

A Crisis of Income - Not A Crisis of Expenditure.

Laura Tweddle

Farmer Forum: 2nd September 2009.

35 farmers from South West Victoria and Gippsland attended an interactive seminar on the current situation facing our dairy industry.

They heard speakers from many different areas give their opinions on future market trends, as well as tips and tools on how to manage your dairying business going forward. The key message taken home by all those who attended was the importance of maintaining a profitable and efficient herd, by using quality ingredients and ensuring income was not further sacrificed by reducing farm output.

SUMMARY OF KEY POINTS:

Economy -

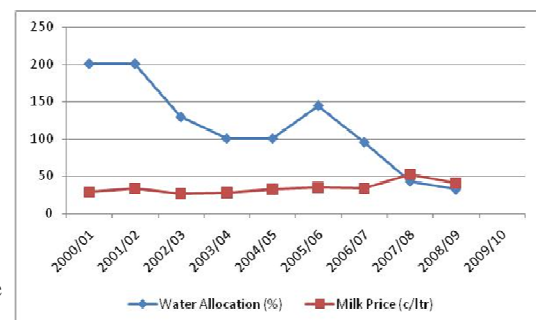
- While we are seeing recovery in many markets, there is still the possibility of a double-dip recession. It is likely our AUD will remain strong.
- The Dairy Industry has come through the global economic crisis relatively unscathed, with a drop in world demand of only 1-2% (compared to a 30% drop experienced in the cars market over the same period).
- Medium to long term estimates for dairy markets is for solid growth in demand, as urbanisation continues globally and average incomes increase across Asia and India.
- USA - dairy farmers are currently being paid the equivalent of 26 cents per litre for their milk, so we are not alone !!
- The eight largest milk exporting countries are expected to produce less milk in the second half of 2009, but overall world production will continue to grow.
- World stockpiles of dairy product are very high (government action in some countries to support local industry), having peaked at 7 billion litres equivalent, are now reduced to 3 billion litres equivalent. This is mostly held in Europe and the USA.

Fodder & Feed -

- Maintain Milk Flow from your farm - don't let milk volume and income crash. Fixed costs will not reduce just because you produce less milk, so work to dilute those costs over your milk production.
- Keep your margin over feed costs up. The first \$3 will probably be spent on overheads, so maintaining good profitability by balancing your herds diet is so very important.
- Produce QUALITY forage from your farm. Forage is king, so use it when you have optimum quality. Don't let your pastures get away - remember the 3 leaf stage and lock up your farm strategically. Cut for quality and the fodder you conserve will perform much better in your herd when it comes time to feed it out.
- When considering a crop rotation - ask yourself what you are foregoing to put that crop in. Plan for achieving increased productivity from your soils across the whole year. Remember, there is a limited window to best utilise your crop, so aim for forage quality rather than quantity.
- Consider carefully the most suitable crop for your farm / requirements, including the timing feed will be available and your options for that paddock after cropping.

Changes to Northern Victorian Farming in the Past 15 Years -

- The average cows diet has transformed from 70% home grown feed and 30% purchased feed in the mid 1990's to around 20% home grown and 80% bought in feed today. This has left the farmer exposed to the variation in market prices for a large proportion of farm inputs.
- Aim: to maximise the Annual Feed Conversion Efficiencies for the farm, by analysing the amount of milk produced per kilogram of feed fed. * **Target - 1.3** * This is achieved by correctly balancing Energy, Protein and Fibre levels in the cow's diet.
- A load of hay isn't just a load of hay = Not just trying to buy the cheapest feeds on the market, but evaluating the nutrients gained from that purchase / truck load.
- There are advantages to a TMR / PMR system, such as reduced herd health issues, consistent diet gives great rumen health, improved milk component levels, greatly reduced wastage of feed, better herd condition score year-round and fewer nutritional imbalances.
- Reduced feed wastage can play a major role in a business' profitability and can save a 300 cow farm over \$30,000 per year.



For more information on topics covered, contact your technical services representative.