

How Now Gippy Cow



Your Levy at Work

JULY 2017

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ISSUE 222

Dairy industry paying the price

By John Mulvany

Experienced individuals who know dairy processing have indicated that given the current world dairy prices and the value of the Australian dollar the 2017/2018 farm gate milk price should be at least \$6.00 per kilogram milk solids for the majority of Victorian dairy farmers.

When talking of dairy processors, one of these individuals stated, "If they don't pay this, then there can only be one of two reasons, they have not maximised within their own business, or they are simply maximising returns for their shareholders".

This is where the argument comes in that the industry needs a strong co-operative to underpin milk price. Given that the usual suspect is not in a position to do this, of all times this is the one where other processors need to acknowledge a situation re milk price that most dairy farmers have known for a while.

There are three very clear price zones in the Victorian dairy industry:

- Less than \$5.00/kgMS the industry contracts rapidly.
- At \$5.50/kgMS the industry contracts slowly.
- Above \$6.00/kgMS the industry actually starts to grow.

While conditions this coming season indicate the potential to reach the \$6.00 mark, the current activity of "snatching" suppliers from one company to another in order secure milk is time consuming and costly. Encouraging disloyalty also works both ways – it can easily flow the other way the following year! Equally, farmers who play the "swapping" game overly hard develop a reputation amongst processors that can't assist useful long term relationships with anyone.

A novel position would be to pay a milk price in the right zone without it happening due to special deals! Surely this would lead to stability, confidence, and growth, which benefits all sectors.

But for all this to happen, the dairy farmer has to play their part. They must produce milk at \$5.00/kgMS or less to ensure that at \$6.00/kgMS they do well, not just survive until the next down turn. History and experience from other states indicates very clearly that a sudden increase in milk price results in many farms simply experiencing a related increase in costs. As one very profitable dairy farmer highlighted "The key this year will be to do the basics, and farm to a \$4.80 milk price, even if the price does get to \$6.00!"

Both parties (processor and farmer) have responsibilities to each other. It is important not to let the current lack of trust, suspicion, deal seeking and factory hopping continue it can only lead to greater inefficiencies on both sides.

For those who have a choice, which processor will you supply?

The decision should not only be based on opening, current, or one year of final price. Consider:

- Your comparative price over a period of years not some average figure, or opening/closing in just one year. It might not be reasonable to expect a processor to be significantly ahead of all opposition every year. Four out of five years is an 80% score which is generally considered not a bad score!
- Stability
- The independently assessed business performance and risk profile of the processor (they need to make a profit).
- Evidence of a clear strategy that is working and that has been developed over a long period.
- A consideration of non-price issues such as field support, if that's important to you.

The poor season of 2015/2016 coupled with corporate turbulence, then the poor price in 2016/2017 has created cash pressure that makes



"factory hopping" attractive and in some cases essential. Hopefully this does not become the norm for the Victorian dairy industry. Sometimes when a farmer is observed to supply several processors in a very short space of time one wonders if it's really prudent business or simply seeking a "silver bullet" to solve a problem within the farm business or worse still a power game related to ego.

There have been many discussions in Gippsland this season regarding locking in to 1-3 year arrangements with processors for an advance payment. This has been clearly introduced because some processors want to secure supply for a period of years, and are concerned at the current level of "hopping".

Being paid for milk now, before you have supplied it over the next 3 years, is good for cash flow, but not a good business principal. Surely you have greatest flexibility within your business when you are paid "simply" for milk just after you have supplied it. These offers need to be carefully assessed by individual farmers. That said, one industry benefit might be to settle down what has become a distracting annual "frenzy" of supply change or "threat" to change to no-one's benefit.

As season 2017/2018 unfolds:

- Having decided on your processor, ignore the "who's ahead" debate during the year. Most processors have given guides to both opening and closing price. They won't all step up at the same time.
- Get your annual milk value and per month value; use these to make marginal decisions for your business.
- If you need to, do an annual budget to get a feel for how the job looks.
- Target "killing" some short or long term debt.
- If you have time, then 2016/2017 figures would be a good year to start using DairyBase if you can see the merit-it was probably a low cost lean and mean year.
- Continue to keep control of costs even if the milk price looks healthier.
- Lastly, assess if the stronger processors rise to the price challenge. If not, then can we please ask them not to use the "international price scene" as the reason for the next dairy down turn!

