

The Cicerone Project Inc.

PO Box 1593 Armidale 2350

Phone 02 6778 3871, Fax 02 6278 3872

cicerone@northnet.com.au

ABN 15 314 685 367

NEWSLETTER No 32

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Chairman's report AGM 2004

by Terry Coventry

Results of experiments that are useful to sheep producers... this is what Cicerone has got to be producing from now on. The funding that has been available to set up and carry on to this stage has all come from levy payers and hopefully the next five years will be supported by the same source. We owe these levy payers some return on their investment.

We have set up a valid comparison on the three farms, we have learned pretty well how to run them and we are now coming up with results. What we have not done very well is publish these results. The latest review by Ian Simpson and Warren Mason has highlighted the fact that we are lacking in this field. All our Board energies in the past have concentrated on how to sow the pastures, fatten the sheep and measure what we are doing. What we have to do in the future is to publish these results.

We have good information, we just don't tell anyone.... wrong... we have had some good papers delivered by Board members, but not wrong because we have not written to our funding body or the local newspapers or the state newspapers or the local ABC rural. These bodies are crying out for information and the new Board must make it first priority to publish all the good work that has been done previously.

We have put all our good information into the newsletters and hoped that people/someone would find it and take up the running from there. I have mistakenly believed that the AWI extension department would do this for us, and maybe they will but we have to tell them. I know that this is like feeding the dog and doing the barking, but if that's what we have to do now is the time to start.

Our next 2 years, or 5 or 10 however long we can exist, will depend on us being able to deliver our results. We need an extension officer and if we are unable to secure additional funding for this position then we will have to fund it from current income... after all we should have to spend less on new pastures, fertilizers and fences than in the past.

The last part of our motto "Compare Measure Learn Adopt" has been neglected. Now is the time to put 'adopt' into our thinking so that everyone else knows about the good stuff we are doing.

All other Board members have done a tremendous job each ably supporting their own expertise and thank you for that; Caroline for doing everything that you do, a very difficult job and you do it so well; Justin your depth of understanding is great and you walk the tightrope well.

Thank you.

Dollar\$ in the bank or ca\$h in the pocket... the all important economic analysis of The Cicerone Project farms

by Caroline Gaden

Everyone is interested in the economic comparison of the three farms. The best way to present the figures is always subject to debate and the following analysis has been discussed with a number of members, including an accountant, as being the most useful.

To understand the figures you need to know:-

- All three farmlets have had their figures calculated in the same way.
- Each farm is considered to be an enterprise rather than the more usual 'sheep' and 'cattle'.
- Only animals agisted, bought and sold onto and off the three farmlets are considered.
- Livestock purchases or sales may be an actual stud or saleyard value or a valuation based on that week's local (Armidale) sales. Agisted animals are given an 'on' and 'off' valuation.
- Any supplementary fodder is calculated weekly, based on number in mob, amount fed per animal, cost of feed (e.g. see table below) and from this the total cost of supplementary fodder for each farm has been calculated.

| Week end | Farm | Mob | Sex | Number | Feed | Kg fed | Cost per kg | Cost for week |
|------------|------|---------|-----|--------|--------|--------|-------------|---------------|
| 29/11/2002 | A | Ewes | Ewe | 103 | Lupins | 1.9 | \$0.70 | \$136.99 |
| 29/11/2002 | A | 01 drop | Mxd | 96 | Lupins | 0.6 | \$0.70 | \$40.32 |
| 29/11/2002 | B | Ewes | Ewe | 68 | Lupins | 1.8 | \$0.70 | \$85.68 |
| 29/11/2002 | B | Ewes | Ewe | 39 | Lupins | 1.8 | \$0.70 | \$49.14 |
| 29/11/2002 | C | Ewes | Ewe | 93 | Lupins | 1.2 | \$0.70 | \$78.12 |

