

Canterbury Store Sheep Farm Budget

Prepared by the Canterbury Agricultural College, Lincoln

Bulletin

CHRISTCHURCH, MAY, 1946.

No. 202.

INTRODUCTION:

A budget is an estimate of income and expenditure based on a predetermined farming plan. Such estimates of farming operations are made for various purposes. The value to a farmer of being able to budget for himself lies largely in the fact that in order to do so successfully he must draw up a farming plan.

In this bulletin it is intended to give an example of a hypothetical store sheep farm budget for Canterbury, to help and encourage farmers to budget for themselves.

This budget, however, is merely by way of example and is purely hypothetical in every respect. In previous bulletins (Nos. 191 and 199) dairy farm and mixed cropping farm budgets have been outlined.

DESCRIPTION OF LAND:

The land is a nine hundred acre block. It is hilly and parts are steep and except for one or two small flat paddocks near the house the farm is well covered with clean tussock, native grasses and other plants.

In this example the farm is considered to be suitably subdivided, sheltered, and watered and prices are taken on the basis of conservative standard values.

CAPITAL INVOLVED:

Land (bare), 900 acres at £4 per acre, £3,600. Buildings (at valuation, not new but serviceable): House and garage £800; wool shed, dip and yards £200; tool shed, loose-box, cowbail £100; total buildings £1,100. Total land and buildings £4,700.

This equals approximately £5/5/- per acre for land and buildings.

LIVESTOCK:

Sheep: 750 $\frac{1}{2}$ -bred ewes at 22/6,

£844 (assuming an average death rate of 5% over the whole flock, the age composition of the flock would be as follows: 202 2-tooths, 192 4-tooths, 183 6-tooths, 173 4-year ewes; total 750 ewes. 213 ewe hoggets at 20/-, £213 (this would be the total number of ewe lambs to be saved in order to keep the flock stable at 750 ewes). 18 rams (2, 4, 6 and 8-tooths) at £3, £54; 20 killers at 20/-, £20. Total sheep, 1,001, £1,131.

Cattle: 2 house dairy cows at £10, £20; 15 beef breeding cows at £8, £120; 3 two-year heifers at £6, £18; 4 one-year heifers at £4, £16; 1 bull at £20; total 25 cattle £194.

Horses: 1 hack £12, 1 $\frac{1}{2}$ -draught £10; total 2 horses £22.

Total livestock £1347.

PLANT AND EQUIPMENT:

Shearing plant, sledge, jogger, fencing equipment, tools, saddle, harness, etc., £200.

SUMMARY:

Land and improvements (including buildings), £4,700; livestock, £1,347; dead stock (plant and equipment), £200. Total, £6,247.

MANAGEMENT:

The management of a farm such as this is mainly a matter of sheep husbandry. A brief description of the salient points of management is as follows.

In February or March the ewes culled at shearing would be drafted off and sold. At this muster the lambs would also be weaned and drafted off, the replacement ewe lambs selected, and the remainder sold as stores. The ewe hoggets would be drenched crutched and dipped. The main flock would also be dipped. During April and May the ewes would be tupped and the hoggets put out for the winter in

paddocks especially saved during autumn. In the following winter months general shepherding work is carried out and the sheep may be crutched in July or August. Lambing starts in October and the ewes should be inspected daily. Marking and tailing is done when the lambs are two or three weeks old. In mid-December shearing commences and ewes are marked for culling, for wool, constitution and breeding ability. It may be necessary to drench the lambs from December till time of sale.

THE BUDGET:

An estimate of how the management of a farm of this type would work out financially can now be drawn up. It is the supporting details to a budget, however, which are important and following this budget each item will be fully explained. It is in these explanations that many of the finer points of management will be revealed and it is hoped, much that will aid the farmer in working out his own figures. It must be remembered that all figures are hypothetical.

Estimated Expenditure: Stock purchases £51, wool packs £9, freight and cartage £42, motor car £17, accountancy and legal £10, repairs and maintenance £43, telephone and mail £10, stock feed £33, general and sundries £25, shearing, crutching and dipping £27, keep for shearers £2, wages of management £325; overhead rates £29, land tax £13, insurance £8, depreciation £48, interest—live and dead stock £77, farm £212, surplus £11. Total £992.

