Topic Topic Technical Efficiency

Outsourcing of General Contract work

Background

Socia-Economic resilience

Over recent years the number of dairy farmers has decreased while the average herd size has increased. Dairy farmers are now looking after many more cows per labour unit than in previous generations. At the same time agricultural machinery has become much more expensive. This makes contracting of machinery work an attractive option for dairy farmers.

How does the strategy work?

- The farmer generally has a relationship with one main contractor (although other contractors may be used for more specialist operations).
- o The main tasks carried out by contractors are:
 - Silage making (mowing, tedding, raking, harvesting) and ensiling). Some farmers may do some of these operations themselves (most likely mowing).
 - Spreading of organic manures.
 - Tillage work (e.g. ploughing, soil cultivation and sowing of grass reseeds and forage crops).
 - Application of plant protection products.
 - Hedge cutting.
 - Land maintenance and improvements (digger work).
- o Contractors can justify and afford much larger and more advanced machinery than the farmer, meaning that these tasks are completed faster and more efficiently that the farmer could with his own machinery.
- o It is vital that the farmer and the contractor maintain good and respectful communications.
- Agree rates in advance and whether the contractor will use his own fuel or the farmer's fuel.

Equipment involved? Investment?

- The advantage of contracting is that it does not require investment by the farmer.
- Contractors will tend to have much larger machines so the farmer may need to improve turning space in front of silos.
- Organise yotheur farmyard so that contractors can easily and quickly fill slurry tanks. Remember you are paying for their time.
- It is helpful to have a good and clearly labelled farm map to give to contractors.

Positive features

- Avoids the farmer having to make significant investment in machinery allowing capital to be used in other areas.
- Frees up the farmers time for other activities such as herd and business management.
- Contracting is often carried out by smaller farmers in the area, and it helps keep the local economy ticking over.

Be careful, especially on these points

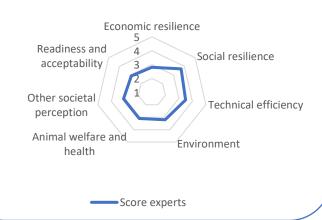
Pay the contractor promptly, do not let bills mount up – the contractor is not a bank.

Make sure you brief the contractor well, so they know to avoid any hazards and complies with environmental regulations.

Specific advice

Maintain a good line of communication with your contractor. At times, due to adverse weather, the contractor may be delayed.

Assessment of method



Quote of the farmer:

"Contracting is cost efficient and gives me more time for herd and business management"



