



SAGIT Research Snapshot

RS114: Publication of 2015 Farm Gross Margin and Enterprise Planning Guide for SA

FAST FACTS

The details

Start: July 1, 2014

Finish: June 30, 2015

Project participants: Rural Solutions SA, Simone Lawson, Erica Hancock and; Barry Mudge Consulting; and agronomist Mick Faulkner.

The problem

Farmers and advisers consistently report using gross margin guides to assist with their farm planning. The primary purpose of this guide is to provide a template for producers to calculate their own gross margins. It is also a useful tool for the research and development community as a reference point.

The research

The 2015 Gross Margin Guide was published in February 2015 and was made available to growers via the GRDC updates in February/March, online, and at field days.



BACKGROUND

The Farm Gross Margin Guide has been produced annually for many years by PIRSA's Rural Solutions SA. The guide is designed to be used by primary producers as a template to calculate their gross margins. To do this, the guide incorporates the latest information on input and output pricing to give estimates of the relative profitability of different farm enterprises.



RESEARCH AIMS

The overall aim of the project was to increase crop and livestock producer's capacity to assess the

In a nutshell

The 2015 Farm Gross Margin Guide was published in February for use by crop and livestock producers in SA as part of their farm business planning process. The guide incorporates the latest information on input and output pricing to give estimates of the relative profitability of different farm enterprises.

relative profitability and risk of enterprises. This would in turn lead to improved farm planning decision making and provide more profitable and sustainable businesses in the long term.



IN THE FIELD

Technical content of the guide was updated by Barry Mudge (Barry Mudge Consulting). Simone Lawson (Rural Solutions SA) was responsible for overall production coordination.

Independent agronomy advice is sought each year to ensure the technical content of the guide remains accurate and representative of current best practice. In 2015, the project used the services of well-known agronomist Mick Faulkner in a quality control and review role.

It is important that a Farm Gross Margin guide be made available to farmers in time to assist them with decisions around enterprise selection. This is primarily in February/ March, prior to the new cropping season. The guide was available by early February 2015.

A further important use of the guide is to provide the research, development and extension community with reference material to analyse their work for practical relevance to primary producers.

Distribution of the guide occurred in both hard copy and electronic form through a wide range of networks to ensure that the target audience was well covered. GRDC assisted with distribution, utilising its Ground Cover contact list and Ground Cover direct facility.

- All participants at the February 2015 GRDC Adelaide Advisor Updates received a copy
- 500 copies were sent to GRDC Ground Cover direct for distribution by request
- Copies were available from all PIRSA and regional NRM offices in SA
- Copies were also available at farming systems review days
- Copies were available at the PIRSA site at the Karoonda and Lucindale field days
- Copies and reference to the website were provided to interested banks
- GRDC undertook a focused CRM e-mail campaign targeting their Ground Cover email list
- Electronic copies were available for download from GRDC, SAGIT and Rural Solutions SA websites

RESULTS

In 2014, the GRDC commissioned a survey of Gross Margin use by farmers and advisors across the southern region. The current use of gross margin analysis by respondents was very high at 78%.

Of the 48 South Australians who participated in this survey, 100% indicated that they used the previous guides produced by Rural Solutions SA in some way.

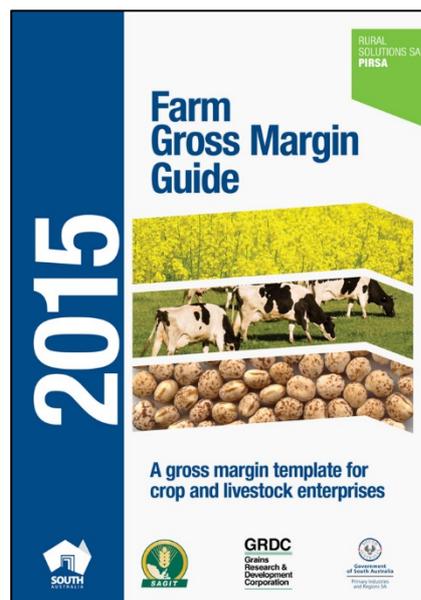
The data showed that researchers were using the tools to evaluate their results and to assist with the extension of their results to their stakeholders.

From these results, and anecdotally, there is clear evidence that the guide, as currently produced, is seen of value.

Further findings of the survey were that 76% of respondents were using spreadsheets and 38% are using hard copy methods. The most preferred format into the future was spreadsheets (75%),

followed by online programs (31%), hard copy (22%) and apps (20%).

A total of 2000 hardcopies of the Farm Gross margin Guide were printed.



VALUE FOR GROWERS

The current hard copy booklet has clear value.

However, the direction for the future is to investigate a web-based and interactive spreadsheet style gross margin guide.

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