Prepared by John Mulvany OMJ Consulting omj@dcsi.net.au on behalf of GippsDairy

Climate has farmers on weather alert

There's good news and bad news when it comes to Gippsland's weather.

The Bureau of Meteorology has provided the good news, announcing the El Nino risk has been downgraded, with the climate system now considered 'inactive' for the latter part of 2017. That's a reversal of the early autumn warming that had El Nino watchers on high alert.

The bad news is that early predictions of a warmer and drier than average winter have come to fruition in Gippsland – although some Gippsland farmers don't mind a dry few months before spring.

The rainfall graph (figure 1) shows how little rain fell over large parts of Gippsland in the first five months of the year, with the central and east particularly dry.

While the climate in Gippsland has many farmers looking at their winter and spring options, a factor working in their favour is seasonal conditions in other parts of south east Australia.

Grain and fodder supplies are plentiful with markets showing favourable signs for buyers.

Dairy Australia's Productions Inputs Monitor showed 2016/17 is projected to be the fourth consecutive year with record breaking world supply of grain. Wheat accounts for a large proportion of this yield as

Australia, the United States and Russia all reported record wheat production.

Combined with larger-than-expected carry-over crop, prices continue to be under pressure. World grain production in 2017/18 is forecast to decrease slightly and dry weather concerns in Europe are reportedly decreasing yields.

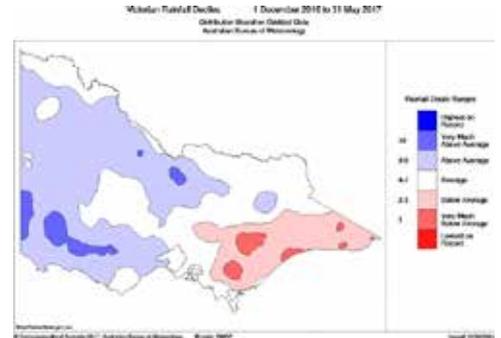


Figure 1 - Gippsland rainfall

The ASX Jan 2018 wheat futures increased slightly during May reflecting market concerns, but prices are still below this time last year.

Barley prices are relatively strong on the back of increasing export demand. The ASX Jan 2018 barley future increased slightly on a monthly basis, but is down 14% compared to last year.

How Now Gippy Cow asked four Gippsland dairy farmers if they are concerned about the dry winter and how they are approaching Spring



Graeme Nicoll
Fish Creek

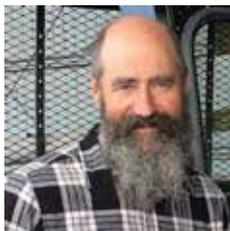
It's about making sure we get a good silage reserve, particularly in a year with a low milk price. In a year with lower milk prices, you cannot afford to have a low silage reserve.

I usually see these dry winters – if it persists this way – as an opportunity to grow extra fodder because we can get an early cut in. Being organised enough to get that early cut, rather than saying 'we do silage in October

and we'll be doing it in October irrespective of what the season is doing around us.'

For me, it's understanding how much grass we have got. If I see in early August that there's a surplus coming, then I will chase that surplus, although I realise some people will think if you grow it early and it gets wet, you will be stuck with a farm full of low quality feed.

It's capitalising on what is presented to you today and using that information. It's not about fixing a plan in place, but being able to say, if it happens, these are eventualities that I have planned for. Also remembering that this is Gippsland and things can always change.



Ron Paynter
Ellinbank

We were supposed to have had 93mm for June and we had less than 16mm up until June 22. When your water tank for dairy wash and the water heater is empty in the middle of June, it's not great.

We've had severely curtailed pasture production and, overlaying that, lots of stressed plants and insect pests. What we will

be doing is persevering with the chicory program and investing more in that.

We've also been keen to get access to some reasonable quality close agistment and we're hoping to capitalise on an investment on a lease block to get some good grass up and running.

What gives me some comfort is the dry conditions seem to be localised and farms out in the western district and northern Victoria are having good seasons, so there's plenty of fodder, which means the pressure for competition is not there. We might do what we did a couple of years ago and lock-in northern hay early on.

People swear by Elders and sites like that for what the weather's going to be doing in six months or twelve months' time, but I like Dale Grey's Seasonal Climate Update from DEDJTR. It looks at a range of climate models, tells you what the models predict, what the drivers are and offers the best information they have at that moment.

