

Financial considerations of feeding cattle in drought

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General points

- Transport subsidies on fodder to maintain core breeding stock are currently available during drought (as at December 2004). However, the on-farm price for fodder will still be high.
- The value of any feed you have stored should be assessed at the on-farm value. Just because you already have the feed does not mean that it will not cost you to feed your stock, because the opportunity exists to sell the feed to someone else. If the feed is bunker silage (which is not readily saleable), and it is of sufficient quality to be used to finish stock, then it still has a value because using it as a drought reserve means that potential income is forgone.
- Breeding cattle should be fed to ensure the calving pattern is maintained, otherwise there can be cash flow and management consequences in the future.
- It is suggested that in severe drought you should wean calves at 6–8 weeks of age if necessary to ensure that the calving pattern is maintained.
- Ensure that the herd health program, especially drenching, is maintained during a drought. (Refer to Primefact 333 *Cattle health during drought – common diseases and preventative management*.)
- Plan your feeding program in 3-month periods, setting a plan and then following it. See: Supplementary feeding of beef cattle in drought www.dpi.nsw.gov.au/reader/drtssupfeeding and: Full feeding of beef cattle in drought. www.dpi.nsw.gov.au/reader/drtfullfeeding

Advantages of feeding stock

- The feeding option allows for production to continue, provided you feed stock in accordance with production objectives (see Primefact 329 *Production feeding in drought*).
- Feeding stock allows for retention of good stock lines.
- If you hold EU (European Union) accreditation, you can only restock from EU-accredited herds. Feeding breeders may enable you to meet EU requirements.
- Feeding can satisfy animal welfare responsibilities.
- Full cash flow is achieved shortly after the drought ceases.

Disadvantages of feeding stock

- The financial commitment to feeding can be open-ended, as the duration of a drought is always uncertain. If, after feeding your stock for a certain period of time, your financial reserves are exhausted, then you may be forced to sell your stock anyway if the drought is prolonged. You should always cost out the worst-case scenario before you make up your mind. The StockPlan[®] package offered by NSW Department of Primary Industries can help in this planning. For more details, contact your local Livestock Advisory Officer.
- Feed and water supplies may be exhausted in a long drought. If either runs out, you will be forced to sell your stock anyway. Water carting costs are likely to be prohibitive even if carting subsidies apply. Water carting is also practically difficult and very time consuming.
- There can be a considerable cost in terms of the amount of time required to feed the stock and the incurred travelling costs. Labour costs should be valued when making a decision,



especially if other work is being postponed because of feeding.

- If capital expenditure is required, for example for a silo or for bulk handling equipment, the feeding option is less attractive compared with the situation where the facilities and equipment are already available. It is generally dubious economics to invest in fodder storage facilities during a drought unless these facilities can be put to use at other times also.
- There will be an impact on the pastures and the soils. Pastures may have to be re-established following prolonged grazing, and this can be very expensive. For example, the re-establishment costs for a perennial pasture on the tablelands is in excess of \$200 per hectare.
- A further cost is the time delay that needs to be allowed for a pasture to regain its productivity. A lightly grazed pasture will recover much more quickly than will an overgrazed pasture. (See *Assessing pasture in drought* www.dpi.nsw.gov.au/reader/assesspasture)
- The stresses of trying to maintain livestock during drought can be overwhelming.

Further information

- Primefact 307 *Drought strategies for the livestock producer*
- Primefact 281 *Prompts to assess your financial situation in drought*
- Drought feeding and management of stock www.dpi.nsw.gov.au/reader/drtfeeding
- StockPlan[®] – consult your nearest NSW DPI Livestock Advisory Officer.

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