

# Attachment to Appendix K: Returns data

Table 1 **Average returns for sheep and cattle on cleared and uncleared land in Murweh<sup>a</sup>, 2003**

	<i>Uncleared</i>		<i>Cleared</i>	
	Sheep	Cattle	Sheep	Cattle
<b>Revenue</b>				
Price of stock sold (\$/dse)	-10.0 <sup>b</sup>	67.0	35.0	73.6
Stocking rate (dse/ha)	0.40	0.40	0.85	0.85
Turnoff rate (%)	18.0	31.4	35.0	36.4
Revenue from stock sales (\$/ha)	-0.7	8.5	10.4	22.8
Price of wool (\$/kg)	3.9	n.a.	3.9	n.a.
Yield of wool (kg/dse)	4.5	n.a.	4.5	n.a.
Revenue from wool sales (\$/ha)	7.1	n.a.	15.0	n.a.
Total (\$/ha)	6.4	8.5	25.4	22.8
<b>Variable costs (\$/dse)</b>				
Freight and selling	2.7	1.8	3.4	1.1
Supp and fodder	0.1	0.7	n.a.	n.a.
Animal health	0.5	0.3	0.7	0.2
Contract labour <sup>c</sup>	4.3	0.2	5.7	1.8
Sundry	0.0	0.0	0.0	0.0
Total	7.6	3.0	9.8	3.2
Total (\$/ha)	3.1	1.2	8.3	2.7
<b>Fixed costs (\$/ha)</b>				
Administration	0.5	0.5	1.2	1.2
Paid labour <sup>c</sup>	0.9	0.9	1.9	1.9
Maintenance	0.5	0.5	1.6	1.6
Plant and equipment	1.5	1.5	2.2	2.2
Depreciation	0.7	0.7	1.8	1.8
Total (\$/ha)	4.0	4.0	8.7	8.7
<b>Profit at full equity (\$/ha)</b>	-0.6	3.4	8.4	11.4

<sup>a</sup> Assuming average prices and average rainfall conditions. Cost data are averages over a number of farms that are either predominantly cleared or uncleared. See Kenny 2004 for the underlying data collected. Farm data had to be converted into current prices. <sup>b</sup> Prices is negative because the value of stock sold is less than the value of stock purchased — low fertility rates mean that the herd is not self-replacing. <sup>c</sup> Excludes payments made to management. **n.a.** not applicable.

Source: Based on data provided by Devine Agribusiness. See Kenny 2004 for data a description of the farm data collected.

**Table 2 Average returns for grazing on uncleared land and cropping on cleared land in Moree Plains Shire<sup>a</sup>, 2003**

	<i>Uncleared</i>					<i>Cleared<sup>b</sup></i>
	Sheep	Cattle	Wheat	Barley	Sorghum	Chick peas
<b>Revenue</b>						
Price of stock/crop (\$/dse or \$/t)	38.5	82.3	188.0	167.0	115.0	326.3
Stocking rate/yield (dse/ha or t/ha)	1.00	1.00	1.95	1.90	2.91	0.98
Turnoff rate (%)	0.4	0.4	n.a.	n.a.	n.a.	n.a.
Revenue from stock/crop (\$/ha)	13.5	30.1	367.1	316.7	334.4	319.5
Price of wool (\$/kg)	3.9	0.0	0.0	0.0	0.0	0.0
Yield of wool (kg/dse)	4.7	n.a.	n.a.	n.a.	n.a.	n.a.
Revenue from wool (\$/ha)	18.4	n.a.	n.a.	n.a.	n.a.	n.a.
Total Revenue (\$/ha)	31.8	30.1	367.1	316.7	334.4	319.5
<b>Variable costs</b>						
Quantity dependent (\$/dse or \$/t)	7.6	3.0	13.9	15.2	18.5	22.7
Area dependent (\$/ha)	0.0	0.0	171.3	188.0	188.0	238.6
Total (\$/ha)	7.6	3.0	198.5	216.9	241.9	260.9
<b>Fixed costs</b>						
Fixed operating cost (\$/ha)	2.4	2.4	6.7	6.7	6.7	6.7
Fixed depreciation cost (\$/ha)	0.7	0.7	9.3	9.3	9.3	9.3
Fixed labour cost (\$/ha) <sup>c</sup>	0.9	0.9	2.2	2.2	2.2	2.2
Total (\$/ha)	4.0	4.0	18.2	18.2	18.2	18.2
<b>Profit at full equity (\$/ha)</b>	20.3	23.2	150.4	81.5	74.3	40.4

<sup>a</sup> Returns on cleared land for a given year (refer to appendix K) are a weighted average of the cropping activities (wheat, barley, sorghum and chick peas), with different assumptions regarding the amount of land left fallow in a year — 20 per cent and 40 per cent. Assuming average prices and average rainfall conditions.

<sup>b</sup> Yield data for land cleared in the future is equal to average yields on cleared land in the North West Slopes of New South Wales. In appendix K, annual returns data are also estimated with different crop yields on land cleared in the future. <sup>c</sup> Excludes payments to the manager. **n.a.** not applicable.

*Source:* Price data is based on ABARE 2003, *Australian Commodities Statistics 2003*, Canberra; crop yield data are from ABARE farm surveys for North West Slopes of New South Wales, stocking rates are from Constable 2003, *Economic Assessment of Clearing/Land Use Change Options*, draft report to the Moree Regional Vegetation Management Committee, Constable Consulting; cost data for cropping is based on estimates provided by CSIRO Land and Water (National Land and Water Resources Audit); cost data for grazing is from Devine Agribusiness Consulting (Kenny 2004).