With the weather, you have to accept that no-one will definitely tell you what is happening – it's all about probabilities and likelihoods. The probability has been that we would have a warmer winter and a drier winter and we are seeing that play out at the moment.



Michael O'Brien Denison

I don't mind a dry winter on an irrigation farm, as long as Glennaggie dam fills up in the spring.

I am definitely not panicking, but a dry spring and no water in the dam would be something that would impact on our margin in a year with mediocre milk price.

It's about creating more margin on our milk.

Dryland farmers are very good at making a margin, so I might take a leaf out of their book. I haven't sat down and specifically planned what I would do if it was dry and we didn't get a lot of water, but I would make sure I have a pretty good plan later on in the spring. But it's very early days.

You can look at it two ways. If you are prepared for a lower milk price and lower irrigation flows, you are in a better position than just hoping for the best.

I try and run through what scenarios we can cover. If it's going to be dry, with limited water for the first part of lactation - we're on a spring calving system – then how do we make the most money for the whole year?

Things change quickly, but if you have a plan you can change it. If you have a plan, it takes the pressure off your whole operation.



Lachlan McLeod Calrossie
(near Yarram)

We haven't had much rain, which on this country is not such a bad thing. But a lot of the new pastures we sowed in autumn are struggling, so we could really do with a drink of rain. At this stage, anything that was cropped is okay, but anything I cultivated and resowed is struggling.

I'm probably not overly concerned, as much as it's a pain, it's probably better for us this way than being too wet because we dry off the cows through winter.

It's a bit early to be planning yet ... it's not panic stations, but we could do with some decent rain over the rest of winter.

From our perspective, we've just come off the best hay season we've ever had, so I am not overly concerned because I can pour a heap of hay into the dry cows, whereas in previous years we've had a similar situation but with limited hay which certainly put the pressure on.

I certainly look at long range forecasts, but you have to be adapting all the time and changing strategies as the seasonal conditions change – have a few different game plans. Sometimes it's not the amount of rain, but when we get it that is more important. You can miss on the winter rain and, if you get it at the right time in spring, have one of the best seasons you'll ever have.

Colostrum is the key to calf health

Providing the right amount of good quality colostrum very soon after birth really does get all calves off to a great start.

The benefits include:

- Less scours and other diseases
- Reduced death rates
- Better growth rates
- Improved milk production in the long term

Unlike humans, the placenta of the cow keeps the maternal blood supply separate from that of the unborn calf. This prevents the transfer of antibodies from the cow to the calf before birth and the calf is born with no ability to fight disease. Colostrum is the substance that provides the antibodies that form the main protection from infectious diseases for the calf in the first 6 weeks of life, until the calf can develop antibodies of its own. Without colostrum, a calf is likely to die. Colostrum begins developing in the weeks before calving and production completely ceases once the cow gives birth. It is at its strongest concentration and highest quality at the point of calving.

It is important to be clear about two key facts relating to colostrum:

- No additional colostrum is produced from the moment the calf is born
- The protective capacity of the cow's colostrum begins to decrease straight after calving. Understanding these points is the key to getting colostrum management right on farm. Note that if you collect colostrum straight after birth, it maintains its protective capacity so long as it is stored correctly in the fridge or freezer.

There are a variety of factors that may influence the protective capacity of colostrum. Remember, you have at least some control over a number of these.

Length of the dry period – Dry periods less than 5 weeks are likely to decrease colostrum quality.

Delaying milking after calving – The quality of the colostrum decreases the longer it is held in the udder.

Volume of colostrum at first milking – Some farmers believe that high volumes of colostrum at first milking (i.e. more than 8.5 litres) mean that the quality is poor. This may not be the case—always check quality before discarding

Age of dam – Older cows generally have better quality colostrum (due to greater exposure to disease) but some heifers do too. Always test the quality before discarding

Pooling colostrum – Pooling can dilute quality. Pooling colostrum is not recommended unless it is all of high quality. Only pool “like with like”

Breed – Breed does affect colostrum quality. Jerseys have the highest levels of IgG because of lower volume

Mastitis/High cell counts in dam – Test and check IgG levels of colostrum from cows with mastitis or those with high cell counts as it

can be good quality. Mastitis does not appear to alter colostrum quality. Colostrum that is stringy, flaky or bloody should not be used

Leaky cows – Cows that leak prior to calving usually have less IgG in their colostrum

Only use ‘first milking’ colostrum for newborn calves

Early calvers – Cows that calve early (induced or naturally) generally have lower antibody levels



Feed ‘em fast

Calves left to suckle are more likely to receive less transfer of immunity.

