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Angus Convention 2016: Angus University

Should You Invest in Land or Buildings?

Purdue animal scientist shares considerations for producers considering semi-confinement production.

Story & photo by
TROY SMITH, field editor

It really isn't a new concept. Many cow-calf producers have confined cows to sacrifice pastures or drylots, or under a roof, during a portion of the production year. However, there is new interest in managing breeding herds under total or semi-confinement. Largely due to the high costs associated with purchasing or renting grazing land, some aspiring cattlemen and producers contemplating expansion of their existing operations are considering whether keeping cows in confinement could work for them.

At an Angus University Workshop hosted during the 2016 Angus Convention in Indianapolis, Ind., Purdue University animal scientist Ron Lemenager talked about considerations for managing

cows and calves under confinement. He said confinement offers advantages and disadvantages with regard to management of nutrition, environmental conditions and health.

"There is no question that management must intensify with a confinement system," stated Lemenager, "but I do believe there is opportunity to reduce production costs compared to more conventional production systems.

From a feed standpoint, I believe costs could be reduced by as much as 30%."

Lemenager said producers considering confinement must think about the most advantageous time to calve.

When will environmental conditions be most favorable for calving, or for breeding? Based on choice of calving season, when will nutrient requirements for cows be highest? When is labor most needed and when is it most available?

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According to Lemenager, dividing the breeding herd into management groups based on differing nutritional needs of heifers, young cows and mature cows can assure that diets meeting the nutrient requirements of each group can be provided.

"Producers need to consider what feedstuffs are available and have feeding equipment. They will have to feed a balanced diet — probably a total mixed ration," Lemenager added.

Early weaning of calves may be advantageous. The nutrient requirements of their dams would be reduced, and calves could be fed to gain faster. Lemenager said time of marketing for calves should be thought out, as should marketing of cull cows.

Drylots or pens within a barn must be designed to allow sufficient animal space. Lemenager recommends 90 square feet (sq. ft.) per pair for cows of small mature size. For larger cows — 1,400 pounds or more — 120 sq. ft. per pair is recommended. Adequate bunk space must be provided, with consideration for bunk height and depth, since calves will be learning to eat feed and must be able to reach it. Creep areas for calves may also be advisable.

"You have to remember there are dominant and subordinate relationships among cows, so there must be enough bunk space," noted Lemenager. "I would advise producers to think about placing fenceline bunks on two sides of a pen."

Tips for talking to your banker

Have a plan and financial records when you request credit for your operation.

What are your business plans for 2017? How will you present them to your lender?

Those were questions asked of cattle producers attending an Angus University Workshop conducted during the 2016 Angus Convention hosted Nov. 5-7 in Indianapolis, Ind. Louis McIntire, credit officer with Farm Credit Mid-America, offered information about preparing to talk with a banker.

McIntire said that despite the trend toward lower farm and ranch income, credit is available. However, when considering applications for operating loans, most lenders are focusing on the applicant's management capabilities and the quality of their financial data. Lenders will consider liquidity, fixed costs, quality of collateral and the ability of cash flow to service debt obligations. If an operation is financially stressed, a lender will want to know what corrective measures are under way.

"With cattle prices lower, it may be necessary to make changes. Make a written plan and provide a copy to the bank," said McIntire, suggesting that producers talk with cattle buyers, an accountant and business friends for assis-



"Have a plan and go to your banker early to visit about renewing a line of credit. ...," said Louis McIntire, credit officer with Farm Credit Mid-America. "Ask your banker to visit your operation and meet your family. It does make a difference." To listen to McIntire's presentation, turn your browser to <http://bit.ly/AC16-McIntire-Audio>.

tance in developing a plan for production and marketing.

Regarding ways to increase income from cattle sales, McIntire cited the opinions of Jim Akers, whose Bluegrass Stockyards auction facilities market roughly half of all Kentucky cattle, posting annual sales of \$600 million. While it can be difficult to sort out value attributes, Bluegrass Stockyards routinely sees 5% to 10% higher prices for Angus-sired calves. Premium prices also may be attributed to calves being al-



“There is no question that management must intensify with a confinement system,” stated Ron Lemenager, “but I do believe there is opportunity to reduce production costs compared to more conventional production systems.” To listen to Lemenager’s presentation, turn your browser to <http://bit.ly/AC16-Lemenager-audio>.

Generally speaking, bedding (such as cornstalks, straw or low-quality hay) and necessary pen maintenance to clean out and haul away old bedding will be required. Lemenager said bedded pens in barns probably offer the most controlled environment, but they must have adequate ventilation. In his opinion,

humidity is often most easily controlled in monoslope, open-sided barns.

