cost on an annual rate was calculated on the basis of expected life of the particular asset, e.g. cows - 7 years, buildings - 20 years, etc.

Cost of Production of Milk

Since the cost of production of milk varied considerably with the actual number of cows in the herd and the number of cows being milked, the best stage at which to assess this cost is at the stage where the herd becomes stabilized for a particular farmer. In the project preparation the cost per quart at this stage i.e. 10 years, was 6¢. When milk production was varied 5% and 10% downwards respectively the costs increased to 6.5¢ and 7¢ respectively.

Net Returns

The calculation of net returns excludes deductions for the cost of electricity, veterinary bills and artificial insemination fees. This was due to the fact that it was not practicable to arrive at a reasonable determination of these on a check-day.

Discussion Report

In reply to questions, Mr. Dunn said that market prices and a financial rate of return had been used in the study. Milk prices were divided into fluid milk price and price for milk sold to the condensery. Sensitivity analysis had shown that number of cows, milk yield and fertility were the most sensitive factors.

Questioned about land values, Mr. Dunn replied that the rent for agricultural land in Jamaica was Jam. $10-40 per acre depending on its productive potential. A value of Jam. $300 per acre was included in the capital cost of Jam. $22,000 per farm, but this included considerable land improvement.

FIGURE I. MEAN TOTAL COST PER LB.: MILK – RHYMESBURY FARMS – FEB.–SEPT. 1969

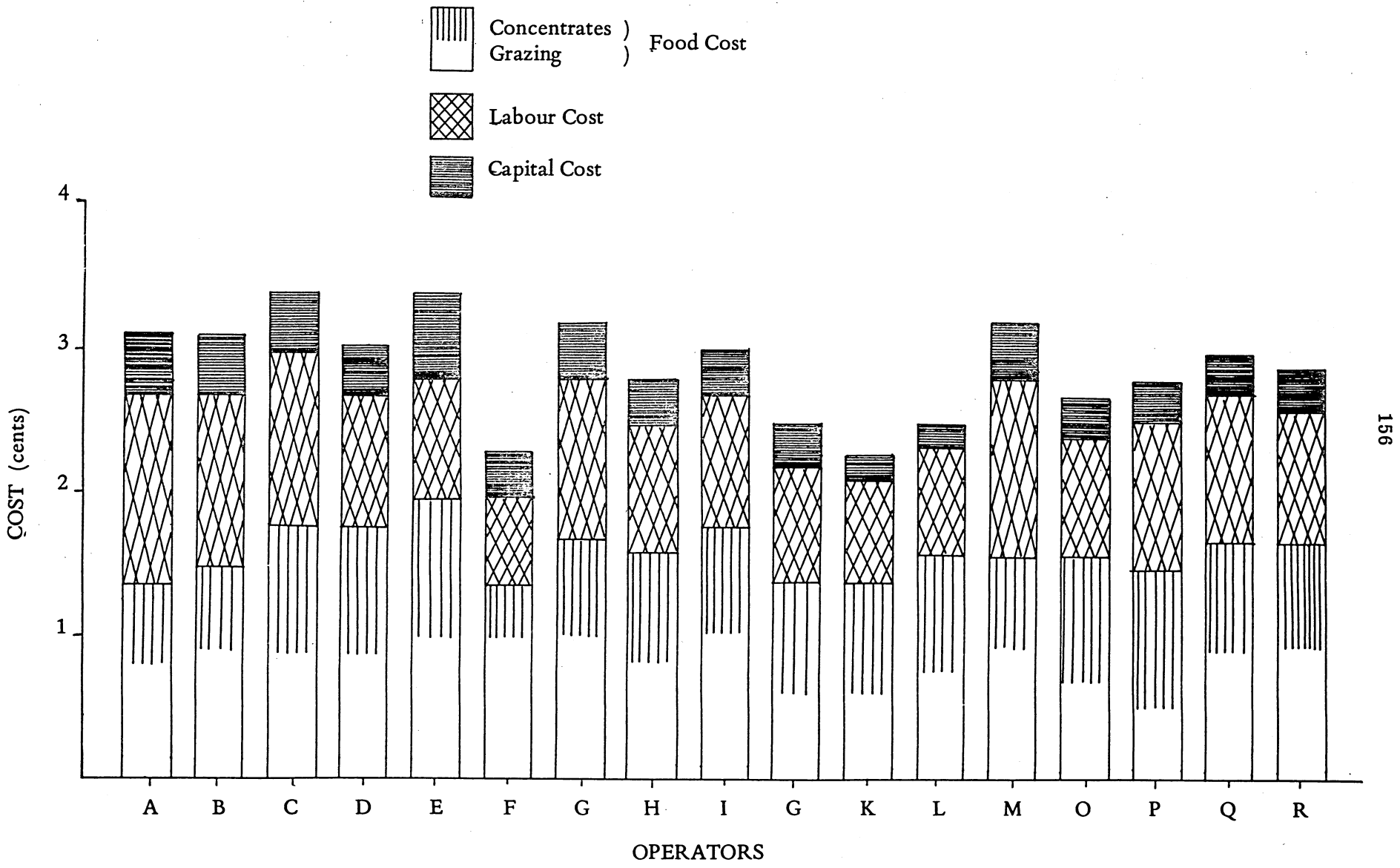

FIGURE II. RELATIONSHIP OF CONCENTRATES FEEDING AND MEAN NET RETURNS –FEB.–SEPT. 1969

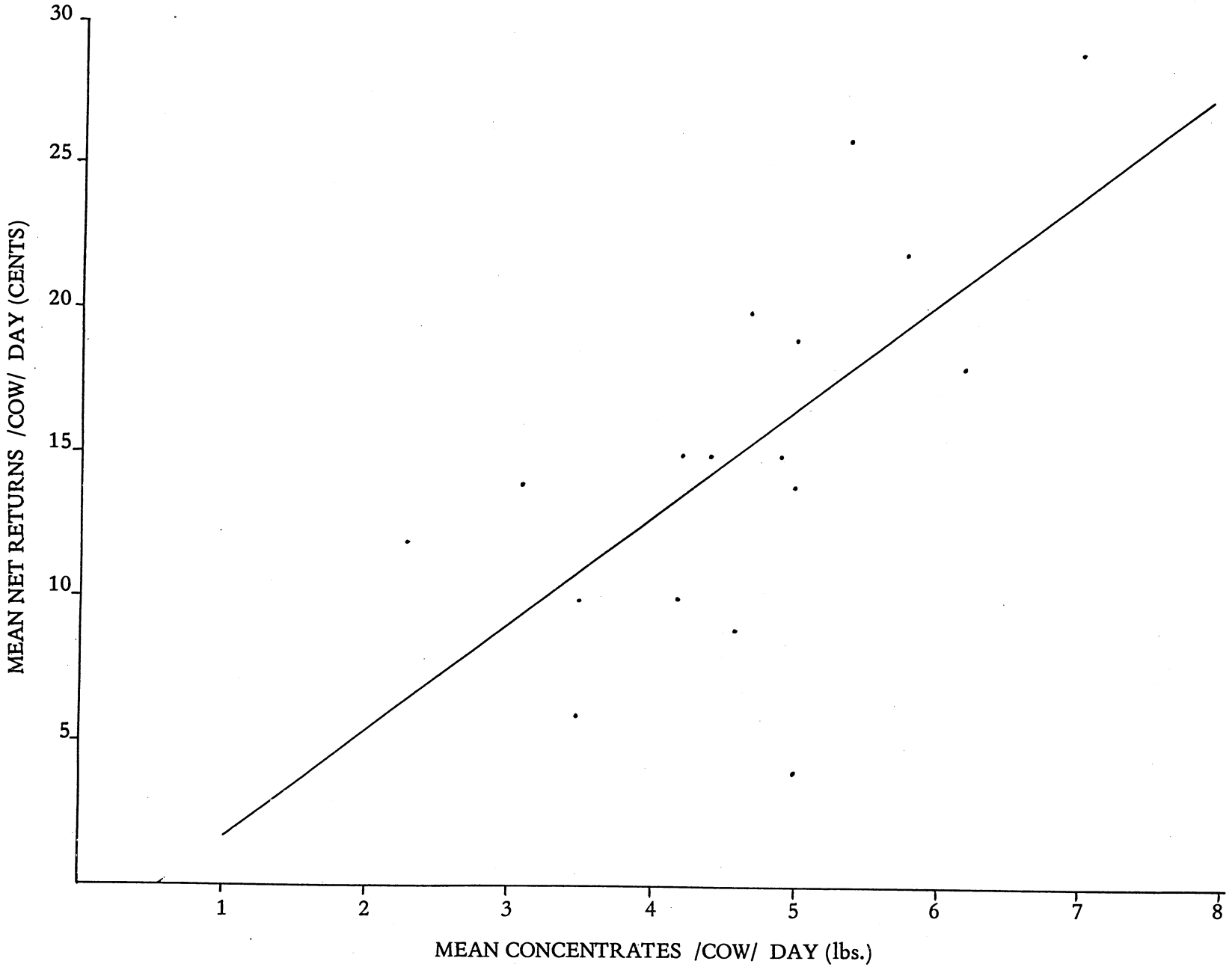

FIGURE III. MEAN NET RETURNS PER OPERATOR PER MONTH; RELATED TO MEAN – MILK YIELD PER COW PER DAY; TOTAL MILK PRODUCTION, % OF DRY COWS AND NUMBER OF COWS

