

# ABARE

## MLA Supplementary Surveys 2008-09

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# ABARE Management Practices Survey

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# Scope of the study

**To gain insights into broadacre producers adoption and awareness of a range of practices including**

- **Awareness of production costs;**
- **Pasture and grazing management;**
- **Farm management and planning; and**
- **livestock production, finishing and marketing**

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# Why is this eligibility criteria a problem?

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## Importance of farms with less than 300 head of cattle

Average between 2001-02 and 2007-08

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	<b>Number of farms</b>	<b>Share of farms</b>	<b>Share of beef cattle</b>	<b>Share of value of cattle sales</b>
	no	%	%	%
Northern Australia	5294	49	5	7
Southern Australia	21652	71	29	27

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# Main differences between 2005-06 and 2007-08

- An increase in the proportion of producers who
  - calculate costs of production for their livestock;
  - use estimated breeding values (EBVs) or index values in sire selection;
  - regularly calculate forage or pasture budgets to manage stocking rates;
- A decrease in the proportion of producers who have a documented farm plan.

**AND**

- No significant change in the proportion of producers that regularly weigh their livestock to assess weight gain.

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# Top performing farms are more likely to....

- **use on-going consultancies for farm management and planning;**
- **use estimated breeding values (EBVs) or index values in sire selection;**
- **calculate production costs for their livestock;**
- **have documented farm plans;**
- **pregnancy test cows annually (southern);**
- **manage first calf heifers separately to the main herd (southern);**
- **routinely cull breeders that don't fall pregnant or raise a calf (northern).**

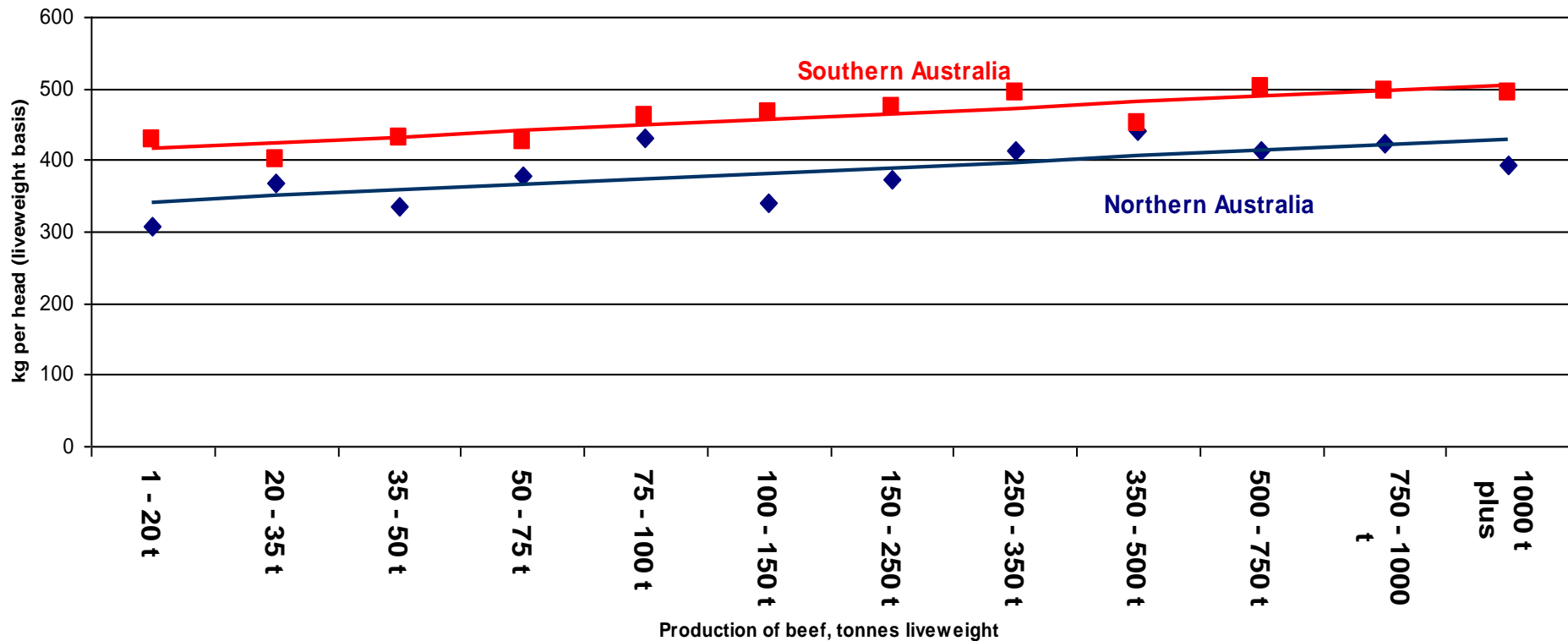
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## Cost of Production - sheep and beef cattle

