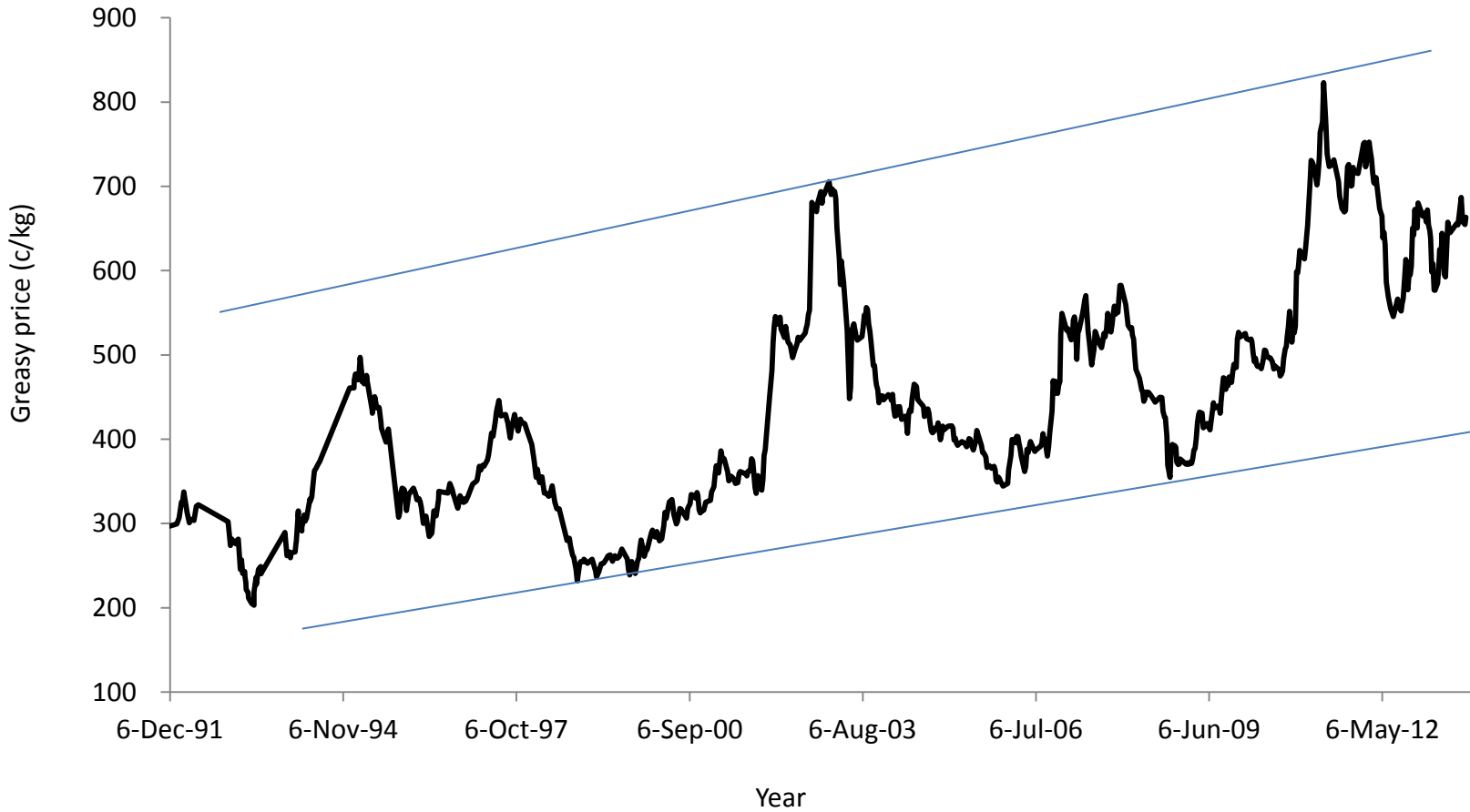


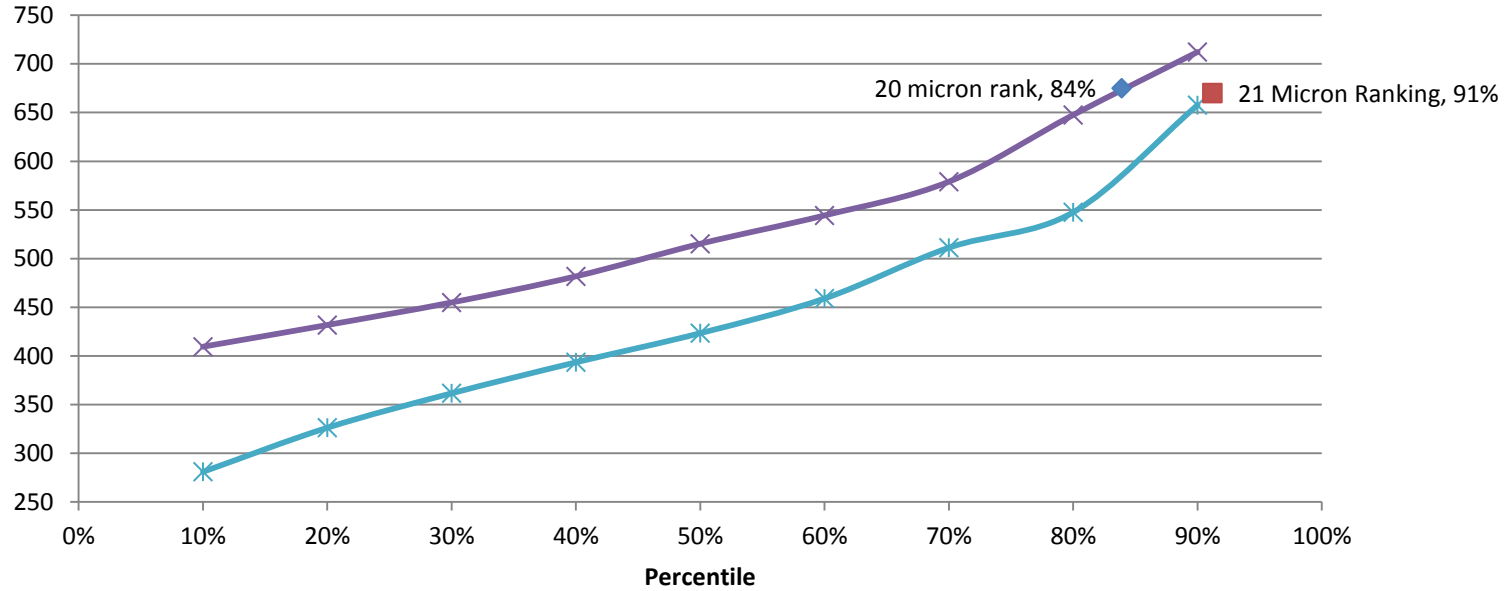
Profitable and Practical Merino Management

Andrew Ritchie
Icon Agriculture

On Farm Wool Prices (since rps)

