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 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 enterprises are compared 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 $38 per hectare (2017 prices) for fertiliser and spreading. 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 area 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.

DSE requirements for each enterprise are shown in the assumptions section for each budget.

For example: Joe has some country estimated to carry 8 DSE/ha. Joe worked this out because he has been running 1500 self-replacing Merino ewes (20 micron) on 435 ha. In the budgets this enterprise is rated at 2.32 DSE/ewe. The total DSEs run on the 435 ha is:

Total DSE carried	=	1500 ewes x 2.32/DSE	=	3480 DSE
Total DSE per ha	=	3480 DSE ÷ 435 ha	=	8.00 DSE/ha

Joe wants to look at producing 1st cross ewes as an alternative. The rating for this enterprise in the budgets is 2.77 DSE/ewe. Thus for 1000 ewes the land required would be:

Area required	=	1000 ewes x 2.77	=	2770 DSE
	=	2770 DSE ÷ 8.00 DSE/ha	=	346 ha

If Joe's average pasture cost is $34 per hectare per year, then the total cost per 1000 Ewes producing 1st cross ewes hoggets is:

Total pasture costs = 346 ha x $34 = $11764

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.

For more detail on DSE requirements see section *"Using DSEs and Carrying Capacities"*

Check on the income in the budgets 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 enterprise gross margins can also be used as background information for developing a cash flow budget.

Using Sensitivity tables

On the second page of each budget there are a number of sensitivity tables. Each table lists recalculated gross margins accounting for increases or decreases in two price and or production variables.

The actual change in dollar terms in one sensitivity table can be combined with changes in other sensitivity tables to allow a number of different variables to be assessed together.

However, the sensitivity table associated with 'weaning percentage' cannot be combined with changes in other sensitivity tables as those outputs were calculated with the original weaning percentage.