- Drench is calculated in a similar way based on number in mob and cost per dose.
- For shearing in 1999 and 2000 the wool income was allocated evenly to the three farmlets because stock numbers were similar and individual fleece weights were not collected.
- For shearing in 2001, 2002 and 2003 the individual fleece weights were measured and each was given a value based on Sale Price Grids devised by Will Pearson of Elders. The grids took into account micron, staple length and strength and we could calculate wool income from each farm.
- Figures for the 2004 shearing have not been calculated as the wool has not yet been sold. The amount of wool is 950 kg for Farm A, 633 kg for Farm B and 490 kg for Farm C.
- Overheads include the cost of fencing, fertilizer and seed and the farm manager hours.
- Initial fencing costs were apportioned 8/32 to Farm A, 8/32 to Farm B and 16/32 to Farm C as that related to the number of paddocks set up.
- We have not attempted to look at depreciation as, according to one accountant "no new fences have been built in the New England during the last 40 years."
- We have not attempted to look at borrowing the funds and the related interest rate.
- On a commercial property the farm design would not be constrained by research considerations and the cost of fencing would therefore be more competitive
- Fertiliser and seed purchases have been allocated to the paddock (and therefore farm) where they were sown or spread. Again our small size has affected the expenses incurred as a commercial property would have lower costs per hectare.
- The hours worked by Farm Manager are allocated to the specific farm where the work was done. The labour required for marking, mulesing and shearing are allocated evenly across the three farms. Hours allocated to measurement, research support, Board meetings and field days etc are not allocated to a specific farm, rather they are recognized for their 'research component' and so not included in this analysis.
- Figures are calculated over 4.2 years, from 1 July 2000 to 31st August 2004.
- If you don't want the entire detail flick over the next three pages to the summary!!!

