

## Agistment guidelines

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#### Important note

The information contained in this publication is based on knowledge and understanding at the time of writing. However because of changes which can take place, persons wishing to agist stock should make their own inquiries and seek appropriate advice where applicable.

If you are intending to agist stock you should seek legal advice in relation to the preparation of and entering into an agistment agreement.

The following common issues should be investigated by graziers considering agistment:

- inspection of agistment site
- cost of transport
- change in environment
- person in charge of stock
- stock-handling facilities
- period of agistment
- fees
- feasibility of agistment
- stock numbers
- insurance
- limitations on stock movements
- other benefits of agistment
- written agreements.

### Introduction

Agistment is a feeding option available when feed is short on the home property. It may be taken up when the economics of hand feeding (with associated labour involvement) are judged more expensive. Long-term returns, often overlooked in initial calculations, may favour good agistment over the maintenance feeding of stock during prolonged dry spells.

While it is a widely followed practice for persons to enter agistment agreements by a brief conversation and then a handshake, it is **not** a desirable practice. Such agreements, because they have **not** been put in writing, are usually uncertain as to the actual terms of the agreement and therefore carry a higher risk of:

1. the parties not achieving desired outcomes; and
2. a dispute arising between the parties.

This Primefact provides useful guidelines for farmers considering agisting their stock. In this Primefact the party seeking agistment for livestock is called the '**licensee**', and the party having agistment land available is called the '**licensor**'.

### Inspection

When inspecting an area offered for agistment the following points are critical:

- type of feed and how long it will last;
- suitability of water for stock, and assurance of supply;
- dependability of fences and gates to confine stock;
- possibility of stock straying onto public roads.

### Cost of transport

Transport costs to and from the agistment site can be expensive and are likely to be the equivalent of at least 6 weeks of feeding costs. Longer hauls are even more expensive. Producers sometimes choose to sell their stock direct from the agistment property rather than transport them back home.

### Change in environment

Where stock are moved from one environment into another, problems are bound to be encountered,



both in the new environment and when stock are returned. Factors to be aware of include:

- change in pasture composition and therefore change in diet;
- presence of internal and external parasites;
- clostridial diseases and their influence on different age classes of livestock;
- diseases peculiar to a specific environment;
- infectious diseases that may affect stock on agistment or result in contagious diseases being returned to the home property;
- presence of burrs and weeds that may be returned to the home property, carried by stock either internally or on their coats.

Contact a veterinarian if livestock are to be moved to a different environment. Such precautions could well alleviate the unforeseen cost of stock losses due to any of the above factors. It is also recommended that you contact an agronomist who works in the area where you are considering agistment so that you can discuss possible weed problems.

### Person in charge of stock

The stock owner seeking agistment for stock (the 'licensee'), when discussing arrangements with the owner of the agistment property (the 'licensor') or the manager of the agistment property, should include in those discussions the role of the licensor (or property manager) in relation to the stock during the absence of the licensee. It is important to ascertain whether the licensor (or property manager) will assume the role of 'person in charge of stock' during the absence of the licensee, or whether the licensor (or property manager) will take on a lesser level of responsibility by carrying out only periodic checks on stock, with an undertaking to contact the licensee when attendance/attention to the stock is necessary. The 'person in charge of stock' has full responsibility under the *Prevention of Cruelty to Animals Act 1979*.

It is also necessary to check on whether assistance will be available from the licensor (or property manager) for necessary animal husbandry activities such as mustering of stock on agistment.

### Stock-handling facilities

An inspection of stock-handling facilities on the agistment property to assess:

- access;
- ease of working during unloading and loading; and
- suitability for routine management procedures;

will give an indication of the time and labour involved. It is advantageous if the property under consideration has efficient stock-handling facilities.

A written assurance given by the resident manager of the agistment property that use of the facilities is permitted may be important.

