

Macalister Demonstration Farm

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NEWSLETTER 21

Monday July 20th 2009



Extension projects at the MDF are funded by Dairy Australia and the Gardiner Foundation with support from GippsDairy.

Second Tuesday Session @ MDF – July (BUT THIS TIME ON A FRIDAY!)

FINE TUNING BEFORE THE RUSH – REDUCE YOUR MASTITIS AND CALF SCOURS WORKLOAD (AND KEEP \$\$ IN YOUR POCKET)

A double header session with Dr Mark Humphris, Maffra Vet Centre – Come to either session or come to both

Mastitis prevention and control 11.30am

Calf rearing 1pm

Friday July 24th 2009

Lunch provided - RSVP please to Neil Baker for catering on 51 411 712

This session is proudly brought to you by the Macalister and East Gippsland committee of the DEC, Department of Primary Industries, Maffra Vet Centre, the Macalister Demonstration Farm and GippsDairy.

Lower milk prices – options for this season

Discuss the following potential options for this season: selling colostrum, options for your bobby calves, selling yearlings overseas, short term finance, Nitrogen and silage, and a Farmer Panel discussion on options moving forward

ALL WELCOME & ENCOURAGED TO ATTEND

Tuesday July 28th 2009 at Macalister Demonstration Farm

11am – 1pm

BBQ lunch provided

For more information or to RSVP please contact Jason McAinch or Bree Walshe at DPI Maffra on 5147 0800

Yellow Rag Bit

WATCH THIS SPACE - THE SPRING SESSIONS ARE COMING

The Yellow Rag item has been replaced by the extended item below.

Bobby Calves – What is your plan this season?

The new season and low opening milk price means assessing all options and margins on the farm. Let's investigate the options around bobby calves:

Option 1: Maintain the current practice -sell bobby calves at 5 days
Option 2: Dispose of the calf within 12 hours as per guidelines, or
Option 3: Rear bobby calf to 80+ kilograms over 8 weeks and sell.

What are some of the knowns?

- Milk price - August milk is roughly \$0.24c/litre; September and October milk is about \$0.20c/litre.
- Colostrum milk is worth around \$2.00 a litre from milkings 1-4 but is only an option if you haven't used dry cow treatment Cepravin or Bovaclox and have a chilled vat for on-farm storage.

In this analysis there are a number of assumptions:

- Bobby calves for options 1 or 3 are fed 4 litres high quality colostrum at birth and 4 litres/day over the next 4 days for a total of 20 litres.
 - Of the 20 litres of colostrums fed in the first 5 days 12 litres is saleable colostrum and 8 litres is non-saleable colostrum.
- Labour for collection of the calf from the calving paddock is required for all options so is ignored.
- For simplicity in calculations the following are not included as all circumstance are unique to each farm and therefore must be consider for your individual circumstance.
 - Death rates are not included for options 1 & 3

- Labour costs – guidelines would be at least 30 minutes each calf for the first 5 days. For option 3 allow a minimum of 3-5 minutes per day after day 5.
- Some other imputed (non-cash) costs may include pens, feeders and collection /monitoring of non-antibiotic milk.

- The colostrum being fed after the first day to bobby calves reared to 80+ kg doesn't need to be "saleable" - we are able to feed antibiotic milk because we are not concerned about residue in these calves until 21-30 days before sale. (Please check with your antibiotic distributor).
- The calf is 30kg at 5 days and takes 7 weeks to reach 80+ kg, consuming 4 litres of milk per day for 49 days for a total of about 200 litres.
- Calves reared to 80+ kg are fed a minimum of grain and hay during rearing – let's say to a value of \$25.
- There may be insufficient non-saleable milk to meet the needs of the heifer calves and extra bobby calves so we need to consider the added costs if we need to feed 'bulk tank' milk right through for all 200 litres fed (Option 3B). (this would also increase costs in rearing heifer calves).

A breakdown of costs is presented in Table 1.

