

## CONTACT



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# CHROME SHEEP STUDS

# SEPTEMBER 2014

## Combating COP... and a little on investing in genetics

Having worked closely with primary producers over the past 10 years or so, I'd have to say that Cost of Production (COP) is a poorly understood concept in most primary production businesses. Not only is it poorly understood – the need to reduce COP in many businesses has never been greater! If it can't be reduced there are many businesses that simply won't remain viable.

Clearly I'm suggesting that COP is important, so why then don't we have a better understanding of it? I'm convinced this has something to do with the way we quantify costs. Most producers have a very good handle on what their costs are, where money is spent and what it's spent on e.g. animal health, fertiliser, chemical expenditure etc... But when it comes to relating this expenditure to units of production e.g. kg lamb, beef, wool, grain produced, generally things get wobbly real fast. This is a very different way of quantifying costs and can ultimately change the way we view particular expense items within a business.

Our most viable businesses are expert at striking a balance between costs of operation and units of output. This makes them more efficient at turning expenditure into business income and as a result they generate larger operating margins than the average producer. So if the financial performance of your business has a little to be desired don't allow yourself to blame it all on rising costs! Instead put your effort into assessing where expenditure is being allocated and ask yourself what could be done to improve the conversion of expenditure into income? Understand low COP is not something that comes about by accident.

I believe more producers should take up COP as an indicator of business performance and measure on an annual basis. One of the key strengths of COP as an indicator is it is not affected by market volatility between years like most profit indicators are. Various formulas for COP exist, but use of the following should provide a good starting point.

**COP = (Enterprise direct costs + proportion of overhead costs) / kg product sold from enterprise**

So if you've read this far, what does all this have to do with buying rams? Well sourcing superior genetics has the potential to be a very sound allocation of expenditure. Activities in recently run Sheep CRC Ram Select workshops clearly demonstrate the marginal dollar returns that can be achieved by selecting superior rams.

The monetary value derived from a superior ram depends on several factors, including: ram to ewe joining ratios; service life of the ram; and the proportion of ewe progeny retained for breeding. The extra return from using superior rams therefore depends entirely on what business the rams are used in. Working through the calculations you will find that acquiring top 10% rams for NLW or PWWT compared to industry average typically generates a marginal benefit in the order of \$1500-\$3000 per ram. Considering most flock rams sell for under \$2000 there is plenty of scope to improve your return on investment by securing rams that meet your production objectives best.

### James Whale

Farm Business & Livestock Production Consultant  
Mike Stephens & Associates

Chrome Sheep Studs has been a hive of activity in recent months, and it looks set to continue as we gear up for our biggest event on the calendar, our annual October ram sale on Thursday 9th October 14.

Autumn for us at Chrome has been a fantastic season with solid rainfall and good pasture growth giving us an almost perfect pre-lambing. This year's joining figures were pleasing, with stud ewe lambs joining particularly well – 125% SIL – and overall, a 160% SIL result across our mixed age stud ewe flock. We are busy currently tagging next year's ram drop and our excellent seasonal conditions ensuring excellent survival rates and the lambs are certainly spritely to catch for our tagging team members!

We continue to be involved with research projects with Hamilton-based veterinary researchers Livestock Logic, which we hope will benefit not only our operation, but the entire sheep industry.



Chrome AI ewes on point of lambing



## SHEEPVENTION 2014

Our biggest event prior to the sale was Sheepvention in Hamilton on August 4th and 5th. Sheepvention again proved to be an excellent venue to meet and greet existing and future clients. This year's display featured some of our stud sires and our newest breed, the ICON Southies. After being offered at our January sale, interest in this breed is continuing and it was fantastic to see so many people look over the young rams we had on display. This year's Sheepvention site also included a display of some of our Chromedale and ICON Poll Dorset sires and it was interesting to

note the increased interest in our Chromedale maternal sires, as a serious diversification option for Merino breeders.

