

AN INITIATIVE OF

Making More From Sheep



Australian Wool
Innovation Limited



It's ewe time!

- ✓ Grow 10% more wool
- ✓ Achieve 10% more carcase value
- ✓ Produce 10% more lambs per hectare



QUEENSLAND, 2018

Stockman's Hall of Fame, Longreach, QLD – Tuesday 21 August

Tambo Shire Hall, Tambo, QLD – Wednesday 22 August

Mitchell Shire Hall, Mitchell, QLD – Thursday 23 August

It's Ewe Time Forums

- QLD PROGRAM

TIME	TOPIC	SPEAKER
8:30	Registration	
9:00	Introduction (Chair) inc. Meat & Wool Outlook	Ted Parish MLA, Program Manager - Adoption, Brisbane, QLD
9:20	Animal Welfare Market Signals and Non-Mules Case Study	Geoff Lindon AWI, Program Manager, Genetics & Animal Welfare Advocacy, Wagga Wagga, NSW
10:00	Sire Selection – Minimum Effort, Maximum Return	Hamish Chandler MLA, Program Manager - Genetics, Armidale, NSW
10:40	COFFEE BREAK	
11:10	Securing Your Flock Health	Andrea McKenzie DAF, Beef and Sheep Extension Officer, Charleville, QLD
11:50	Making Sustainable Financing Choices	Brecken Curtis Sprout Agribusiness, Managing Partner, Longreach QLD
12:30	Closing Comments	Ted Parish MLA, Program Manager - Adoption, Brisbane, QLD
12:40	LUNCH	
1:40	FINISH	

THE 2018 IT'S EWE TIME FORUMS ARE SUPPORTED BY:



Market Situation

Wool Market

- The Eastern Market Indicator (EMI, Australia’s primary wool market indicator) has been on a steady upward trend for the past five years.
- The EMI broke historic price levels in the 2017/18 selling season, peaking at 2073 c/kg, and closing at 2056 c/kg at the end of the season. From season open to close, the EMI lifted 531 c/kg (34.8%).
- Australia produced over 360 million kg of wool in 2017/18.
- Queensland produced almost 9.5 million kg of wool in 2017/18.
- Comparing the 2016/17 and 2017/18 seasons, the Queensland wool clip was marginally finer whilst slightly less wool was produced.
- In the 2017/18 season, 75% (over 7 million kg) of Queensland wool was below 20.5 micron.
- The overall sentiment in China remains very positive. All Merino wool has been under buying pressure throughout the season but has now possibly entered a period of price sensitivity.
- The ability of Chinese, European and other garment manufacturers to pass on recent price increases seen at local auctions is now required to sustain the current levels (or somewhere close to it). Owing to the rapidity of recent price rises, most manufacturers will have exhausted their cheaper average price purchased at the beginning of the rise. Manufacturers’ buying levels for the year have averaged around 1750c, and there will be reliance on passing on the increase to sustain current pricing levels.

AWI releases a range of market intelligence information, including weekly and monthly reports, wool production forecasts and text messages. This information is available to view at wool.com/marketintelligence, and you can sign up to have the reports emailed and messaged directly to you.

Notes

Sheep and lamb market

- Dry weather and drought conditions so far in 2018 have challenged producers' intentions at the start of the year to expand their flocks and take advantage of high sheep and wool prices.
- Australian lamb slaughter is forecast to get close to 23 million head in 2018, up substantially on 2017 levels.
- Lamb carcase weights are expected to continue at just below record 2017 levels, combining to see a production increase of 3-5%.
- The poor conditions have had a more significant impact on sheep slaughter, with year-to-May numbers up 25% year-on-year.
- Lamb prices have been resilient all year, despite the abundant supply, due to strong on-going international demand. Since May they have trended upwards, spiking at the end of June to reach record highs at the start of July at 726¢/kg.
- The increases in supply are forecast to result in a record breaking year for lamb exports with all major market destinations in growth.
- Given New Zealand's capacity for export growth remains constrained, Australia is competitively positioned to supply growing demand in the global market.
- On-going dry seasonal conditions in many key supply regions, along with a poor rainfall outlook, will likely see a certain amount of volatility in the market continue.
- Looking ahead, the market will depend on a break to the poor seasonal conditions and improvements in feed availability coming into spring.

MLA's Sheep Industry Projections Update will be released in September – to receive this, or any of the Market Information reports by email, contact marketinfo@mha.com.au. If you are looking for more detailed prices and trends at your local saleyard, visit www.mha.com.au/prices-markets/market-reports-prices/.