High rates of failure of transfer of immunity are commonly seen in calves left to suckle their dams. This fact may seem surprising but it is true. One such study showed that 64% of calves left on their dams failed to consume enough colostrum compared to 11% of those fed colostrum by stomach tube. Another showed that calves left to suckle were 2.5 times more at risk of failure of transfer of immunity.

Results from the National Calf Survey 2009 undertaken for Dairy Australia indicated that well over 25% of farms relied on suckling from the dam alone to ensure the necessary colostrum intake. Farmers may do this because somehow it seems more natural and no additional work is required.

This practice actually places the life of newborn calves at risk and is not recommended. Remove calves as soon as possible after calving—the provision of a known quantity of colostrum is more reliable than suckling.

For more information on this subject go to www.dairyaustralia.com.au and search for calf rearing.

Waters ain't waters for transition cows

There's plenty to think about in transition cow management, but water quality is not always at the top of the list for every farmer.

While problems are rare, those using bores need to be careful about the mineral make-up of their water source, with serious cow health problems, especially milk fever, a potential consequence.

Gippsland veterinarian and dairy farmer Andrew Perry said testing bore water is the only way to identify issues before they impact on transition cows.

“It's most likely going to mess with a transition program where there's bore water sources of unknown quality as far as minerals go,” Andrew said.

“The minerals have got the potential to mess with DCAD (dietary cation-anion difference). When we work out a transition diet, we feed a commercial lead feed and we feed test our hay so we can quite accurately assess what risk that diet poses from a milk fever aspect, by taking into consideration magnesium, phosphorous, calcium and DCAD levels.”

“So it's possible to have the best diet on paper, and the cows might be consuming that diet, but still have a milk fever problem if we are using bore water and we don't know what the quality of that water is.”

While salinity is front-of-mind for farmers who use bore water, Andrew said there is usually not so much thought given to the wider mineral make-up of ground water.

“You can have bore water that is good quality for milkers, but can cause animal health problems for transition cows in the form of milk fever and all the diseases that follow-on from low blood calcium like retained membrane, prolapses, calving difficulties and suppressed immune system.”

“What I would recommend is that you should get bore water tested once every two years. It's not going to change quickly, so you don't need to do it before every calving season. It's probably a good idea to have bore water tested anyway for minerals, pH and micro-organisms.”

Farmers can access the transition cow management advisor list by searching for TCM at www.dairyaustralia.com.au

The advisors can help trouble shoot problems with transition cows.

contact us

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Step in the right direction

With a farm that's nearly a century old, the Griffins of Westbury should know all about succession planning.

But when it came time for Chris and Jan to start handing the reins over to son Stuart, they knew they needed expert help to make sure everyone – and the business itself – was looked after.

With the help of their farm consultant and financial advisors, the family is now well into a transition program that has seen Stuart and wife Belinda taking control of the business levers, while Chris and Jan start to enjoy the fruits of their labours.

But for every success story like the Griffins, there are tales of poorly managed transition that leave families, share farmers and the business worse off.

Stepping Back – Planning for Succession and Retirement is a one day workshop aimed at assisting farmers (aged 50 plus years) to consider the options available to them as they transition out of the dairy industry.

Hosted by farm consultant John Mulvany, the Stepping Back day will help you 'get a game plan' for scoping the next steps of transition or family succession.

The workshop is interactive with content including:

- Helping participants identify strategies to achieve their succession & retirement vision
- Planning for the transfer of farm business management & ownership using suitable business structures
- Starting the process of developing a "game plan" to ensure a smoother succession transition
- Use of real farm case studies

For Stuart Griffin, the workshop is the perfect place for farmers looking to step back to start the conversation about what direction a business transition might take.



"It would absolutely be the first place to go if you were thinking about it," he said.

"I'd imagine the workshops would include a discussion about knowing your business, because you need to know that it can support the transition. And even if it can't at the moment, it doesn't mean it's not the right way to go, but it might mean you need to do x, y or z to put it in a position where the business can be transitioned."

