

Macalister Demonstration Farm

PO Box 87, MAFFRA, VIC 3860

Ph. (03) 5145 1650 Fax (03) 5145 1650

Email: mdf@wideband.net.au Web: <http://mdf.mistro.ag/>

NEWSLETTER 35

Monday May 24th 2010



Extension projects at the MDF are funded by Dairy Australia, Sustainability Victoria and Department of Agriculture, Fisheries and Forestry, with support from GippsDairy.



PeopleGPS Find your way

PeopleGPS is a four-day course for dairy farmers, developed by Dairy Australia's The People in Dairy program and the National Centre for Dairy Education Australia.

PeopleGPS is for anyone who manages people working on dairy farms: farmers who employ one, two or many staff; family run dairy businesses; managers employed on dairy farms; and share farmers.

Learn how to use the People in Dairy online resources. Find and retain a high performance team of people. Get position descriptions, the latest 2010 award, contracts, safety, tax, and super right. It is beneficial if two people (the decision makers) from each farm attend.

Venue: Macalister Demonstration Farm meeting room, four Thursdays, June 24 and July 1,8,15. Lunch provided.

Contact: Frank Tyndall 0409 940 782.

The MDF Newsletter is Taking a Short Break!

After a long season we've decided to dry off the editor so that he can come back fresh for a new season on July 5th 2010. With no MDF Newsletter to read it might be a chance to read all of that stuff you've got piled up on the kitchen table!

Yellow Rag Bit

Jason McAinch, Dairy Advisor DPI Maffra

Are you thinking about the SRW Water Auction on June 4th?

Here are some questions you should be asking yourself if you are planning to purchase water at the Water Auction on June 4th.

What is the price of water security?

What is the impact of climate change on water security?

Is the security of water critical to your business?

How many years in the next 15 will you REQUIRE extra water? (In tight water years, drying off areas and purchasing allocation may still be needed).

What are the interest costs and the ongoing impact on cash flow if I make a purchase?

Is a purchase at the water auction going to have a greater impact on the cash flow of the business compared to the short term purchase on an as needs basis?

What is the capital gain of water (and the tax implications of such an investment)?

Is the capital gain going to continue to be better than long term bank interest (~5%).

Are water shares going to continue to appreciate? How fast?

How much feed can I consume from the purchase (based on 1 ML of water supplying 0.7 – 1t DM)?

What has unbundling done to the assets being sold?

What are the implications of purchasing water shares without delivery share?

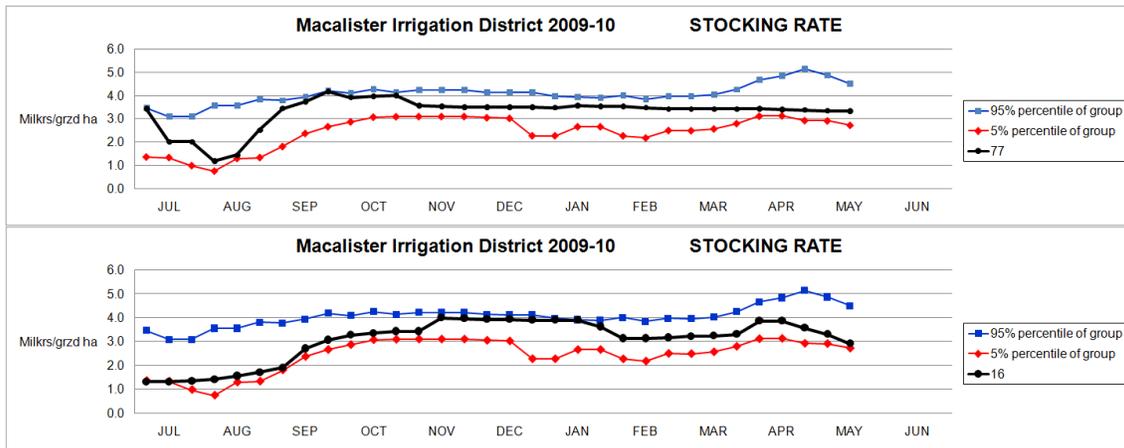
How much water am I going to receive from one Low Reliability Water Share? (20% or 30% as a long term average???)

If you plan on bidding at the auction go prepared with a set price in mind that you are willing to pay and can afford.