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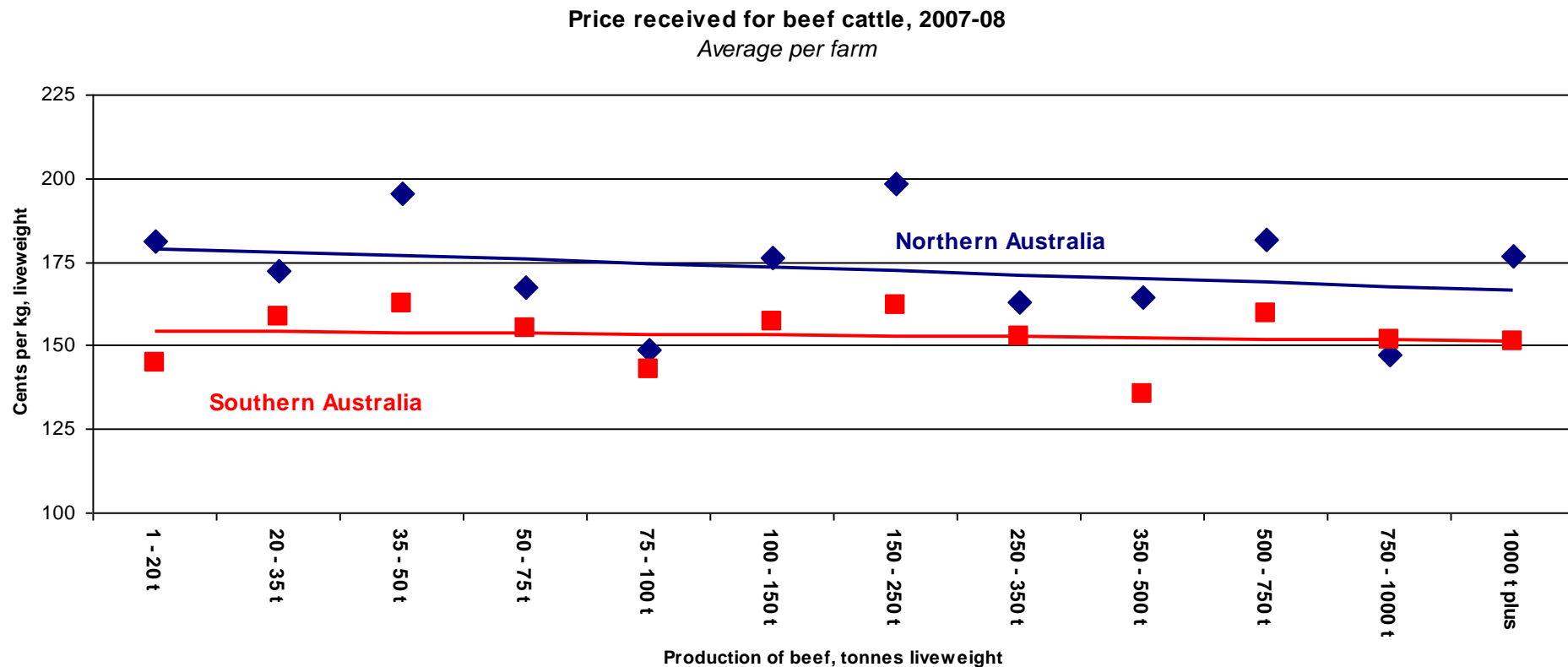
# Beef cattle live weight

