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## Man with a mentor

Wairarapa farmer William Beetham's peers are helping lift profitability page 40

January 2012

**NZFY**



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# WOF offers chance to lift profit

**Jackie Harrigan**

Interested in making an extra \$100,000?

Adopting strategies from the Red Meat Sector Strategy (RMSS) report has the potential to add \$100,000 to a sheep and beef farmer's bottom line according to Chris Garland, of Baker and Associates in Masterton.

He used tools outlined in the recent RMSS report and applied it to a farm modelled on Ed and William Beetham's Highcliffs, a 755ha (effective) Wairarapa sheep and beef unit, for a recent Beef + Lamb NZ Farming For Profit focus day.

The key message was that potential for improvement exists in the sheep and beef system for all farmers – the top operators and the rest, with key gains to be made in the area of feed conversion efficiency and farming best practice.

Garland estimates many farmers are already using 60% of the available "best practice" tools – but they need to hunt out the rest "which may not be staring them in the face".

Shifting the whole profit curve to the right by using best practice would lift total potential farm profit before tax by \$430 million, Garland says. For each farm, the Baker and Associates FAB analysis for 2010-2011 identified an average EFS of \$288/ha for Wairarapa sheep and beef properties, with the top 20% reaching \$420/ha and a range



William Beetham: Key gains to be made in feed conversion efficiency and farming best practice.

of \$165/ha to \$530/ha. Shifting from average to the top 25% has the potential to add \$132/ha to EFS, adding \$79,200 over 600ha.

Garland came up with nine opportunities for improvement, saying they could form the basis of a checklist for every farmer to carry out a "Warrant of Fitness" on their property.

The nine areas were monitoring/measurement, stock policy, pasture/forages, animal health, fertiliser, genetics, infrastructure, marketing, and governance. The areas are further broken down in Tables 1-4, covering opportunities for change and the benefits from making those changes.

For the case study Garland came up

with broad stock policy changes to increase feed conversion efficiency and better match feed demand with supply. A lamb finishing platform is being developed along with a more flexible cattle policy.

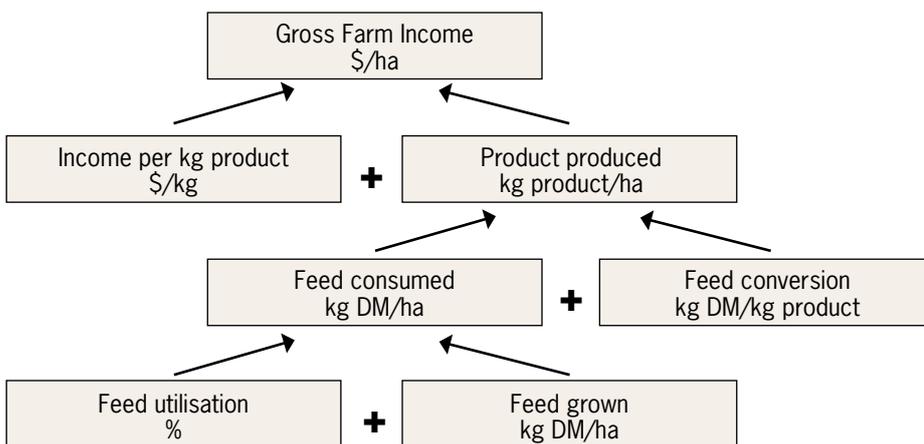
Cattle numbers are dropping 8% in favour of sheep and trading cattle will be quit late in winter which, along with lambing seven to 10 days later, will translate to higher weaning weights and better fed hoggets. A short-term spring cattle trade will mop up any excess feed with a younger more efficient class of animal.

By shifting from the status quo to using best-practice methods, Garland says it is quite achievable to lift total net income by \$137,300 (+\$182/ha). Farm working expenses would rise by \$35,100 (extra pasture renewal, wages, shearing and decreasing animal health costs), leaving an increased effective farm surplus (EFS) of \$102,200 (+\$135/ha).