## SOUTHERN PRIME LAMB GROUP TOUR

In April, Chrome participated in the inaugural Southern Prime Lamb Group's two day farm gate tour of south-west Victoria. Chrome hosted a farm visit and morning tea on the first day of the tour, which attracted over 120 people from across Victoria, NSW and South Australia. The tour gave Chrome the opportunity to showcase our sheep and our philosophies for sheep breeding, but also served as a great networking opportunity for the whole Chrome team who met a wide range of producers and engaged in some great idea sharing/learning. The tour took in other prime lamb producing properties, sheep feedlotting businesses, a Merino operation and a tour of Australian Lamb Company's Colac abattoir. You can read more about the tour at [www.splg.com.au](http://www.splg.com.au)





This year's October sale will feature 400 rams with sires from all of our five stud breeds on offer. The sale rams are currently growing out well in the paddocks and we look forward to being able to supply clients – both return and new – with rams to meet their lamb production needs. Numbers in each category will be similar to last year, however an increase in the number of Chromedale rams will be offered, due to increased demand for maternal sires.

This year's sale will be the first appearance at an October sale of our ICON Southies. Our first drop of these Southie rams sold out at our January sale, despite being only 8 months of age. We are

looking forward to putting up a limited number of quality Southie rams at the sale in October.

The sale will again be held on property at Chrome and will begin at 11.30am. Lunch will be available prior to the sale.

**Catalogues will be available online from the end of September at [www.chromesheepstuds.com.au](http://www.chromesheepstuds.com.au)**

## UPCOMING EVENTS

Looking forward, Chrome will have 6 rams on offer at the Coopworth National ram sale in Hamilton on October 27. For buyers looking to source rams heading into Autumn next year, Chrome will offer approx. 150 rams at our January ram sale on Friday, January 23, 2015

Our January 2015 ram sale will once again feature "ready to work" Southie ram lambs as well as the complete drop of maternal rams born out of the 2012 drop ewe lambs

## SURPLUS BREEDING EWES

We will once again be looking at holding a "Chrome breeders" sale this season. We have had very strong enquiry from producers looking to secure both Chromedale and Coopworth-type breeding ewes. Enquiry is for ewes ranging in age, from ewe lambs through to cast-for-age. The timing and type of sale will depend on the number of ewes put forward, so it is important that breeders give us some indication of interest as early as possible. **If you have any ewes to sell, please talk to us and we may be able to help in this area.**

**OPEN DAY**  
**MONDAY 6<sup>TH</sup> OCT 11AM – 4PM**

**RAM SALE**

Thursday 9<sup>th</sup> Oct

Inspection 9.30am

Sale commences 11.30am

**EVERY 6<sup>TH</sup>**  
**RAM**  
**FREE**



## LANGI KAL KAL, Beaufort Manager: Mark Steele

The Perendale flock at Langi Kal Kal farm near Beaufort, Victoria, has undergone a significant transformation since the introduction of Chrome Sheep Stud's maternal sire genetics in 2008.



The physically small and genetically underperforming flock had been run as a sideline to the successful Langi Langi Kal Kal stud Angus cattle herd, but a focus on the property's production output had put a spotlight on the older style genetics being used.

"The lambing percentages and growth rates of lambs in the flock were just not good enough," Langi Kal Kal Farm Supervisor Mark Steele said.

The farm sought to improve the flock genetics and focus on lifting its production, which led it to a Chrome stud sale five years ago.

"After some research the Chrome composites were chosen," Mark said, "And there has been a big improvement in those (production) areas since."

The 1012-hectare farm joins 2200 ewes annually and the flock is now almost entirely composite sheep. Visual selection is used to ensure the flock's evenness and Mark said it was now clear the selection process – which splits ewes to joining between a Chromedale sire and a terminal sire – was paying dividends in the returns on lambs.

"We select for a consistency of type visually, identify ewes with twins, and early maturing types to get our flock to a very high production level, and really push those high fertility, early maturing traits," Mark said.

"We are seeing that pay off because we have been able to secure contracts for our lambs. In the last two years that has been to produce a 22 kilogram lamb to fulfil contracts to Coles."

Lambing begins annually on August 1, and Mark said the early maturing trait was ensuring the composite lambs were reaching their 22kg contract weight requirement within 120 days.

**"We are certainly meeting our targets for weights, and the flock fertility is improving through the use of the Chromedale composite genetics."**



Micaela Murray of Hamilton had this to say after purchasing Poll Dorset ram lambs at our last January sale. **"Our ewes scanned 150%, not bad for a couple of teenage rams"**.