GippsDairy workforce co-ordinator Leah Maslen said successful transition needs more than just goodwill to make it happen.

"The previous Stepping Back workshop saw participants walking away with a clearer idea of how to start their transition out of the industry," she said.

The event will be held at Century Inn, Airfield Road, Traralgon on Wednesday 19 July from 10.30am to 3pm (morning tea and lunch provided).

RSVP to Leah Maslen on 5624 3900 or leah@gippsdairy.com.au

Overtime and should I be paying it?

Tackling pay rates is a challenge for all farmers employing staff. 'How much do I need to pay?' is a common question, and there are several ways of answering it.

There are two acceptable ways of approaching paying staff employed on farm:

1. Award Rates
2. Individual Flexibility Agreements or approved Work Place Agreements.

Award rates

The Pastoral Award 2010 is the relevant award applicable to farm employees. The award sets out minimum employee entitlements. The only way of altering these entitlements is through the implementation of Individual Flexibility Agreements (IFA's) or Work Place Agreements, discussed briefly below.

The Award does not stipulate a maximum amount; just that employees must be paid above the minimum rates stated, in regard to their skill level and job performed.

Setting an annual salary payable for a farm hand without regard to the Award is not an acceptable way of approaching employment. To simply say that \$50,000 per annum will be paid without fixed hours and an hourly rate will not be meeting an employer's legal obligations. Setting an hourly rate payable for any hours worked, without having a formal IFA in place, is also not acceptable.

Instead, an employee should firstly be classified under the Award. The simplest way of getting this right from the get-go is to make sure when a position on the farm is advertised, a clear job description and applicable classification level are drawn up.

Also, overtime is payable under the Pastoral Award, but is calculated differently when compared to other Awards. Ordinary hours are 152 hours worked over a four-week period, regardless of whether they fall on a weekend. Ordinary hours for casuals are the same as for full-time employees.

Once an employee has worked their 152 hours for the 4 week period, any hours they work beyond this are payable at time and a half, with the exception of any Sunday hours, which are payable at double time.

This adds a degree of flexibility to managing staff on-farm, but can also lead to significant over time payable during busy times of the year.

An example of how this may work for is as follows;

Week 1- 45 hours worked (ordinary time of \$18.47 per hour- total of \$831.15)
Week 2 - 55 hours worked (ordinary time of \$18.47 per hour- total of \$1,015.85)
Week 3 - 52 hours worked (ordinary time of \$18.47 per hour- total of \$960.44)

152 hours reached

Week 4 - 36 hours worked (32 hours worked Monday to Saturday, paid at time and a half of \$27.71 per hour- total of \$886.72. Plus 4 hours worked Sunday at double time of \$36.94 per hour- total of \$147.76. Grand total for the week of \$1,034.48)

The roster could be better managed as follows;

Week 1 - 35 hours worked (ordinary time of \$18.47 per hour- total of \$646.45)
Week 2 - 50 hours worked (ordinary time of \$18.47 per hour- total of \$923.50)
Week 3 - 45 hours worked (ordinary time of \$18.47 per hour- total of \$831.15)

Week 4 - 30 hours worked (22 hours worked before 152 hour mark at ordinary time of \$18.47 per hour- total of \$406.34, 8 hours worked

Monday to Saturday, paid at time and a half of \$27.71 per hour- total of \$221.68. No work done on the fourth Sunday. Grand total for the week of \$628.02.)

Casual Employees

A casual employee generally does not have a set number of hours allocated and they are not guaranteed work week to week. A casual is also not paid leave, such as annual leave or carer's leave, which a permanent employee is entitled to. In recognition of this, casual employees are paid their classification rate under the award, plus 25% (known as casual loading).

Relief milkers would be a prime example of those within the industry who often fit into the casual employment category.

It is noted that all staff must be paid a minimum of three hours per attendance at the work place. This means that even if milking only takes two hours, a relief milker must be paid for three hours.

And the Award goes to

The Award Rates were increased from July 1st 2017. All work performed from July 1st onwards must be paid at the increased rate. These rates will be available soon on the People in Dairy website.

There is no way of avoiding keeping track of hours worked on the farm by employees. Whether they are paid under the award or via an Individual Flexibility Agreement, employees must be paid for every hour worked.

All of this information and more is available on the People in Dairy website. If you don't already have an Employment Starter Kit (ESKi), this can be ordered from the People in Dairy website free of charge, or speak with Leah Maslen at GippsDairy.