### Period of agistment

Whether or not there is considerable expense involved in moving stock to an agistment property, the licensee should seek to establish an agreed period of agistment with an option to renew the agistment agreement. Failure to establish an agreed period of agistment places the licensee in a position where the licensor has a right to terminate the agistment agreement at short notice. Clearly the uncertainty of **no** agreed period of agistment, and the possibility of disruption and inconvenience of termination at short notice, should be avoided by all stock owners seeking agistment for stock.

### Fees

Fees expected for agistment will be determined by seasonal conditions. The fee per head paid by a licensee can be up to the point where it equates with hand feeding costs. Hidden advantages and costs influencing the agistment fee are:

- quality of feed
- nature of supervision
- provision of facilities
- method of payment
- duration of agreement
- stock numbers involved
- distance from home property
- cost of fodder for hand feeding.

As a guide, a common rate in June 2000 was around \$2 per week for a dry cow, \$3 per week for a breeding cow with a calf at foot and 20c to 30c per week for a breeding ewe. In times of feed shortages and high prices for supplementary feed, rates will be higher.

While it might be the generally accepted practice that payments of agistment fees are made by monthly payments in advance, stock owners who seek to agist stock should obtain a specific, written, agreement on the terms of payment of agistment fees, whether that be by monthly payments in advance or by other agreed terms of payment.

### Feasibility of agistment

The main economic determinant in assessing whether the agistment option is to be taken up is the **break-even time period** for the cost of leaving stock on agistment compared with the cost of hand

feeding at home. To calculate the break-even time, the following costs must be known:

**Hand feeding**

Feed mix @ \$...../head/week  
 Labour cost @ \$...../head/week  
 Fuel cost @ \$...../head/week

**Agistment**

Transport cost to and from agistment @ \$...../head/week  
 Agistment fees @ \$...../head/week  
 Inspection costs/week @ \$...../head/week

Note that inclusion of labour cost for the hand feeding option assumes that labour may be gainfully employed elsewhere on the property instead of being utilised for hand feeding.

Transport cost for the agistment option should include the cost of the return trip, or the cost of the trip to the saleyard, at the end of the agistment period.

Inspection costs for the agistment option include the time and vehicle costs involved in inspecting the stock. As a general guide, in 2000 the running cost of a vehicle would be around 25c/km to cover fuel, tyres and repairs.

**Calculating weekly inspection costs**

If a weekly inspection of agisted stock involved a round trip of 400 km and a total of 8 hours' travelling and inspection time, the cost for 200 breeding cows for 1 week would be calculated as follows:

Travelling costs:

$$400 \times 25c = \$100 \text{ per week}$$

Plus 8 hours' travelling and inspection time at, say, \$15 per hour:

$$8 \times \$15 = \$120 \text{ per week}$$

Total inspection cost:

$$\$100 + \$120 = \$220 \text{ per week}$$

Therefore inspection cost per breeder:

$$\$220 \div 200 = \$1.10 \text{ per week}$$

**Calculating the break-even period**

Calculate the break-even period as follows:

Number of =	Transport cost to and from agistment per head			
weeks for				
agistment	Cost of	– (	Cost of	+ Inspection )
to break	hand		agistment	cost per
even	feeding per		per head	head per
	head per		per week	week
	week			

*Example*

For a breeding cow:

**Hand feeding**

Feed mix @ \$5.00/head/week  
 Labour cost @ \$0.40/head/week  
 Fuel cost @ \$0.20/head/week  
 Total: \$5.60/head/week

**Agistment**

Transport cost to and from agistment @ \$15/head  
 Agistment fees @ \$3.00/head/week  
 Weekly inspection @ \$1.10/head/week

Number of =	\$15			
weeks for				
agistment	\$5.60	– (	\$3.00	+ \$1.10 )
to break				
even				
	= \$15			
	\$1.50			
	= 10 weeks			

**'Feed, Sell, Agist' decision aid**

The computer-based decision aid **Feed, Sell, Agist (FSA)** has been developed by NSW Department of Primary Industries with funding assistance from Australian Wool Industries. It provides the user with estimates of the costs of the feeding, selling and agisting options in short, medium, long and worst-case scenario droughts. Generally, for a short period, feeding is the most economic option; as the length of the drought increases, the agistment or selling option (depending on transport and agistment costs) will become the cheaper option. This software is only available to those who attend the Stockplan® workshop series. FSA is one of four different decision aids primarily aimed at helping farmers plan and make decisions during feed shortages.

