

USING STOCK TO GROW EQUITY

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Hi, my name is Duncan Stalker, of Progressive Livestock in Southland.

I have been a dairy livestock agent for the past five years, previously working for Asure Quality as a shed inspector and a TB tester.

Over the past five years I have worked with and developed a core of clients that are now growing and moving into ownership of farms and also 50/50 sharemilkers moving into bigger jobs.

For them, their asset is in their animals, so the job needs to be done right.

There are five simple steps to ensure selection of animals for your initial purchase is done correctly.

1. Type of animal
2. Size of animal
3. Figures and Herd codes
4. DNA and BVD free animals
5. Grazing.

1. Type of animal

Type of animal when purchased is important as it has a bearing on the end value when selling. As of late, Friesian is the more dominant type to buy, especially as calves and in-calf heifers, as you have the option of export.

If you are planning on keeping the heifers to milk, then type is not essential, but if you are buying to trade, black to black and white animals sell a lot quicker and easier. People tend to reject Jersey type, sorry not being racist.

Notes:

2. Size

Well-grown animals always sell, they just look better and are healthier, and appeal to a buyer. Undergrown animals, either calves or cows, always take longer to sell and obviously for a lesser price.

3. Figures and herd codes

BW, PW and Ancestry is very important also for trading them or milking them.

If trading, the higher the figures and ancestry the easier they are to sell; very simple. Sometimes even if they are smaller but have better figures, people tend to want them more.

If you are a sharemilker, getting some jobs has a minimum BW and PW, so keeping them high is essential, but it also looks favourable with the bank as your asset is more stable.

When looking to purchase dairy cattle, the amount of herd codes should be at a minimum. If there is one code then the herd is basically a capital, replacement line, which means no stock have been added to or taken out of the line.

Multiple coded lines means there are bits and pieces from a lot of farmers so you don't really know what you are getting.

4. DNA, herd testing and BVD testing

DNA is becoming more common and, as it develops, it is getting results a lot faster. DNA of animals ensures that the dairy stock records are 100% accurate.

It gives the buyer piece of mind that what they are buying is what it says on paper and is more appealing and generally fetches a premium when being sold.

Herd testing of cows also helps when selling cows; it gives an accurate indication of what they are producing, which has a huge bearing on price.

Buyers will also pay a premium for dairy cattle that are BVD free, which is very common in NZ herds now. A lot of buyers now demand that herds are BVD tested and are clear.

5. Grazing

Finding the right grazier is also very important. Size and condition of animals must be monitored regularly to make sure they are marketable and ready for sale.

Setting target weights during the year gives the grazier a target to aim for, ensuring that the stock is well grown at point of sale.

So basically if you are starting from the bottom, you need to have a well grown FFX type animal with above national average figures to ensure you make the most profit.

Start small and do one line as calves or in-calf heifers, then build from there.

Don't be scared to spend a little to make a greater gain.

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