

Why renovate? A dairy farm example

Summary

- Pasture renovation of paddocks with poor growth or high weed content can give high financial returns.
- In this example renovating costs \$610/ha, but returns \$2523/ha over 5 years. Few other investments can match this.

Typical costs of renovation

Direct costs/ha	\$ (inc. GST)
Glyphosate (3 l/ha)	50
Glyphosate application cost	40
Cultivation	120
Ryegrass seed (20 kg/ha)	180
White clover seed (4 kg/ha)	60
Roller drilling	80
Broadleaf herbicide (4 l/ha)*	40
Herbicide application cost	40
Total	\$610/ha

* Range of herbicide options area available depending on situations. E.g. MCPB, Preside.

Typical benefit renovation

Extra pasture growth	= 5 t DM/ha/year
Percentage DM production eaten = 75%	= 3750 kg DM/ha/year
Conversion to milk @ 15 kg DM/kg MS	= 250 kg MS/ha/year
At \$5.10/kg MS	= \$1275/ha over first year

Benefit over 5 years (assuming 10% drop in new pasture growth each year)

Benefit extra MS/ha year 1 (above)	= \$1275/ha
Benefit year 2	= \$1148/ha (\$1275 less 10%)
Benefit year 3	= \$1033/ha (\$1148 less 10%)
Benefit year 4	= \$ 929/ha (\$1033 less 10%)
Benefit year 5	= \$ 837/ha (\$ 929 less 10%)
Total benefit	= \$5222/ha over 5 years

Net benefit

Total MS benefit (as above)	= \$5222/ha
Less pasture renewal cost (top table)	= \$ 610/ha
Less cost extra MS production	= \$2089/ha*
Net benefit	= \$2523/ha

* Extra milk solid (MS) production has a cost. Additional milk costs less to produce as a number of fixed costs are already met (rates, insurance, etc.). Cost of extra MS production will vary widely, this example assumes it is 40% of additional income.

Reference: Pasture Renewal Charitable Trust, *The Power of New Pasture 2008*.