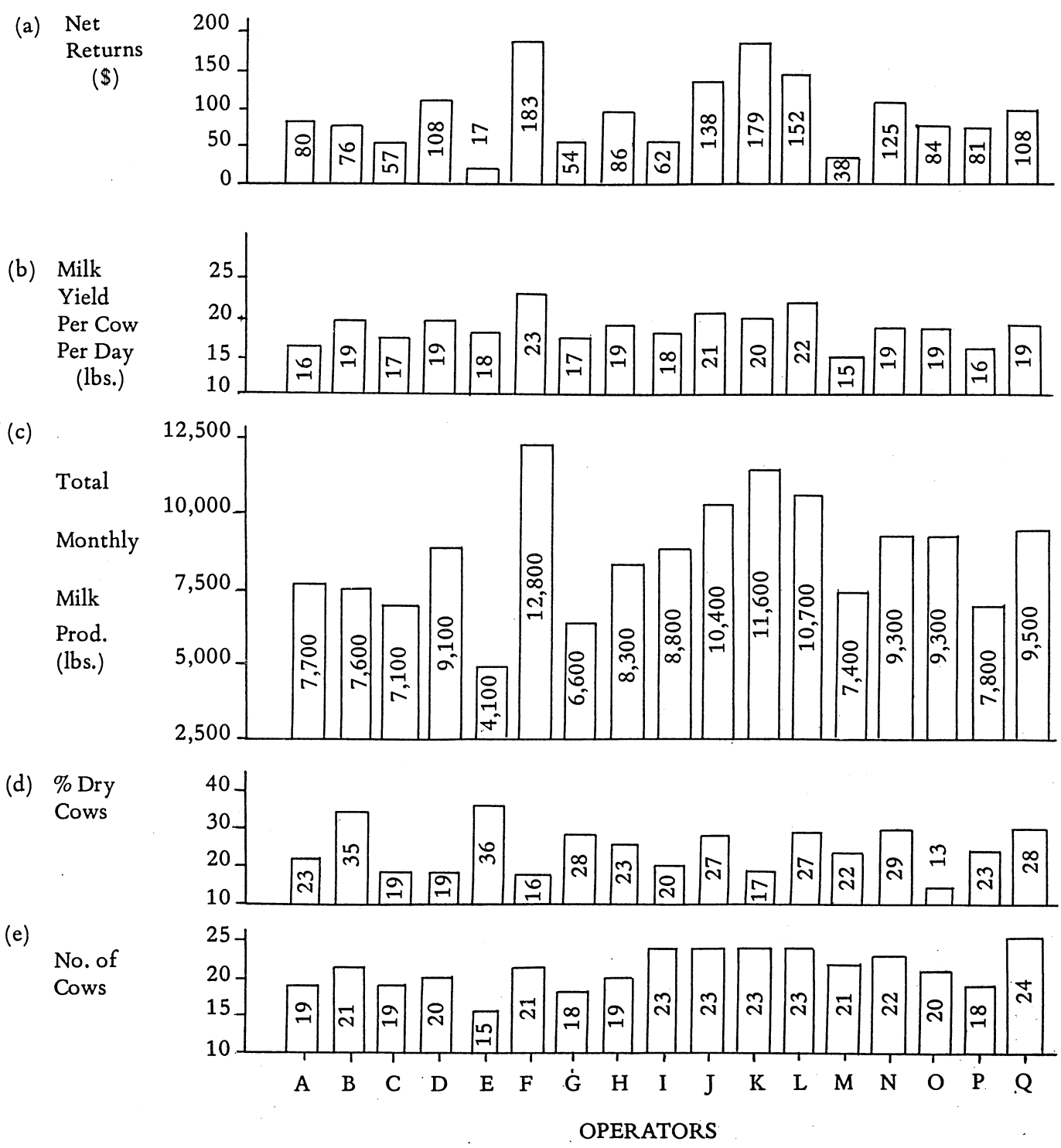

FIGURE IV. MEAN MILK PRICES – 17 OPERATORS RHYMESBURY (1969)

