MEAT & LIVESTOCK AUSTRALIA

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For the latest in red meat R&D

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Decision making and opportunity

John Francis

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Lessons from a chook eating dog & a dog eaten chook

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1	2	3
SLB	CFLTK	CFLTK
SPRND	HLMG	CFLTK
SLB	SPRND	SLB
SPRND	HLMG	CFLTK

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1	2	3
GREEN	BROWN	BLUE
RED	YELLOW	GREEN
BROWN	BLUE	YELLOW
YELLOW	RED	BROWN
BLUE	GREEN	RED

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1	2	3
SKY	OCEAN	SAPHIRE
SOIL	LEMON	BEANS
BLOOD	POO	BANANA
SUNSHINE	FROG	BEAR
GRASS	ROSE	FIRETRUCK

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1	2	3
SUNSHINE	POO	FIRETRUCK
BLOOD	LEMON	BEANS
SOIL	OCEAN	BANANA
GRASS	ROSE	BEAR
SKY	FROG	SAPHIRE

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Poll everywhere

Think about the **BEST** decision you made in the last 12 months.

Did the decision turn out **well?**

○ **Yes** ○ **No**

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Poll everywhere

Think about the **WORST** decision you made in the last 12 months.

Did the decision turn out **poorly?**

○ **Yes** ○ **No**

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A decision to restore harmony

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Decision:

Tie this → around here →

Potential outcomes

Dog learns lesson. Peace and harmony restored.

Dog remains chook murderer. Peace and harmony not restored.

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Decision

Red light –>

Decision = GO

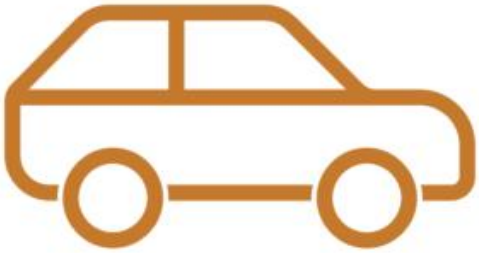
Decision quality

Bad

Outcome

No collision

Car unscathed



Outcome

Right

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Decision

Green light –>

Decision = GO

Decision quality

⬇

Good

Outcome

Car collides

Car damaged

Outcome

⬇

Wrong

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Good decisions deliver higher probability of right outcomes

Decision quality	Outcome: Right	Outcome: Wrong
Good	High →	Low
Bad	Low →	High

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Source: Annie Duke – How to decide

Good decisions deliver higher probability of right outcomes

Outcome

Decision quality

Good

Right probability High

Source: Annie Duke – How to decide

Reviewing drought decisions

Outcome: Livestock values increased 2.5 x

Sold in drought

Fed in drought

Beating yourself up?

Beating your chest?

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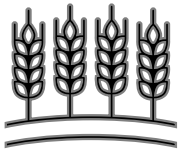
Decision quality is dictated by how the decision is made

Sold breeding livestock



Fed breeding livestock

Good decision	
Water/labour/feed	Soil moisture
Market signals	Infrastructure suitability
Outcome probability	Environmental impact
Feed cost	Mental health
Payoffs	Cost benefit

Bad decision	
Cash driven	No advice sought
Workload driven	Gut feeling
Feeling driven	No analysis conducted
Belief driven	No decision
Forced into position	

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Source: Annie Duke – How to decide

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How well do you know yourself?

- Ambiguity effect
- Anchoring bias
- Loss aversion

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Feed budget driven by utilisation

	Pasture	Stubble
Area 4,000 (ha)	800	1,920
Feed growth (kg DM/ha)	1,686	2,000
Utilisation	35%	10%
Consumption (kg DM/ha)	590	200
Av an stocking rate (DSE/ha)	2.0	0.3
DSE days	590,100	195,840
Total DSE days	785,940	
Annual SR (DSE/pasture ha)	2.7	

80% crop x 60% cereal

2 t DM stubble
Low utilisation

Stubble 2 DSE/ha
51 days grazing

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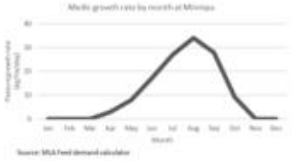
Improving utilisation in the good years



