



BEEF CATTLE GROSS MARGIN BUDGET

Farm enterprise Budget Series: June 2009

Enterprise: **Growing out steers 240kg - 460kg in 12 months**

Enterprise Unit: **100 steers**

Pasture: **Improved Pasture**

| | | | Standard Budget | Your Budget |
|-------------------------|--|-----------|-----------------|-------------|
| INCOME: | | | | |
| 88 Steers @ | | \$874 /hd | \$76,912 | |
| 10 Steers @ | | \$837 /hd | \$8,370 | |
| A. Total Income: | | | \$85,282 | |

VARIABLE COSTS:

| | | | |
|--|-------------------------|---------------|----------|
| Steer Purchase | 100 steers purchased at | \$456 /hd | \$45,600 |
| Cartage to Property | 100 steers at | \$10.00 /head | \$1,000 |
| Livestock and vet costs: see section titled beef health costs for details. | | | \$926 |
| Other costs | | | \$0 |
| Fodder crops (12 ha) | | | \$1,800 |
| Hay & Grain or silage | | | \$0 |
| Droughts can increase feed costs. For example costs see main menu. | | | \$0 |
| Pasture maintenance (for 108 ha of improved country) | | | \$5,400 |
| Livestock selling cost (see assumptions on next page) | | | \$5,098 |

B. Total Variable Costs:

| | | |
|---------------------------|---------------------------|---------------------------|
| | GM including pasture cost | GM excluding pasture cost |
| GROSS MARGIN (A-B) | \$25,458 | \$30,858 |
| GROSS MARGIN/STEER | \$254.58 | \$308.58 |
| GROSS MARGIN/DSE* | \$29.50 | \$35.76 |
| GROSS MARGIN/HA | \$235.72 | \$285.72 |

Change in gross margin (\$/steer) for change in price &/or the weight of sale stock

| Liveweight (kg's) of Stock sold | Steer sale price cents/kg live | | | | |
|---------------------------------|--------------------------------|-----|------------|-----|-----|
| | 170 | 180 | 190 | 200 | 210 |
| Steer wt. | | | | | |
| -20 kgs 440 | 136 | 177 | 219 | 260 | 302 |
| 0 460 | 168 | 211 | 255 | 298 | 341 |
| +20 kgs 480 | 200 | 245 | 290 | 335 | 380 |

Change in gross margin (\$/steer) for change in purchase price & sale price.

| Steer Purchase Price C/Kg | Steer sale price cents/kg live | | | | |
|---------------------------|--------------------------------|-----|------------|-----|-----|
| | 170 | 180 | 190 | 200 | 210 |
| 170 | 216 | 259 | 303 | 346 | 389 |
| 180 | 192 | 235 | 279 | 322 | 365 |
| 190 | 168 | 211 | 255 | 298 | 341 |
| 200 | 144 | 187 | 231 | 274 | 317 |
| 210 | 120 | 163 | 207 | 250 | 293 |

Assumptions Growing out steers 240kg - 460kg in 12 months

Enterprise unit is 100 steers purchased at 9 months of age at 240kg liveweight, held for 12 months and sold direct to feedlots at 460kg liveweight.

Sales

| | | |
|------------------------------|--------|----------------------|
| 90% steers sold at 21 months | 460 kg | @190c/kg live weight |
| 10% steers sold at 21 months | 450 kg | @186c/kg live weight |

Purchases

| | | |
|------------------------------|--------|----------------------|
| Steers purchased at 9 months | 240 kg | @190c/kg live weight |
|------------------------------|--------|----------------------|

Steers kept for 12 months

Selling costs include: Commission 3.5%, yard dues \$0 (sold direct to feedlot.)
MLA levy \$50/hd, average freight cost to feedlot 16.00/hd,
tail tags 11 c ea., no NLIS tags costed in this budget.

Mortality rate of adult stock: 2%

The average feed requirement for this enterprise is rated at 8.63 dse's*. This is an average figure and will vary during the year.

Note that as with breeding enterprises there has been no interest charged on livestock. If an interest charge of 10% pa is charged a further \$4560 of costs should be allowed in the budget.

Marketing Information:

Finished animals are best marketed in deck loads of straight lines, so care needs to be taken when purchasing stores to ensure an even line of weaners for weight and frame. Later maturing types preferred for the Japanese feedlot 120-150 day grain fed market. Some could be taken through to the Korean/EU market. Freight costs will vary depending on proximity to major feedlots.

Production Information:

An increasingly common option in the Riverina and North West of NSW. There will generally be a need to finish the weaning process of stores after purchase which requires adequate facilities on farm. Growing out enterprises can be risky because of the price variation in both purchases and sales. Producers should consult the table on the previous page that shows gross margin changes due to variation in purchase and sale prices. Producers should determine the maximum purchase price they are prepared to pay before the sale. Liveweight and description buying are recommended methods.