

Macalister Demonstration Farm

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NEWSLETTER 72

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Yellow Rag Bit

Maria Rose Dairy Advisor, DPI Maffra

Profitable Cow Feeding Considerations

As grain prices are likely to continue to increase in the coming months and although some feed suppliers are tipping that prices may plateau out soon, it's crucial to have your future feeding program well planned. To assist you in nailing your feeding program to ensure maximum profit, seriously consider the following from now on.

- The price of the grain and or concentrates and estimated monthly milk price
- Possible price, availability and quality of any conserved fodder that may need to be purchased
- The actual productive value of the feed your dairy cows are eating
- Future feed budget requirements for your dairy cattle

Knowing both the price you receive for your milk and what you pay for concentrates fed will help you work out whether you are at break even, close to it, or a long way from it. The table below based on a 'one to one' (1 litre milk from 1 kilogram concentrate) response should help you quickly work this out for your own situation. *For example, if your milk price is 32 cents/litre and you are paying \$390/t for pellets, you require around a 1.22 litre response per kilogram of that concentrate (that's half way between the response at \$380/T & \$400/T). Alternatively, you need to source it or a nutritionally equivalent alternative feed for \$320/tonne to break even.*

Grain price	\$320/T	\$340/T	\$360/T	\$380/T	\$400/T
26 cents / litre of milk	1.23	1.31	1.38	1.46	1.54
28 cents	1.14	1.21	1.29	1.36	1.42
30 cents	1.07	1.13	1.20	1.27	1.33
32 cents	Break Even	1.06	1.13	1.19	1.25
34 cents	0.94	Break Even	1.06	1.27	1.18
36 cents	0.89	0.94	Break Even	1.06	1.11

Currently in the MID, daily concentrate feeding is mostly varying between 1.5kg to about 5kg per cow. For those of you feeding concentrates at the higher end, the key question worth considering is if you cut back by one kilogram, will milk production drop much? Conversely, for those of you feeding at the lower end, the question you might ponder is if you increase concentrates by one kilogram, would your milk production go up by a profitable amount?

Whatever your feeding level, consider what cost you are prepared to pay over break even point to receive other unseen benefits, such as

- Flow on milk effects next season due to cow condition being increased, or at least maintained and

- Potentially preventing pastures from being overgrazed particularly given pugging effects from this wetter than usual season.

But be aware, if this expensive grain is being fed and pasture is not being fully utilised, the milk response will be less than 'one to one' (as presented in the above table); grass will be wasted and this is not cost effective.

When concentrate prices are high, as they currently are, it is even more crucial to know that the product you purchase contains the nutritional value it claims to have. Getting an independent feed test done in conjunction with advice from your local trusted milk factory field officer, and/or agronomist, and/or feed grain merchant certainly won't go astray.

It is also paramount to consider how good your main feed base is. Most pastures in the MID are ryegrass dominant and at this time of year its nutritive value will be extremely high, albeit slightly too high in crude protein (>20% CP) but will begin to decrease rapidly when the grass starts to send up seed heads. If you have pastures with mixed maturities, seed heads will be an ongoing issue to deal with compared to a paddock containing a variety or varieties with similar maturity.

Additionally, the greater the proportion of fog, bent, poa annua or other poorer quality grasses, the lower the pasture quality (and milk production). This is also a very important consideration as the paspalum starts to increase coming up to Christmas and particularly the likely increased presence of pugged or bare ground given this wet season, grazing from daily pasture allocation will be affected. These feed intakes may be lower than your paddock estimations, resulting in a less than desirable residual pasture and a drop in milk.

For more information contact Maria Rose DPI Maffra on 51470800 or maria.rose@dpi.vic.gov.au

Macalister Demonstration Farm Profitability Project

The following is the yearly physical and financial performance for the MDF. The middle column is the season just finished, and the right column is a budget for next year.

