



The most efficient dairy farmer is the one who can produce butterfat at the lowest cost per pound.

On a per cow basis farmer A's highest expenditures are £4 0s. 7d. for repairs and maintenance and £3 10s. 4d. for seed and manure. Farmer B spent £5 7s. per cow on repairs and maintenance, £5 16s. 6d. on tractor, truck, and car expenses, and £4 0s. 6d. on overhead—all much higher than A's expenses.

For shed expenses B spent twice as much per cow as did A. The farms described throughout this article had an average shed expenditure of approximately 30s. per cow. B's shed expenditure is obviously too high, and an analysis showed that he was spending too much on proprietary veterinary medicines; for example, he bought 2 gallons of an advertised concoction at £8 per gallon because he heard it was good for bloat; he used a teacupful! One side of his milk room was full of shelves of medicine. This excess expenditure amounted to 30s. per cow or £60 per year; he did not realise this until his expenditure per cow was compared with that of other farms. He spent more per cow on shed expenses than the average farmer per cow on manure.

For manure and seed the average expenditure per cow of the farms analysed in this article is £3 10s., but on some farms this expenditure varies from £1 10s. to £11.

Though it is not intended in this article to analyse these figures in detail, it is important that the method and significance of analysing farm accounts should be appreciated. Table 3 gives expenditure per cow for three items on five farms.

The total amount spent on permanent labour, casual and contract labour, and fodder purchased should not exceed approximately £4 to £5 per cow, unless the farm is in the process of extensive development.

The table stresses the importance of utilising labour to the best advantage so that if permanent labour is employed, farming activities should be so planned that expenditure on casual and contract labour and fodder purchased is reduced to a minimum.

To this end alone it pays a farmer to increase the area cut for silage and reduce the area cut for hay, as the latter is nearly always baled by a contractor—sometimes, indeed, the whole operation of making hay is handled by contract and is expensive.

Similarly it often pays a farmer, particularly in the course of pasture renewal, to grow a winter feed crop which can be grown and utilised with his own labour force; this also will reduce his hay area. The stacking of loose hay is of course a different proposition.

Table 3 shows that farms D and E, employing labour, have a minimum expenditure on casual and contract

labour and fodder, and that farms A, B, and C, without permanent labour, have to rely on casual and contract labour and the purchase of hay and other fodder.

Farm B, however, spent £3 2s. per cow on cultivation, haymaking, and other work and has now approached the stage of development justifying not only the purchase of a tractor but also the economic employment of a youth. The expenditure for contract labour on this farm is higher than the tractor expenses and cost of fodder purchased on other farms.

Other items of expenditure can be similarly analysed.

### Farm Profits

The influence of the cost factor on net returns is shown in Table 4.

TABLE 4—NET PROFIT PER COW ON TWO FARMS

	FARMS		
	Farm A	Farm B	Difference
	£ s.	£ s.	£ s.
Gross revenue per cow ..	61 18	58 10	3 8
Expenditure per cow ..	26 2	42 8	16 4
Net profit per cow ..	35 16	16 4	19 12

Farm A was managed at a cost of £26 2s. per cow, interest and depreciation included, and it cost farm B £42 8s. or £16 4s. more per cow. There is approximately £3 difference only in gross income, but the difference in expenditure emphasises the importance of the reduction in costs or the raising of farming efficiency.

Farm A has a net profit of £35 16s. per cow, but farm B has only £16 4s., a difference of £19 12s. Farm B would

TABLE 3—EXPENDITURE PER COW ON FIVE FARMS

	Farm A		Farm B		Farm C		Farm D		Farm E	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Permanent labour ..										
Casual/contract labour ..	1	2 6	3	2 0	1	0 7	4	1 1	2	0 0
Fodder ..	2	5 0	2	10 11	2	3 0	2	8	3	3
Total ..	3	7 6	5	12 11	3	3 7	4	3 5	3	5 2