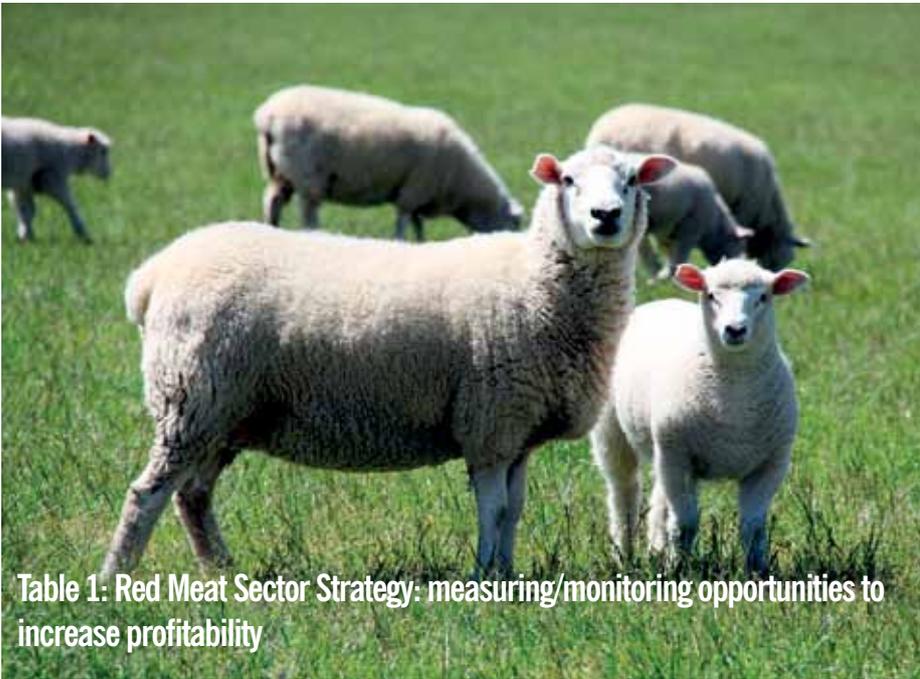
Increasing feed grown from an average 7200kg DM/ha to a great 8500kg DM/ha, improving feed utilisation from an average figure of 74% to a great level of 82%, and changing feed conversion from an average level of 27kg DM/kg product to a great score of 23kg DM/kg product all combine to improve production of product a hectare from an average level of 200kg/ha to 300kg product/ha.

Garland says there is real potential to improve profitability and the tools are available. Feed conversion efficiency and total feed grown are the cornerstones.

**Table 1: Improving farm profitability**



# Best practice



**Table 1: Red Meat Sector Strategy: measuring/monitoring opportunities to increase profitability**

Opportunity	Benefit
EID in cattle and ewe flock	Monitor and improve ewe lamb replacement LWG and for 2-th mating
LWG performance on diff pastures/crops/	Adding +50g/day hogget growth, +7.5kg, 210 more lambs = +\$21,000
Farm IQ database to measure animal performance at individual level	Improve lamb trade LWG by +50g/day @ 1000 lambs = +\$7.80/hd = +\$7800
Soil moisture levels – track soil moisture deficit for feed planning	Improved PGR prediction
NiWA better climate modelling and using virtual weather stations	Predicting short term weather trends
Soil and land mapping – using Land Environment plan	Identifying and utilising different soil types for crop/fert/wintering SR
Condition score profile	Differential feeding to lift performance of flock
Farmax modelling	Predict feed shortage 6-8 weeks out, make a plan
CRS software/ variance reports	Use variance reports within Cashmanager to track monthly variance in budget

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William Beetham is a man on a mission and is highly motivated to achieve it as quickly as he can.

As well as learning from his own mistakes on his Wairarapa sheep and beef farm he has applied himself to researching other people's experiences so he can learn from them, also.

In management-speak, that's called adopting best practice, picking up policies and techniques that have worked well and profitably for other people. It is a strong focus of the recent Red Meat Sector Strategy (RMSS), commissioned by Beef + Lamb NZ, to identify ways of lifting the profitability of the red meat sector.

