

SUMMARY REPORT NUMBER 2: FARM BUSINESS COSTS

This report is one of a series of reports summarizing outcomes from a project completed for the Department of the Environment: "Graziers with better profitability, biodiversity and well-being", funded under the National Environmental Science Program.

Overview:

This project showed that regenerative management practices have potential to increase the health of Australia's grassy woodlands and at the same time improve financial and farmer wellbeing outcomes. Substantial profit, land health and farmer wellbeing benefits were also measured on the 16 properties in the sample and are summarized in further reports. This report summarizes findings related to business costs.

Over a ten-year period, when compared to the industry study, regeneratively managed mixed enterprise grazing businesses had the following characteristics:

- Gross Income/DSE was consistently with the levels measured for sheep and beef farms.
- Substantially lower expenditure on supplementary feed/DSE.
- Substantially lower pasture costs/DSE
- Substantially lower animal health and breeding costs
- Substantially lower variable expenses except when compared to the Top 20% of cattle herds.

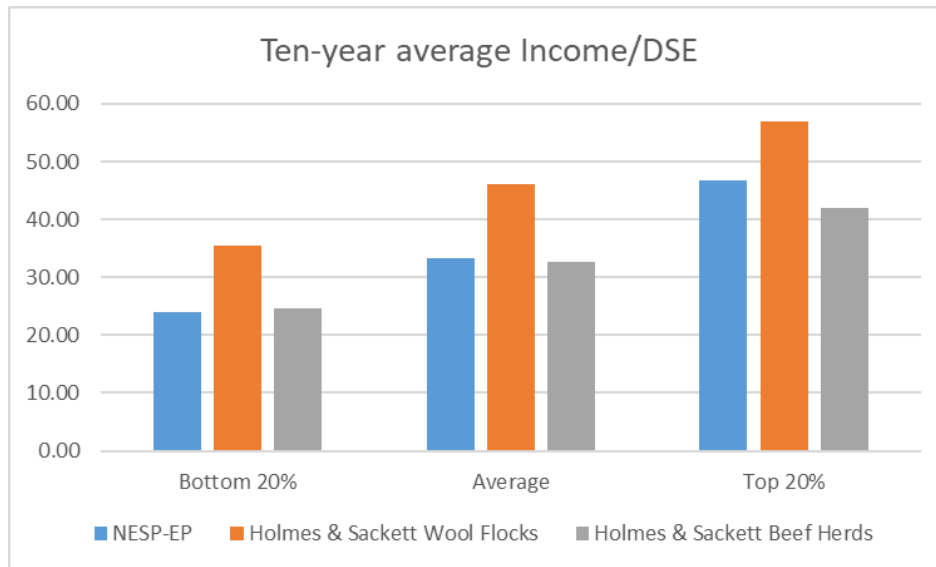
Background:

For some decades, regenerative land managers have claimed that their production practices have led to regeneration of ecological functions and biodiversity and this has enabled them to generate a strong and stable level of farm profit. This report compares selected long-term farm business costs of 16 mixed enterprise regenerative land managers with ABARES farm survey participants and an industry benchmark sample (AgInsights).

Variables examined:

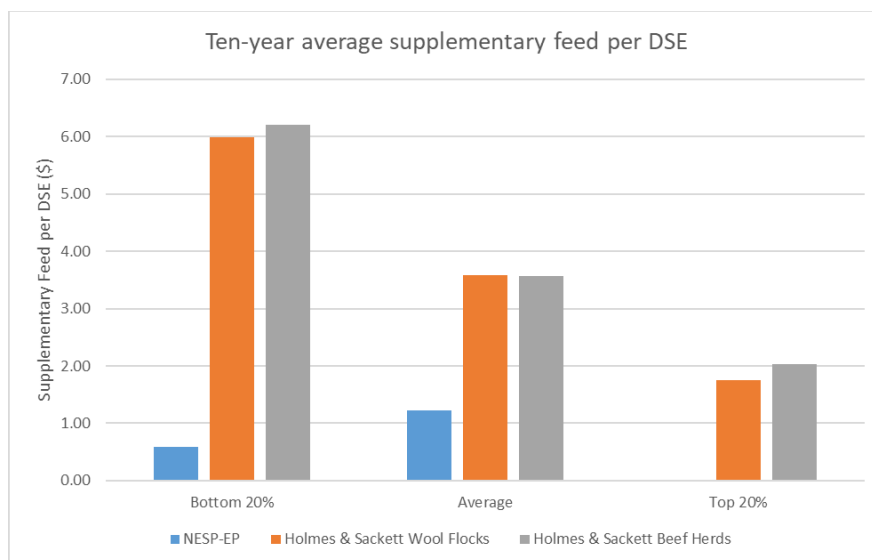
Gross Income/DSE

Gross Income/DSE of the regenerative grazing group was consistently between the levels measured for sheep and beef farms in the industry study.



Supplementary Feed/DSE

The regeneratively managed sample spent substantially less on supplementary feed/DSE than the industry benchmark sample over a 10-year period. Further evidence suggests that the regeneratively managed businesses commonly adjust (reduce) stock numbers in response to declining feed supply, rather than feed animals for long periods of time. This strategy may also confer significant social and ecological benefits to their farms.

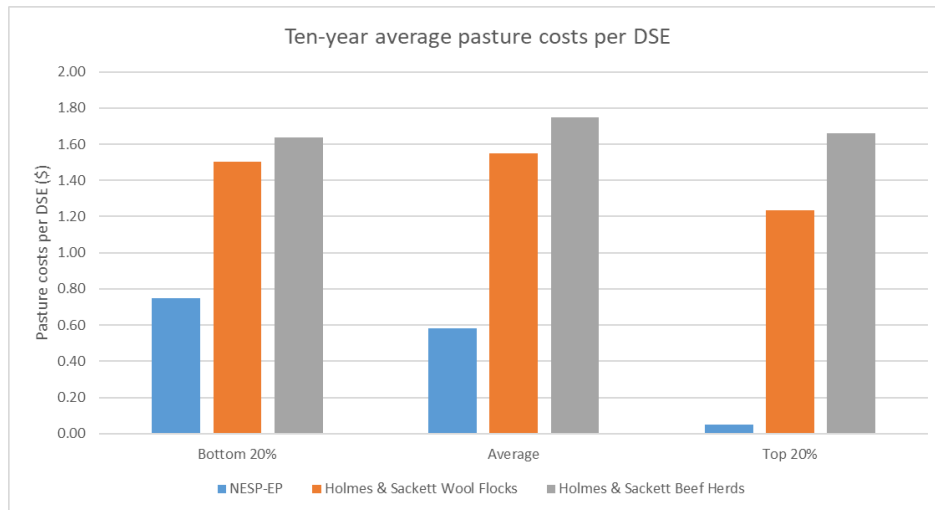


Pasture costs/DSE

The regenerative management sample had substantially lower pasture costs/DSE than the industry benchmarks over a 10-year period.

The regenerative management sample used lower levels of traditional inputs for pastures, relying on planned grazing management techniques to allow plants to capture, store and cycle nutrients and other resources. Land Health measurements from this project showed strong evidence of healthy landscapes indicating the substitution of lower cost