The ESKi summarises the basics of employment in one easy to navigate folder. Email leah@gippsdairy.com.au or phone 0448 681 373.

Just when things were starting to settle...

By Matt Harms
Won Wron Focus Farm facilitator

A lot of ground was made in the 2016/17 season on the Won Wron Focus Farm. Despite a horrid Opening Price in June 2016 and the shock it sent through Paul and Lisa Mumford, their Support Group and the industry as a whole, it made the task of balancing the budget for the year just finished extra tough.

The “gut feel” in July 2016 was that the Mumfords would break even at best - that is, pay all expenses for the year, live, service debt and pay staff, and finish the year in the same cash position as where they started. That is what took place at Won Wron.

There are still creditors in the system, a hangover from the previous drought and poor operating conditions, but essentially they are no more and no less in total than there were at the start of the season, and that was at a milk price of \$4.62/kgMS.

The Support Group and the Mumfords know full well that this situation is not sustainable in the short, medium and longer term. Such a milk price and subsequent budget position allows for little repairs to the farm, no investment into capital or machinery, no business growth, and no investment into the future of the people - with a breakeven, ‘bare bones’ budget, the business is only treading water.

A discussion amongst the Support Group focussed on what Paul and Lisa could actually do about it, so that their cash position was better and the business was better placed in the years ahead. Key points were:

1. Labour costs on the business, given the level of total production, are quite high, at around \$1.18/kgMS (paid and imputed). Investment in technology at the dairy may help reduce labour input and give a continual payback over the life of the investment. Such technology would see the rotary turned into a one-person operation. Could the business afford the investment given the current cashflow and equity position?
2. Are the cows producing enough given the investment in genetics, feed, labour and level of management skill? Actual production for 16/17 was around 470kgMS/cow, or 1kgMS per kg liveweight (cows are 460kg liveweight maximum), from a grain input of 1.8t as fed. The Support Group feels this falls short of where it needs to be, and where it should be. A production of minimum 500kgMS/cow or 1.1kgMS/kg liveweight from a lower grain input should be achievable, and Paul and Lisa agree. This has been a focus of the Support Group for the past 12 months and will continue to be for the year ahead.
3. Is there value in autumn calving on this farm? This has been a constant source of debate in the group, and amongst the wider industry for some time. Whilst the incentive in milk price from the Mumford’s processor, MG, has encouraged ‘off peak’ milk production, the costs and farm level impact, particularly pasture demand over winter and early spring and subsequent purchased feed requirements, has had a far greater and represents a hidden cost to the farm. Paul and Lisa have really questioned the percentage of autumn calvers in the herd over the past 12 months, being at around 40% of total herd numbers. They would feel much happier with it being around 25%, with the remaining 75% calving from mid-July.
4. Is there enough pasture grown and consumed? The farm is exposed to wide variations in season, with the ‘shocker’ or 2015/16 just behind, and a ‘cracker’ in 2016/17 apart from a tight October. On early calculations, the farm will have grown and consumed around 7.5tDM/ha, which will leave many saying it is well short of where it should be to maximise profit. Some of this is a function of low overall stocking rate, (to cope with the highly variable Won Wron climate), steep and difficult to graze and manage parts of the farm which arguably produce around half the better areas of the farm, and pressure on pastures over winter from the calving split. Areas the Support Group have focussed on have been setting the rotation according to leaf emergence rates; ensuring the



correct pasture residuals remain post-grazing; regular use of nitrogen; use of Gibberellic Acid on suitable pastures over winter; renovating paddocks with poor species (mainly kikuyu); use of fodder crops to assist in the renovation program but also those that match the feed requirements and timing of feed demand for the herd; timing of tasks such as resowing to ensure best results are obtained for the effort and expense. Results since spring ’16 have been pleasing on the pasture front.