Health management is often a concern among producers considering cows in confinement. Lemenager said good management is required, with attention to keeping calves clean and dry, but confined animals are easier to observe and tend.

Lemenager also advised producers

considering construction of a confinement facility to become familiar with their states’ regulations regarding confined animal feeding facilities (CAFOs) and understand any permitting requirements that may apply.

Lemenager’s presentation was one of the Angus University Workshops sponsored by Merck Animal Health Nov. 6 at the 2016 Angus Convention. To listen to

his presentation or access his PowerPoint, visit <http://bit.ly/AC16-Lemenager>. For comprehensive coverage of the Angus Convention, including speaker summaries, links to the full presentations, photos, videos and more, visit www.angus.media/news/Angus-Convention.



Editor’s Note: Field Editor Troy Smith is a freelance writer and cattleman from Sargent, Neb.

ready weaned, castrated and pre-conditioned. Adding “natural” to the value claim also can increase premiums.

McIntire said Akers views the current marketplace, where cattle supplies are higher, as a prime environment for making sure calves represent added value. Premiums can be realized for cattle that meet buyer expectations.

“Have a plan and go to your banker early to visit about renewing a line of credit. Take along an updated balance sheet and tax statement, and provide projections and capital expenditures for the coming year,” added McIntire. “Ask your banker to visit your operation and meet your family. It does make a difference.”

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– **Troy Smith**, field editor



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Legal Liability Issues for Farms and Ranches

Ag law expert shares three areas of particular concern for farm, ranch liability.

by **JOANN PIPKIN**

In a day and time when you can sue most anyone for anything, farmers and ranchers should be proactive before a problem occurs.

Brent Haden, a lawyer with the firm Haden and Haden, Columbia, Mo., said producers should perform a thorough walk-through evaluation of potential dangers on their property and take steps to either remedy them or prevent access.



While the United States has historically moved from “fence out” to “fence in” when it comes to landowner obligations, Brent Haden said state laws generally get better for livestock owners moving from east to west. Haden is a lawyer with the firm Haden and Haden, Columbia, Mo.

In an Angus University session Nov. 6 at the 2016 Angus Convention in Indianapolis, Ind., Haden said a yearly walk to check fences and other conditions is also necessary.

When it comes to liability — in the farm or ranch context — three primary ways exist for ranchers to get sued, with premises liability the most common.

In general, to establish the liability of the possessor, the invitee must show one of three instances:

1. A dangerous condition existed on the premises, which involved an unreasonable risk of harm;
2. The possessor of the premises knew or, through the use of ordinary care, should have known the condition; and
3. The possessor failed to use ordinary care to remove, remedy or warn of the danger.

“A landowner owes no duty of care to a trespasser except to refrain from harming the trespasser by an intentional, willful or wanton act,” Haden said.

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Animals and trucking, which is becoming a bigger part of the farm and ranch environment, are two additional instances where producers are liable.

Animal liability is unique in the law, Haden said, and many states have a strict liability standard for injuries caused directly by livestock.

“This means if your animal injures someone at a show or while loose, you are on the hook even if you took reasonable measures to control your animal,” he said.

States that do not impose a strict liability standard are governed by a mere negligence standard, although Haden said this is barely an improvement.

The bottom line is constant supervision of animals and adequate insurance is a must.

“You really need to be insured to some amount of damages,” Haden said. “Get enough insurance to cover what you think you might lose.”

In a negligence standard state, Haden said liability hinges on whether or not your actions and precautions were reasonable or unreasonable, as well as the actions of the injured.

While the United States has historically moved from “fence out” to “fence in” when it comes to landowner obligations, Haden said state laws generally get better for livestock owners moving from east to west.

Still, liability for injuries caused by escaped animals is a mixed bag nationwide.

“Some states have a strict liability standard,” Haden explained. “This means you are on the hook for damages to motorists or crops regardless of your actions or the cause of the escape.”

More livestock-friendly states have maintained a negligence standard, he said. Under this test, liability hinges on whether or not your actions and precautions were reasonable or unreasonable, as well as the actions of the injured.

“In open range areas,” Haden said, “liability generally runs to the motorist for accidents with livestock.”

A major blind spot for many farms and ranches lies in trucking, Haden said. It’s also a major source of liability.

“Unlike premises liability, farms and ranches generally don’t have any special protections for trucking accidents,” he said.

Incorporating the farm might be an option to help shield personal assets from liability incurred on the farm and vice versa, Haden said. “Incorporation separates your business and personal assets.”

Still, the bottom line with farm liability is to be properly insured for potential risks, securing enough to cover whatever amount you would not want to lose.

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