Table 1: Costing of bobby calf options

	High quality colostrum (1 st to 6 th milking)	Bull calf milk – colostrum with no residues (7 th or 8 th milking) Not saleable	Colostrum and residue milk Not saleable	Bulk tank milk Saleable @ \$0.20/litre (Sept/Oct)	Other costs	Total Costs (excl labour, etc)
Bobby calf options if colostrum can't be sold						
Option 1 – calf sold at 5 days	At birth - 4 litres First 4 days - 8 l \$0	First 4 days - 8 l \$0			NLIS tag \$1.65	\$1.65
Option 2 – calf not sold					Captive bolt & charge, or Gun & ammunition	\$0.12 - \$0.20
Option 3A – 80+kg calf with some waste milk	At birth - 4 litres \$0	First 4 days - 8 l \$0	Until 4 weeks ~100 litres \$0	5 – 8 weeks ~100 litres \$20	NLIS tag \$1.65 Fodder \$25	\$46.65
Option 3B - 80+kg calf with no waste milk	At birth - 4 litres \$0	First 4 days - 8 l \$0		0 – 8 weeks ~200 litres \$40	NLIS tag \$1.65 Fodder \$25	\$66.65
Bobby calf options if colostrum can be sold						
Option 1 – calf sold at 5 days	At birth - 4 litres First 4 days - 8 l @ \$2/l = \$24	First 4 days - 8 l \$0			NLIS tag \$1.65	\$25.65
Option 2 – calf not sold					Captive bolt & charge, or Gun & ammunition	\$0.12 to \$0.20
Option 3A – 80+kg calf with some waste milk	At birth - 4 litres @ \$2/l = \$8	First 4 days - 8 l \$0	Until 4 weeks ~100 litres \$0	5 – 8 weeks ~100 litres \$20	NLIS tag \$1.65 Fodder \$25	\$54.65
Option 3B - 80+kg calf with no waste milk	At birth - 4 litres @ \$2/l = \$8	First 4 days - 8 l \$0		0 – 8 weeks ~200 litres \$40	NLIS tag \$1.65 Fodder \$25	\$74.65

If the farm is not able to sell colostrum the breakeven costs are much lower for Options 1 and 3 as the milk fed is unsaleable milk and only an assessment of the labour capacity needs to be made to choose between Options 1 or 3.

For farms that have the ability to sell colostrum, the farm decision can be made quickly to cease feeding bobby calves for the 5 day market (Option 1) if the price received for a 30kg calf is less than \$30 and to sell colostrum instead (Option 2).

In either case, if Option 1 is chosen then, given the low milk price in September/October, a decision needs to be made between Options 1 and 3. There is a higher level of risk associated with Option 3 as you have little idea what price you will receive for the calf at 80+kg in 6 – 8 weeks time. For Option 3, the consideration is also whether you can have calves gain 50kg for the given milk and fodder inputs. If you have excess or “waste milk” you need to receive greater than the break-even figure of \$0.92/kg if colostrum cannot be sold or

\$1.10/kg if colostrum can be sold for each kilogram gained from 30kg calf to 80kg calf (which does not include any imputed costs or deaths). If waste milk is not available and bulk tank milk is used then the break-even figure lifts to \$1.33/kg if colostrum cannot be sold or \$1.50/kg if colostrum can be sold for each kilogram gained. Neither of these break-even figures includes any imputed costs, including labour or deaths.

Jason McAinch Dairy Advisor DPI Maffra

Macalister Demonstration Farm Profitability Project

This analysis focuses on the Macalister Demonstration Farm feeding only.

	2006/07	2007/08	2008/09 Almost final
Irrigated hectares	65	68	68
Milkers	350	305	290
Stocking rate	5.4	4.5	4.3
Kg MS/cow	468	529	541
Kg MS/hectare	2,522	2,371	2,308

2006-07 was the drought year. Stocking rate has fallen since. Milk Solids per hectare was the highest in 06-07, but that was least profitable year, indicating that this ratio is not a good indicator of profit.

Milk Receipts \$	\$707,083	\$1,071,597	\$715,263
Milk Price (c/ litre)	\$0.33	\$0.51	\$0.36
Milk Price (\$/kg solids)	\$4.31	\$6.65	\$4.56
Milk receipts (\$/cow)	\$2,020	\$3,513	\$2,466

What a stunning milk price in 07-08!