5. Milk processor? The Support Group and Mumfords did not want to avoid the ‘elephant in the room’ at the recent tough group meeting, the day Opening Price was announced by MG. An initial Opening Price of \$4.59/kgMS for the farm was seen by most as ‘not acceptable’, and resulted in a projected cash deficit of \$26,000 on ‘sharp performance’, tight cost control, no business investment and good season. No principal repayments were possible either. This led to Paul and Lisa having to take emotion and loyalty out of their decision-making, and make the correct decision for their business in the short and medium term. A swap to another major processor would see this budget position at opening price become a cash surplus of \$113,000 (all things being equal), something that cannot be ignored. The revised MG Opening Price to \$5.09/kg for Mumfords gives a cash surplus of \$72,000. Whatever the ultimate decision on processor, for the bill payers in any business (in this case Lisa) this delivers a very welcome stress relief!
6. Are costs simply too high? Cost control has been a focus for the past 12 months and will continue to be for the year ahead, despite the better milk price with or without a processor swap. The Support Group have identified several areas that have needed to be pruned, including overheads (insurances, phone and internet, accountancy as examples), feed costs (cementing the feeding of own-crushed wheat and basic additives rather than a purchased prepared feed) and personals (without impacting on Paul and Lisa’s work-life balance). Steps have been taken in all areas of the farm budget, and should generate considerable savings in the year ahead.

We will wait with interest to see the impact of a better milk price, tight cost control, increased pasture growth and consumption and higher production on the business bottom line. Some of these tough decisions are not easy to make, and many people have had to change the way they operate their business, and who they supply despite long term loyalties, ingrained practices and changing what they would like to do, to what they need to do. This is all to ensure the business performs well, develops and prospers going forward rather than simply treading water for another season.

Focus Farms is a project funded by GippsDairy and Dairy Australia using dairy service levy funds which provides an experienced farm consultant as a Facilitator as well as a Support Group made up of fellow farmers and local service providers. For more information contact Karen Romano on 0417 524 916 or karen@gippsdairy.com.au

Reminders AUGUST

Pasture Management

- Begin planning for silage you may cut in late September or October. Silage quality is critical for better production and profit as silage is costed per tonne and higher quality silage means less tonnes to pay for and more energy density.
- Consider fertiliser applications with nitrogen included as part of your annual program where conditions are suitable.
- It may still be cold enough to get profitable responses to Gibberellic acid. If you need the feed consider using it to grow additional pasture quickly.
- If wet conditions are prevailing take to opportunity to repair pugging damage with a roller, if it's not repairable with a roller consider a spring planted summer crop for some areas.
- Don't forget to manage your milking support area (out blocks) as they can produce valuable feed to be made into silage for feeding later or to feed young stock well.

Feeding

- Following the difficult milk price in 2016/2017 many people have reduced levels of additive or changed additives for lower cost options. This practice has been very successful in many cases, although it may be a good time for a review of additives including all contents, their role, rate and cost to ensure cows are well protected for animal health and that it is affordable, meaning you can still have an acceptable margin when feeding.
- The opening milk prices for 2017/2018 show a spring milk price range of 28 to 38 cents/litre for the standard litre 4.15% fat and 3.35% protein depending on the factory you supply and the payment system you opt for. The current typical grain/pellet prices are between 28 and 35cents/kg as fed depending on the mix and the additives used. This is an average ratio of 0.95 meaning if milk averaged 33cents/litre and grain/pellets

Pastures/forages

Ryegrass leaf appearance rate	11 to 15 days per leaf
Area of farm to graze today	1/33rd to 1/45th of grazing area in 24 hours
Average daily pasture growth rate	August pasture growth averages 25 kg DM/Ha/day across Gippsland, although commonly range from 15 up to 40Kg DM/Ha/day, depending on the conditions
Recommended pre-grazing decisions for all stock	To maximise pasture production, try not to graze pastures lower than 4 to 6 cm between clumps. If this is occurring ideally, add high quality supplement for milkers and young stock
Seasonal management tasks	If pugging has occurred over winter start planning how to use these areas to grow feed over the spring, maybe spring ryegrass sowing or a crop

average 31.5cents/litre a cow would need to produce 0.95 litres of milk when fed 1kg of grain as fed to break even. This means grain feeding needs to be considered carefully within the farming system.

Cows

- Spring calving cows are susceptible to metabolic disorders around calving, this is best avoided with a good transition cow management programme, details available at the Dairy Australia web site.
- Early lactation acidosis is an issue in most herds in Gippsland, especially in heifers, and should be managed with additives in concentrates fed to cows and additional fibre in the diet if fibre levels are low. Check cows are chewing their cud and cow manure for signs of cow with low fibre diets.
- Allow the cows time to walk at their own pace to the dairy, this will reduce the possibility of lameness. Lame cows should not go with the herd as walking will make them worse a close paddock and good feeding will give them the best chance of recovery.
- Plan your spring joining after you have reviewed the results of your autumn joining. Planning calving date and pattern is done with joining dates and synchronisation and cow type for farm and system is done with seamen choice.

