

TO WHAT EXTENT IS IT POSSIBLE to reduce machinery costs?



The same period in farm accounts, as well as fuel costs.

In the current climate more than ever, everyone is seeking ways of reducing costs. This month, Baptiste Dubois, an engineer working in the ARVALIS Economics department looks at the issue of agricultural machinery utilisation.

Perspectives Agricoles: How have machinery costs changed for arable crops?

Baptiste Dubois: On average, machinery costs account for 30% of a cereal and oil protein farm's expenditure. Cereal producing farms saw those costs increase by 30% between 2007 and 2014, which was their greatest cost increase for that period ⁽¹⁾. Rising depreciation accounts for 60% of this increase. Catching up after an economically challenging period, or tax incentives are some of the factors responsible for greater investments being made. This is added to some equipment increasing in price due to a rise in steel prices. As a result, capital repayment annuities have got €50/ha heavier between 2007 and 2014. In addition, contractors' service charges have also increased over

P. A.: Which parameters should be taken into consideration in order to optimise a machinery fleet?

B. D. : Machinery should be chosen to suit the particular needs of the farm and its manpower. The aim is to be able to carry out all cropping work with the available resources, taking into account the challenges presented by soil and weather conditions. The latter determine the number of days available to carry out cropping operations without reducing yields. Other factors also come into play in choosing equipment, depending on the farmer's priorities, such as comfort, sensitivity to risk (and therefore the degree of emphasis put on prioritising safety), desire to free up some time for other activities or tax considerations.

P. A.: Is there much leeway?

B. D. : Fewer cropping operations will translate into a reduction in machinery and manpower costs provided their agronomic implications are examined in the context of several years. The decision-making process must include assessing the total size of the area that can be cropped with the equipment and manpower available on the farm. If funds are available, the farmed area may be increased. The opportunity of taking some land back in hand, which implies being in a position to invest, may suit this objective. Another option is to create a contracting business, after fully assessing the demand in the geographical area being considered. Making equipment available to third parties is also something that can be considered, and this has been made easier by the development of Internet applications. Sharing equipment is another way of reducing machinery costs. Besides mutual help and using co-owned machinery, delegating a cropping operation to a contractor makes sense when owning the required piece of machinery is more costly. Another, if fairly radical option is communal rotation, which affords the greatest potential savings and is based on robust organisation of work and solid relationships.

(1) Source RICA, data processing by ARVALIS