Notes

Session 1: Animal Welfare Market Signals and Non-Mules Case Study

Take home messages

1. The wool supply chain is asking for transparency on welfare and sustainability issues
 - Consult your wool broker on the National Wool Declaration (NWD) and get it right
 - There is a small discount for Not Declared bales
2. Pain relief works - consult your vet on best pain relief options and declare on NWD
3. You can breed to improve productivity and welfare (polled, wrinkle, cover, robustness)
4. Australia is now a major world exporter of Non Mulesed (NM) wool. Consult your wool broker on the NWD and get it right
5. Fewer number of Merinos are being mulesed and the premium for NM wool is increasing
6. Before moving to a Non Mules enterprise - plan, plan and plan the remix of remaining fly control tools
7. Make sure you are using effective chemicals wisely. Visit the ParaBoss website and consult your local ag chemical supplier

Best practice indicators

- 100% compliance with the NWDUse pain relief
- Choose a ram source that has very similar breeding objectives to you
- Choose a ram source that can show evidence about their productivity and performance; set productivity targets
- Conduct drench efficacy tests and rotate all chemical actives (worms, flies & lice)
- Use rams from a source that selects for easy care traits
- Adopt the practices that provide the best productivity and lifetime welfare for your animals.

Notes

Things I can do at home:

Horizontal lines for handwritten notes.

WHERE TO LEARN MORE:

Websites:

- www.makingmorefromsheep.com.au
www.awex.com.au
www.wool.com/flystrike
www.paraboss.com.au

Publications and Tools:

- Making More From Sheep manual – Module 2 – Market Focussed Wool Production
The National Wool Declaration (NWD)
Visual Sheep Score guide
Planning To Move To A Non Mulesed Merino Enterprise
Pain Relief – Frequently asked questions
www.wormboss.com.au
www.flyboss.com.au
MERINOSELECT

Things I can do at home:

WHERE TO LEARN MORE:

Websites:

www.makingmorefromsheep.com.au

www.sheepgenetics.org.au

www.sheepcrc.org.au

Workshops and Learning Programs:

Bred Well Fed Well: www.mla.com.au/bredwellfedwell

Profitable Grazing Systems:

www.mla.com.au/profitablegrazingsystems

Publications and Tools:

Making More From Sheep manual - Module 9 – Gain From Genetics

LAMBPLAN and MERINOSELECT: www.sheepgenetics.org.au

ASBVs – A guide for ram buyers: www.sheepcrc.org.au/resources/asbvs--a-guide-for-ram-buyers.php

Using ASBVs – Sheep CRC case studies: www.sheepcrc.org.au/publications/case-studies/using-asbvs-case-studies.php

RamSelect Plus: www.ramselect.com.au

Merino Lifetime Productivity Project:

www.wool.com/on-farm-research-and-development/sheep-health-welfare-and-productivity/sheep-breeding/merino-lifetime-productivity-project/

Speaker contact:

Hamish Chandler: hchandler@mla.com.au • 0417 254 858

Session 3: Securing Your Flock Health

Take home messages

1. Get animal health right – know your risks and get the information you need
2. Current seasonal conditions are all about energy – find the most cost-effective way to supply it to those who need it the most
3. Remember the basics – vaccinate for clostridials, have good roughage with any grain ration, stay vigilant on worms
4. Make biosecurity work for you, know the risks of returning or new stock that apply to your business
5. If you have an exclusion fence, you have a biosecurity fence, so consider what else you might want to exclude
6. You won't know if you don't ask – check your rams

Best practice indicators

- Assess the health risk of each introduction, purchase or situation and make decisions accordingly – including strays!
- Pregnancy scan ewes for number of fetuses. When supplementary feeding is required, separate twin bearing ewes and preferentially feed
- Monitor ewe condition score at joining or scanning
- Lice – diligence, good application, right chemicals, good fencing, don't bring it in (including with rams)
- Inspect rams 12 weeks before joining - cull rams with lumps in their reproductive organs and blood test rams for *Ovine brucellosis*

Notes

Things I can do at home:

WHERE TO LEARN MORE:

Websites:

www.makingmorefromsheep.com.au

www.paraboss.com.au

Workshops and Learning Programs:

Lifetime Ewe Management:

<http://rist.edu.au/lifetime-ewe-management>

Profitable Grazing Systems:

www.mla.com.au/profitablegrazingsystems

Producer Demonstration Sites:

www.mla.com.au/producerdemonstrationsites

RAMping Up Repro: www.wool.com/rur

Publications and Tools:

Making More From Sheep manual - Module 11 – Healthy and Contented Sheep

ParaBoss: www.paraboss.com.au

Biosecurity Plans www.mla.com.au/what-do-producers-need-to-do-to-meet-the-new-lpa-requirements/meet-biosecurity-requirements/

AWI woolgrower networks: www.wool.com/networks

Condition Score Card – call the AWI Helpline on 1800 070 099 to order your copy

Feed Budget Tables – the AWI Helpline on 1800 070 099 to order your copy

Drought Feed Calculator app: available for Apple and Android

Drought Feeding and Management of Sheep:

www.wool.com/drought

Feeding and Managing Sheep in Dry Times: www.wool.com/droughtresources

Managing Sheep in Droughtlots: www.wool.com/droughtresources

Which Sheep Do I Keep?: www.wool.com/droughtresources

Speaker contact:

Andrea McKenzie: Andrea.McKenzie@daf.qld.gov.au • 0428 109 620

Session 4: Making Sustainable Financing Choices

Take home messages

1. Looking through the current dry period and being prepared for when there is a production opportunity is crucial to recovery
2. Ensure that you are in a position to take advantage of the next production opportunity when it arises by having funding in place
3. Consider the time from purchasing stock to then selling those livestock, shearing or selling the progeny and putting cash back into the bank - this time gap also needs to be funded
4. Work through your funding requirements for the next 12-24 months using monthly cash flow forecasts and livestock schedules
5. Research finance options and don't discount novel options. Be pragmatic and agnostic in your approach to where you source capital
6. The options available are heavily dependent on your financial position when the restocking commences
 - a. Strong Balance Sheet/Equity >65% – Restocking will usually occur from cash reserves or existing funding lines that are secured by a mortgage over real estate. These producers should be able to navigate restocking with minimal increase in debt levels and be back to optimal productive capacity within 2-3 years.
 - b. Average Balance Sheet/Equity 45% - 65% – These producers may be at their limit with funding lines from traditional funding sources. They may need to consider a mix of funding sources with traditional and non-traditional funders. Clearly articulated strategy that takes into account the forecasted flock movement and cashflow requirement is essential.
 - c. Weak Balance Sheet/Equity <45% – Unfortunately these producers may not have the equity/ borrowing capacity to fund restocking and also working capital requirements in the longer term. Options may include a mixture of some funding from a non-traditional funder, agistment or lease, divestment of part or all of the operation. It is crucial that these operators seek professional advice and have a documented strategy that is clearly articulated and agreed with key stakeholders in the business.

Funding Source	Benefits	Things to consider:
QRIDA, Regional Investment Bank	<ul style="list-style-type: none"> • Low interest rate • Minimal fees 	<ul style="list-style-type: none"> • Impact on relationship with existing traditional funders • Eligibility criteria • Assessment timeframe • May only be able to fund a small part of funding requirement
Traditional Banks	<ul style="list-style-type: none"> • Specialise in agribusiness • Costs are market driven • Generally understanding and support business during recovery 	<ul style="list-style-type: none"> • Does the funder have a long term view in agriculture? • Does your account manager understand your business? • Consider all of the fees and charges – i.e unused line fees, line fees, account keeping costs etc • Is there further capacity to assist with working capital for further unexpected challenges – Drought continues etc
Specialised Livestock Funders / Non-traditional funding sources	<ul style="list-style-type: none"> • Understand livestock production cycles • Quick decisions • Capitalise interest costs • Assist with cashflow 	<ul style="list-style-type: none"> • Costs – This is considered higher risk and these funders generally charge accordingly • More suited to shorter term trading

Things I can do at home:

WHERE TO LEARN MORE:

Websites:

www.makingmorefromsheep.com.au

www.mla.com.au/businessmanagement

Workshops and Learning Programs:

BusinessEDGE: www.mla.com.au/edgenetwork

Profitable Grazing Systems: www.mla.com.au/profitablegrazingsystems

AWI woolgrower networks: www.wool.com/education-and-extension/awi-grower-networks/

Publications and Tools:

Making More From Sheep manual – Module 1 – Plan for Success

Making More From Sheep manual – Module 4 – Capable and Confident Producers

Lamb Cost of Production calculator: <http://tools.mla.com.au/cop/>

Wool Cost of Production calculator:
<http://www.makingmorefromsheep.com.au/plan-for-success/calculator/wool-calculator-online.htm>

Speaker contact:

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