Average live weight of beef cattle sold, 2007-08  
*Average per farm*





# Beef cattle average price

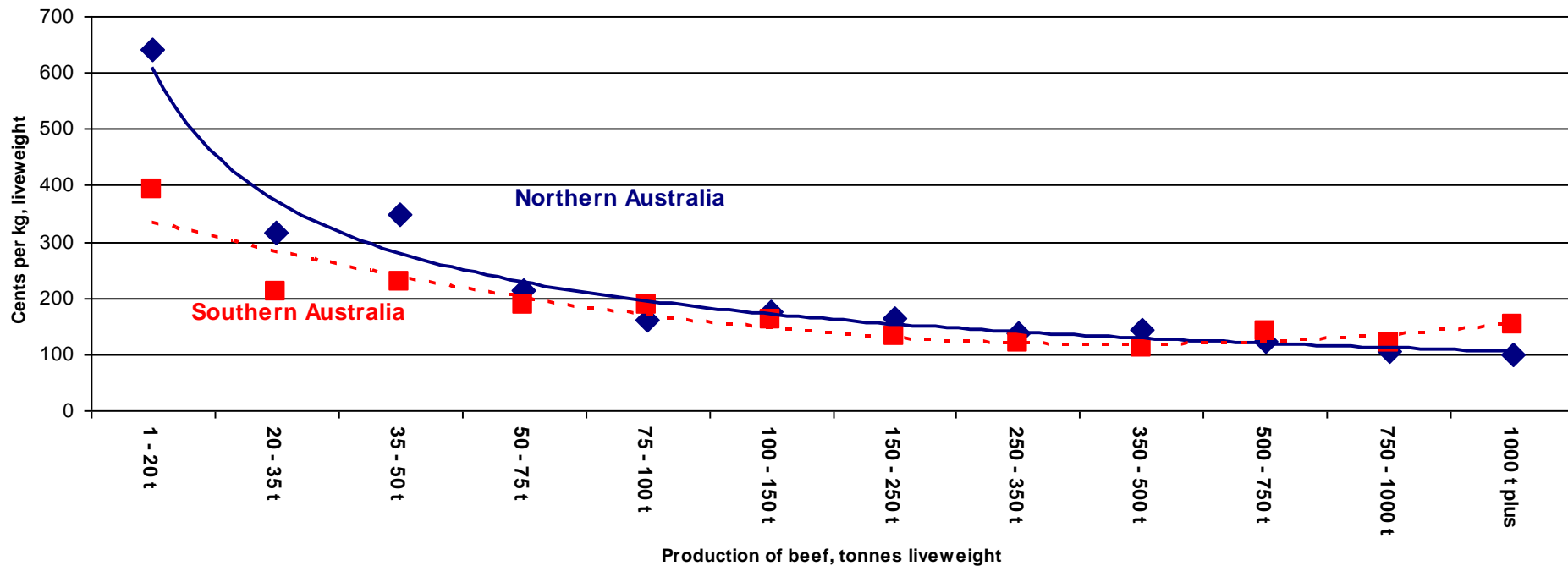


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# Beef cattle average variable cash costs