Calves/heifers

- Jersey calves should be at least 75 kg liveweight and Friesian calves 100 kg at weaning. Calves should be eating at least 1 kg of concentrates, straw and drinking fresh water prior to weaning off milk. The energy in the concentrate and fibre in the straw and water helps in the early development of calves' rumens thus allowing for early weaning. For more information on calf rearing see <http://www.dairyaustralia.com.au/Animal-management/Animal-welfare/Calf-welfare/Rearing-healthy-calves-manual.aspx>
- Prepare the yearling heifers, ready for joining at 15 months, if possible weigh them to check suitability for joining and growth rates. If they are not ideal joining weight review your young stock rearing process.
- Prepare bulls for joining. Get them tested before you get them working and ensure you have enough bull power, (enough bulls for your expected cows on heat after AI). For more information on joining cows <http://www.dairyaustralia.com.au/Animal-management/Fertility/>

Business

- Growing pasture is the cheapest form of feed and you are in control of it, it should be one of your main focuses in business as a dairy farmer.
- If you not already completed and annual budget for 2017/2018 it would be a great way of understanding the likely financial outcomes of the year.

ComingUp

See the GippsDairy events calendar for more information
www.gippsdairy.com.au/eventscalendar.aspx

Healthy Calf Rearing

Raising calves is a vital part of the dairy farm business. These free one-day workshops will include pre calving care; colostrum management; nutrition residue risk management; health and weaning management; and an opportunity for the group to share calf rearing experiences – the good, bad and ugly. Participants should be willing to bring along a colostrum sample from their herd for testing during these hands-on workshops.

Location: South Gippsland (venue TBA)

Date: 25 July

Location: MID (venue TBA)

Date: 26 July

Location: Warragul (venue TBA)

Date: 28 July

RSVP: GippsDairy 5624 3900 or info@gippsdairy.com.au

Stepping Back

Stepping Back – Planning for Succession and Retirement is a one day workshop aimed at assisting farmers (aged 50 plus years) to consider the options available to them as they transition out of the dairy industry.

Hosted by farm consultant John Mulvany, the Stepping Back day will help you 'get a game plan' for scoping the next steps of transition or family succession.

Location: Century Inn, Airfield Road, Traralgon

Date: Wednesday 19 July from 10.30am to 3pm

RSVP: Leah Maslen on 5624 3900 or leah@gippsdairy.com.au

Focus Farm Open Days

Focus Farm Open Days will be held at Jindivick, Fish Creek and Won Wron during September.

The days will demonstrate changes made to respective businesses during the first year of the two-year Focus Farm project. All welcome.

Location: Mumford farm, Greigs Creek Road, Won Wron

Date: Tuesday 12 September

Location: Ziero/Ronalds farm, 335 Main Jindivick Road, Jindivick

Date: Friday 22 September

Location: Cope farm, 195 Kerrs Road, Fish Creek

Date: Tuesday 26 September

RSVP: GippsDairy 5624 3900 or info@gippsdairy.com.au

All Focus Farm Open Days are from 10.15am (for 10.30am start) until 2.30pm (Lunch provided)

Silage wrap disposal offer

A new silage plastic recycling program will make it easier and cheaper for local farmers to dispose of silage wrap in an environmentally conscious way.

Coordinated by Wellington, East Gippsland and South Gippsland shires, local farmers are encouraged to drop off used silage wrap in bulka bags at the following points:

- Kilmany Transfer Station
- Yarram Transfer Station
- Bairnsdale Landfill
- Orbost Transfer Station
- Koonwarra Transfer Station
- Foster Transfer Station

Drop-offs can be made from 17 to 30 July during normal operating hours. There is a charge of \$11 per bulka bag.

Silage wrap dropped off for recycling should be shaken clean of silage, gravel and other contaminants before being bundled up and put in bulka bags. Bulka bags need to be able to be rolled off your vehicle or trailer at the site. Please remove any net wrap or twine. Farmers are advised not to burn or bury silage wrap on their farms as this practice is illegal and penalties apply.

Contact your local council for more details.