



About Standard Prices for Home Grown Feeds:

ROF is a tool to identify the financial impact of a change in management or environment. The intent is for the member to determine the cause of the change and try to replicate (if positive) or prevent (if negative) it in future. The price of milk and home grown feed is outside their control within the growing year. If standard prices are used, the cost or revenue produced by this program becomes dependent on many management factors that are well within the manager's control.

Feeds are priced at actual cost for purchased feeds. However due to the difficulty in getting an accurate cost of home grown feeds and to provide some stability in prices for benchmarking, home grown feeds will have a standard price attached to them based on the quality selected. All prices for home grown feeds are based on \$ / T Dry Matter. Purchased feeds are based on \$ / T as purchased.

The problem in determining a true cost for home grown feeds is related to the difficulty in allocating machinery costs (such as repair, fuel), labor, overhead and land costs to a crop and then determining the actual tonnage yield to get the Cost/T. For more information, see the crop Cost module.

The cost of a home grown feed does not change once it is in storage (except for storage costs) so the concept is to use the same price for the same feed for the entire year.

Forages are priced such that the nutrient value of all forages is the same based on the forage quality as determined by Petersens's Equations. Corn Silage (ex) at \$75 / T has the same nutrient value as Hay (ex) at \$125/T.

In October, grains are priced based on the best estimate of expected farm gate price in the foreseeable future and these prices are kept for 12 months

Milk revenue is calculated based on the test day components and the average price paid by DFO in the past year.

Milk prices and home grown feed prices are reviewed and changed only once per year (October 1). When viewing ROF results over time it should be understood that any change from September to October would also include this change in prices.