

Achieving greater pastoral profit

Meat & Livestock Australia and Australian Wool Innovation

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Pastoral Profit



Pastoral Profit is a new extension program which directly addresses the challenges posed by many pastoral livestock producers by targeting business management skills to improve bottom lines, expanding extension services and methods of delivery which take into account the large distances to regional centres, and creating tailored resources for the pastoral zone. The program is funded by Meat & Livestock Australia and Australian Wool Innovation.

Producer snapshot

Names: Andrew and Megan Miller
Property: Coniston Station
Location: Windorah, Queensland
Rainfall: 280mm
Property size: 28,328ha
Livestock: 1,000 DroughtMaster X cattle
Soil type: Black soil, sand hills
Pasture type: Mitchell grass and river grass



Cattle producer, MLA Challenger from 2014 and Pastoral Profit advocate, Andrew Miller, knows first-hand how enhanced business management skills leads to more informed decision making and consequently can lead to greater business success. Andrew says “ I am excited to be involved with Pastoral Profit because I believe it will be a great resource that I can use to help improve my business as a whole.”

Until a recent change due to succession, advocate for Pastoral Profit, Andrew Miller, leased Coniston Station near Windorah Queensland in the pastoral region. With his wife Megan, he managed 28,000ha of land and ran a self-replacing DroughtMaster-cross herd of 1,000 head, with the aim of growing the steer calves out to 400kg plus.

Complexities, challenges and successes

Megan and Andrew identified the increased complexity associated with running a grazing enterprise in a tough pastoral environment.

In the face of extreme drought, Andrew and Megan recognised the need to employ new methods and engage new resources for making decisions in their business.

By challenging previous practice and making informed decisions, Andrew and Megan lifted pregnancy rates from 57% to 67%, sold dry cows and out-of-season cows and calves at a high price and strategically sold off all their sheep. Their remaining cattle were in good condition and breeding in sync with the feed supply, being well prepared in the face of another drought season.

“Before the change we’d fed 600 cows for four months at a big loss, had calves and weaners at all stages because of year round joining, couldn’t sell our dry cows because they were in poor condition,

and had a small sheep flock that was costing us money. We had no idea what weight gains our country could produce, no idea of our calving percentage, no plan, no budget and no clear goals. We were young, inexperienced, and heading into a shocking drought."

Better management, through making informed decisions, allowed the business to survive through the tough seasons and Megan and Andrew feel much better off because of it.

"Now our decisions are well researched, informed and defensible, and they get us the results we're after."

Catalyst for change

Megan and Andrew credit the support they received from Meat & Livestock Australia through their involvement with the MLA Challenge in 2014 as well as their mentor, Guy Lord, as keys to their success. Being a part of the Challenge and interacting with other like-minded producers and experts enabled them to build new business management skills and knowledge, and gave them the confidence they needed to implement their learnings into their business.

Andrew and Megan also credit having a drought management plan and having business management processes in place as key aspects of their survival through the drought. Addressing inevitable decisions early and forging a plan helped alleviate stress and anxiety and relieve some of the pressure, particularly with the uncertainty of drought.

"We needed processes and a plan for how to make informed decisions and decided to construct a drought management plan to help with our management."

The drought management plan identified what decisions needed to be made and when. It made them review current food on offer, water issues and body condition of the herd as well as the financial resources available.

Apart from the obvious advantages of having a written, well set out plan of attack for their business, it also helped to relieve some of the stress and pressure that surrounded yet another dry season.

"Our drought management plan had set dates and specific targets we aimed to meet. It involved accurate budgeting and took into consideration how our pasture and soil would be affected, as these were our primary resources."

"Specific features of our plan included a reduction in herd numbers (through strategic marketing), animal welfare, herd segregation (particularly after scanning), careful utilisation of available paddock feed and attention to water supplies, and some time away from the business for its 'most important assets' - that's us!"

"Constructing this plan together was confronting, but it has allowed us to make strategic decisions for our business and instead of hoping for the best, as we did before the change, we now have a plan to make the best out of the situation. We felt like we had a plan to ensure the survival of our business through the times ahead."

Analysing enterprise focus

One of the key decisions that was made as a result of their improved business management was to change their enterprise focus.

"A big part of the drought management plan was to strategically sell off some of our stock before it got too dry. We needed to make some well-educated decisions, which are always difficult when there is emotion involved."

“At the time we ran only a small number of sheep and while our intention was to increase the flock, there were barriers, including dingoes and the layout of our country. We also had a flock made up of varying age groups which made it difficult for us to cull or sell. Tough seasons, lack of enterprise scale and dingo problems contributed to high mortality rates, low reproductive rates and low wool cuts. So, by using tools and subjective measures to analyse the enterprise and evaluate our position, we removed the emotion and knew what decision was to be made”.

They set about reducing sheep numbers when it was a good market for sheep and, economically, it improved the business. It also freed up feed, and allowed them to concentrate solely on one enterprise, their cattle.

Strategic marketing decisions

Another key decision that was made as a result of their improved business management was to be strategic about marketing their stock.

“Our main goal throughout was to improve the efficiency of our business. We began this by implementing a four month controlled joining program. This would, in turn, give us the ability to pregnancy test our cows and discard empty ones. The outcome of this would mean that in a tight season we would be running only pregnant, ‘productive’ females and turning our empty cows into cash flow.”

“We then looked to offload the dries as quickly as possible. Scanning, instead of manually preg testing, allowed us to identify that 33% of the cows were dry four weeks earlier. We needed to sell them and this led us into a considered marketing program.”

This marketing program was complicated by a huge influx of cattle into Queensland saleyards and abattoirs. With abattoirs in Queensland fast booking up, it was proving difficult to offload them as quickly as required.

After listening to MLA’s market reports, they settled on freighting cows to Naracoorte in South Australia. This market was 10% better than markets for a comparable animal in Queensland abattoirs.

Although the extra freight cost swallowed up a lot of this premium, the fact that the stock were offloaded two months earlier was a significant advantage in selling to Naracoorte.

“In previous years we had only ever sold cattle through saleyards but, after researching other options, believed that the decision to sell direct to meatworks put them in well front.”

The extra research and time it took to explore and measure up other marketing opportunities really paid off.

“We look forward to continuing to learn more about marketing our product better in the future.”

How Pastoral Profit can help

Pastoral Profit is looking to emulate the success of Megan and Andrew, by providing training and resources on [business management](#) for pastoral producers.

As Megan and Andrew identified in their business, Pastoral Profit recognises the increased complexity associated with running a grazing enterprise in a tough pastoral environment. As

businesses become more complex, decision making processes benefit from the adoption of informed approaches instead of applying gut feel.

In collaboration with regional partners, Pastoral Profit will be delivering training to build the knowledge and skills of pastoralists to adopt improved business management skills applicable to their region and situation.

If you are a wool, sheepmeat or beef producer or consultant who works in the pastoral zone and would like to participate in the program, or stay up to date with activities that are happening in your region please send your email address and location to pkeynes@ruraldirections.com.

Pastoral Profit is also looking delivery networks, businesses or facilitators working in the pastoral zone to collaborate with for mutual benefit. This will ensure the program is sharing resources, leveraging opportunities and avoiding duplication in the pastoral zone. If you would like to discuss partnerships please contact Pene at the details below.

For further information on Pastoral Profit, please contact Pene Keynes, National Coordinator on 08 8841 4500 or pkeynes@ruraldirection.com.

Reference

MLA. (2015). Livestock Production, MLA Challenge, Andrew Miller accessed 15.01.2015 from <http://www.mla.com.au/Livestock-production/MLA-challenge/Andrew-Miller>