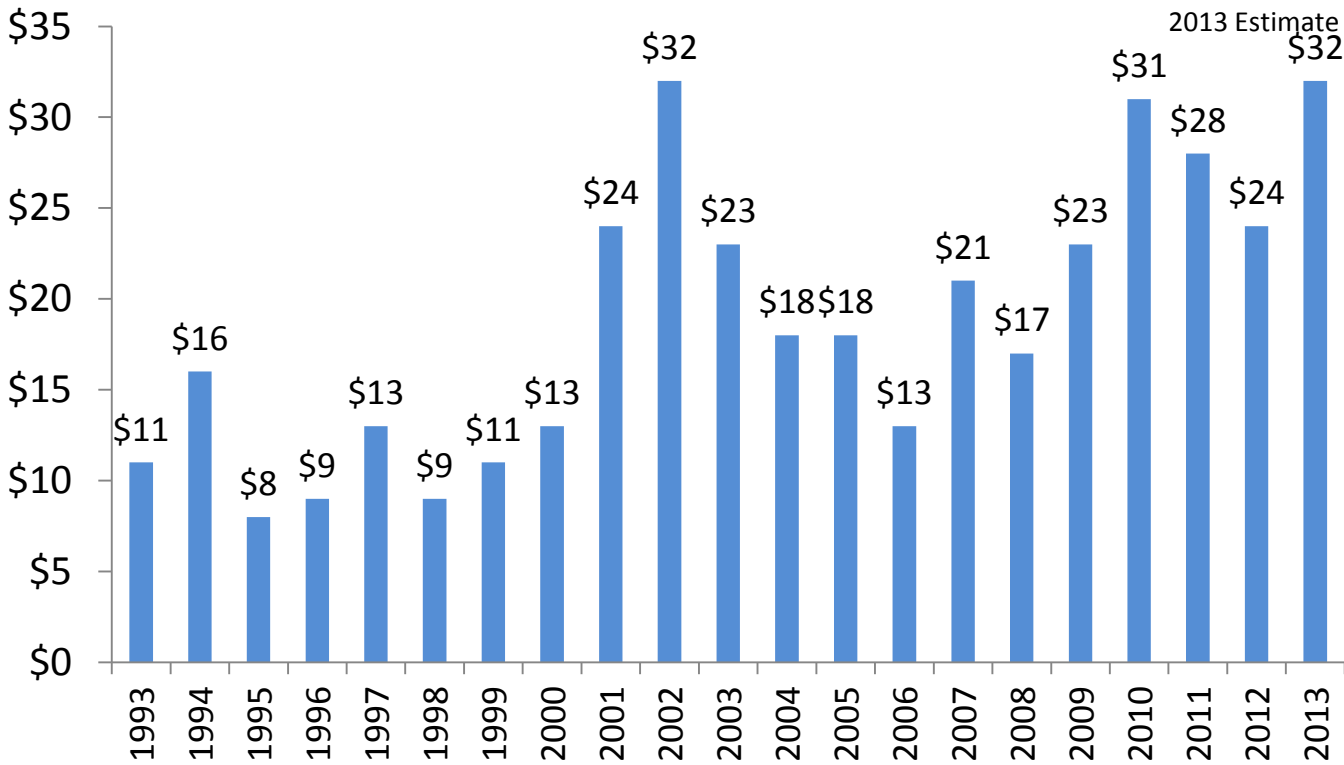


How good is Wool!



—x— 20 Micron —*— 21 Micron —◆— 20 micron rank —■— 21 Micron Ranking

Long term sheep performance



Source: Icon Agriculture

Profitable Sheep Performance

- What matters?
 - Key drivers
 - Using real benchmarked data over many years.
- Where are you?

Profits from “Livestock Trading”

1. Lambing rates.
2. Lamb survival rates.
3. Wastage Sources.
4. Price for purchased stock.
5. Price received for sale stock.
6. Flock mix (drives selling numbers).

Benchmarking

1. Monitor outputs over time
2. Comparative performance
 - a. What is the range of outcomes.
 - b. What to focus on.

Management Key Drivers: (What does make the difference?)

KEY BENCHMARKS

	Average	Top 25%
Net Wool Price	\$6.29	\$6.30
Sale Price Average (\$/hd)	\$68	\$68
Kg Wool / DSE	3.47	3.61
Energy in Feed (Mj/hd)	310	249
Kg P / DSE	0.68	0.73

(Last 5 years, ranked on \$GM/ha)

GROSS MARGIN / DSE

Income	Average	Top 25%
Wool Proceeds	\$ 21.24	\$ 22.19
Profit from Livestock Trading	\$ 18.92	\$ 23.98
Total Sheep Income	\$ 40.17	\$ 46.17
Expenses		
Sheep Costs	\$ 7.95	\$ 7.64
Fertiliser	\$ 2.90	\$ 2.64
Feed	\$ 4.76	\$ 3.88
Pasture	\$ 0.03	\$ 0.02
Total Variable Costs	\$ 15.64	\$ 14.19
Gross Margin / DSE	\$ 24.53	\$ 31.98

\$7.50/dse = 30% more

(Last 5 years, ranked on \$GM/ha)

Key Drivers: (What does not make the difference?)

