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Fertiliser – A Cost or a Benefit?

For any enterprise to be successful, the “money spent” must be offset by the “money received”. This is basic economics! If this is not the case, then the business is heading for rocky times!

The money the farmer receives from the goods he produces is determined by the market place. The latter is dominated by the forces of supply and demand which sadly, often bear little correlation to the cost of producing those goods. In theory, the farmer could maximise his market returns by selling at the time of greatest market demand. Practically, this is not generally possible. This means that the farmer has little control over the price he receives for his goods. Essentially, he is at the mercy of market forces.

Given his inability to impact the market price, the smart farmer needs to look elsewhere to optimise his business; that is, at the other side of the ledger, at his expenditure. Are there changes that could be made to improve the bottom line?

Farming, like any enterprise, has a number of fixed costs and fertiliser is clearly one major item. Accordingly, this cost centre should be carefully analysed i.e. Am I getting value for money? What is the current soil/plant nutrient status (not just phosphorus or pH) on the property? What nutrient inputs are actually needed? What benefits are expected to arise from the money spent on fertiliser? Can these benefits be quantified? For instance: Will I get increased dry matter/stock production? Will it help grow better quality plants/feed? Will it enhance better pasture utilisation and/or improved stock health? Will it help to reduce veterinary costs?

Fertiliser is a “big ticket” item. Every farmer owes it to himself and the business “bottom line” to think seriously about “what” fertiliser you buy and also “who” you buy it from. Don’t just uncritically fill out the order form! Instead, shop around, get the best value you can find! Use the fertiliser market place to your advantage!

Don’t assume the money you plan to spend on fertiliser is always “money well spent”: get your fertiliser representative to demonstrate that this money is indeed money well spent and that this money will reap significant benefits for your business! Many of the most popular fertilisers are sold on a “faith basis” – the farmer simply believes the purchase will generate real benefits but these are never demonstrated! If your fertiliser rep. can’t demonstrate real and tangible benefits is it wise to go ahead with the purchase?

If you are serious about improving your farming business bottom line, you owe it to yourself to begin to think more critically about your “fertiliser bottom line” as well.