

Winter Fodder and Financial Survival Guide



September 2013

Do a fodder budget for your farm now Complete a 12-month cash flow plan

Fodder survey: A fodder census of 1,240 farmers in September 2013 showed an overall average fodder surplus of 8%.

Farmers have assumed an average 140-day winter feeding period, which does not allow for an early winter or late spring.

One in five farmers is still short 20% of their feed requirement: are you one of those farmers?

For those farmers still short of feed:

1. Do a fodder budget now and establish the extent of your deficit.
2. Examine the options of buying forage, buying concentrate feeds, setting up for early turnout in spring and selling stock.
3. Don't ignore the risk of an early winter or a late spring. Build a reserve into your feed budget: a surplus of two bales of silage per livestock unit at the end of the winter is a valuable asset.
4. If cash flow is an issue, act now. Draw up a plan in conjunction with your Teagasc adviser, consultant or accountant, and don't be afraid to submit an application for money to your financial institution.

For those farmers who have just enough feed:

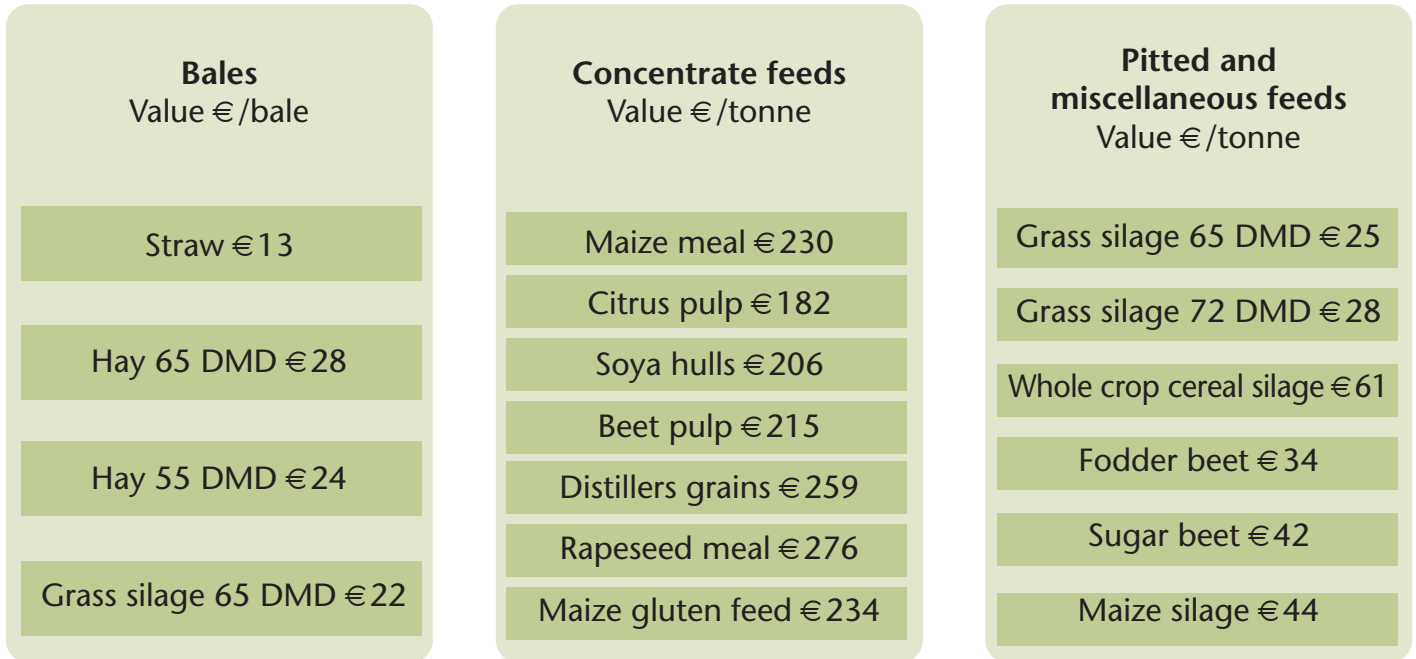
1. Don't ignore the risk of an early winter or a late spring: a surplus of two bales of silage per livestock unit at the end of the winter is a valuable asset.
2. Start your fodder management plan from day one of the housing period:
 - a. if you have planned on a short winter, stretch the silage – for example, if you've planned a four-month winter, budget to stretch the silage for a five-month winter;
 - b. use meals and other forages to stretch silage; and,
 - c. revise the fodder budget regularly throughout the winter.