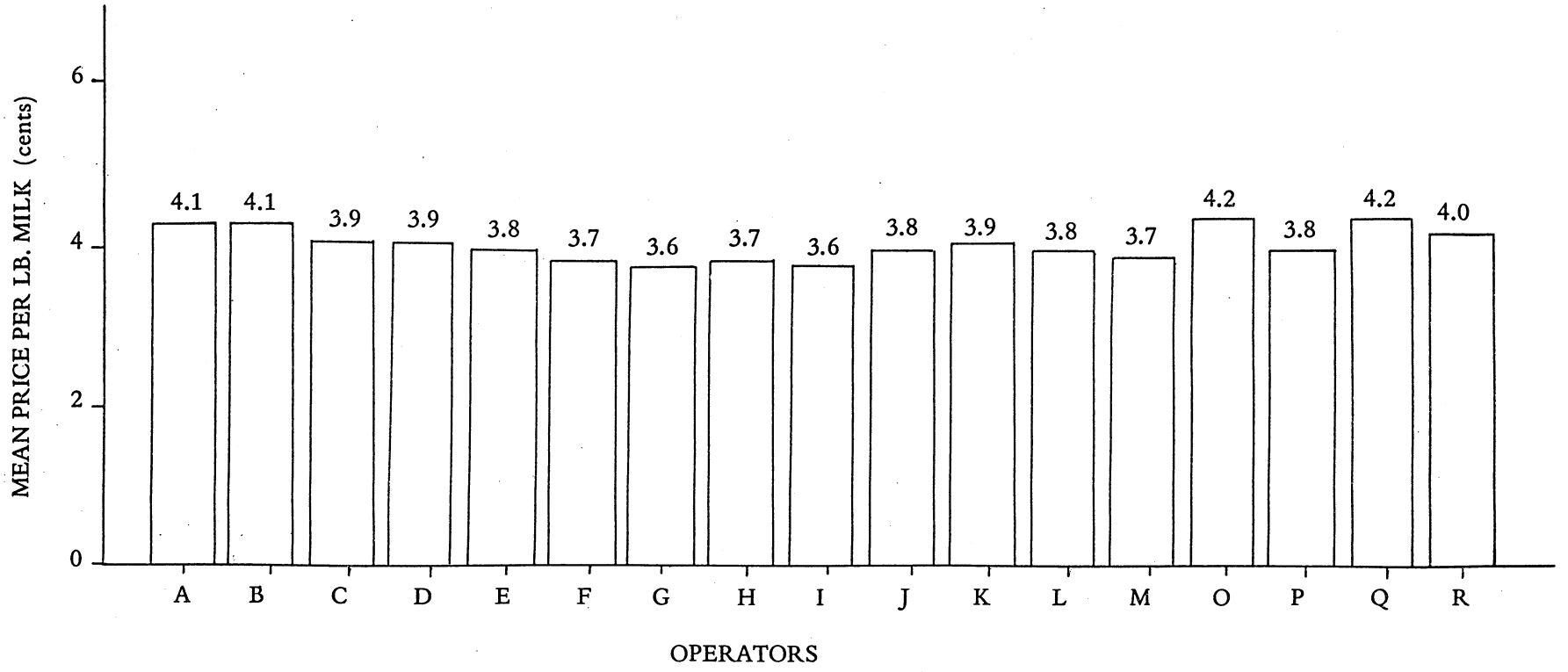

FIGURE V. 1969 MILK PRICES

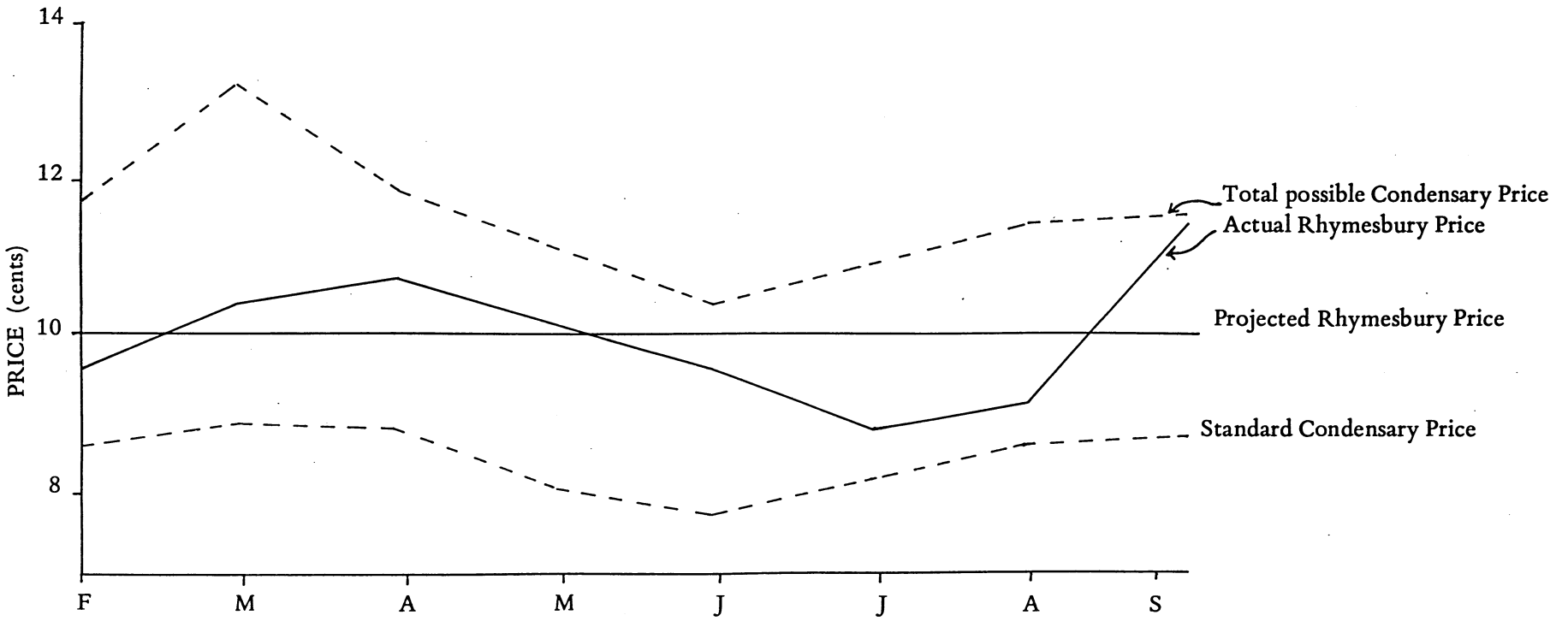

FIGURE VI. COMPARISON BETWEEN REVENUE PROJECTIONS & PERFORMANCE – RHYMESBURY
FEB. – SEPT. 1969