

Grain to Grass

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In this presentation I'll address the reasons "why" and "how" grain land was converted to forage.

Key Principles:

All land is good land. You just need to use it for the right purpose. For example, less productive grain land, will most likely be the most productive pasture if seeded to the correct forage.

I believe the future in agriculture is positive in both grain and cattle. I'm not saying to seed your whole farm to grass, but I do know long term we can't risk the cost of seeding a crop on marginal grain land. You need to farm land where you are going to have the highest chance of getting a return.

Use your energy to control what you can control. Try to manage what you can't control but don't get bogged down.

The "Why"

1. Reduce financial risk.
2. More control
3. Flexibility and time management

Cattle are lower risk, lower return with good stability and cash flow. Grain farming is higher risk, higher returns and volatile. Having a balance between both will benefit your bottom line.

Cost of grain production has steadily increased over the decades and will likely continue to increase (inflation). Basically speaking commodity prices have stayed flat over the decades. Net revenue has narrowed and cost of living has increased. How have we addressed it? We have produced more grain to meet cash flow. However, on a year when yields are down then cash flow becomes a problem which equals high risk. As well most losses of production are weather related which is out of our control and non-manageable (frost, drought, flooding...). The cost of producing a calf is more manageable. All a cow needs is water, a balanced ration and good health. You control the type and feed and how you feed it. You can graze the cow year round, feed hay, straw, screenings, silage or a combination of all. All have a different price tag. Two-thirds of the cost of production is feed. I can control and manage my cost of production in cattle and I have limited control of cost of production in grain.

My major input costs in cattle are feed (land) and the livestock. At anytime I'm able to liquidate or acquire feed and cattle. The feed and cattle are also assets. 2002 and 2003 were very dry years and I decided to sell cow/calf pairs to avoid over grazing. The cow/calf prices were strong and I felt buying feed and grazing crop land wouldn't pay. I had options and made a calculated decision. I didn't have the flexibility on the grain side. My major inputs (fertilizer, chemical and equipment) can't be sold because it's dry. I'm committed to the crop and I don't have an out. The cattle business offers flexibility and options.

Between 2002 and 2005 I experienced 2 drought years, 2 major hail storms (100%) and 2 August frosts. By making certain decisions and as a result of my actions I was able to manage through the challenges on the cattle side. My costs were manageable (I control the costs in cattle) and I had a calf to sell in the fall. I had cash flow. Due to mother nature, my production was significantly down on the grain side, quality was poor some years and production costs (fertilizer, diesel fuel, machinery...) increased. I can't control costs on the grain side and I didn't have the grain to sell in the fall to meet cash flow.

Except at calving time, cattle work around your schedule. You decide when you want to work with them, move them to new pastures, bring them home for the winter, wean the calves etc... In grain farming you need to be there every day looking at the crop. Spraying, monitoring for disease and insects, swathing, combining is all time sensitive. If you miss a window it can cost a lot of money. I'm working off the farm as well, so I found it was easier to manage my time with livestock.

I find I have more control marketing calves than grain. Depending on the market, the amount of feed I have, cash flow and my goals I have some options:

- Sell some or all calves off the cow
- Sell a weight class of calves if that is what the market wants at that time
- Background and sell in the spring/summer
- Hold replacement heifers for myself or others
- Finish calves
- Sell calves, keep grain or keep grain, sell calves

For wheat or malt barely I'm forced to sell through the CWB. Regardless if I like the CWB or not, I don't have options and that is something I don't like. In 2003, I delivered my malt production after passing 2 additional germ tests. Two weeks after delivery I got a call that the germ failed by 1% and it all went feed for \$1.70/bushel. Cash crops offer more flexibility but at the end of the day marketing grain can be as much luck as it is skill.

The How?

Getting started in cattle or expanding the herd is tricky and requires some planning. This is the hardest step. "You need grass for the cows but you need the cows to pay for the grass". It's a 2 year wait before you see a return on your investment when seeding grain land to forage. On top of this you'll probably need a fence and a dugout. Cash flowing this is tricky but it can be done. Make sure you investigate the government programs and Ducks Unlimited for potential funding. Sask Power also has a grant for solar systems. The Farm Stewardship Program is very attractive for cattle producers and is a must when developing a grazing plan, watering system, winter feeding site, corrals etc... In some cases 50% of the costs will be covered under this program. Once you have the hay, the pastures and the cows then the business starts to cash flow itself and it becomes easier. But be forewarned, it's tough the first few years.

Convenience costs money. I have an older baler, a decent but 15 year old tractor, home made bale wagons, 400 versatile swather, 1976 mix mill, home made grain wagon for giving chop and a post pounder. Cattle margins are tight and in my opinion one major difference between making money and losing money is in the “cost of convenience”. The cow doesn’t care if the bale was made with a \$5000 baler or a \$50,000 baler. That goes with any piece of equipment. Put your money into land and cows. This is what is going to pay a return on investment.

Below are some thoughts when converting grain land to forage.

1. Use electric fence – costs less, quicker and easier to erect, low maintenance.
2. Make a grazing plan and seed the right forages to match your grazing plan
3. Make a grazing plan to match your needs and then gradually extend the grazing season through management practices. I budget 1 cow/calf pair/acre/month.
4. Include legumes in the forage mix. One of my pastures is 80% alfalfa.
5. Rotational graze in some form and expand the practice as you become more familiar with it.
6. Plan for average to below average rainfall. Have a back up plan for feed if it gets dry. Stockpile feed in the good years; you will have a dry year again.
7. Fence grain land for fall grazing (budget 1 cow/4 acres/month). It’s a great way to clean up fence lines and sloughs. It’s also cheap grazing.
8. I take one cut of hay and let it re-grow. After the plant shuts down in the late fall I like to graze the hay fields.
9. On a 290 acre field I have seeded 60 acres of alfalfa on the east and north side because it’s lighter land. In July this part of the field seemed to burn-up and didn’t produce. If your grain land is fenced then you have options like this. I take a cut of hay and graze the ½ section in the fall. This is an example of how the cattle allow you to manage the land to maximize its potential and reduce risk.
10. Protect your water source – use the Farm Stewardship Program to develop a watering system to meet your needs.

The profitability and success of a cattle producer is a direct result of their decisions. If you have a secure water source then you are sustainable. Water is key and all other issues are manageable. Unfortunately the profitability of a grain farm is less related to your decisions. There are numerous factors out of our control and all we can do is try to minimize risk by being astute producers and making good decisions. In the future, some of these decisions may be converting grain land to grass.