

# Martin Place Farming: A Viable Option

by Carol Ridley, Blaydon Alpacas

**You don't have to own a property to be part of the world of alpacas. Agisting your animals allows you to share in almost all the joys of the industry, fewer of the heartaches and keep your current career on track – all at the same time. And it saves you money.**



I work in Martin Place Sydney, the centre of Australia's commercial world, and enjoy my occupation very much. I also breed alpacas, and spend most of my spare time, including almost every weekend, involved with them somehow.

I can do this because I agist my 30 alpacas with skilled, experienced carers. Admittedly, having alpacas at seven different locations throughout Australia can sometimes be a logistical nightmare, but the pros outweigh the cons, at least right now. My

husband and I plan, in the future, to have our own farm and raise alpacas as well as doing many other things. Today's situation is a step along the path to that end.

There are a lot of advantages in agisting your alpacas, with the main one being that the carers we engage are far better at it than we are, and probably better than we'll ever be. We can gain some experience in alpaca care and husbandry, and very much look forward to every opportunity to do just that, but we simply cannot match the passion and professionalism of some of the industry's household names.

Sure, there are hassles when it comes to showing (who's going, who's got space in the float, are the alpacas the right JD status to be transported together) and there are many other little things along the road that need sorting. But, overall, it suits us at the moment and it's actually a lot cheaper.

With 30 alpacas averaging out \$15/alpaca/week, we have an outlay of just under \$2,000 a month. That's a lot of money, but think of the alternative.

To buy a suitable property in the region, establish the infrastructure alpacas require, and purchase the equipment needed would be unlikely to see much, if any, change out of a million dollars. Then there are the ongoing expenses – repairs and maintenance, alpaca care and supplements, veterinarians, and so on.

It's an interesting exercise to see exactly what is the breakeven point: how many alpacas would you have to have out on agistment before it becomes more economic to buy a farm and do it yourself? Decisions like these involve much more than just the economics, but let's look at the figures anyway.

**Firstly**, let's assume that you'd save the whole \$15/week by having your own place – although that's not really the case because there are some costs born by



the carer in that \$15 and, even having your own property will still mean you'll be paying for things like supplementary feeding and so on. **Secondly**, assume that interest rates are at 7% - it will either cost you 7% pa to borrow the money for the property or you will forsake a 7% return (your opportunity cost) if you put your money into the farm. **Lastly**, assume it will cost you a million dollars for the farm.

On those assumptions, the calculation is as follows:

$$N = (C \times I) / (R \times 5200)$$

Where

**N** is the number of alpacas

**I** is the interest rate

**C** is the cost of the property

**R** is the weekly agistment rate

Using the figures in the example above, the calculation is:

$$\begin{aligned} N &= (1,000,000 \times 7) / (15 \times 5200) \\ &= 90 \text{ alpacas} \end{aligned}$$

So you'd need to have 90 alpacas out on agistment before you could justify, *in simply economic terms*, buying a property.

If the interest rate is 8%, the cost of the property \$600,000 and the weekly agistment rate \$8.00, the number of alpacas is 115, and so on. \$1,000,000, 8% and a weekly cost of \$8.00 lifts the number to 192 – surprising, isn't it?

We all know that we'll do the figures and, whatever the result, buy the property anyway, but it's comforting to know that at least we've done some homework.

*[This is an extract from a presentation done by Carol at the Hawkesbury-Blue Mountains New Breeders' Seminar held in early June, 2006.]*