System design - match feed supply

Assess feed supply (frequently)

Add stock for target utilisation level

Monitor feed inventory

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Outputs of good systems design

Efficient system		Inefficient system
	Optimum feed utilisation	
	Stocking intensity	
	More production/unit area	
	Better labour efficiency	
$ cost/kg	Lower cost of production	$ cost/kg

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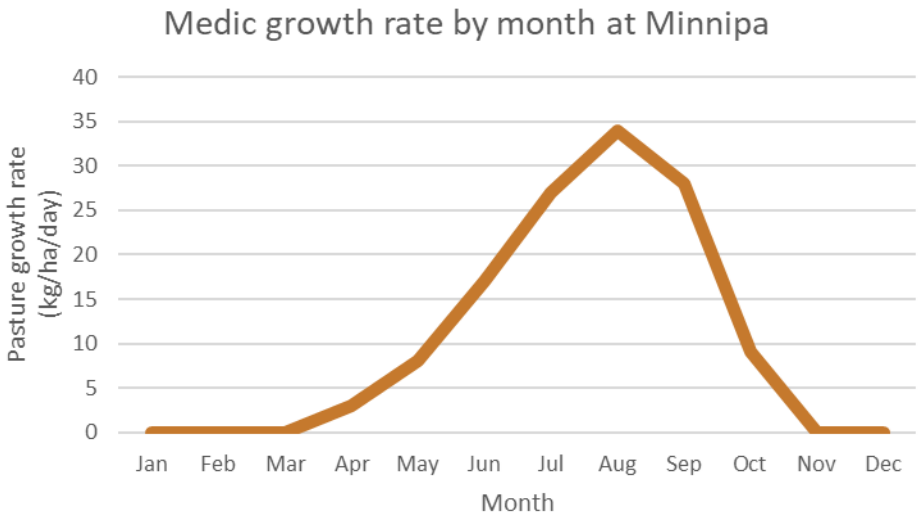
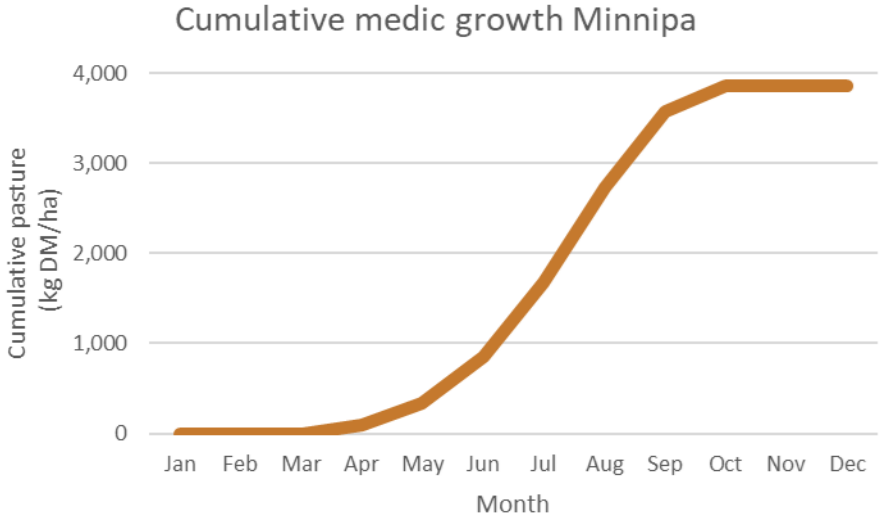
Know what you are dealing with