Be conservative in planning the length of the winter.



Dealing with a fodder deficit

FIGURE 1: Value of concentrate feeds, forages and wet feeds relative to barley @ €200/t and soya @ €480/t on an energy and protein basis.



Restricting silage and feeding concentrates to fill the gap

If silage is too expensive or the quality is dubious, don't buy silage once the 50% of forage requirements are being met. The following table outlines the quantities of silage and concentrates to feed, with 50% and 75% of forage requirement, respectively, available on farm.

	50% of forage available		75% of forage available	
	Silage allowance (kg)	Meal needed (kg)	Silage allowance (kg)	Meal needed (kg)
Dry dairy cow	25	3-4	38	2-3
Dry suckler (good condition)	20	2.5-3.0	30	0.5-1.0*
Suckler cow with calf	20	5-6	30	3-4
Store (500kg)/in-calf heifer	20	3-4	30	2-3
Store (350kg)	15	2-3	22	1-2
Weanling	12	2-4	20	2-3

*Thin cows may require additional meals.

What to look out for if restricting access to silage:

1. Adequate feeding space is critically important.
2. Don't forget to feed minerals.
3. Ensure a good supply of fresh water.
4. Build up feeding rates slowly.
5. Monitor cow condition regularly. Supplementation rates may need to be increased or decreased.

Example: suckler farmer short of silage:

A farmer with 40 suckler cows and all followers has a fodder budget completed. He needs 750 tonnes of silage. He has the equivalent of 590 tonnes of silage in the yard, made up of 500 tonnes of silage in the pit and 100 bales of silage (4x4). Therefore, the deficit is 160 tonnes of silage or 21%. This percentage tells us that the deficit can be filled by

either forage, concentrate, or a combination of both, depending on what is good value locally and how well set up the farmer is to feed concentrates, i.e., feeding space. So, how does he make up the deficit? He uses a combination of restricting silage and feeding meals, planning for early turnout and selling empty cull cows before the winter (**Figure 2**).

FIGURE 2: Strategy to fill the fodder gap.



Planning for early turnout

Turning out stock in early spring will reduce the demand for feed over the winter.

1. Autumn grassland management has an impact on spring grass.
2. Close paddocks or fields in rotation from early October until Mid November.
3. This grass can be grazed, for example by weanlings where weight gains of over 1kg per day on grass alone is being achieved in spring.

Selling stock

Selling stock can be used as a means of reducing demand for winter feed.

1. Scan cows and sell empty cows that are in good condition before the winter.
2. Meal feed cattle that can be finished off grass this autumn.
3. It is important to do the sums on the economics of selling stock.



Fodder budgeting sheet

Farmer details

Name	Enterprise
Herd number	Land type
County	

SECTION 1: What fodder is required on the farm?

Animal type	A No. of stock to be kept over winter	B Number of months	C Pit silage needed/ animal/month	Total tonnes of silage needed – multiply AxBxC
Dairy cows			1.6	
Suckler cows			1.4	
0-1 year old			0.7	
1-2 year old			1.3	
2+ year old			1.3	
Ewes			0.15	

Total tonnes needed Tonnes

or

Total bales needed (tonnes multiplied by 1.1) Bales

SECTION 2: How much silage is in the yard and/or to be harvested?