In their mid-30s, William and Emily have been running the Beetham family's Highcliffs farm at Wainuioru in the Wairarapa for just four years and they are working hard to get their knowledge up to speed and profitability humming along as quickly as possible. In order to do so they have widely researched farming best practice (BP) and invested heavily in professional help with governance and on-farm policy. Since rejoining the industry William has been amazed by the willingness of other farmers to mentor, guide and openly help them in their farming business - and he thinks it is a real strength of the farming sector.

Many of the practices they are finding to implement mirror those of the RMSS to improve profitability, which is why Chris Garland from Baker and Associates used them as a farm case study for a recent Farming for Profit Focus day. The RMSS advises that farmers focus on employing best practice on-farm in nine key areas: Monitoring and measurement, stock policy, pasture/forages, animal health, fertiliser, genetics, infrastructure, marketing, and governance. Chris suggests that by employing the strategies, industry-wide farmers could potentially improve their farm profit before tax by \$430 million.

During a 10-year stint overseas working in the UK and Sydney, William was

involved in setting up and implementing quality assurance systems including ISO9001 and ISO14001 for regional authorities. He approached the farming business from a similar direction, researching best practice, setting up policies and standards, and striving for continual production improvement – something he has not found straightforward.

“The breeding business is the most frustrating – you go through the lessons learnt at any time and set up strategies to counteract problems, then have to wait a whole year to see the outcomes - and you might run into totally different problems,” he said. “Continual improvement is very difficult.”

Spending time developing a vision and mission statement for the farm has been a valuable investment – and William credits his father Ed for being on-board with the process, which some might have found a bit waffly, he said.

“It is important to have an overarching vision which encompasses our values of a family business, operating under established best practice, using sustainable farming practices and producing a top-quality product. It is a vision which is referred to on a daily basis, and by which each decision can be tested, to keep our management on the right track.”

William and Emily invited all their advisers, service providers and stakeholders in the business to a formation meeting where they looked at every possible use of the hill, flats and gullies on the 755ha effective winter wet but summer dry property. They identified that the most profitable system would be driven by eliminating wastage and ensuring consistently high production in the sheep breeding business.

Sheep profit revolves around well-grown and well-conditioned hoggets and ewes, high lambing performance, good survival levels and finishing their own lambs, which can be difficult in a summer dry environment. Significant changes have been made to the stock policies to better fit the pasture growth curve, lifting ewe numbers by 8%, pushing the lambing date out eight to 10 days, lowering cow numbers, and easing trading cattle numbers in early spring.

William is now part way to meeting lambing targets of 47kg hogget mating weight (minimum 44kg), 100% hogget lambing, ewe lambing 150% survival to sale, and average lamb 90-day weaning weight 32kg. Lambing performance in the hoggets has lifted from 40%, to 64%, then to 81% lamb survival from 113% scanning over the past three years.

Last season the ewes performed at 140%, on their way to the target of 150% from 170% scanning, despite a bearings

## Farm facts

- Highcliffs
- Total area 912ha, effective 755ha
- QEII and forestry 100ha, 150ha flats/easy hills, 600ha hills
- Annual rainfall: 850-1000mm, summer dry
- Manager: William Beetham, new shepherd starting soon, fencer/tractor driver: Lew Olds
- Sheep at 30/6/2011: 2219 ma ewes, 1072 2ths, 1220 hoggets, 835 trade hoggets, 474 rams
- Cattle: 120 ma cows, 42 R2 heifers, 16 R1 heifers, 53 R1 and R2 steers/bulls, four sires.

problem which William hopes to solve by ensuring the sheep maintain a more even body condition score throughout the season.

Once the targets a head have been met, William will be targeting other KPIs, like kilogram of product produced a hectare.

“We are targeting 250kg/ha and are performing at around 230-240kg at the moment; who knows, 300kg may be achievable in the future.”

