Maranoa – Factsheet 4: Grazing weaner steers on forage oats

The Queensland Department of Primary Industries (DPI), together with ConnectAg and Rural Solutions Queensland, evaluated the economic implications of implementing a range of management strategies on a beef property in the Maranoa region to build resilience. Planting forage oats and grazing cattle on the oats has been a regular occurrence on many properties in the Maranoa. However, with increased input costs and climatic variability, many producers now question the economic viability of this strategy.

Key finding
This analysis has shown that grazing forage oats reduced profitability in the long term. Producers need to be very clear on the benefits of oats and consider the area of perennial pasture lost before adopting a strategy of grazing oats.

Strategies to graze weaner steers on forage oats

The representative property and herd outlined in *Maranoa – Factsheet 1* was used to compare the profitability of grazing weaner steers on forage oats based on a property grazing 940 adult equivalents.

Forage oats was assumed to be grazed for 85 days, from July to September. The steers gained 1.0 kg/day on forage oats and were stocked at 0.6 ha per weaner steer. A contractor was used to prepare and plant the forage oats crop. The land area allocated to forage oats was assumed to be ready for cropping, therefore required no development costs and would be fallowed between crops. The costs of establishing the forage oats crop totalled $361/ha. Details of the forage oats crop costings and all other assumptions can be found in the full report (QR code on page 2).

Two strategies involving grazing forage oats were analysed.

1. Grazing the lead weaner steers (the heaviest 40%) on forage oats and turning them off at 13 months, with the rest of the steers turned off as per the base strategy.
2. Grazing all weaner steers on forage oats and turning them off at 13 months.

After consultation with local producers and service providers, and reviewing rainfall data, it has been assumed that conditions will allow forage oats to be grown in 7 out of 10 years and not planted in 3 out of 10 years. Weighted averages were calculated for the sale weights of steers and the cost of forage oats in this context. Fallow management costs of forage oats were still incurred in years when forage oats were not planted.

In years when forage oats are not grown, steers that were destined to graze forage oats are sold in July and the remaining steers are turned off at the planned 20-month sale weight. In most cases, producers will react to reduced feed supplies and market conditions in a way that best suits their situation.

Australian Government | Future Drought Fund | Drought and Climate Adaptation Program | Queensland Government

What is the effect on profitability when grazing oats?

The table below details the area of oats required for each strategy. Variation in AE totals on the remaining area is reflective of the reduction in perennial pasture area. Breeder numbers increase in both strategies due to weaner steers being turned off rather than feeder steers.

The table demonstrates that the increase in herd gross margin resulting from grazing oats, is less than the cost of growing the forage oats. The net result for the strategy to graze lead weaner steers on forage oats is -$11,708 and for the strategy to graze all weaner steers on forage oats is -$27,064.

Production and sales	No Oats	Lead weaner steers on oats	All weaner steers on oats
Area of oats required (ha)	0	49	136
AE of remaining area	940	925	899
Breeders mated	483	502	536
Calves weaned	386	401	428
Steers sold	189	198	214
Steer sale weight (kg)	460	368 (on Oats); 447(Others)	352
Steer price ($/head)	$1,347	$1,269	$1,149
Herd gross margin after imputed interest	**$338,779**	**$340,756**	**$349,600**
Increase in herd gross margin after interest		$1,977	$10,821
Cost of forage oats		$13,685	$37,885
Net result		**-$11,708**	**-$27,064**

An investment analysis of the change to the two strategies of feeding oats to weaner steers, found that grazing the lead 40% of weaner steers on oats and then selling them, decreased profitability by $6,534 per year (Annualised NPV as outlined in *Maranoa – Factsheet 1*). Grazing all weaner steers on oats and then selling them, decreases profitability by $24,675 per year.

What producers need to consider before grazing forage oats

The long-term increase in gross margin resulting from grazing weaner steers on forage oats does not cover the cost of growing the oats. This is supported by previous studies that show grazing forage oats reduced profitability. While the forage oats are growing, there is a large amount of feed available for three months. However, the forage oats paddocks do not produce any feed over summer, due to it being fallowed.

Please note, these results are specific to the assumptions used for the analysis . Producers need to consider the full feed base implications when assessing the viability of grazing forage oats such as the loss in perennial pasture area and the risk of crop failures. Further detail on these, and other strategies that influence profit, are available in the full report (QR code link below).

Find your local DPI Officer on the FutureBeef website.
← here

All factsheets and full reports are found on the FutureBeef website.
← here.

The Farm Business Resilience Program is jointly funded through the Australian Government's Future Drought Fund and the Queensland Government's Drought and Climate Adaptation Program.

Australian Government | Future Drought Fund | Drought and Climate Adaptation Program | Queensland Government