

# Dryland lucerne

## The size of the prize

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# What is the return on investment?

- What production can I expect?
- How much will it cost?
- How will I use this to generate \$?
- Is it worth the risks?



# Production increase

- New production 5.5
- Existing production 1.5
- Net production 4.0 *t DM/ha\**

*\*5.5 tDM quality feed c.f. 1.5 tDM poor quality feed*

*\*\*Renovated every 10 years*

# Costs

## ○ Two crops of Ryecorn

	Yr 1	Yr 2	Yr 3	Total
Ryecorn	853	853		1706
Lucerne			600	600
Fencing/water		250		250
Total	853	1103	600	2556

# How would I utilise this?

- Shift from moderately high performing to a high performance merino system
  - Making the most from current stock
  - Growing out young stock
  - Increasing ewe lifetime performance
- Modelled farm system

# System

- Merino sire over everything
- Sell all wether lambs at weaning
- Retain all ewe hoggets, sell surplus in spring finished



# Prices

- Store lambs – \$2.35/kg (Jan)
- Finished lambs - \$5.85 (Oct/Nov)
- Hogget wool – \$13.10 clean net (17.1 um)
- Ewe wool – \$12.95 clean net (18.0 um)



# The size of the prize

Hoggets	Yr1	Yr6
Shearing weight	35	42
Tupping weight	49	57
Wool production	2.1	2.4
2th Ewes		
Shearing weight	52	59
Weaning weight	53	58
Wool production	3.1	3.3
Lambing %	84	97
Lamb WWgt	26	29
MA Ewes		
Tupping weight	57	63
Shearing weight	55	63
Weaning weight	54	63
Wool production	3.55	3.7
Lambing %	106	128
Lamb WWgt	28	31



# The transition

Hoggets	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6
Shearing weight	35	36	37	39	40	42
Tupping weight	49	51	55	55	56	57
Wool production	2.1	2.1	2.2	2.3	2.4	2.4
<b>2th Ewes</b>						
Shearing weight	52	52	53	56	56	59
Weaning weight	53	53	55	56	58	58
Wool production	3.1	3.1	3.2	3.3	3.3	3.3
Lambing %	84	89	92	94	95	97
Lamb WWgt	26	27	27	28	28	29
<b>MA Ewes</b>						
Tupping weight	57	59	60	61	63	63
Shearing weight	55	59	60	61	63	63
Weaning weight	54	58	59	61	62	63
Wool production	3.55	3.55	3.6	3.65	3.7	3.7
Lambing %	106	109	119	123	128	128
Lamb WWgt	28	29	29	30	31	31



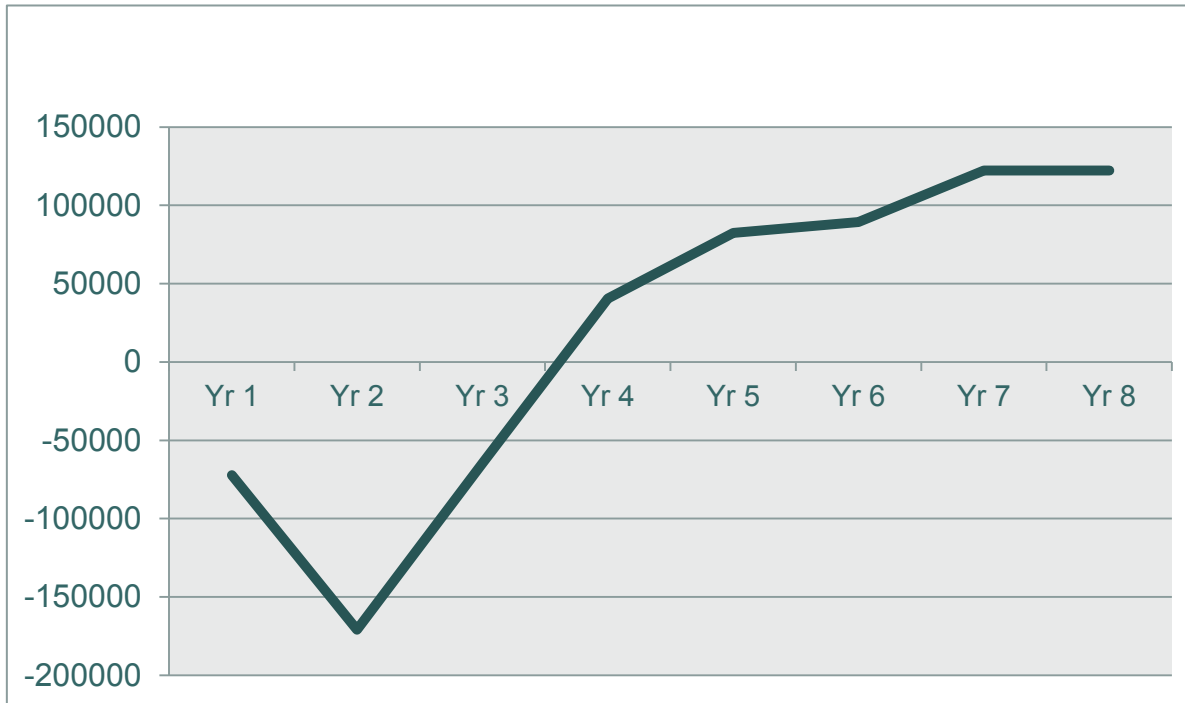
# Stock numbers

Sheep	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6
MA Ewes	2800	2800	3100	3200	3200	3200
2th Ewes	800	1000	1000	900	900	900
Ewe Hoggets	1788	1830	1950	2000	2000	2000

# Difference

	Now	Yr 7	Difference
<b>Revenue</b>			
Net Sheep Sales	272468	392937	120469
Net Beef Sales	43277	44293	1016
Wool Sales	208925	252126	43201
<b>Total</b>	<b>524670</b>	<b>689357</b>	<b>164687</b>
<b>Expenses</b>			
Wages	45000	55000	10000
Stock Expenses	70000	77482	7482
Supplementary Feed	69854	85362	15508
Fertiliser	40000	48400	8400
Other Farm Working Expenses	92000	93000	1000
Overheads	32200	32200	0
<b>Total Operating Expenses</b>	<b>349054</b>	<b>391444</b>	<b>42390</b>
<b>Operating Profit</b>	<b>175616</b>	<b>297913</b>	<b>122297</b>

# Transition to profit



# Financial analysis

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\$/ha	815
Investment	\$308,000
Value per year	\$122,000
Return on investment (%)	38
IRR	26%
Cents/kgDM	16.0

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# Summary

- Value in improving the basics
- High performing merino systems generate excellent revenue
- Lucerne provides the quality feed needed for a high performance system
- Return on investment 38%