

GROSS MARGIN BUDGET FOR RED DEER

**N.B. THIS BUDGET IS A GUIDE ONLY AS VALUES
AND PRICES VARY ENORMOUSLY**

May 2010

A 'gross margin' is the gross income earned by an enterprise less the variable costs incurred in achieving it. It is not a measure of profitability as it does not usually include fixed or overhead costs. It is a planning tool used to help evaluate options and to enable comparisons between different enterprises. A range of comparative beef and sheep gross margin budgets can be found at www.dpi.nsw.gov.au/agriculture/farm-business

This budget is provided as a guide to members. However neither the DIAA or the author accept any responsibility for any errors, damage or losses whatsoever caused from using this budget. Intending deer farmers should seek professional advice as to the profitability of deer farming.

A downloadable version of this budget is available elsewhere on this site. It requires Microsoft Excel to open the spreadsheet and allows herd size and financial information to be changed.

Stock Assumptions

200 Breeding hinds
0 Velveting Stags
80 % Weaning Rate
3 % Mortality Rate
Stags run at 3% of hind number
Stags retained for 10 years
Hinds first mated at 16 months
Hinds mated annually
Hinds retained for 10 years
Hinds sold as breeders 10 %

Herd Structure

<u>Age (yrs)</u>	<u>No.</u>	<u>DSE</u>	<u>Total DSEs</u>	
1 yr	25	3	75	(Replacement hinds retained)
2 yr	24	3.6	87	
3 yr	24	3.8	90	
4 yr	23	3.8	87	
5 yr	22	3.8	84	
6 yr	22	3.8	82	
7 yr	21	3.8	79	
8 yr	20	3.8	77	
9 yr	20	3.8	75	(Culled for slaughter)
Total Hinds	200		736	Deaths = 6
Velvet Stags	0	4.2	0	
Breeding Stags	6	4.2	27	
Total Head	206		763	

Capital Costs:

A. Land and Plant

Land			
Carrying capacity	8 DSE/Ha		
	95 ha @	\$3,000 /ha	\$285,000.00
Improvements - Fences			\$29,240.00
(Boundary fencing @ \$5.00 /metre for			
95 ha square paddock =	\$19,494)		
- Yards			\$10,000.00
			<u>\$324,240.00</u>

B. Livestock

200 Breeding Hinds at	\$300.00	\$60,000.00
6 Breeding stags at	\$1,000.00	\$6,000.00
0 Velvet stags at	\$850.00	\$0.00
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		\$66,000.00
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Total Capital		\$390,240.00

Enterprise Fixed Costs

340 hrs labour @ \$20.00 /hr	\$6,800.00	
Repairs and maintenance	\$2,000.00	
Rates and Insurance	\$3,000.00	
Depreciation (est)	\$1,000.00	
Interest on stock value		
\$66,000.00 @ 8.00%	\$5,280.00	
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		\$18,080.00
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Total Fixed Costs		\$408,320.00

INCOME

5 Hinds @ \$225.00 /head live sale	\$1,125.00
47 Hinds @ 50 kg at \$4.50 /kg	\$10,575.00
19 Hinds + 77 stags (venison)	
Mean Carcase Wt. 45 kg at \$4.50 /kg	\$19,440.00
Velvet: 6 stags at 3 kg @ \$80.00 /kg	\$1,440.00
By-products: 143 deer at \$0.00 /hd	\$0.00
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A. Total Income	\$32,580.00

VARIABLE COSTS

Fodder Purchases at \$20.00 per head	\$4,120.00
Drenching at \$1.00 per weaner	\$160.00
Vaccination at \$0.20 per head	\$41.20
Vet. Costs	\$100.00
Velvetting Costs @ \$15.00 /stag	\$90.00
Slaughter Levy @ \$0.080 /kg	\$533.00
Selling/Transport Costs @ \$20.00 /head	\$2,860.00
Pasture costs @ \$100.00 /Ha	\$9,500.00
Replacement Breeding Stags @ \$1,000.00 /head	\$600.00
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B. Total Variable Costs	\$18,004.20

Gross Margin	\$14,575.80
Gross Margin/Hind	\$72.88
Gross Margin/DSE	\$19.10

The effect of changing prices or level of production on the Gross Margin per Hind is as follows:

	<u>Rise or Fall</u>	<u>Rise or Fall of Gross Margin/hind</u>
Venison Price	\$0.20 /kg	\$6.67
Hind Selling Price	\$20.00 /head	\$0.50
Venison Yield per Carcase		
@ \$4.50 /kg	5.00 kg	\$15.80
Replacement Stags	\$100.00 /head	\$0.30
Weaning %	10 %	\$19.01
Velvet Price	\$10.00 /kg	\$0.90

NOTES

* DSE - Dry Sheep Equivalent - feed required to maintain a 45 kg liveweight merino wether in body condition score 2. Accepted DSE ratings for red deer from 'The Deer Farming Handbook' are

Adult Hind	3.8 DSE
Breeding Stag	4.2 DSE
3yo Hinds	3.8 DSE
2yo Hinds	3.6 DSE
Yearling Hinds	3.0 DSE
Weaner Hinds	1.8 DSE
Yearling Stags	3.4 DSE
2yo Stags	3.8 DSE

* Fencing cost is materials only

* Total fencing cost is for a square paddock plus a 50% allowance for subdivisional fencing

* Capital costs and enterprise fixed costs are not taken into account in the gross margins and are a guide only