**Stock numbers**

It is usual to agree on a set range of stock numbers that are likely to be agisted on the licensor's property. Further to setting maximum and minimum numbers, it is a good practice to have an independent person to check stock onto and off the property. This practice avoids disputes about stock numbers and payment, thus maintaining a good relationship between the two parties involved.

Further to determining the actual number of stock agisted, it is essential that the licensee establishes whether or not the licensor's stock will have access to the paddocks agisted.

Where the licensee does not want other stock in the agistment area, then this should be included in the agistment agreement.

## Insurance

Consult your legal adviser about ensuring that the agistment agreement is clearly expressed as a service agreement (in relation to any work to be undertaken or arranged by the licensor) with provision for the licensor to cover worker's compensation and other necessary insurance for employees and other farm workers.

Also, the agreement should include provision that the property owner has adequate occupier's liability insurance cover. The stock owner seeking agistment should also check that their insurance arrangements adequately cover liability which might arise in relation to stock off property, including stock on agistment.

## Limitations on stock movements

Where stock are moved within New South Wales, restrictions apply on movement due to a number of pests and diseases. Currently there are restrictions on stock movement because of bovine and ovine Johne's disease; however, there are plans to relax some of these restrictions.

Cattle tick on cattle and horses, footrot in sheep, and enzootic bovine leucosis (EBL) in cattle, can also result in restrictions. Check with your local Rural Lands Protection Board or NSW DPI Regulatory Officer before you move stock to another area.

Where stock are moved interstate, a veterinary certificate must be obtained for the state of destination.

## Other benefits of agistment

There are two main benefits that commonly occur that are not taken into account in the break-even calculations dealt with earlier.

Depleted pastures will recover much faster, and an early decision to send stock on agistment could save pasture re-establishment costs.

Good quality feed at the agistment locations can result in weight gains or improved fertility for the next season. Possible changes in the value of stock have not been accounted for.

## Written agreements

When entering into an agreement it is recommended that legal advice be sought. If entering into a written agreement, the following issues can be considered. However, this is not an exhaustive list of the matters that may need to be considered in each particular case.

- Fees and method of payment (e.g. whether payments are required in advance or payable in arrears).
- Length of the agistment, and whether the term can be extended.
- Access to the agistment land.
- Stocking rates – whether there will be a maximum or minimum number of stock that can be agisted.
- Whether the licensor has a lien over the stock if fees are unpaid.
- Whether progeny will be included in the number of stock.
- Whether insurance is required.
- The period of notice required to terminate the agreement.
- Each party's responsibility for welfare of the stock.
- Any authority given to request veterinary services.
- The procedure to follow in the case of an outbreak of disease.
- Inspection of stock by either party.
- Provision for special costs incurred by the agistor.
- Any disclaimer of the agistor's responsibility.

## Conclusion

Agistment is more likely to be an economical option in the following circumstances:

- Agistment is available within a few hundred kilometres, and transport costs are reasonable.
- Agistment rates are relatively low.
- Feed available at the agistment site is of good quality.
- Hand feeding costs are high.
- The length of the agistment available is at least 12 weeks and preferably longer.
- Stock prices have already fallen due to the drought and it is expected that prices will rise at the end of the drought.
- The time period for which agistment is required is expected to be at least 8 weeks but generally no longer than 6 months – the latter will depend on the agistment rate charged.

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