

Restocking after a drought

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Introduction

The reduction in stock numbers during drought gives livestock owners the opportunity to restock with animals suited to new market requirements.

You should closely assess the suitability of the products that would be provided by the animals you are considering purchasing. For example, wool from merino sheep has a range of fibre diameters (15–28 microns), but the clothing market's demands are highest for wool finer than 21 microns. Consequently, as clothing is in high demand, purchase only merino sheep that have the genetic capability to produce wool of finer fibres for the apparel textile industry.

Making decisions

Restructuring enterprises

Low stock numbers at the end of a drought give you a chance to review enterprise mixes and breeding directions. Short-term cash flow needs may be better met by increased cropping, livestock trading, or a shift in the balance of livestock enterprises. This review needs to include careful analysis of gross margins, cash flow budgets, return on capital, the capacity of your property, and your own preferences. (See Primefact 364 *Grazing management following drought*.) You also need to look to the income from the sale of stock removed due to the drought and farm management deposits for use in replacing animals.

Breeding versus buying

Buying stock to restore the numbers that were reduced during the drought requires careful thought and access to finance. It allows a fast return to normal cash flow, but for many people will only be possible by increasing their debt levels.

Breeding up numbers from the retained breeding nucleus is less expensive, but it is slow and reduces cash flow.

Any breeding-up strategy after a drought must achieve high levels of fertility. Careful management of the reproductive cycle is required to maximise the number of animals produced.

Purchasing/trading/agistment

Buying some stock for short-term fattening or trading will be a preferred means of generating income for many producers. As prices for stock rise after drought, trading options need to be carefully budgeted for to include all costs. Be aware that store prices can exceed fat market prices; don't get carried away – make sure that prices are realistic.

Have a particular end market in mind when you are buying stock. This may limit your choice but it means you will be able to sell the stock to advantage when ready. Consider the full range of options; for example, your plan for recovery may mean that purchasing old cows or ewes is a better proposition.

Make sure that you have enough feed available to meet the needs of trading stock as well as those of your existing stock.

Taking stock on agistment is a cash-raising alternative, particularly if neighbouring areas are coming out of drought more slowly. A written agreement with the other party will ensure that you are both aware of what is expected (see Primefact 297 *Agistment guidelines*).

Supply of stock

Suitable stock can be scarce, but don't let the desire to restock force you into paying too much. It may be better to wait until shortages ease and prices and choice improve.

If some of the purchased stock do not perform, cull them early and sell them. Most mobs on the market will contain a few 'poor doers' or less productive animals, and these stock are rarely profitable.



Merino sheep bred during drought may not perform to their genetic potential due to the check in wool follicle growth caused by low nutrition when in-utero and as they grow into lambs. Their progeny grown on good green feed are more likely to perform up to expectations for their lifetime production so consider turning drought bred stock over once recovery is underway.

Be aware of health requirements, stock movement requirements, and area of origin of stock, so that inappropriate or disease-carrying stock are not purchased. Be particularly careful about the footrot, Ovine Johnes disease and worm resistance status of sheep (see Primefact 362 *Animal health following drought*).

Analysis of the breeding versus buying decision, the effect on cash flow and the impact over time is possible using the StockPlan[®] suite of decision support software available from your local livestock officer.

Further information

- Drought recovery
www.dpi.nsw.gov.au/reader/drought
- Producing and Marketing Lambs to Specifications in NSW
www.dpi.nsw.gov.au/reader/lamb-specs-nsw-regions
- Primefact 297 *Agistment guidelines*
- Beef and sheep gross margin budgets
www.dpi.nsw.gov.au/reader/livebud
- Drought recovery guide 2006
www.dpi.nsw.gov.au/reader/drought
- StockPlan[®]
<http://www.agric.nsw.gov.au/reader/drtplanning/stockplan.htm>

Further assistance

For further assistance, contact your local NSW Department of Primary Industries Livestock Officer, Rural Lands Protection Board staff, or an agricultural consultant.

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