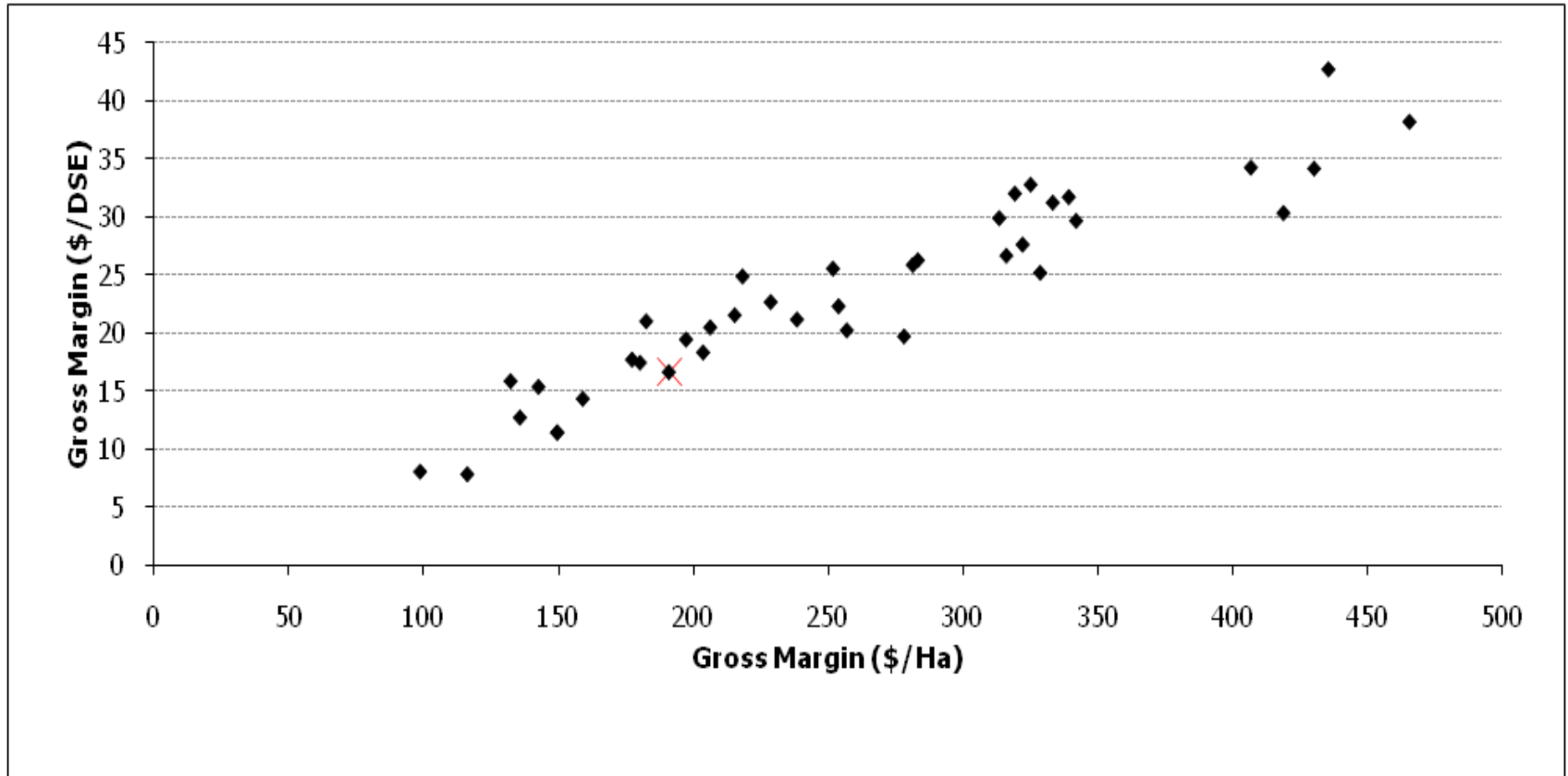
PARAMETERS

	Average	Top 25%
Net Wool Price (\$/kg gsy nsb)	\$ 6.29	\$ 6.31
Sale Price Average (\$/hd)	\$ 61	\$ 67
Kg Wool / DSE	3.5	3.6
Kg P / DSE	0.7	0.7

Only for the Pub!

(Last 5 years, ranked on \$GM/ha)

Silk Purse vs. Sows Ear



Sheep management 1.01

- **Planning**

- System

- Match feed and labour resource to demands.

- Timing

- Timing of husbandry is critical (just like cropping).

- Healthy sheep

- Are less work

Minimise Mistakes

- Mistakes require extra labour at the wrong time.
 - Dirty sheep - Fly problems, plan to jet.
 - Lice - Lost production, fence and chemical.
 - “Preg tox” - Preg scanning and feed allocation.
 - Worms - Short and long acting drenches
 - OJD - Vaccinate to the risk.
 - The manager is responsible not the sheep.