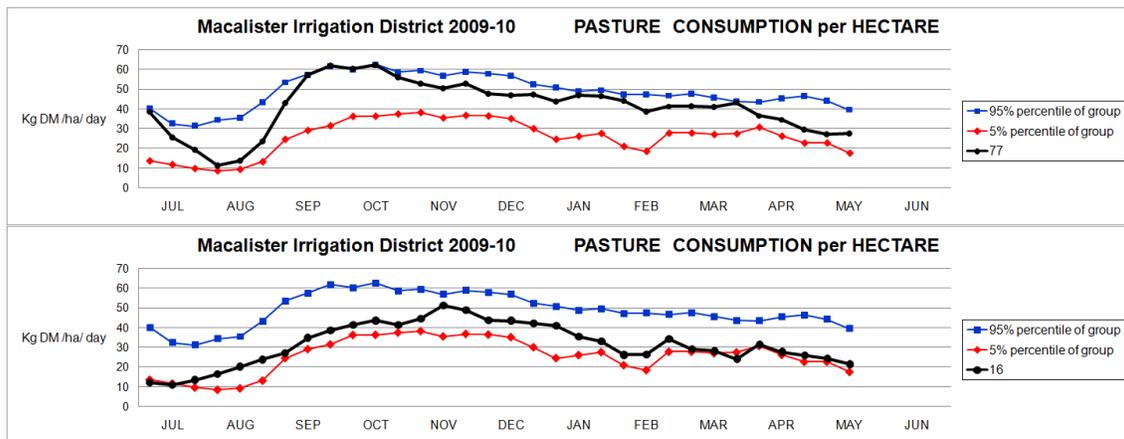
MID Ten Day Tracker Project

The ten day Tracker is a project conducted by the Macalister Demonstration Farm, funded by GippsDairy, to analyse and report frequently on the feeding productivity and profitability for twenty dairy farmers in the Macalister Irrigation District. A range of feeding levels is represented in the group.

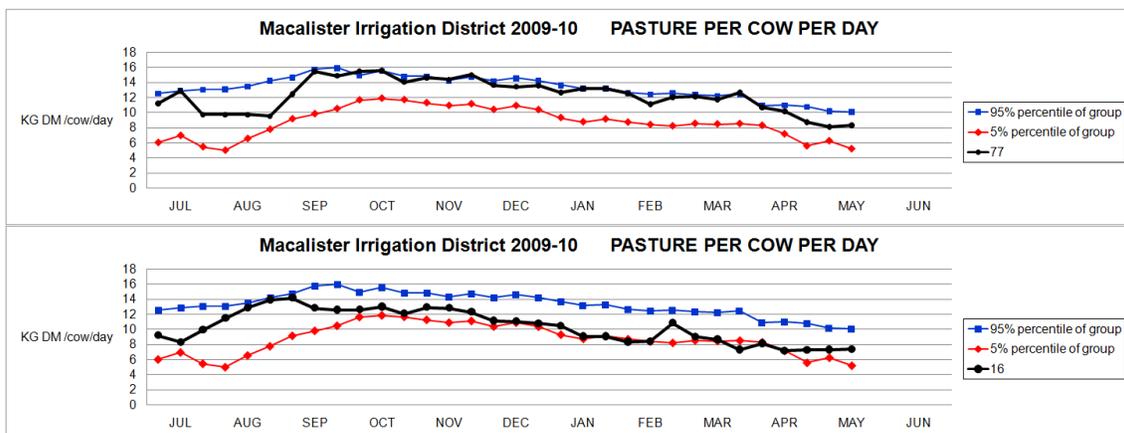
The following graphs show the results up to May 20th, showing the upper and lower 5% range for the group of twenty, and two individual farms, Farm 77 and Farm 16, shown in black.



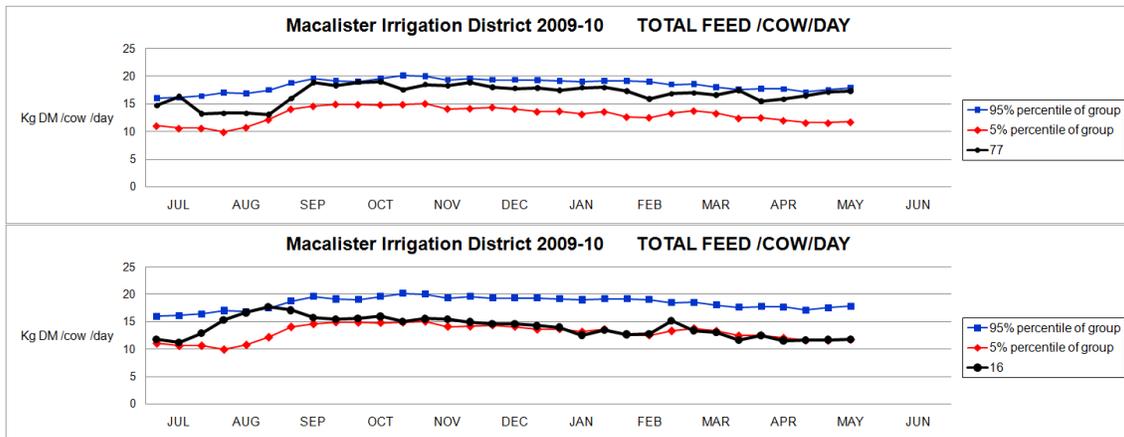
The blue line, with the squares, is the highest 5% **stocking rate** of the group of twenty. The red line, with the diamonds, is the lowest 5%. The black lines, with the dots are the two farms - Farm 77 is in the top graph and Farm 16 is in the bottom graph.



