

DRYLAND LUCERNE HAY

Northern Zone

Summer 2010-11

1. GROSS MARGIN BUDGET:

INCOME: Assumes most bales are prime hay quality.

2 cuts per season @ 2.00 t/ha per cut

Total Yield = **4.00** tonnes per hectare

@ 40 bales per tonne (25 kg bales)

Sample Budget	Your Budget
\$/ha	\$/ha

60% AFIA Grade A1	96 bales/ha@	\$8.50 / bale	\$816	
20% AFIA Grade B2	32 bales/ha@	\$6.50 / bale	\$208	
20% AFIA Grade C3	32 bales/ha@	\$4.00 / bale	\$128	

See http://www.afia.org.au/quality/national_grades/ for more details on hay grades used.

A. TOTAL INCOME \$/ha:

\$1,152	
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VARIABLE COSTS:

see following pages(s) for details

Depreciation of establishment cost (over 4 years).....	\$52.32	
Fertiliser.....	\$125.00	
Herbicide.....	\$17.96	
Insecticide.....	\$0.00	
Mow, rake & bale (contract).....	\$524.40	
Twine @ \$0.113/bale.....	\$18.13	
Cart and stack 100% of hay (\$10.68/t).....	\$42.72	

B. TOTAL VARIABLE COSTS \$/ha:

\$780.52	
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C. GROSS MARGIN (A-B) \$/ha:

\$371.48	
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SENSITIVITY TABLE

EFFECT OF HAY YIELD AND PRICE ON GROSS MARGIN PER HECTARE

Yield Cuts	Total tonnes/ha	Grade A1 \$6.50	Grade A1 \$7.50	Grade A1 \$8.50	Grade A1 \$10.50	Grade A1 \$12.50
		Grade B2 \$4.50	Grade B2 \$5.50	Grade B2 \$6.50	Grade B2 \$8.50	Grade B2 \$10.50
		Grade C3 \$2.00	Grade C3 \$3.00	Grade C3 \$4.00	Grade C3 \$5.00	Grade C3 \$6.00
		\$208 /tonne	\$248 /tonne	\$288 /tonne	\$360 /tonne	\$432 /tonne
1 cuts	2.0	-72	8	88	232	376
2 cuts	3.0	-53	67	187	403	619
2 cuts	3.5	-1	139	279	531	783
2 cuts	4.0	51	211	371	659	947
3 cuts	5.0	70	270	470	830	1,190
3 cuts	6.0	175	415	655	1,087	1,519
4 cuts	8.0	298	618	938	1,514	2,090

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CALENDAR OF OPERATIONS:		Machinery			Inputs			Total Cost \$/ha
Operation	Month	hrs/ha	Cost \$/hour	Total \$/ha	Rate/ha	Cost \$	Total \$/ha	
Spray - 2,4-DB 500g/L	Jul	0.10	17.05	1.71	1.0 L	16.25/L	16.25	17.96
Apply Single Super	Aug	contract		20.00	250kg	0.42/kg	105.00	125.00
Mow, rake 3 times and bale	Oct	contract		262.20				262.20
Cart and stack hay in shed	Oct	\$0.27	per bale @ 80 bales/ha per cut					21.36
Mow, rake 3 times and bale	Jan	contract		262.20				262.20
Cart and stack hay in shed	Jan	\$0.27	per bale @ 80 bales/ha per cut					21.36

AGRONOMIC NOTES:

Herbicides: 2,4-DB applied to established stands to clean up weeds.

To reduce the likelihood of herbicide resistance, rotate herbicide groups and weed management techniques.

For more information, refer to the I&I NSW Management Guide "Weed Control in Pastures and Lucerne 2010"

Establishment: This budget assumes a stand life of four years, so depreciation of establishment cost is the cost of establishment divided by four.

This budget should be looked at in conjunction with the budget for establishment of a dryland lucerne stand.

Fertilisers: Nutrient requirements should be assessed with soil tests, strip trials and paddock history records.

Hay storage: The assumption is made that all of the hay is stored on farm prior to selling.

Hay Grades: The Australian Fodder Industry Association (AFIA) has developed a national grading system for legume and cereal hays. It is based on digestible dry matter, crude protein percentage and metabolisable energy.

Profitability: Profitability may vary widely depending on dry matter yield and hay prices.

Please refer to the sensitivity table and factor in the seasonal and market risks in your planning activities.

AFIA (Incorporated in 1996) is the peak body for the hay and silage industries. Further information and a fodder vendor declaration form is available from AFIA Phone: 03 9890 6855 Website: www.afia.org.au

Use of a particular brand name does NOT imply recommendation of that brand by I&I NSW.

Always read chemical labels and follow directions, as it is your legal responsibility to do so.

LABOUR REQUIREMENT Labour for carting hay from the paddock to the shed is accounted for in this budget at \$1.50 per bale.

MACHINERY ASSUMPTIONS:

Tractor: PTO power: 57kW (76 HP)

Machinery costs refer to variable costs of: fuel, oil, filters, tyres, batteries and repairs.

Mow, Rake, Bale costs: If you use your own machinery for mowing, raking and baling then substitute this cost in your own budget.