System & Timing

- The Mediterranean Climate
 - Predictable.
 - Expect the unexpected, and plan for it.
 - Plan a suitable system for your business.
- Labour availability.
 - System/work plan to match

What's new?

- Grazing crops
 - Allows higher feed intake to lambing ewes
- Feeding technology
 - Greater precision in our understanding of what sheep need and when.
- 100% Club

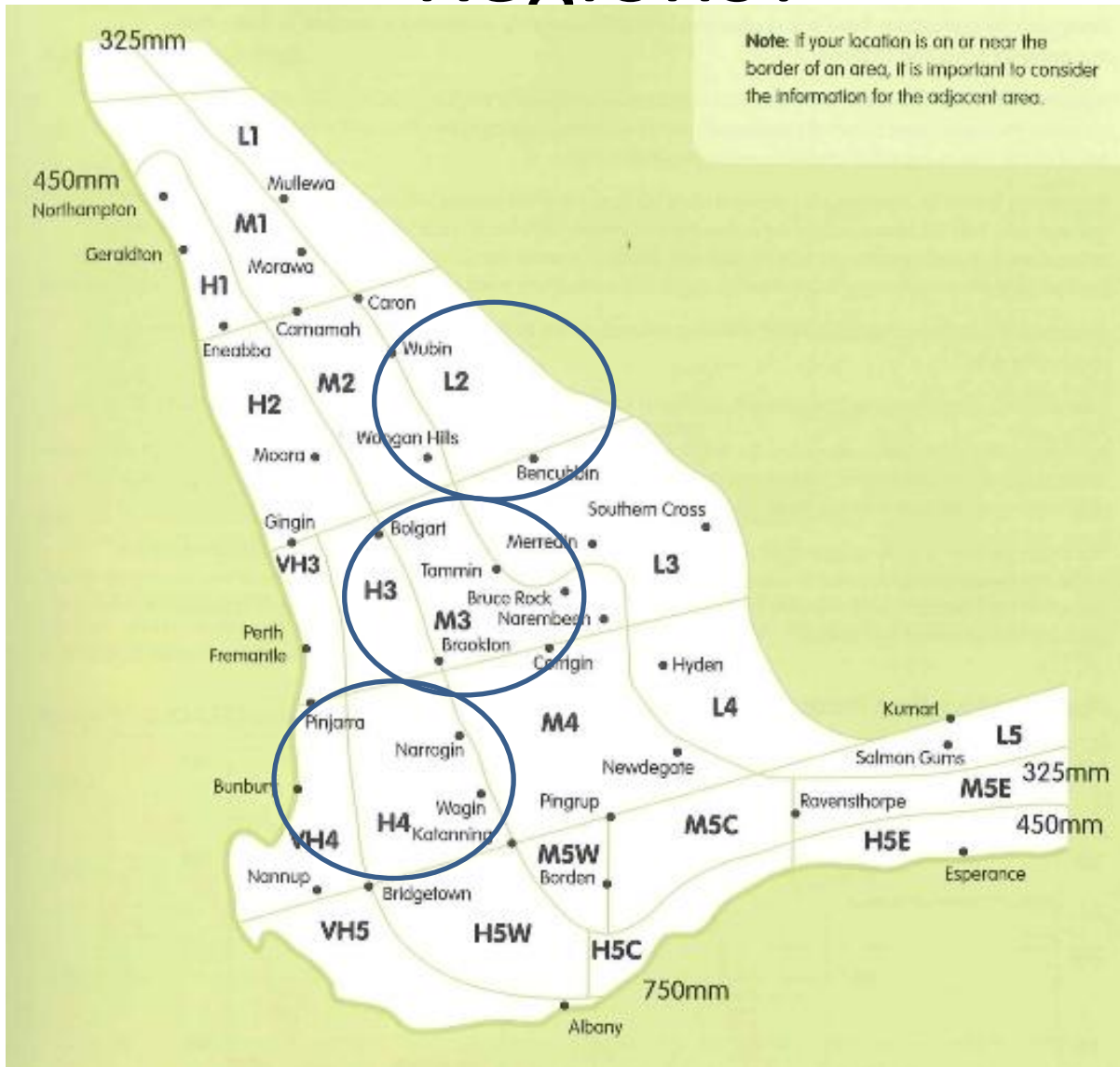
Profitable and Practical management

- Target production levels (benchmarking).
 - Key drivers are yield based.
 - Embrace variation!
- Focus on Livestock trading profits (50:50).
- Timing is critical for labour efficiency
- Make investment in easier sheep work.
 - Infrastructure