Source: MLA Feed demand calculator

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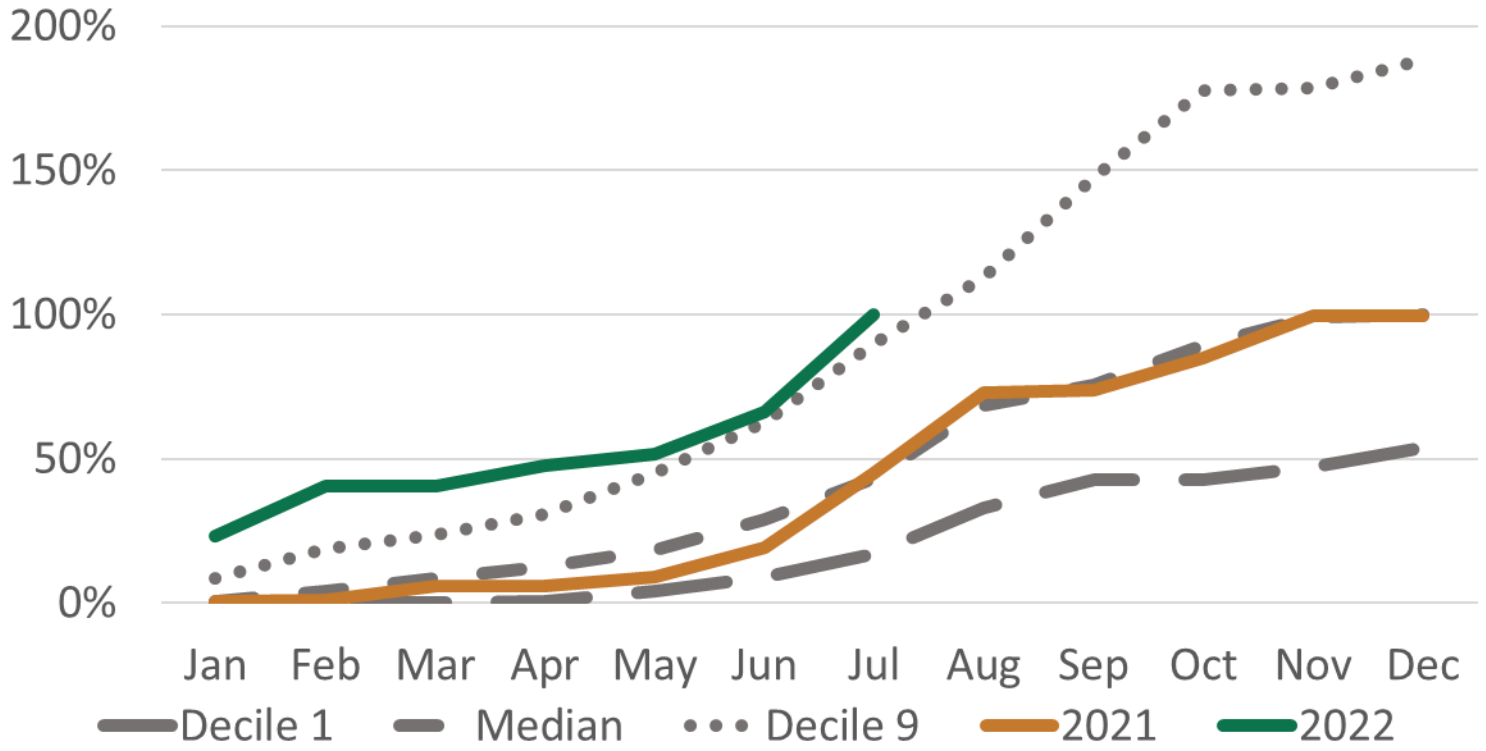
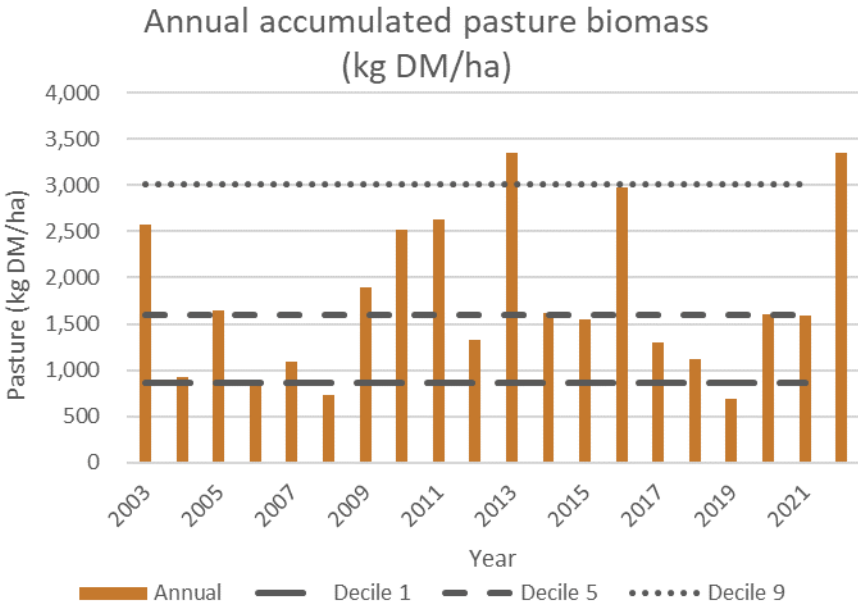
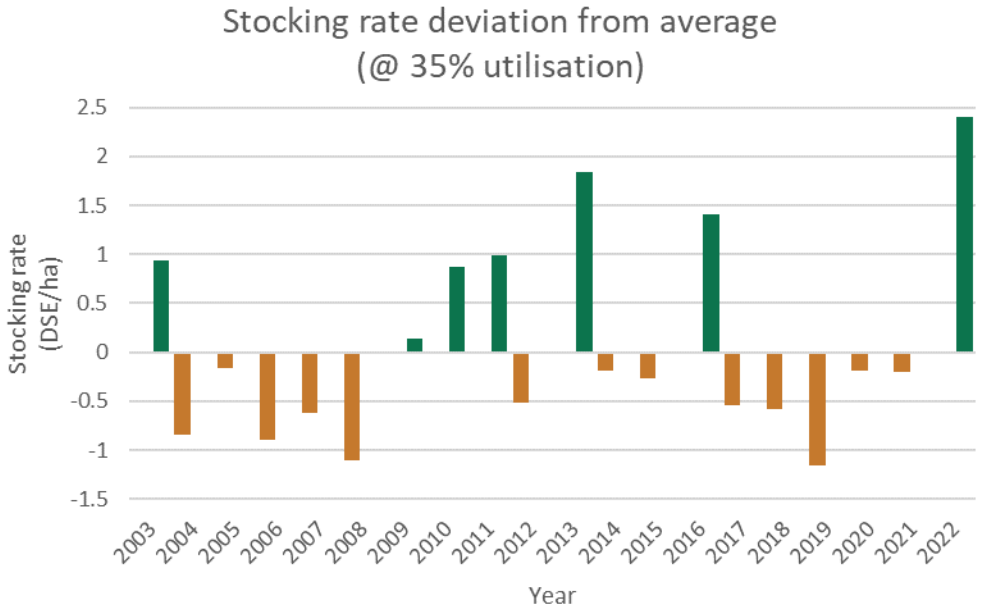
What is the range in outcomes?