| Farm A | Expenses | | | | | |
|------------------|-----------------------------|-------------|-----------------|-----------------------------|-------------------|----------------------------|
| Date | | Head | Value | Total | Per head | |
| 1999 | CSIRO ewes | 326 | \$8.50 | \$2,771.00 | \$8.50 | |
| 2003 | Cattle BlkBaldy | 5 | \$322.00 | \$1,610.00 | \$322.00 | |
| 2003 | Cattle Murray Grey | 7 | \$236.00 | \$1,652.00 | \$236.00 | |
| 2003 | Rams | 4 | \$653.00 | \$2,612.00 | \$653.00 | |
| 2003 | Romani Cattle | 26 | 120c/kg | \$9,876.00 | \$379.85 | |
| Feb-02 | Red Wethers | 85 | \$50.00 | \$4,250.00 | \$50.00 | |
| Feb-03 | CSIRO ewes | 110 | \$37.50 | \$4,125.00 | \$37.50 | |
| Feb-03 | WC ewes | 63 | \$50.00 | \$3,150.00 | \$50.00 | |
| Ma-Au 03 | Cattle purchases | 21 | \$6,126.00 | \$6,126.00 | \$291.71 | |
| Feb-04 | CSIRO ewes | 70 | \$52.00 | \$3,640.00 | \$52.00 | |
| Total | Fodder | 1 | \$12,223.08 | \$12,223.08 | | |
| | Drench | 1 | \$2,223.09 | \$2,223.09 | | |
| | | | | \$54,258.17 | | |
| Date | Income for stock | Head | Value | Total | | |
| 2002 | CFA | 105 | \$40.00 | \$4,200.00 | \$40.00 | |
| Mar-01 | CFA | 90 | \$35.00 | \$3,150.00 | \$35.00 | |
| May-01 | CFA | 162 | \$21.00 | \$3,402.00 | \$21.00 | |
| Feb-02 | 00 drop | 113 | \$50.00 | \$5,650.00 | \$50.00 | |
| Feb-02 | Ewes | 40 | \$26.00 | \$1,040.00 | \$26.00 | |
| Oct-02 | Wethers 00 drop | 59 | \$25.00 | \$1,475.00 | \$25.00 | |
| Oct-02 | Red wethers | 85 | \$30.00 | \$2,550.00 | \$30.00 | |
| Jan-03 | Wethers 02 drop | 37 | \$32.50 | \$1,202.50 | \$32.50 | |
| Feb-03 | Ewes | 30 | \$45.00 | \$1,350.00 | \$45.00 | |
| Feb-03 | Ewes | 13 | \$45.00 | \$585.00 | \$45.00 | |
| 2003 | Romani Cattle | 26 | 170c/kg | \$17,656.00 | \$679.08 | |
| Feb-04 | Wethers 03 drop | 61 | \$40.00 | \$2,440.00 | \$40.00 | |
| May-04 | Cattle | 21 | | \$13,470.00 | \$641.43 | |
| Shear 99 | All | 1 | \$8,700.00 | \$8,700.00 | | Same as B and C |
| Shear 00 | All | 1 | \$17,700.00 | \$17,700.00 | | Same as B and C |
| Shear 01 | All | 1 | \$4,782.63 | \$4,782.63 | \$15.43 | |
| Shear 02 | 01 drop | 1 | \$2,686.35 | \$2,686.35 | \$28.58 | |
| Shear 02 | Ewes a | 1 | \$4,273.56 | \$4,273.56 | \$41.49 | |
| Shear 02 | Wthrs Red | 1 | \$3,678.40 | \$3,678.40 | \$43.28 | |
| Shear 02 | Wthrs | 1 | \$2,582.79 | \$2,582.79 | \$44.53 | |
| Shear 03 | All | 1 | \$8,532.23 | \$8,532.23 | \$25.09 | |
| | | | | \$111,106.46 | | |
| | | | | | Annual | Annual per hectare |
| Farm A | Expenses (4.2 years) | | | \$54,258.17 | \$12,918.61 | \$238.92 |
| | Income (4.2 years) | | | \$111,106.46 | \$26,453.92 | <u>\$489.25</u> |
| | Profit/loss | | | \$56,848.29 | \$13,535.31 | \$250.33 |
| | | | | | | Overheads |
| Overheads | Item | | | Total | per ha | Annual per hectare |
| Total | Fencing | 1 | \$14,000.00 | \$14,000.00 | \$258.92 | \$61.65 |
| Total | Fertiliser and seed | 1 | \$42,735.02 | \$42,735.02 | \$790.36 | \$188.18 |
| Total | Farm Manager | 1 | \$23,010.00 | \$23,010.00 | \$425.56 | <u>\$101.32</u> |
| | Total overheads | | | \$79,745.02 | \$1,474.85 | \$351.15 |
| | Sheep | unit | per year | | | Sheep unit per year |
| | Fencing | | \$6.33 | Expenses (4.2 years) | | \$24.54 |
| | Fertiliser and seed | | \$19.33 | Income (4.2 years) | | <u>\$50.25</u> |
| | Farm Manager | | <u>\$10.41</u> | Profit/loss | | \$25.71 |
| | Total overheads | | \$36.07 | | | |