YEARLY PERFORMANCE	MDF	MDF	MDF	
YEAR	2010/11	2011-12	2012-13	
Irrigated hectares Home	73	73	73	Ha
Away Hectares	0	0	0	Ha
Milkers (300 day lactations)	291	292	291	Hd
Stocking rate	4.0	4.0	4.0	hd/hectare
Litres	2,014,905	2,003,595	1,994,041	Litres
Litres/cow	6,929	6,858	6,852	litres/cow
Fat %	4.22%	4.08%	4.07%	%
Prot %	3.53%	3.55%	3.54%	%
Fat	85,034	81,720	81,205	Kg
Fat kg/cow	292	280	279	kg/cow
Protein	71,032	71,071	70,632	Kg
Prot kg/cow	244	243	243	kg/cow
MILK SOLIDS	156,066	152,791	151,836	Kg
MS/cow	537	523	522	kg/cow
MS/ha	2,138	2,093	2,080	kg/ha
Milk Receipts \$	\$847,500	\$804,662	\$715,338	\$
Milk Price (cents per litre)	\$0.42	\$0.40	\$0.36	\$
Milk Price (\$ per kg solids)	\$5.43	\$5.27	\$4.71	\$
Milk receipts/cow	\$2,915	\$2,754	\$2,458	\$
Livestock Cash Receipts	\$35,756	\$39,819	\$48,000	\$
Other Farm Receipts	\$18,953	\$21,257	\$21,257	\$
Total Cash Receipts \$	\$902,208	\$865,738	\$784,595	\$

YEAR	2010/11	2011-12	2012-13	
Purch Grain	622	447	432	t DM
Grain Price (\$/t DM)	\$318	\$273	\$333	\$/t DM
Purch Pellets	122	120	174	t DM
Pellets Price (\$/t DM)	\$536	\$535	\$533	\$/t DM
Purch Hay	38	79	40	t DM
Hay Price (\$/t DM)	\$241	\$191	\$259	\$/t DM
Purch PKE	20	188	140	t DM
PKE Price (\$/t DM)	\$230	\$281	\$311	\$/t DM
Milker agistment	0	0	0	t DM
Total purch milker feed	801	834	787	t DM
PURCH'D FEED / MILKER	2.76	2.86	2.70	t DM/cow
% DM Purchased	48%	51%	48%	%
Waste of purch feed	5%	7%	6%	%
Grain	\$197,517	\$122,156	\$144,056	\$
Pellets	\$65,304	\$64,345	\$92,944	\$
Hay	\$9,110	\$15,153	\$10,461	\$
PKE	\$4,536	\$52,723	\$43,496	\$
Dry cow agistment	\$0	\$0	\$0	\$
Purchased feed \$	\$276,468	\$254,670	\$290,957	\$
Purch'd feed price /t DM (excl agist)	\$346	\$305	\$370	\$

YEAR	2010/11	2011-12	2012-13	
Nitrogen (element)	27.4	22.1	24.0	tonne
Nitrogen (element) /hectare	376	303	329	kg /ha
Average urea price	\$586	\$714	\$690	\$/t fert
Phosphorus (element)	0.0	1.2	0.0	tonne
Phosphorus (element) /hectare	0	17	0	kg /ha
Average superphosphate price		\$361	\$407	\$/t fert
Potassium (element)	3.6	5.1	10.2	tonne
Potassium (element) /hectare	49	70	140	kg /ha
Average potash price	\$753	\$748	\$750	\$/t fert
Irrigation water	327	287	361	ML
Irrigation ML/hectare	4.5	3.9	4.9	ML/ha
Average water price	\$92	\$0	\$0	\$/ML
Pasture consumption	943	870	898	tonne DM
Pasture consumption per ha	12.9	11.9	12.3	t DM/ha
PASTURE PER COW	3.14	2.94	3.05	t DM/cow
PKS FERT	\$5,420	\$13,199	\$15,300	\$
NITROGEN	\$34,937	\$34,296	\$36,000	\$
FERT OTHER		\$1,360	\$0	\$
FUEL	\$10,012	\$8,118	\$8,118	\$
IRRIG WATER	\$29,936	\$25,250	\$25,250	\$
IRRIG POWER		\$5,980	\$5,980	\$
RENOV-CROP	\$4,832	\$1,969	\$1,969	\$
FODDER CONSERVATION	\$7,705	\$2,252	\$2,252	\$
GROWN OTHER	\$57	\$57	\$57	\$
Grown feed \$	\$92,899	\$92,481	\$94,926	\$
Grown feed spend/ha	\$1,273	\$1,267	\$1,300	\$/ha
Grown feed price	\$98	\$106	\$106	\$