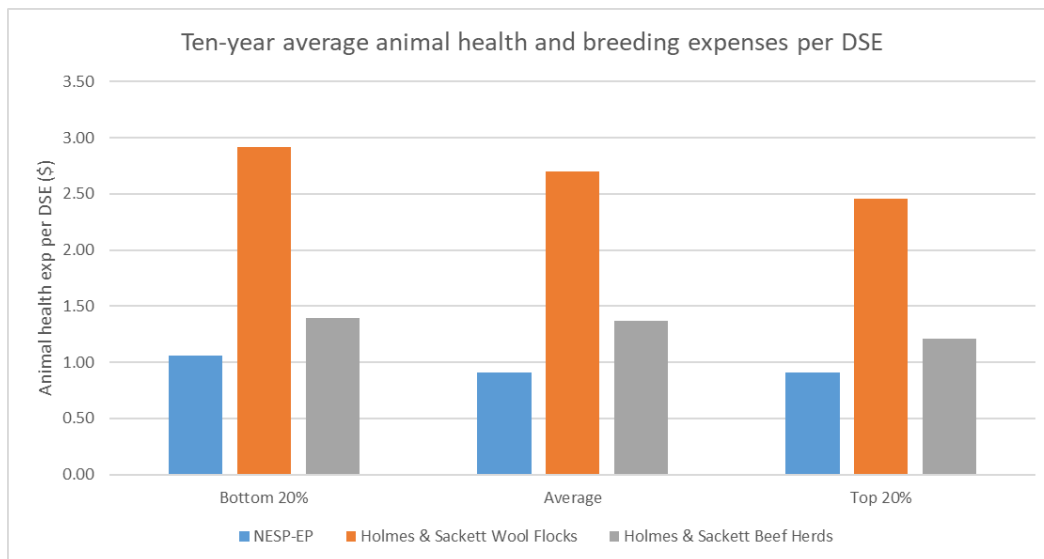
planned grazing for traditional higher cost pasture inputs has been a successful long-term management decision.



Animal health and breeding per DSE

The regenerative management sample had substantially lower animal health and breeding costs than the industry benchmark over a 10-year period.

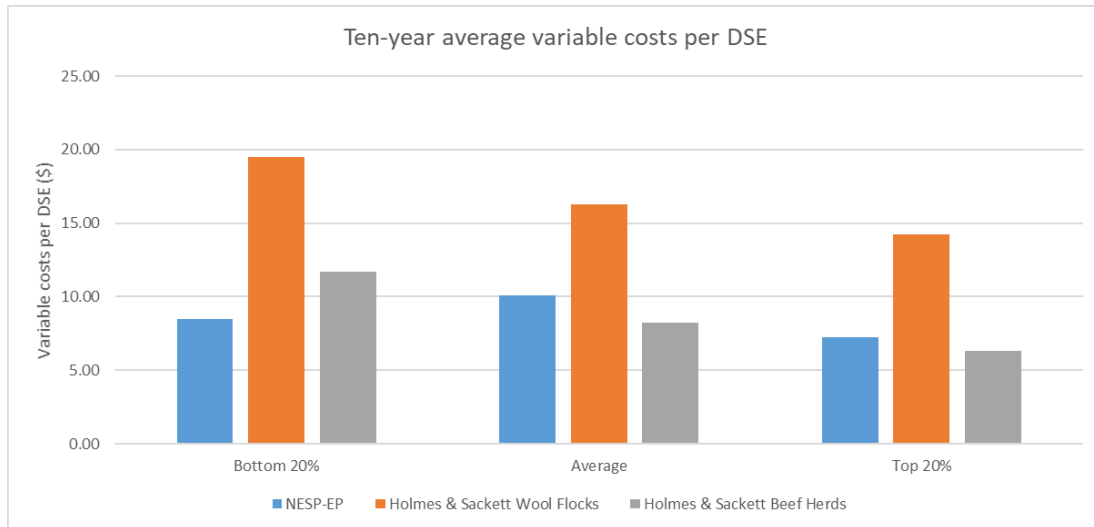
The research indicated that the animals in the regenerative managed sample required low levels of inputs to sustain their health. Stock also had very high reproductive rates, which may be due to the planned grazing management maintaining appropriate nutrition for breeding ewes/cows.



Variable costs per DSE

Variable expenses for the NESP-EP sample were lower than the AgInsights except for the Top 20% of cattle herds. Production techniques for regenerative farmers were strongly

based around the use of planned grazing for pasture and livestock management (including feed budgeting). This appeared to confer a lower cost base through a range of expense categories in the farm business.



Further information, more project summaries or to obtain a copy of the full 91 page report please contact us. A workshop is being prepared that presents the projects findings, this will be available from November 2018.

Mark Gardner

Vanguard Business Services

mark.gardner@vbs.net.au

W: www.vbs.net.au



Agricultural Consulting for profit, land health and lifestyle
Allan Savory's Holistic Management and Training
All Abilities Microbusiness Services