Farms with pit and bale silage	A	Pit silage – currently in the yard ¹	
	B	Pit silage – to be harvested (acres multiplied by 7t/ac)	
	C	Total pit silage (A+B)	
	D	Bales – in the yard/to be harvested	
	E	Bales, converted to equivalent of pit silage (Multiply D by 0.9)	
	F	Total silage (C+E)	<input type="text" value="F"/>
Farms with bale silage only	A	Bales – in the yard	
	B	Bales – to be harvested	
	C	Total bales (A+B)	<input type="text" value="C"/>

¹ Pit silage (length x breadth x settled height) metres ÷ 1.35 = tonnes (t) equivalent.

SECTION 3: Surplus or shortage?

Surplus or deficit	Using pit and bales Deficit in tonnes (F-X)	Using bales only Deficit in bales (C-Y)
	<input type="text"/>	<input type="text"/>
What's the % deficit? (Deficit/X (or Y) *100)	<input type="text"/>	<input type="text"/>

* If you are using alternative feed sources, please contact your adviser.

A quick guide to managing finances



The last 12 months have been difficult in terms of managing the farm finances. If you find that you are in a particularly difficult situation, help is available to allow you to develop a plan to get your finances back on track. It is important to:

- act early;
- consult and draw up a plan with your Teagasc adviser, agricultural consultant or accountant;
- be realistic and up front;
- inform your bank early of your financial situation;
- agree a payment plan with your creditors
 - don't ignore the problem;
- delay non-essential investment or expenditure on the farm; and,
- review the main efficiency factors on your farm.

The main priority is to minimise ALL spending until such time as cash flow improves. The following are the main areas to examine to try and bridge the gap between income and spending:

1. Prioritise essential living expenses.
2. Eliminate all non-essential expenditure – both farm and personal spending.
3. Contact your bank about the possibility of amending your current debt repayment amounts and to consider if the following options are available to you:

- investigate 'interest-only', BUT watch that the interest rate is competitive and ensure that any preferential rates, e.g., trackers, are maintained; and,
 - consolidate/restructure several loans over a longer term.
 - Investigate 'payment holidays' on machinery lease payments.
4. Talk to your accountant NOW about your potential tax bill, which is payable by October 31 – plan now to avoid another cash flow shock.
 5. Involve all family members in analysis and solutions where possible.

Methods to bring in cash

A. Sale of trading stock:

- Target beef cattle/stores for sale/early sale of cull stock, especially where you may be tight for fodder.

B. Off-farm income for either farmer or spouse.

C. (i) Consider availing of Farm Assist:

- contact your local social protection office;
- over 11,000 farmers are already availing of this payment.

(ii) Family Income Supplement:

- this may be an option where there is off-farm work of greater than 19 hours per week;
- the payment is based on the number of qualified children you support.

List of all current debt as of today ___/___/20__

	Loan name/debtor	Current amount outstanding	Remaining loan term (years)	Current interest rate	Total repayment per year	Payments due in next six months from today
Term loans (incl. house mortgage)		€		%	€	€
		€		%	€	€
		€		%	€	€
		€		%	€	€
Overdraft and stocking loans		€		%	€	€
		€		%	€	€
		€		%	€	€
Merchant co-op debt (+ outstanding farm-to-farm debt)		€		%	€	€
		€		%	€	€
		€		%	€	€
		€		%	€	€
Hire purchase/finance		€		%	€	€
		€		%	€	€
Total payments						€

Cash flow assessment

Cash out [projected six months from today's date]	Current outstanding	Due out in next six months from today	Total
Total repayments from above	€	€	€
Feed and fertiliser		€	€
Contractor	€	€	€
Vet	€	€	€
Other operating expenses	€	€	€
Health ins./policies (pension, etc.)	€	€	€
Tax	€	€	€
Living expenses	€	€	€
Total payments			€
Cash In [projected six months from today's date]	To Date		
Farm sales (milk + other sales less exp. not included above)		€	€
Direct payments (SFP, AEOS, SWCS)		€	€
Off-farm income (net)		€	€
Child Benefit, pension, Farm Assist		€	€
Total net income available			€
Balance surplus/deficit (deficit should not exceed available merchant credit and OD limit)			€