Estimated Income: Lambs £324, cull ewes £178, wool £446, cattle £44. Total £992.

SUPPORTING DETAILS:

Each item in the budget will now be fully explained and enlarged upon.

ESTIMATED INCOME:

Lambs: 88% lambing, 3% loss from tailing to sale. 750 ewes to rams, therefore 638 lambs. 213 ewe lambs required for flock replacements, leaving 425. 20 retained as killers, leaving 405 for sale at 16/-, £324.

Cull Ewes: After their fourth lamb most of the ewes are sold in the following autumn. 173 4-year ewes less 7 deaths from lambing to sale leaves 166 cull ewes at 21/6,

£178.

Wool: The whole flock less deaths plus rams and killers are shorn. 955 fleeces at 8lbs at 14d per lb., £446.

Cattle: With a herd of 15 breeding cows and a policy of selling weaners the position is as follows: 15 cows to bull giving 13 calves of which one dies; 4 calves required for herd replacements, leaving 8 for sale at £4, £32.

(Note: 4 heifer calves are kept to go into the herd at 3 years. However, 1 dies and only 3 actually go into the herd to replace 1 herd death and 2 culls). 2 cull cows, store condition, at £6, £12.

Total cattle, £44.

ESTIMATED EXPENDITURE:

Stock Purchases: Rams: 5 at £9, £45; bull, annual replacement cost, £4; horses, depreciated at 10% per annum., £2. Total stock purchases, £51.

Wool Packs: 955 sheep shorn—955 fleeces at 40 per bale—24 bales at 7/6, £9.

Freight and Cartage: Railage, 417 lambs and 166 cull ewes: total 583 at 7d per head, £17; other cattle, etc, £5.

Cartage: 24 bales of wool at 10/- per bale, £12; 5 tons chaff at 1/- per ton mile, £3; other at 1/- per ton mile, £5.

Total freight and cartage: £42.

Note: If required, drovers could be hired at 35/4 per day but on the farm envisaged here the occupier does his own).

Motor Car (for farm purposes): Say one trip to nearest village per fortnight and one trip to Christchurch per month at 6d per mile, £17.

Accountancy and Legal: Includes the cost of preparing social and national security and income tax returns, return of land and other legal expenses, £10.

Repairs and Maintenance (all repairs on average annual value): Buildings—house and garage, 1½% of £800, £12; wool shed—2% of £200, £4; tool shed, etc, 2% of £100, £2.

Plant and Equipment: 5% of £200, £10.

Fencing: Say 600 chains at 6d per chain for materials, £15.

Total repairs and maintenance, £43.

Telephone and Mail: Say £10.

Stock Feed: For horses and dairy

cows, 5 tons chaff at £6/10/- on trucks, sacks in, £33.

General and Sundries (raddle, drenches, bluestone, cow covers, branding fluid, etc), £25.

Shearing, Crutching and Dipping: Shearing and crutching at contract rates—955 sheep shorn at 35/- per 100, £17; 955 sheep crutched at 8/- per 100, £4; dipping—cost of materials 1½d per head—955 at 1½d, £6 (help of neighbour—returned at his dipping); total shearing, crutching and dipping, £27.

Keep for Shearers, etc.: 5/- per man per day, £2.

Wages of Management: On a farm of this size it is generally considered that the reward to a working owner with wife and three young children would be in the vicinity of £325, without allowing for payment of life insurance, social security and income taxes.

Overhead: Rates, say 1½d per £1 capital value of £4,700, £29. Land

tax, 1d per £1 unimproved value of say £3,000 (assuming farm not mortgaged), £13. Insurance, employers' liability and personal risk, £3, buildings—value £1,100 at 8/8 per £100, £5; total insurance, £8. Depreciation, wood and iron buildings, £1,100 at 2½%, £28; plant and machinery, £200 at 10%, £20; total depreciation, £48. Interest, live and dead stock, £1,547, at 5%, £77; farm, £4,700 at 4½%, £212; total interest, £289.

CONCLUSION:

Farmers should bear in mind that while this budget is a complete forecast of the management envisaged on a hypothetical Canterbury store sheep farm, it is not suggested that the farming policy herein described should be literally followed. It is intended that farmers will be helped in budgeting by using this as a basis or example.