Source: AussieGrass

What is the range in outcomes?





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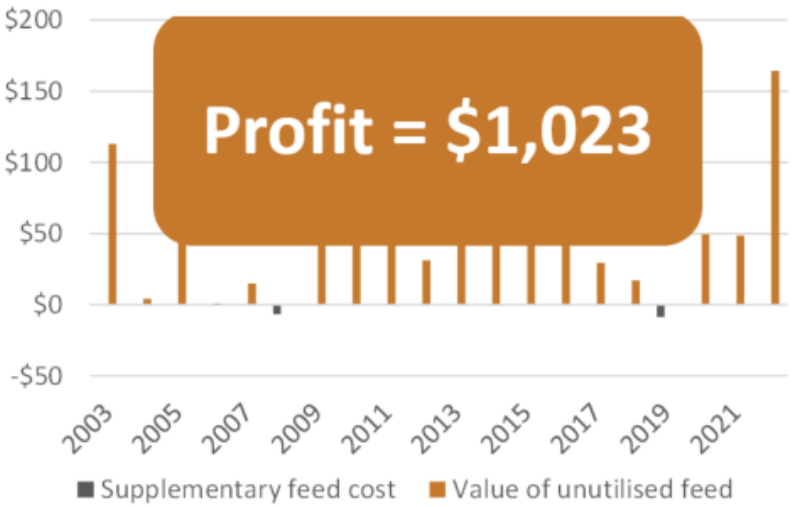
Are you really managing risk?

