



Photo: UWA

Gus Rose
For UNIVERSITY OF WESTERN
AUSTRALIA

Taking the hard work out of sheep pays off

Finding it hard to juggle your cropping operation with your sheep operation? Had enough of feeding sheep in the dark during sowing? The University of Western Australia (UWA) is working on ways to help farmers better use their labour resources.

Over to you: The labour requirements of sheep production outweigh those of cropping and in order to invest more time in their cropping operations one researcher is suggesting farmers consider outsourcing their sheep management.

Whole-farm modelling shows that the labour requirements for managing sheep are much higher than those for growing crops, making crop-dominant farms more profitable.

The most profitable employment type for mixed cropping and sheep farms is casual labour during sowing and harvest.

Alternatively, farmers who have had enough of sheep work altogether may consider outsourcing their sheep enterprise to a professional sheep manager. This outsourcing will enable the farmer to: 1) focus on being more efficient at cropping 2) still enjoy the benefits that sheep provide to their cropping enterprise and, 3) provide them and their family time off during the year.

Sheep require more quality time than crops

UWA masters student Gus Rose has been investigating the problems faced by time pressed farmers in a project funded by Land and Water Australia. Research by Gus, who

works in UWA's School of Agricultural and Resource Economics, indicates that sheep require more time than cropping. By allocating the time required to do each task on the farm Gus found that the requirements for labour for sheep were higher and applied throughout the whole year, while the labour requirements for cropping are mostly at sowing and harvest and occasionally during the season for spraying (see Figure 1). This has implications for the number of sheep that farmers manage and the type of labour that they use.

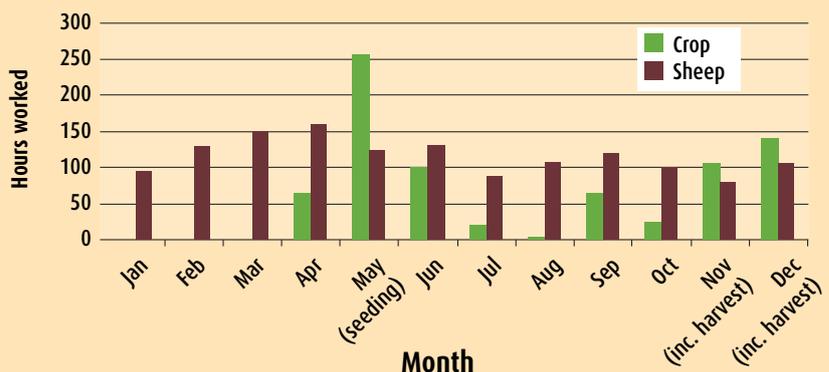
Seasonal labour the best bet

Due to the seasonal nature of cropping and its lesser labour requirement compared with sheep, the most profitable source of employed labour is seasonal labour during sowing and harvest. As the proportion of crop increases on the farm, casual labour during sowing and harvest becomes much more profitable as the labour requirements become large at two specific times of the year. Alternatively, permanent labour becomes less profitable as the number of sheep managed decreases and the amount of work for the paid full-time employee during most of the year decreases (see Figure 2).

At a glance

- Wheatbelt farms are becoming more crop dominant, partly because of the high labour demand of sheep.
- Seasonal labour for sowing and harvest seems to be the most profitable use of labour for mixed crop and sheep properties.
- Farmers can still run profitable operations if they outsource their sheep management to a professional — and have a lot more time to do other things.
- But surveys and focus groups of farmers indicate they are not willing to relinquish control of their enterprises to a professional sheep manager.

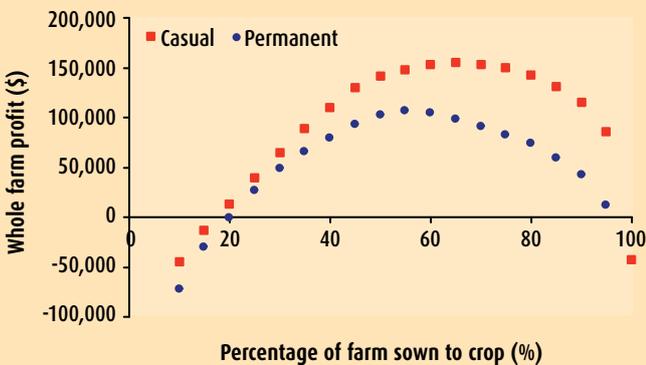
FIGURE 1 The time required for sheep and crop production on a 2000ha farm with 60% crop and a stocking rate of 7 DSE/winter grazed hectare (wgha)