Cost of beef cattle production, including family labour, 2007-08

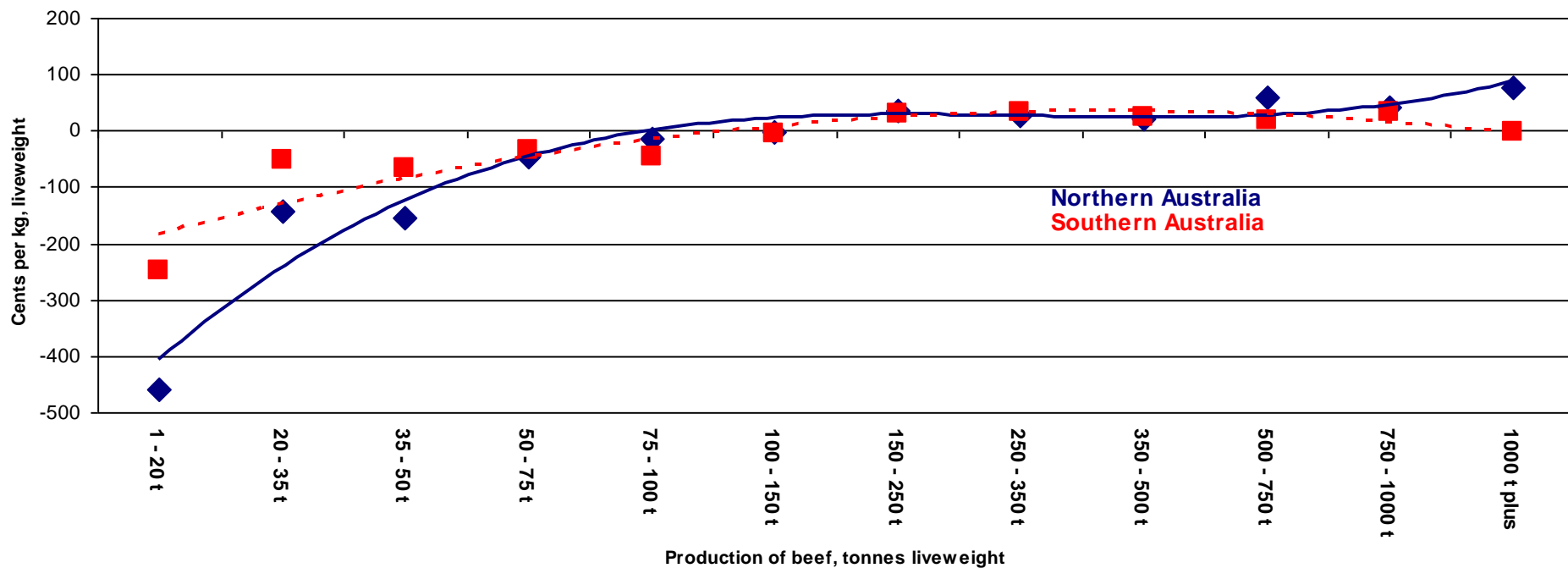
*Average per farm*



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# Beef cattle gross margin

Gross margin of beef cattle production (incl. imputed cost of family labour) in 2007-08  
*Average per farm*