YEAR	2010/11	2011-12	2012-13	
TOTAL FEED \$	\$369,367	\$347,151	\$385,883	\$
All feed cost per cow	\$1,270	\$1,188	\$1,326	\$
All feed tonne per cow	5.9	5.8	5.8	t DM/cow
Feed efficiency	91	90	91	kg MS/t DM

YEAR	2010/11	2011-12	2012-13	
SEMEN	\$10,000	\$10,000	\$10,000	\$
INSEMINATION	\$3,183	\$3,426	\$3,426	\$
MATING GENERAL	\$3,354	\$7,298	\$7,031	\$
HERD TEST	\$5,273	\$6,015	\$6,015	\$
MASTITIS	\$3,135	\$5,537	\$5,537	\$
HEALTH	\$17,858	\$21,512	\$21,802	\$
Total Herd Costs \$	\$43,142	\$54,388	\$54,111	\$
Herd Costs/cow	\$148	\$186	\$186	\$
DETERGENT & SUPPLIES	\$11,155	\$10,388	\$10,388	\$
DAIRY POWER	\$12,161	\$15,587	\$15,587	\$
RUBBERWARE	\$1,436	\$1,664	\$1,664	\$
DAIRY REPAIRS	\$6,372	\$7,593	\$7,593	\$
Total Shed Costs \$	\$32,054	\$35,231	\$35,231	\$
Shed Costs/cow	\$110	\$121	\$121	\$
CONTRACT REARING	\$53,646	\$43,450	\$57,823	\$
Calf feed	\$0	\$4,060	\$4,060	\$
Replacement FEED, VET, ID, mating	\$18,933	\$8,456	\$10,033	\$
Total Replacements \$	\$72,579	\$55,966	\$71,916	\$
Replacement cost/cow	\$250	\$192	\$247	\$
Replacement cost/replacm'nt	\$501	\$386	\$496	\$

YEAR	2010/11	2011-12	2012-13	
REPAIRS TO IMPROVEMENTS	\$9,983	\$5,026	\$5,026	\$
REPAIRS PLANT, MACH, VEHICLES	\$5,164	\$5,170	\$5,170	\$
RATES	\$3,550	\$3,759	\$3,759	\$
ADMINISTRATION	\$497	\$3,582	\$3,582	\$
CONSULTANT		\$4,000	\$4,000	\$
ACCOUNTING AND AUDIT	\$4,326	\$4,326	\$4,326	\$
WASTE REMOVAL		\$2,605	\$2,605	\$
UDV	\$1,180	\$1,423	\$1,406	\$
FARM INSURANCE	\$5,896	\$3,940	\$3,940	\$
WORKCOVER & OHS	\$0	\$4,870	\$4,870	\$
Total Overheads \$	\$30,595	\$38,700	\$38,683	\$
Overheads/cow	\$105	\$132	\$133	\$
Overheads/ha	\$419	\$530	\$530	\$
Livestock Purchases	\$3,600	\$3,300	\$9,000	\$
LAND LEASE	\$250	\$367	\$367	\$
Paid labour	\$140,907	\$139,126	\$129,066	\$
Imputed Unpaid Labour	\$0	\$0	\$0	\$
Total Labour Costs \$	\$140,907	\$139,126	\$129,066	\$
Labour Costs/cow	\$485	\$476	\$443	\$

