

Herd Homes® Shelters or run-offs?

Capital gains from increasing land values have gone and it could be a long time before we see them again. Increasing productivity will still increase your farm business value. Increasing productivity and reducing costs is the answer during low payout years.

So with payouts reducing and on farm costs increasing it is timely to review current farming practices. The use of runoffs is one aspect that has a perceived convenience aspect but may not be the most cost effective.

There are many advantages in being self contained.

- What are the true costs of a run off?

- Example (1) Farmer Brown
- 100ha farm milking 240 cows
 - 40ha run-off 40km's from home farm
 - Grazers all young stock (50 per year) on the run off from weaning till close to calving.
 - Winters half the herd for 8 weeks
 - No Herd Homes® Shelters

<u>Cost.</u>	Interest on value of run off @ 7 % \$800,000	\$56,000
	Fertiliser including urea	\$ 8,000
	Rates	\$ 2,000
	Power	\$ 1,000
	Repairs and Maintenance	\$ 5,000
	Transport (120 cows @ \$20, Heifers @\$10, calves @ \$6)	\$ 3,200
	Hay 1500 bales @\$3	\$ 4,500
	Labour 6 hours/day X 2 day/week @ \$20	\$12,000
	Travelling 80kms @ \$0.30c /km	\$ 2,500
	Winter Labour 3 hours/day for 8 weeks @ \$20	\$ 3,300
	Travelling to run-off 80kms	<u>\$ 1,300</u>
	 Total Expenses	 <u>\$98,800</u>

- Example (2) Farmer Brown
- 100ha farm milking 240 cows
 - 2 x 45 metre **Herd Homes®** Shelter
 - Grazes calves on home farm to 1 year old
 - Grazes Heifers out for 12 months
 - Winters Herd at home
 - No run off

Cost.	Interest 2 x 45 meters Herd Homes® Shelter \$420,000 x 7%	\$29,400
	Heifer grazing 50 x 8 weeks x 52 weeks	\$20,800
	Repairs and Maintenance	\$ 2,000
	Labour. Summer/autumn 12weeks @ 1 hour/day @ \$20	\$ 1,700
	Winter/spring 20weeks/ @ 1 hour/day @ \$20	\$ 2,800
	Calves 3 hrs/wk from weaning 40 weeks @ \$20	\$ 2,400
	Cleaning and applying effluent	\$ 7,000
	Extra Feed bought in 1500 bales hay @ \$8	\$12,000
	Credit for nutrient value of effluent (Reduced fertiliser requirement)	\$24,000
	Credit for reduced "N" requirement	\$ 3,000
	Total expenses	<u>\$51,100</u>

Difference between costs.....Example 1. Run off and no HH Shelters	\$98,800
Example 2. Herd Homes® Shelter costs	<u>\$51,100</u>
	<u>\$47,700</u>

The advantage of having Herd Homes® Shelters and **no** run off is \$47,700 per annum

- ❖ This does not factor in the extra labour, time and cost of travelling to the run off on a regular basis to do repairs and maintenance, hay etc, but does include stock work.
- ❖ In many cases not having a run-off could save you a complete labour unit. In the example above there is 1,008 hours saved with out time spend on fertilizer or maintenance
- ❖ With **Herd Homes®** Shelters the young stock can be run on the farm and all stock wintered at home due to the extra feed grown. This has been well documented with increases of up to 25% extra pasture grown. More importantly, utilization of this pasture lifts dramatically through being able to avoid extended grazing when conditions are poor
- ❖ Extra feed can be harvested in the spring for use during the wintering period.
- ❖ Production increases have not been factored in. In almost every case where **Herd Homes®** Shelters have been incorporated into farming systems, very good increases in production have resulted. (see case studies)
- ❖ No allowance has been made for extra feed that may have to be purchased in a poor climatic year where growth is down. The extra production gained from having **Herd Homes®** Shelters more than covers the cost of this extra feed should it be necessary.

- ❖ **Herd Homes®** Shelters protect the farmer from the negative effects of extreme weather i.e. cold and wet in the winter or hot and dry in the summer. A run off is little help in these situations as it is impacted by the very same elements.
- ❖ Peace of mind. The warm fuzzy bit. Less land to manage and less worry during periods of extreme weather. Happier more contented stock. Potentially less labour required. More time available

Summary

<u>Herd Homes® Shelters</u>	vs	<u>Run offs</u>
Lower annual cost	vs	Higher annual costs
Less management time	vs	Higher labour requirements
Warmer, contented cows in winter	vs	Colder, hungrier cows in winter
Very little soil and pasture damage	vs	Trampling and pasture damage
No Transport worries / costs	vs	High transport dependency
Lower investment cost	vs	Higher capital requirement

Herd Homes® Shelters offer a system that can be more profitable, more animal friendly, more soil and pasture friendly and best of all more farmer friendly than operating a farm with a run off.

Acknowledging that every situation is unique, we recommend that farmers should do the figures on their own operation, read case study information and talk with **Herd Homes®** owners to see how **Herd Homes®** Shelters can best work for them.

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Patent No 521150, 553761 & 554901 – Further Patents & International Patents Pending



Information compiled with assistance from: Farm sharemilker and owner, AgResearch

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