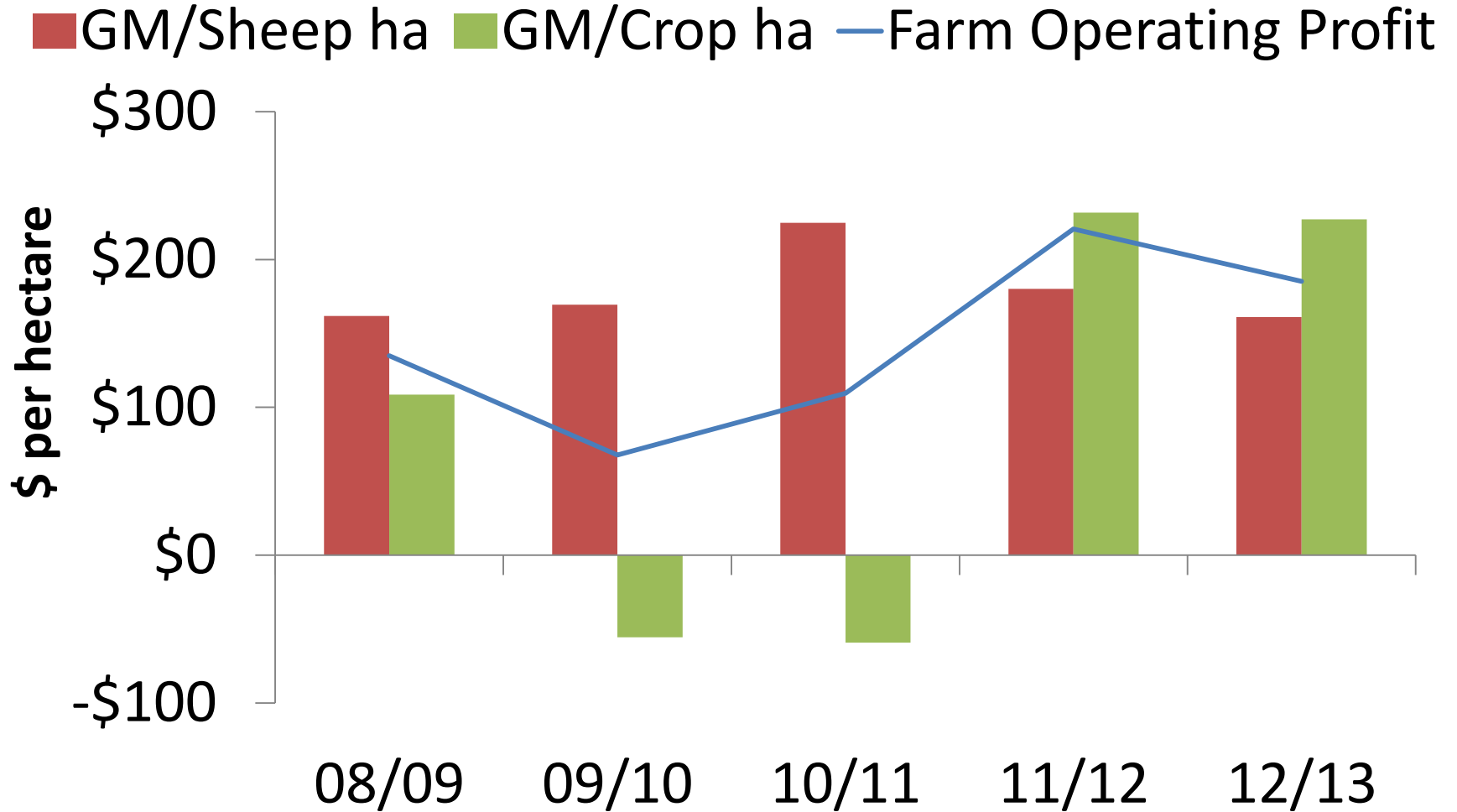
Profitable and Practical management

- You don't need silver bullets.
- You have a dynamic merino sheep industry
- Your long term future lies in your genetics.