| Farm B | | | | | | |
|-----------------|----------------------------|-------------|----------------|--------------------|---------------------------|----------------------------|
| Date | Expenses | Head | Value | Total | Per head | |
| 1999 | CSIRO ewes | 326 | \$8.50 | \$2,771.00 | \$8.50 | |
| 2003 | Cattle BlkBaldy | 5 | \$322.00 | \$1,610.00 | \$322.00 | |
| 2003 | CattleMurray Grey | 6 | \$236.00 | \$1,416.00 | \$236.00 | |
| 2003 | Rams | 2 | \$653.00 | \$1,306.00 | \$653.00 | |
| Feb-03 | CSIRO ewes | 33 | \$37.50 | \$1,237.50 | \$37.50 | |
| Feb-03 | WC ewes | 19 | \$50.00 | \$950.00 | \$50.00 | |
| 2003 | Romani Cattle | 10 | 120c/kg | \$9,485.00 | \$948.50 | |
| May-Aug 2003 | Cattle | 18 | | \$5,614.00 | \$311.89 | |
| Feb-04 | CSIRO ewes | 30 | \$52.00 | \$1,560.00 | \$52.00 | |
| Total | Fodder | 1 | \$9,017.90 | \$9,017.90 | | |
| Total | Drench etc | 1 | \$1,905.51 | \$1,905.51 | | |
| | | | | \$36,872.91 | | |
| | Income | | | | | |
| 2002 | CFA | 74 | \$35.00 | \$2,590.00 | \$35.00 | |
| Apr-01 | CFA | 73 | \$35.00 | \$2,555.00 | \$35.00 | |
| May-01 | CFA | 175 | \$21.00 | \$3,675.00 | \$21.00 | |
| Feb-02 | 00 drop | 104 | \$45.00 | \$4,680.00 | \$45.00 | |
| Feb-02 | Ewes | 32 | \$30.00 | \$960.00 | \$30.00 | |
| Oct-02 | Wethers 00 drop | 57 | \$22.00 | \$1,254.00 | \$22.00 | |
| Jan-03 | Wethers 02drop | 47 | \$32.50 | \$1,527.50 | \$32.50 | |
| Feb-03 | Ewes | 48 | \$25.00 | \$1,200.00 | \$25.00 | |
| Feb-03 | Ewes | 17 | \$40.00 | \$680.00 | \$40.00 | |
| | Romani Cattle | 10 | 170c/kg | \$16,150.00 | \$1,615.00 | |
| Feb-04 | Wethers 03 drop | 35 | \$40.00 | \$1,400.00 | \$40.00 | |
| May-04 | Cattle | 18 | | \$11,105.00 | \$616.94 | |
| Shear 99 | All | 1 | \$8,700.00 | \$8,700.00 | | Same as A and C |
| Shear 00 | All | 1 | \$17,700.00 | \$17,700.00 | | Same as A and C |
| Shear 01 | All | 1 | \$4,812.32 | \$4,812.32 | \$15.99 | |
| Shear 02 | 01 drop | 1 | \$2,344.29 | \$2,344.29 | \$26.34 | |
| Shear 02 | Ewes | 1 | \$4,287.30 | \$4,287.30 | \$39.33 | |
| Shear 02 | Wthrs | 1 | \$2,076.67 | \$2,076.67 | \$38.46 | |
| Shear 03 | All | 1 | \$5,386.95 | \$5,386.95 | \$24.88 | |
| | | | | \$93,084.03 | | |
| | | | | | Annual | Annual per hectare |
| Farm B | Expenses over 4.2 years | | | \$36,872.91 | \$8,779.26 | \$150.41 |
| | Income over 4.2 years | | | \$93,084.03 | \$22,162.86 | \$379.70 |
| | Profit/loss | | | \$56,211.12 | \$13,383.60 | \$229.29 |
| | | | | | | |
| | Overheads | | | Total | per ha | Annual per hectare |
| Total | Fencing | 1 | \$14,000.00 | \$14,000.00 | \$239.85 | \$57.11 |
| Total | Fertiliser and seed | 1 | \$8,505.11 | \$8,505.11 | \$145.71 | \$34.69 |
| Total | Farm Manager | 1 | \$16,230.00 | \$16,230.00 | \$278.05 | \$66.20 |
| | Total overheads | | | \$38,735.11 | \$663.61 | \$158.00 |
| | | | | | | |
| | Sheep unit per year | | | | | Sheep unit per year |
| | Fencing | | \$7.69 | | Expenses 4.2 years | \$20.26 |
| | Fertiliser and seed | | \$4.67 | | Income 4.2 years | \$51.15 |
| | Farm Manager | | \$8.92 | | Profit/loss | \$30.89 |
| | Total overheads | | \$21.28 | | | |