Safe – 1.75 DSE/ha

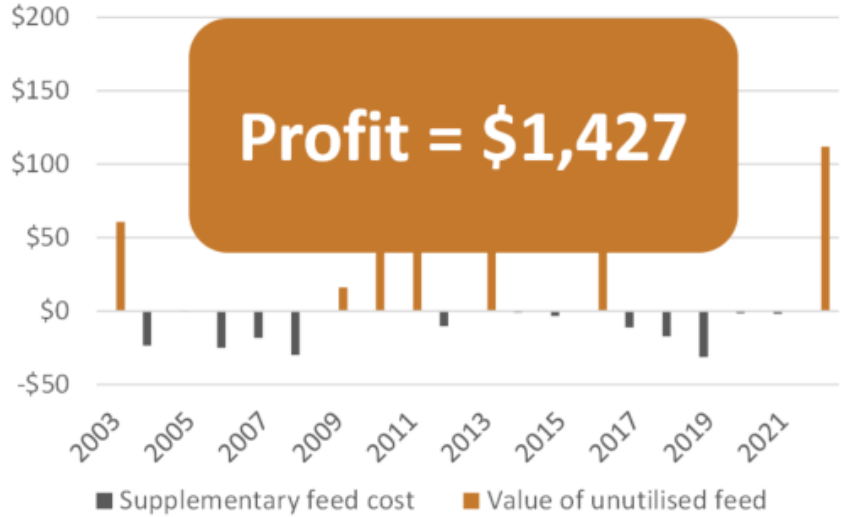


Utilisation 18%

Feed : 2 yrs = $27/ha

Profit foregone 18 yrs = $1,219/ha

Balanced – 2.64 DSE/ha



Utilisation 27.5%

Feed : 8 yrs = $422/ha

Profit foregone 7 yrs = $537/ha

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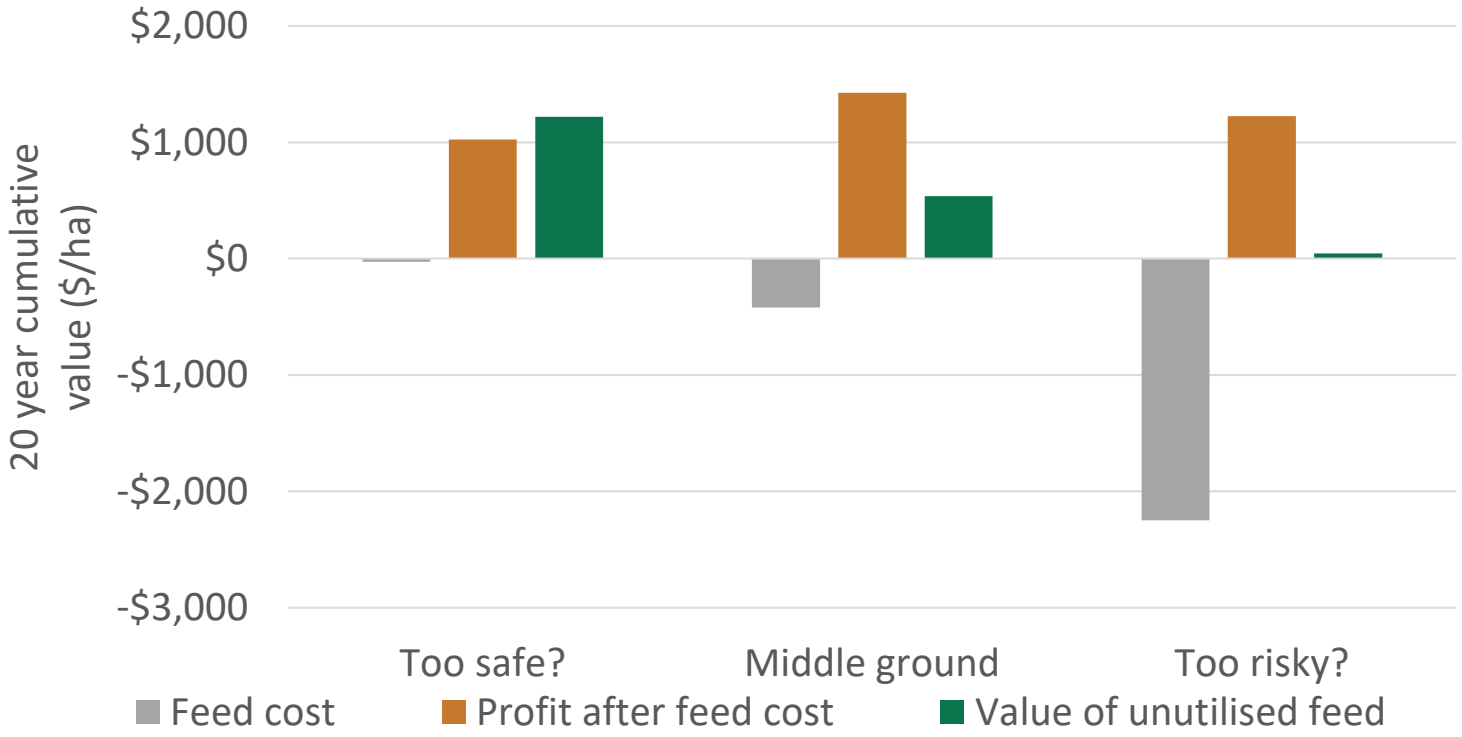
The cost of loss aversion can be high