Source: UWA

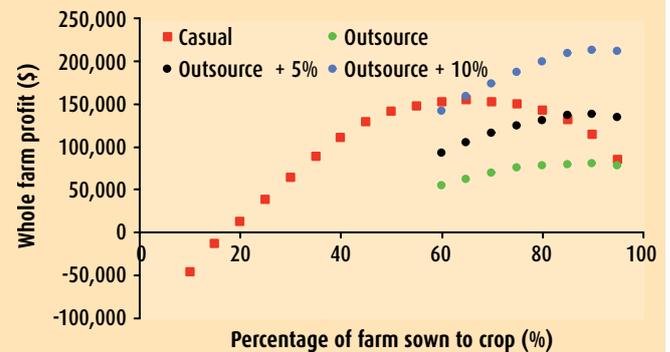


FIGURE 2 Whole-farm profit of hiring casual labour during sowing and harvest compared with hiring a permanent employee for the whole year



Source: UWA

FIGURE 3 Whole-farm profit of hiring casual labour during sowing and harvest compared with outsourcing the sheep enterprise to a professional sheep manager (green)*



* The profitability of outsourcing increases and becomes viable if the farmer can increase labour efficiency for growing crops by 5% (black) and 10% (blue)
Source: UWA

The high requirement for labour during sowing and harvest and the yield penalties for sowing crops late make it critical that farmers secure labour during these periods. Gus found that even if farmers needed to pay double to secure labour it was still a viable decision to employ seasonal staff.

The return on investment in labour for cropping rather than sheep work is a lot higher due to the high labour demand for sheep, particularly for supplementary feeding and monitoring during summer and autumn. During 2009 for example, the break in the season was late in most areas in WA and many farmers found it difficult to juggle the needs of their sheep when their priority was to sow their crop on time.

Outsourcing sheep management

An alternative option for time-pressed farmers is to outsource their sheep management to a professional sheep manager, a concept conceived by Professor Ross Kingwell from the Department of Agriculture and Food, WA (DAFWA) and UWA. If farmers can get somebody to manage their sheep for them then, theoretically, they should become better crop managers as their farming operation becomes less complex. This would mean they could become more efficient at cropping while still making low-risk income from sheep.

Gus has found outsourcing sheep management to be viable if farmers can slightly increase the efficiency of their cropping operation (see Figure 3). A five per cent increase in efficiency means farmers would have to grow an extra 150 kilograms of grain per hectare in a three tonne crop, given the same labour inputs. The increase in efficiency would result from having more time during sowing and harvest for crop management, which means that more timely decisions could be made. Feedback from farmers indicates this is feasible.

Figure 3 only shows the income from the farm. It does not include off-farm income, nor does it include the benefits of

having more time for family activities and recreation.

Not ready to relinquish control

Gus consulted with farmer focus groups in the WA wheatbelt. The general outcome was that farmers were not willing to give control of their sheep over to a sheep manager, and, in some cases, farmers were not willing to get rid of their sheep, which had taken generations of breeding to sculpt.

In the low-rainfall areas farmers have been decreasing sheep numbers for the past 10-20 years.

The decrease has coincided with a decline in sheep infrastructure, which would make it difficult for a sheep manager to run large numbers of sheep.

These farmers were also concerned that a sheep manager would not be able to manage seasonal variability, something they have found hard to deal with during recent times. These farmers suggested that sheep outsourcing would be more appropriate in areas with higher rainfall.

In the medium-rainfall areas farmers were concerned they would be losing potential profit from sheep. These farmers saw themselves as skilled sheep farmers with all the necessary skills to manage sheep and cropping at the same time. Interestingly, they suggested that sheep outsourcing would be more appropriate in areas with lower rainfall.

Farmers were also concerned about having to repair sheep infrastructure during the duration of the contract and about having weeds brought onto their farm if a professional sheep manager bought feed from other properties. They indicated if they were to outsource they would prefer a short contract.

The future of outsourcing

Although farmers have several concerns about outsourcing, Gus believes many of

the concerns could be dealt with by writing sound contracts that limit the possibility of farmers getting 'burnt'. Gus predicts when farmers outsource, and as a result have more time to invest in cropping and leisure time, they will worry less about a perceived loss of control. 

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