

Sheep Farm Monitor 2008/09

Farmers and the wider sheep industry can now access valuable farm level data relating to production and profitability for the 2008/09 Victorian sheep industry. This is the fifth year in which the DPI and BESTWOOL/BESTLAMB has published the report. This year the report has been produced utilising information from 72 farms; 25 from the South West, 24 from the North East and 23 from Gippsland.

The project found that top wool and prime lamb enterprises can generate good returns even under challenging conditions. The top 25% of producers from across the state averaged a return on owner's equity of 1.9% and an operating profit of \$200 per hectare.

Reduced spring rainfall resulting in poor pasture growth and high fodder prices impacted on profitability in 2008/09. The average operating profit was \$16 per hectare in 2008/09, the second lowest in five years and a reduction of \$121 per hectare on the previous year.

The Top 25% of producers comprised of both prime lamb and wool operations, with a number of producers in all regions demonstrating that wool can still be a profitable business. Four of the top six North East producers when ranked on operating profit per hectare did not have prime lamb enterprises. This is in contrast to the farms in Gippsland and the South West where most producers had a mix of wool and prime lamb or were predominately prime lamb producers.

A common misconception is that average rainfall and profitability are correlated. However the producers which make up the top 25 percent for any given region come from a range of average rainfalls. For example the North East region had a range of recorded rainfall from 320mm to 650 mm and the top 25 percent ranged from 350mm to 580mm.

The project also details below average rainfall, reduced stocking rates and wool price received during 2008/09. The state wide average stocking rate has been reduced by 1.7 DSE/ha to 12.7 DSE/ha. The average wool price for the state was 889 cent/kg clean a reduction of 53 cents on the 2007/08 year. Lamb price on average for the state has increased by 56 cents to \$3.81/kg carcass weight.

For a full break down of the state and regional information please download a copy of the report from www.dpi.vic.gov.au/sheepfarmmonitor