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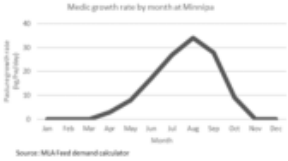
Are there leading indicators?

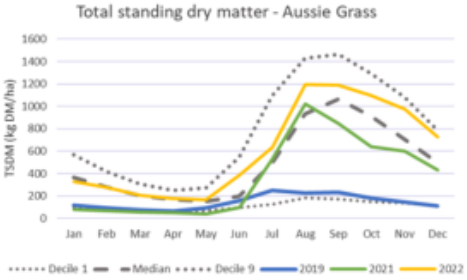
Feed budget

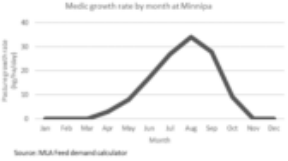
Opening + growth – intake – losses = closing

Soil moisture

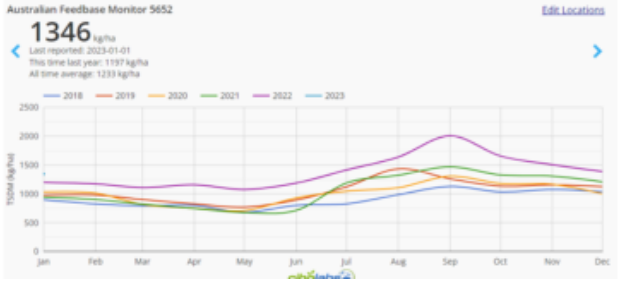


Aussie Grass





Feedbase monitor



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Options for the big years

Trading livestock/Agistment

Increasing turnoff weight

Conserving fodder

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A word on simplicity

Single enterprise/shearing date/joining date

Multiple tasks at handling

No unnecessary handling

Preventative vs reactionary treatments

Treat one or treat the lot?

Build it once build it properly

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Take home messages

- Assess the decision not the outcome

- Learn and know your biases

- Simple feed budgets are a good start

- Supplementary feed helps optimise profit

- Use local knowledge to set targets

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Tools and resources

- Feed demand calculator
- AussieGrass/Feedbase monitor
- BOM soil water
- MLA Business Edge course

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Thanks for the opportunity to experience SA again

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