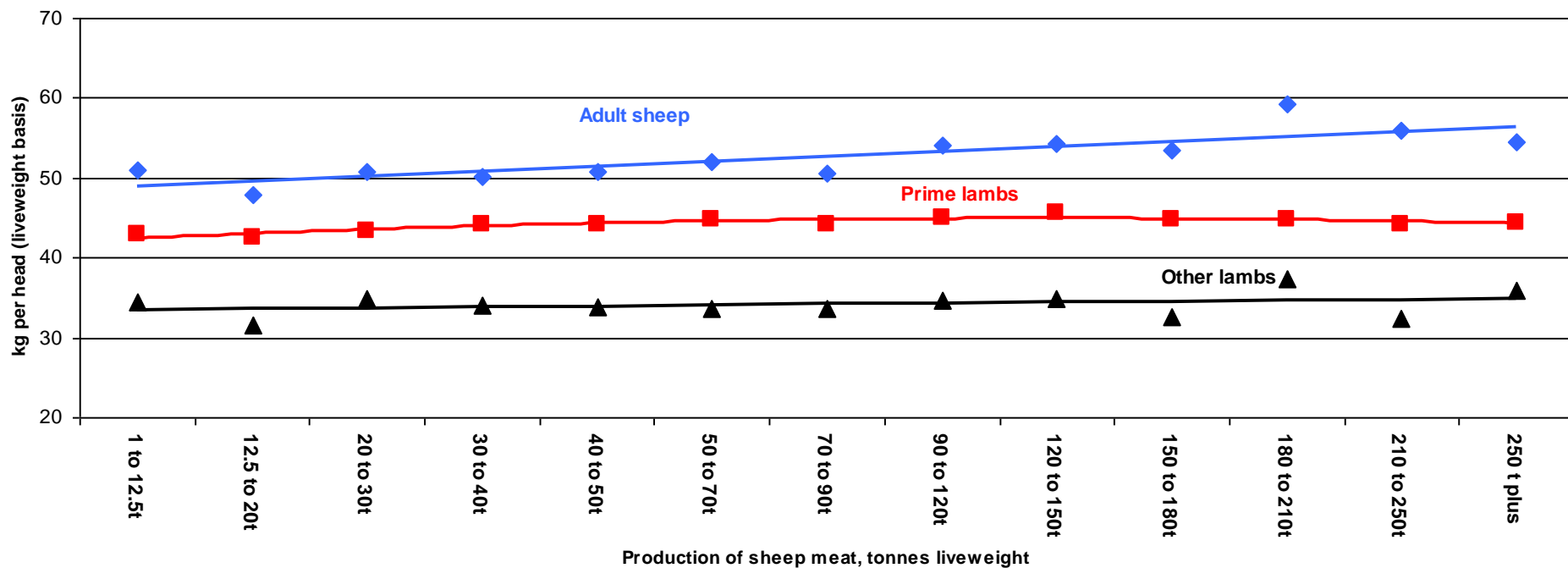
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# Summary of the main findings for beef production in 2007-08

- **There is evidence that there may be strong economies of scale;**
- **In southern Australia, there is some evidence of diseconomies of scale;**
- **There appears to be a minimum scale of production necessary for farms to realise a positive gross margin, particularly once the opportunity cost of family labour is included.**
- **Small and medium sized farms in southern Australia, on average, realised smaller losses than their northern counterparts. Conversely, large and very large producers in northern Australia generally realised higher gross margins.**

# Sheep live weight

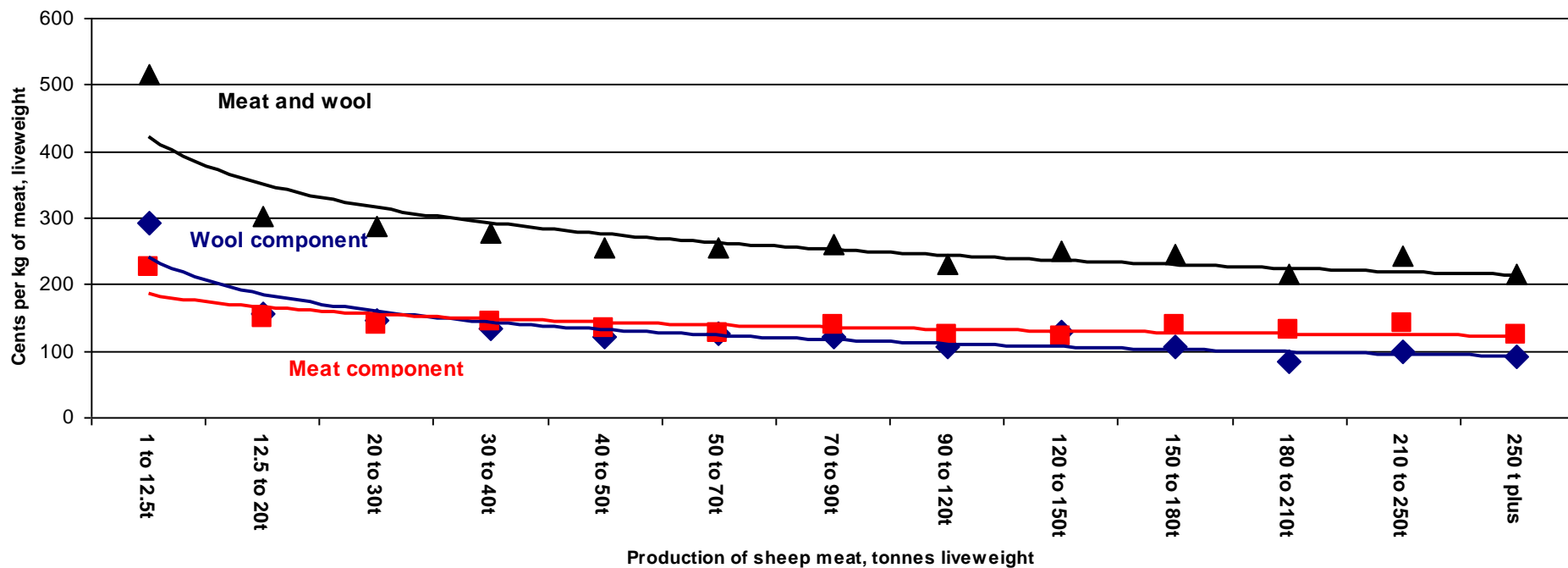
Average liveweight, by scale of sheep meat production  
*Average per farm*