| Farm C | | | | | | |
|---------------|------------------------|-------------|-----------------|--------------------|--------------------|----------------------|
| Date | Expenses | Head | Value | Total | Per head | |
| 1999 | CSIRO ewes | 326 | \$8.50 | \$2,771.00 | \$8.50 | |
| 2003 | Cattle BlkBaldy | 6 | \$322.00 | \$1,932.00 | \$322.00 | |
| 2003 | CattleMurray Grey | 6 | \$236.00 | \$1,416.00 | \$236.00 | |
| 2003 | Rams | 2 | \$653.00 | \$1,306.00 | \$653.00 | |
| Feb-03 | CSIRO ewes | 31 | \$37.50 | \$1,162.50 | \$37.50 | |
| Feb-03 | WC ewes | 18 | \$50.00 | \$900.00 | \$50.00 | |
| | Romani Cattle | 26 | 120c/kg | \$9,783.00 | \$376.27 | |
| My-Ag 03 | Cattle | 18 | | \$6,056.00 | \$336.44 | |
| Feb-04 | CSIRO ewes | 41 | \$52.00 | \$2,132.00 | \$52.00 | |
| Total | Fodder | 1 | \$9,400.60 | \$9,400.60 | \$9,400.60 | |
| Total | Drench etc | 1 | \$1,876.08 | \$1,876.08 | \$1,876.08 | |
| | | | | \$38,735.18 | | |
| | Income 4.2 years | | | | | |
| 2002 | CFA | 65 | \$35.00 | \$2,275.00 | \$35.00 | |
| May-01 | CFA | 172 | \$21.00 | \$3,612.00 | \$21.00 | |
| May-01 | CFA | 97 | \$35.00 | \$3,395.00 | \$35.00 | |
| Feb-02 | 00 drop | 78 | \$40.00 | \$3,120.00 | \$40.00 | |
| Feb-02 | Ewes | 45 | \$28.00 | \$1,260.00 | \$28.00 | |
| Oct-02 | Wethers 00 drop | 54 | \$22.00 | \$1,188.00 | \$22.00 | |
| Jan-03 | Wethers 02drop | 28 | \$32.50 | \$910.00 | \$32.50 | |
| Feb-03 | Ewes | 37 | \$20.00 | \$740.00 | \$20.00 | |
| Feb-03 | Ewes | 14 | \$35.00 | \$490.00 | \$35.00 | |
| | Romani cattle | 26 | 170c/kg | \$16,370.00 | \$629.62 | |
| Feb-04 | Wethers 03 drop | 24 | \$40.00 | \$960.00 | \$40.00 | |
| May-04 | Cattle | | | \$12,732.00 | | |
| Shear 99 | All | 1 | \$8,700.00 | \$8,700.00 | \$8,700.00 | Same as A and B |
| Shear 00 | All | 1 | \$17,700.0 | \$17,700.00 | \$17,700.0 | Same as A and B |
| Shear 01 | All | 1 | \$3,997.19 | \$3,997.19 | \$14.86 | |
| Shear 02 | 01 drop | 1 | \$1,976.92 | \$1,976.92 | \$24.71 | |
| Shear 02 | Ewes | 1 | \$3,528.78 | \$3,528.78 | \$39.21 | |
| Shear 02 | Wthrs | 1 | \$2,204.76 | \$2,204.76 | \$40.83 | |
| Shear 03 | All | 1 | \$4,494.59 | \$3,930.00 | \$22.82 | |
| | | | | \$89,089.65 | | |
| | | | | | Annual | Annual per ha |
| Farm C | Expenses 4.2 years | | | \$38,735.18 | \$9,222.66 | \$188.99 |
| | Income 4.2 years | | | \$89,089.65 | \$21,211.82 | \$434.67 |
| | Profit/Loss | | | \$50,354.47 | \$11,989.16 | \$245.68 |
| | | | | | | |
| | | | | | | |
| | Overheads | | | Total | per ha | Annual per ha |
| Total | Fencing | 1 | \$34,000.00 | \$34,000.00 | \$696.72 | \$162.03 |
| Total | Fertiliser and seed | 1 | \$6,916.85 | \$6,916.85 | \$141.74 | \$32.96 |
| Total | Farm Manager | 1 | \$27,000.00 | \$27,000.00 | \$553.28 | \$128.67 |
| | Total overheads | | | \$67,916.85 | \$1,391.74 | \$323.66 |
| | | | | | | |
| | Sheep unit | | per year | | Sheep unit | per year |
| | Fencing | | \$19.59 | | Expenses 4.2 yrs | \$22.31 |
| | Fertiliser and seed | | \$3.98 | | Income 4.2 yrs | \$51.32 |
| | Farm Manager | | \$15.55 | | Profit/loss | \$29.01 |
| | Total overheads | | \$39.12 | | | |

The following summary figures are presented on an 'Annual per hectare' and 'Annual per Sheep unit' (where cattle are scored as 10 sheep to convert them to sheep units.)