He has embraced Farmax, feed budgeting and body condition scoring and credits lots of monitoring and measuring, including monthly weighing

from weaning of hoggets, for the resulting improved lambing performance over the past three seasons. Ewe lambs are run in three mobs according to condition, and fed differentially. William took on more labour in spring in the form of a fencer/tractor driver to allow him and the shepherd to introduce a twice-daily hogget lambing beat, saying “our hoggets are worth too much to lose”.

Finishing lambs are similarly run in weight-range mobs and 100ha of flat/easy country has been earmarked in the short term for establishing specialist lamb finishing forages. Ten hectares of lucerne was given a trial but didn’t handle the wet winter conditions so William is concentrating on chicory, plantain, Italian ryegrass and clover. He has joined Farm IQ to individually identify animals and to access data on how the lambs perform on different feeds. Long-term he wants to better understand the performance of individual replacements and their progeny. Other than the FarmIQ lambs the rest of the crop is sold to Alliance, to capture added value within the yield grading programme. Target

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Table 2: Red Meat Sector Strategy: fertiliser opportunities to increase profitability

Opportunity	Benefit
Build up Olsen P on hills from P9-14 to P13-20	Hills: now applying 220kg super/ha/yr to hills
Build up Olsen P on flats from 9-25	Now apply 250kg/ha/yr to developed pastures
	Reduce annual P requirement by 20%, save \$13,500
Yr 1&2 grasses get more nutrients and N when required	Subdivision to reduce site transfer
	N+S - only on ridges and stock camps, P+S on sidings
	Increase N+S by \$5,000/yr
Regular low volume liming	Increase soil organic matter and soil structure, drainage and water-holding capacity
Lime @200kg/ha/yr = -\$20/ha = -\$15,000	

lamb liveweights are 40-42kg to yield 17-18kg on the hooks. Chris Garland said an 80% hit rate on the yield grading would have potential to add \$12,000 to a farmer's bottom line over 4000 lambs.

Weaners from the terminal sire-mated Charolais cows are traded store and act as a buffer, along with Friesian bulls, to protect the pasture quality for the sheep system. William is working on running higher pasture covers over the property and, as fertility lifts on the hills, he wants to maximise the ewe rotation to allow pastures a long growth spurt and reseeding time before being cleaned up by the cows.

The cover across the farm was 1600kg DM at the end of October and grew to 2000kg DM by November end this year thanks to an unseasonably wet and growthy spring, with a pre-grazing target of 1800-1900kg DM/ha across the farm. Once the lambs are weaned and on to finishing country the ewes will go back into a long rotation and as soon as a feed deficit crops up in the feed budget signifying a summer dry spell a rotation of lambs can be sold store if needed.

Composite breed sheep on Highcliffs

lifted the fertility in William's father's time and now the breed has been changed to Kelso rams to work on survivability and carcase characteristics.

Chris Garland computed that lifting

**“We don't need to be leaders or researchers, or do anything different – we just need to go out and find out what works and apply it to see what best suits our system.”**

the weaning weight by 2kg/lamb over 4700 lambs could earn a property like Highcliffs a further \$32,900.

Eventually up to 200ha will be cultivated into forages and new grasses and William is excited at the potential for regrassing and developing the hills.

“We are entering a new era for product

value and if we can capture that value and invest in developing and using best practices there are incredible opportunities for profitability.”

Building two more sets of satellite yards will ease stock handling and further subdivision in the hill paddocks in the future has the potential to increase feed utilisation. Improving it by 5% could add \$50,000 to profitability, Chris Garland identified through his case study.

Differential fertiliser regimes for flats and hills have been employed with the aim of lifting pasture production (Table 2). Measuring drymatter production at 6900, 6800 and 7100kg DM/ha/year over the past three years, William is aiming for 7500kg DM/ha. Chris Garland said increasing the level from 6800-7000kg DM/ha to 7500kg DM/ha could have the effect of lifting EFS from \$447/ha to around \$582/ha on a similar property.