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# Sheep average price

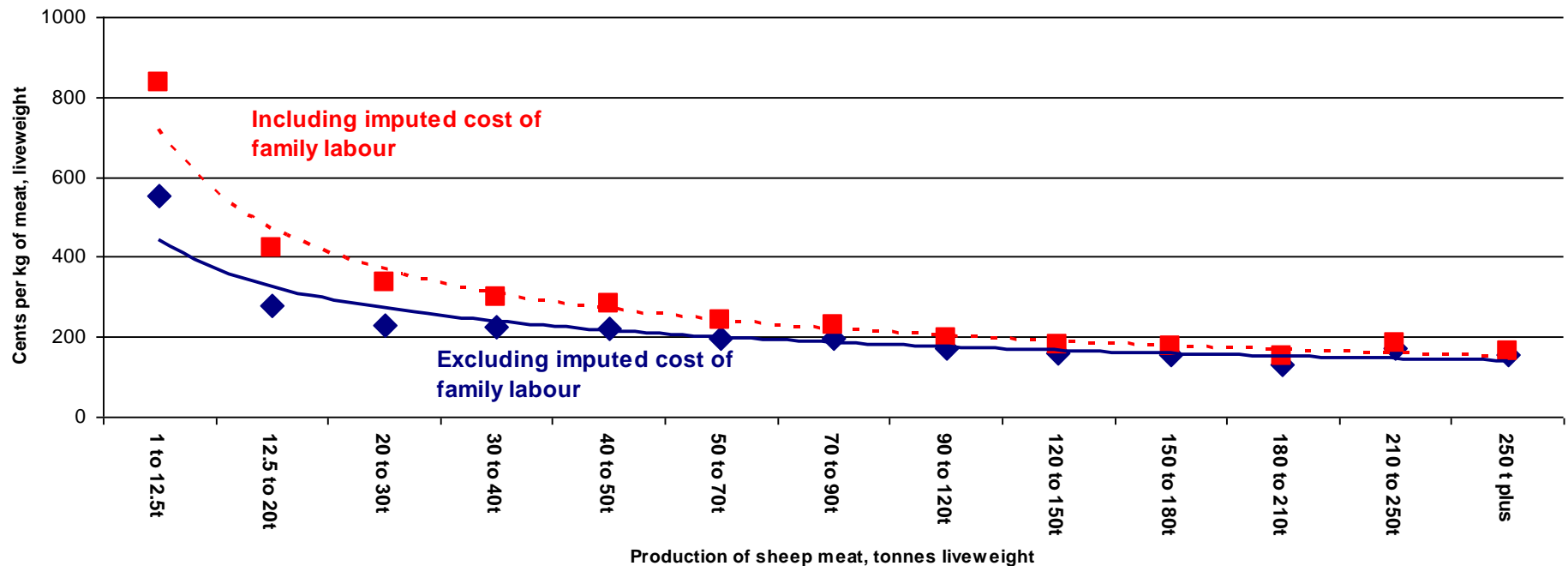
Value of sheep production, 2007-08  
Average per farm



