



## ***Adjusting the budgets for your area.***

### **Pasture costs and hectares.**

There are many areas in NSW that are capable of running particular sheep enterprises but most of the land is not suited to all of the enterprises covered in these budgets. For example a 2<sup>nd</sup> cross or prime lamb enterprise needs good pastures to achieve the growth rates required and this will not be possible in the drier areas of western NSW. To ensure that we are comparing enterprises on the same footing, a pasture type capable of running any sheep enterprises has been chosen. This is medium to high carrying capacity country on the Slopes and Tablelands with a carrying capacity of 10 dry sheep equivalents (DSEs) per hectare. To maintain pasture at this carrying capacity it will cost about \$41 per hectare for fertiliser. Adjustments will be required to the budgets for individual farm enterprises.

For example a grazier wishing to run a 20 micron wether enterprise in the far western grazing areas is likely to have no pasture costs. Likewise in the cropping country there are often no pasture costs incurred during the pasture phase.

To calculate your pasture costs: Firstly determine the area needed for the enterprise. It is easiest to work in multiples of 1000 and then in the final step adjust for the numbers you are actually carrying.

Area required = carrying capacity of your country (DSE/ha) ÷ DSE requirement of enterprise (DSE/ha) x 1000. DSE requirements for each enterprise are shown in the assumptions section for each budget. For more detail on DSE requirements see section titled “*Using DSEs and Carrying Capacities*”

Eg. Joe has some country he has estimated will carry 8 DSE. He has worked this out because he has been running 1500 20 micron Merino ewes that are rated in the budgets at 2.2 DSE on 394 ha. The total DSEs run on the 394 ha is:

$$\begin{array}{lclcl} \text{Total DSE carried} & = & 1500 \times 2.2 & = & 3300 \text{ DSE} \\ \text{Total DSE per ha} & = & 3300 \div 394 & = & 8.37 \text{ DSE/ha} \end{array}$$

Joe wants to look at producing 1<sup>st</sup> cross lambs as an alternative. The rating for this enterprise is 2.5. Thus for 1000 1<sup>st</sup> cross ewes the land required would be:

$$\begin{aligned}
 \text{Area required} &= 1000 \text{ ewes} \times 2.5 \text{ DSE} \div 8.37 \text{ DSE/ha} \\
 &= 2500 \div 8.37 \\
 &= 298 \text{ ha}
 \end{aligned}$$

If Joe's average pasture cost is \$20 per hectare per year, then the total cost per 1000 1<sup>st</sup> cross ewes is:

$$\text{Total pasture costs} = 298 \text{ ha} \times \$20 = \$5960$$

Joe would have to do similar calculations for other enterprises that he may consider because each enterprise will require different areas to carry 1000 head.

### **Adjusting other sections of the budget.**

Providing your marking, weaning percentages and mortality rates are similar to those listed, there should be no need to adjust the animal numbers. If there is a significant variation then a lot of calculations are required to make the adjustments. If weaning percentages are significantly lower than the budgets, or mortality rates are higher, you should seek advice to help pinpoint the problems.

Check on the income and adjust the wool cut and price variables and check the costs. Calculate the new gross margin figure.

Complete this exercise for other grazing enterprises being considered for your property and use them to help determine the enterprises you select. Once developed they can also be used as a background information for developing a cash flow budget.