SUMMARY for those of you who DON'T want to include the overheads!

| Annual per hectare costs | Farm A | Farm B | Farm C |
|---------------------------------|-----------------|-----------------|-----------------|
| Annual Expenses | \$238.92 | \$150.41 | \$188.99 |
| Annual Income | \$489.25 | \$379.70 | \$434.67 |
| Annual Profit | \$250.33 | \$229.29 | \$245.68 |

| Annual per sheep-unit costs | Farm A | Farm B | Farm C |
|------------------------------------|----------------|----------------|----------------|
| Annual Expenses | \$24.54 | \$20.26 | \$22.31 |
| Annual Income | \$50.25 | \$51.15 | \$51.32 |
| Annual Profit | \$25.71 | \$30.89 | \$29.01 |

SUMMARY for those of you who DO want to include the overheads!

| Annual per hectare costs | Farm A | Farm B | Farm C |
|---------------------------------|------------------|-----------------|-----------------|
| Fencing | \$61.65 | \$57.11 | \$162.03 |
| Fertiliser | \$188.18 | \$34.69 | \$32.96 |
| Farm Manager | <u>\$101.32</u> | <u>\$66.20</u> | <u>\$128.67</u> |
| Total overheads | \$351.15 | \$158.00 | \$323.66 |
| Annual Expenses | <u>\$238.92</u> | <u>\$150.41</u> | <u>\$188.99</u> |
| Total expenses | \$590.07 | \$308.41 | \$512.65 |
| Annual Income | \$489.25 | \$379.70 | \$434.67 |
| Profit/loss | -\$100.82 | \$71.29 | -\$77.98 |

| Annual per sheep-unit costs | Farm A | Farm B | Farm C |
|------------------------------------|-----------------|----------------|-----------------|
| Fencing | \$6.33 | \$7.69 | \$19.59 |
| Fertiliser | \$19.33 | \$4.67 | \$3.98 |
| Farm Manager | <u>\$10.41</u> | <u>\$8.92</u> | <u>\$15.55</u> |
| Total overheads | \$36.07 | \$21.28 | \$39.12 |
| Annual Expenses | <u>\$24.54</u> | <u>\$20.26</u> | <u>\$22.31</u> |
| Total expenses | \$60.61 | \$41.54 | \$61.43 |
| Annual Income | \$50.25 | \$51.15 | \$51.32 |
| Profit/loss | -\$10.36 | \$9.61 | -\$10.11 |

- Remember these figures are taken over 4.2 years only, we have not had the benefit of utilizing the improved pastures on Farm A nor have we had the depreciation benefit of Farm C fences and water troughs costs over the longer term.
- The economic analysis shown should be studied in conjunction with the study of farmlot pastures (which indicates that Farm B is losing it's 'good' species and 'sustainability' is likely to become an issue) and parasites (which indicates that Farm C has superior parasite control).

Board member **John Hartmann** did not seek re-election at the 2004 AGM. We thank John for all his time, efforts and counsel during his term of office.

For 2004-05 the Cicerone Board members are:-

| | | |
|-----------------|------------------------|----------------------------|
| Clare Belfield | Producer member | (newly elected at 2004AGM) |
| Terry Coventry | Producer member | |
| Simon Croft | Producer member | |
| Phillip Dutton | Producer member | |
| Brian Gream | Producer member | (re-elected at 2004AGM) |
| Betty Hall | Extension position | (re-elected at 2004AGM) |
| Bob Marchant | NSW DPI representative | |
| David Paull | CSIRO representative | |
| Jim Scott | UNE representative | |
| Pauline Smith | Extension position | |
| Hugh Sutherland | Producer member | |
| Mark Waters | Producer member | |

The Cicerone Project Inc.

PO Box 1593
ARMIDALE
NSW 2350

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• **australian wool**
innovation
• **limited**

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