

# Costs of owning machinery continue to increase

**By JERRY WEBB**  
**NEWARK** — The cost of owning farm machinery goes up and up. It's sort of a rule of thumb these days that the typical crops farmer in the Mid-Atlantic region must own \$100,000 worth of equipment to be successful. Whether that rule holds true depends a lot on the kind of farming and the kind of farmer. Some make do with used equipment and not very much of it, while others maintain a lineup that puts the local equipment dealer to shame.

To some extent the price tag placed on farm equipment depends a lot on how a farmer feels. Those who like equipment and who tend to have a mechanical aptitude are bound to have more of it around than the farmer who likes crops and considers his

equipment only a means to an end. But regardless of how farmers feel about their equipment, there is a price that must be paid if they're going to own it. And that price isn't just what's on the showroom sticker.

The Arkansas Cooperative Extension Service has just issued a very informative little fact sheet called "Tractor Costs" that explains a lot of the factors involved in owning and operating a tractor. It details procedures whereby a farmer can calculate what he's getting into before he makes the plunge.

An example that's carried through in the leaflet describes the dilemma of a crops farmer who wants to buy a 150 horsepower diesel tractor with two-wheel drive that lists for \$35,500 new. In the example, the farmer can

make a cash purchase, including sales tax, for \$34,000. And he figures after seven years of normal use, which is about 500 hours a year, he will trade this tractor.

Using the formula described in "Tractor Costs" he's able to determine his many costs and decide whether that new tractor will work hard enough to pay its keep. The list of costs in the example include depreciation at \$5.86 per hour of use; interest, taxes, insurance, and shelter at \$6.17 per hour; and fuel and lubrication at \$1.67 for a total cost, not counting labor, of \$18.67 an hour.

So if the farmer goes ahead with the purchase using the Arkansas Extension Service figures, (which admittedly are averages based on a lot of data), he knows at the

beginning that for the 3500 hours of use he has planned for that machine, it will cost him in excess of \$18 an hour.

Granted, there are ways to cut some of those costs, but not very much. His repair bill might be a little smaller, he might get a better interest rate, or he may have the money and not need to borrow any. But on the other hand, if he's using his own money then it's not in the bank drawing interest and that costs him something. Or maybe his fuel costs will be slightly lower. At least it's a good ball park figure that tells the farmer in general terms what that machine is actually costing him per year or per hour of use.

Another example in the "Tractor Costs" publication shows a farmer what it would cost if he decides to get rid of that tractor after a couple of years and buy something else. And the third example details what might happen if he uses the machine an average of 650 hours a year instead of only 500.

In general terms, the extension specialists who put this publication together figure tractor costs based on a new tractor owned 12 years and used 500 hours each year under heavy load in row crops. With that as a starting point, they come up with a depreciation charge of 27 percent of total ownership cost, interest at 12 percent, shelter, taxes and insurance at 4 percent, repairs and maintenance at 12 percent, and fuel and lubrication costs at 24 percent. Using \$3 an hour as a labor charge, they come up with 21 percent for labor.

What that says is that out of a total cost of operating a tractor, the ownership or fixed cost is by far the greatest. Labor ranks third behind depreciation, fuel and lubrication, and even though repair and maintenance is a sizable chunk, it's not all that bad when you consider the years and hours of use involved.

Not many farmers keep a first line tractor 12 years and

operate it as much as 6000 hours, so their cost figures are going to be a little different. But at least that's something to compare to.

The Arkansas leaflet should be quite valuable to any farmer who's giving thought to purchasing a new tractor. It would be a nice piece of literature to stack up with the sales brochures and to help in the wintertime decision making when the urge to buy a new machine may be almost overwhelming. "Tractor Costs" may not answer all the questions that a perspective buyer might have, but it does contribute some realism to a decision making process that might otherwise be influenced by the look, smell and feel of a new tractor showroom.

You can probably get a copy of "Tractor Costs" by writing to the Cooperative Extension Service, University of Arkansas, Division of Agriculture, P. O. Box 391, Little Rock, Arkansas 72203. Ask for publication EL-426.

## New class leader named to Brown Swiss breed

**CLARENCE, Iowa** - A record of 30,520 pounds of milk, 4.2% test and 1204 pounds fat has given the Brown Swiss breed a new senior four year old class leader on their Honor Roll lists. This DHIR record, made in 305 days, belongs to Oak Forest Charger Jana 600661. She is owned by Merlin Gadelmann, Clarence, Iowa.

"Jana" began her outstanding record on July 18, 1978 when she freshened at the age of 4 years 8 months. She began adding up the pounds early in her lactation with three consecutive tests over 130 pounds, 110.4 pounds on the fourth test and 99.6 in the fifth month. She finished the record on May 19, 1979. In addition to putting her on the Honor Roll, "Jana's" record is also the

third highest 305 day milk record of the breed.

Freshening again on August 6 with a bull calf, "Jana's" off to a good start with 116.3 pounds milk on her August test day. In addition to the August bull calf, "Jana" also has two milking daughters and a yearling heifer.

Classified "2 Excellent", "Jana" is sired by Oak Forest Charger 154200. In the June '79 USDA Proofs,

"Charger had a PD of +596 milk, +17 fat and +52.

Over 160 people gathered on recently at the Gadelmann farm to help the family honor "Jana". The Gadelmann family which includes Merlin, his wife Shirley, and sons, Kim and Kevin, have a milking herd of about 55 Registered Swiss. They participate in many breed programs including PTPR, the Swiss production testing and classification program.

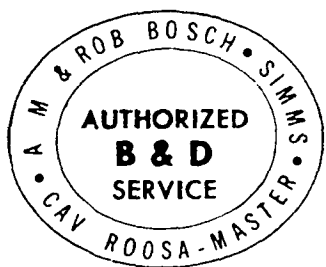
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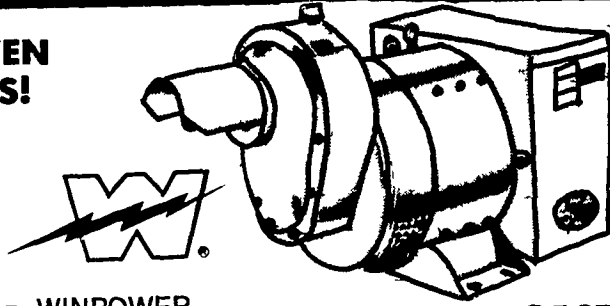
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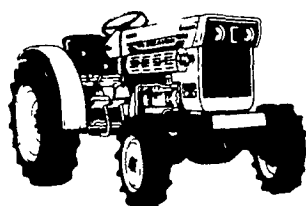
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