon, when the fat sheep are slowly walking along the long road with your trusted sheep dog at your heel, the shade of the mallee trees tempting everyone to stop and listen to the birds and smell the pollen, you put down your copy of the BCG manual, stop the ute, put your head back and have an afternoon snooze. Now that's living!