Regions?

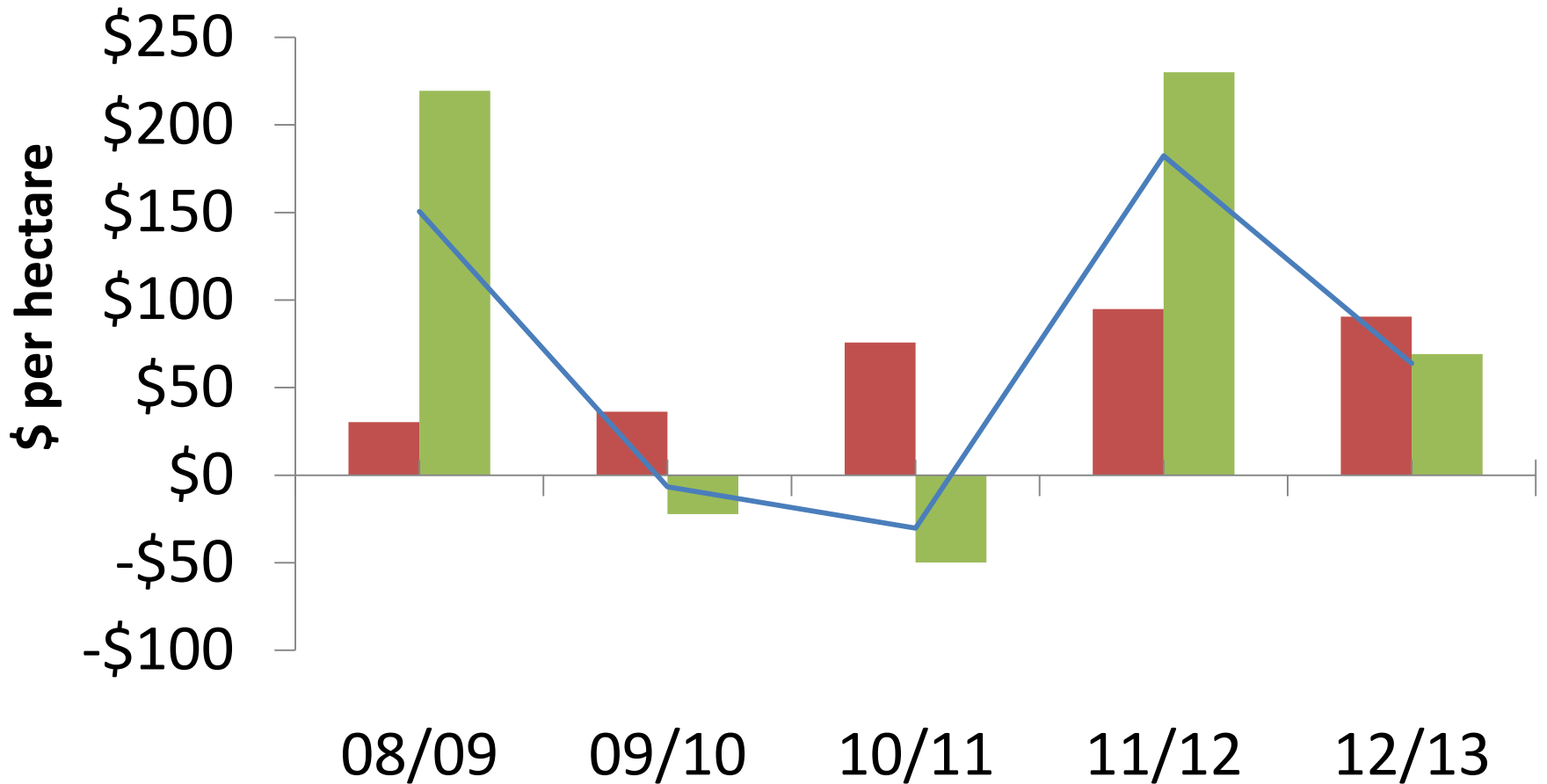


High Rainfall Zone



Medium Rainfall Zone

■ GM/Sheep ha ■ GM/Crop ha — Farm Operating Profit



Low Rainfall Zone