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# Sheep average variable cash costs

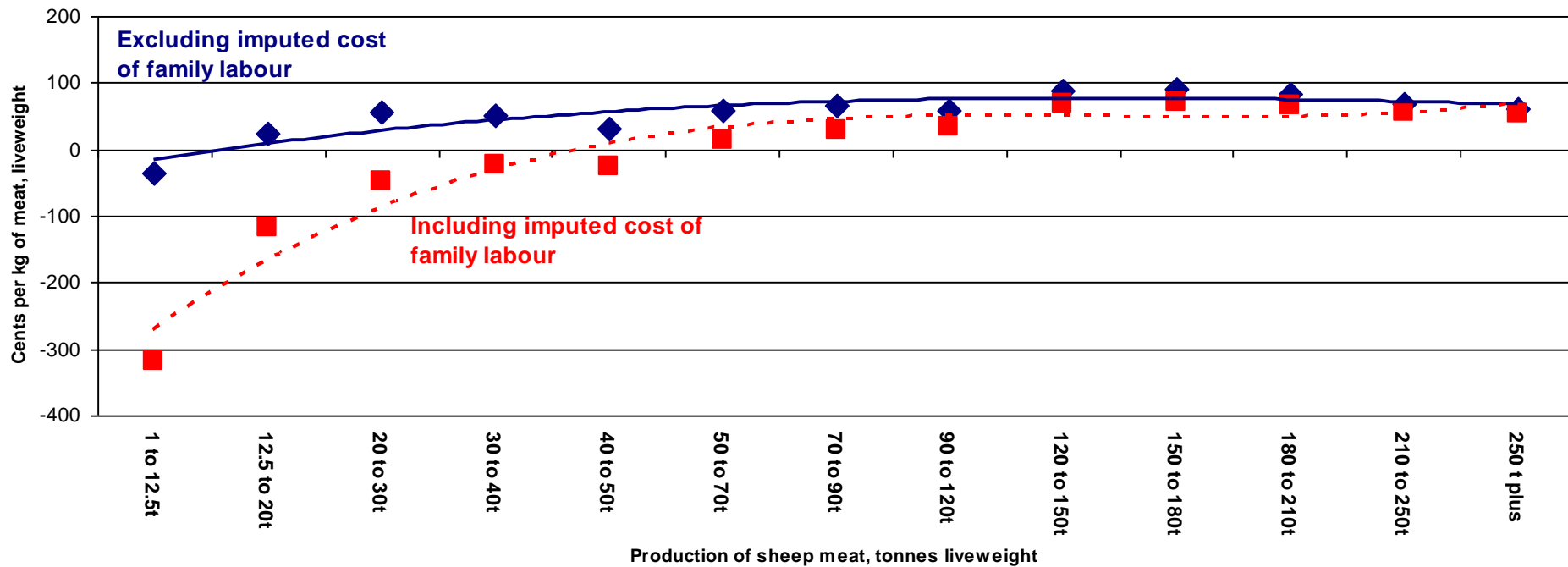
Cost of sheep production in 2007-08  
Average per farm



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# Sheep gross margin

Gross margin of sheep production (includes meat and wool) in 2007-08  
*Average per farm*



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# Summary of the main findings for sheep meat production in 2007-08

- **There is evidence that there may be strong economies of scale;**
- **There is no evidence of diseconomies of scale;**
- **There appears to be a minimum scale of production necessary for farms to realise a positive gross margin, particularly once the opportunity cost of family labour is included.**