YEAR	2010/11	2011-12	2012-13	
Farm Operating Receipts	\$902,208	\$865,738	\$784,595	\$
Farm Operating Payments	\$547,736	\$531,437	\$585,824	\$
% Operating Payments of Op Receipts	61%	61%	75%	\$
Op Surplus(no labour no lease)-Farm	\$354,472	\$334,301	\$198,771	\$
Op Surplus(no labour no lease)-Per ha	\$4,856	\$4,579	\$2,723	\$
Op Surplus(no labour no lease)-Per cow	\$1,219	\$1,144	\$683	\$
Margin over All Feed	\$477,048	\$457,511	\$329,455	\$
MOAF/ha	\$6,535	\$6,267	\$4,513	\$
MOAF/cow	\$1,641	\$1,566	\$1,132	\$
Livestock Value Change	\$7,600	-\$7,000	\$5,000	\$
Depreciation \$	\$25,000	\$25,000	\$25,000	\$
FARM REVENUE	\$909,808	\$858,738	\$789,595	\$
FARM EXPENSES	\$717,494	\$699,230	\$749,257	\$
Earnings bef Interest & Tax	\$192,315	\$159,508	\$40,338	\$
EBIT/ha	\$2,634	\$2,185	\$553	\$
EBIT/cow	\$661	\$546	\$139	\$

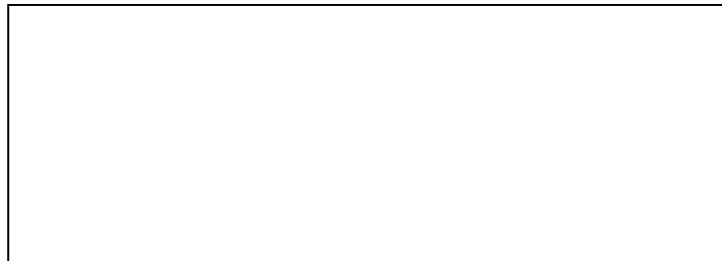
YEAR	2010/11	2011-12	2012-13	
Long Term Interest payments	\$28,380	\$28,052	\$27,761	\$
Short Term Interest payments	\$23,928	\$19,524	\$17,348	\$
Long Term Princ payments	\$0	\$0	\$0	\$
Short Term Princ payments	\$0	\$0	\$0	\$
TOTAL FINANCE payments	\$52,308	\$47,577	\$45,109	\$
Capital payments (excl princ repay)	\$32,565	\$10,501	\$0	\$
Drawings	\$0	\$0	\$0	\$
Tax	\$0	\$0	\$0	\$
Total Cash Receipts \$	\$902,208	\$865,738	\$784,595	
Total Cash Payments \$	\$777,367	\$732,308	\$769,366	
Cash Surplus/Deficit \$	\$124,841	\$133,430	\$15,229	\$
Assets	\$2,346,851	\$2,350,751	\$2,349,151	\$
Liabilities (long term)	\$500,000	\$500,000	\$500,000	\$
Liabilities (short term)	\$0	\$0	\$0	\$
Total Liabilities	\$500,000	\$500,000	\$500,000	\$
Return on Assets (%)	8.2%	6.8%	1.7%	%
Equity	\$1,846,851	\$1,850,751	\$1,849,151	\$
Equity (%)	78.7%	78.7%	78.7%	%
% income spent on finance	5.8%	5.5%	5.7%	%
Operating cost/kg MS	\$3.51	\$3.48	\$3.86	\$
TURNOVER (tonnes fed)	1,745	1,704	1,685	T DM
Milk \$ return/tonne fed	\$486	\$472	\$425	\$/T DM
Average feed price	\$212	\$204	\$229	\$/T DM
MARGIN (\$/tonne fed)	\$273	\$269	\$196	\$/T DM

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