Considerable cost savings have been made by moving to the best practice of using differential animal-health treatments based on individual animal BCS and health status; William said other benefits included a reduced risk of drench resistance and reduced workload.



**Table 3: Red Meat Sector Strategy: genetics opportunities to increase profitability**

Opportunity	Benefit
SIL for ram selection, BreederFinder, FlockFinder, RamFinder	Improve carcase traits, survivability,
EID ewes	Target 100% lambing in hoggets
SNP chip technologies	Mating 20% more hoggets through higher mating weights
ID best performing sires/groups	Lamb weaning weight ↑2kg, over 4700 lambs = \$32,900
Focus on fertility and LWG on dry hill country	Drop terminal sires when maternal sired lambs growth rate as fast, to put more pressure on replacement lambs
Charolais terminal over bought-in cows	Hybrid vigour in cow herd

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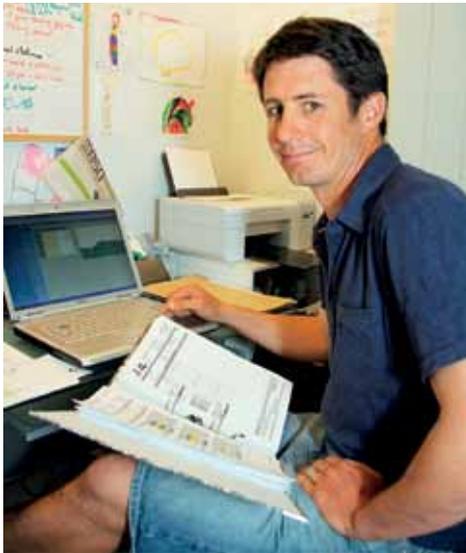
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**Table 4: Red Meat Sector Strategy: governance opportunities to increase profitability**

Opportunity	Benefit
Formal business plan, short and medium term	Retain focus on "big picture", recognise opportunities before others
Personal development plan for key personnel	Reduced recruitment costs, more value to business
Asset management plan	Consistent financial planning – no surprises
Succession plan	Smooth transition through succession plan
Cash control/management – monthly/2-monthly basis	Credible financial mgmt and +ve cashflow, savings from reduced bank customer margin
Ownership of own budget, use of advisory board	Risk management
Calculation of profit on budget revisions	Accountability

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Finding and applying best practice held potential for significant gains for Highcliffs, William said.

“We don’t need to be leaders or researchers, or do anything different – we just need to go out and find out what works and apply it to see what best suits our system.”

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Highcliffs country: Highcliffs is part of a property which has been in the Beetham family for 155 years; they were first settlers on Brancepeth which at its height was 76,000ha and employed 300 people before being broken up and balloted as rehabilitation farms. William’s father planted many woodlots and developed the farm and William and Emily are aware of a family legacy of stewardship of the land, aiming to farm it sustainably and improve it for the next generation, including their three young children.

## Circle of expertise

### Farming mentor – “invaluable”

William employs a farm mentor to speed up his learning and help in decision-making. John Canning from Tinui spends time viewing the stock and farm with William every two months, talking about how things are going and how they could improve them. “I want to minimise my mistakes and learn from his experiences and mine. Even when the Highcliffs performance is moving to the point where John is unsure if he is adding value, William says his mentor is a fantastic person to learn from and discuss problems with – and has become a good friend.

### Vet Consultant – “great”

Trevor Cook meets William four times each year to talk through the farm animal-health plan, identify and rectify problems (bearings) and analyse the animal-health budget.

### Strategic Planning day – “fantastic”

The Beethams plan a strategy day each year off farm at a different location and this season visited Doug and Fraser Avery, of Marlborough, to review different forages grown in a summer dry environment for lamb finishing and discuss strategies for encouraging clover growth, development and seeding.

### Farm consultant – “invaluable”

Chris Garland has been involved with the business for 20 years with Ed Beetham and helped William in his first few years, helping to set up the mentoring contract. More recently Sam Orsborn has been helping with business planning and implementation of feed budgets.