	2006/07	2007/08	2008/09 Almost final
Purchased Concs (tDM)	806	678	566
Purchased Hay/silage (tDM)	413	27	45
Purchased PKE (tDM)	186	124	219
Total purchased feed (tDM)	1,405	829	830
PURCH'D FEED / MILKER	3.8	2.7	2.9
% DM Purchased	72%	48%	48%
Purchased feed cost (\$)	\$477,655	\$411,718	\$337,588
Purch'd feed \$ /t DM	\$346	\$496	\$407

Purchased feed quantity was very high in 06-07. It includes feed fed to cows when dry. Total purchased feed has been the same for the last two years, although more PKE was fed in 08-09, replacing some grain. 07-08's purchased feed price was extremely high, but still very high in 07-08.

Nitrogen (element) (t)	16.00	19.5	22.4
Nitrogen (element) t/ha	246	286	330
Average urea price	\$463	\$746	\$974

Pasture consumption tonnes/hectare	7.7	13.0	14.4
Pasture consumption tonnes/cow	1.4	2.9	3.2
Grown feed cost (\$)	\$80,187	\$84,757	\$105,285
Grown feed spend (\$/ha)	\$1,234	\$1,246	\$1,548
Grown feed price (\$/t)	\$159	\$96	\$108

Nitrogen use has increased and so has the urea price. Total spend per hectare to grow grass is high, and has increased, but the grass tonnage consumed has increased, keeping some control on the grass price. Grass cow per has increased.

	2006/07	2007/08	2008/09 Almost final
TOTAL FEED COST (\$)	\$557,842	\$496,475	\$442,873
All feed cost per cow	\$1,594	\$1,628	\$1,527
All feed (tonnes/cow)	5.0	5.6	6.0

Total feed eaten per cow has increased but the amount spent on feed per cow has been remarkably constant, because average feed price (see below) has fallen, for two main reasons: 1. purchased feed price has fallen, and 2. more grass per cow.

Margin over All Feed	\$149,241	\$575,122	\$272,390
MOAF/hectare	\$2,296	\$8,458	\$4,006
MOAF/cow	\$426	\$1,886	\$939

Margin over all feed per cow and per hectare are both good indicators of feeding profitability, excluding other costs such as labour, herd, shed and overheads. The external factors that affect feeding profitability are prices of milk, purchased feed, and nitrogen. Of the internal factors, grass per cow is a major driver of feeding profitability, which in turn is driven by stocking rate and pasture consumed per hectare.

TURNOVER (tonnes fed)	1,822	1,711	1,745
Milk return \$/tonne fed	\$388	\$626	\$410
Average feed price	\$306	\$290	\$254
MARGIN (\$/tonne fed)	\$82	\$336	\$156

A dairy farm is fundamentally a “feed to milk” factory. Like any business, the turnover of feed and the margin achieved, affects the feeding profitability. There was high turnover in 06 -07 but little margin because so much purchased feed was fed.

Frank Tyndall, 0409 940 782 ftyndall@ozemail.com.au

MDF – ATTACKING THE MASTITIS PROBLEM

When Mike and Sarah O'Brien arrived as Farm Managers at the Macalister Demonstration Farm in July 2007 they inherited a herd with a history of high Bulk Milk Cell Count (BMCC) levels. They set themselves a goal to reduce BMCC to below 250,000 cells/ml and consistently achieve premium milk prices within three years. At the end of their second milk season and the beginning of their second calving, after two years of hard work and focus they are well on the way to a herd at the premium level.

Working with vet, Dr Mark Humphris, Mike and Sarah developed a plan based on the principles of the national mastitis program, Countdown Downunder. By sticking to their plan they have been able to reduce calving time mastitis in the heifers from 26% to 3% and in cows from 8% to 2%. Over the same period the number of cows in the herd with one ICC greater than 250 000 cells/ml in the season fell from 67% in 2006-07 season to 25% in 2008-09 season.

If today's milk quality figures (BMCC) are substituted into the milk production figures of 06-07, before mastitis control became such a focus, the farm would have earned an extra \$11 100 (an increase of 1.5%) in milk income. This doesn't include any of the extra milk production that results from better mastitis control and more than compensates for the estimated \$1 200 cost of teat sealing heifers.

Milking has also become progressively easier and much better for milking staff with fewer cows to exclude from the vat and no second herd to contend with. Everyone is happier!

If you would like a copy of the 'Attacking the Mastitis Problem' information sheet to see how they did it then contact Neil Baker on 51 411 712 or email neilbaker@aapt.net.au.

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