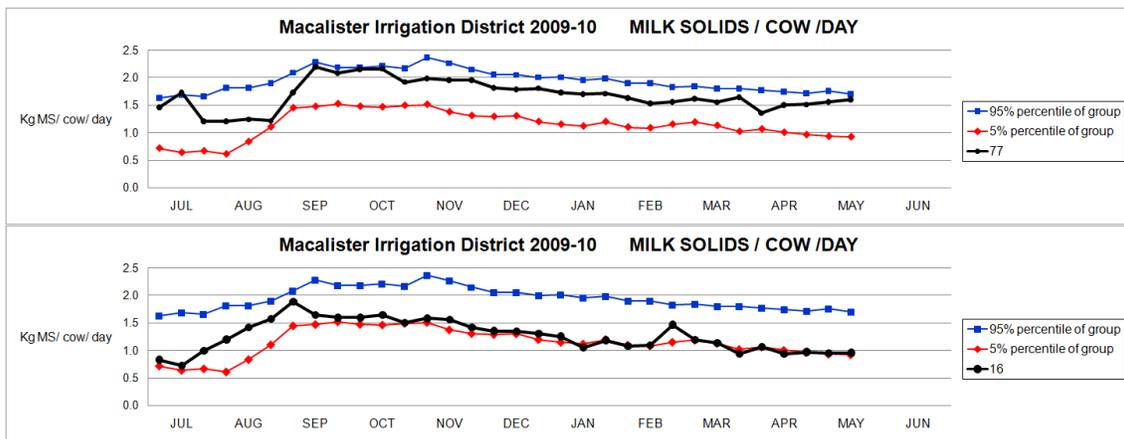
Farm 77 generally has higher **pasture consumption** than Farm 16. This could be due to many reasons, but Farm 77 is spending more than Farm 16 on irrigation, water and fertiliser.



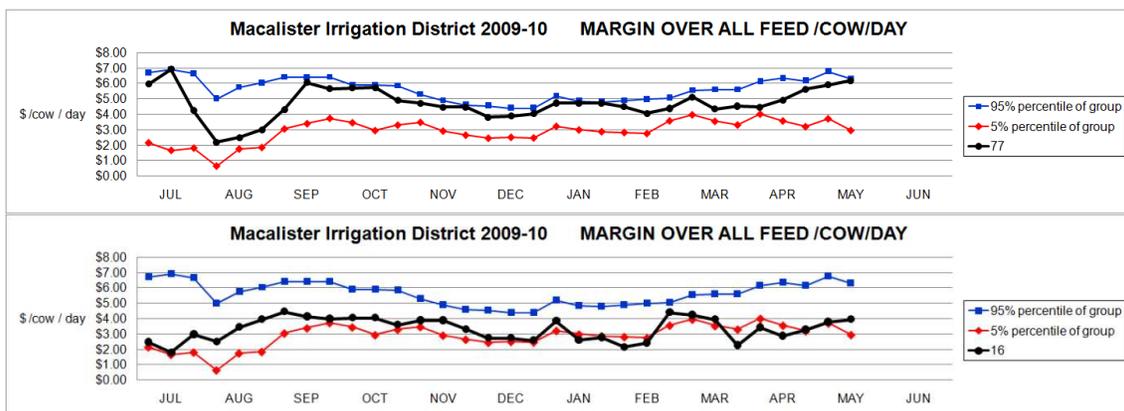
Despite having a similar stocking rate, Farm 77 is delivering quite a bit more **pasture per cow per day**, very near the top level of the twenty farmers in the group.



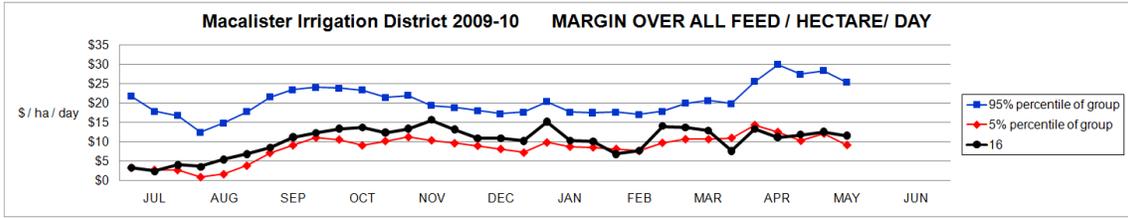
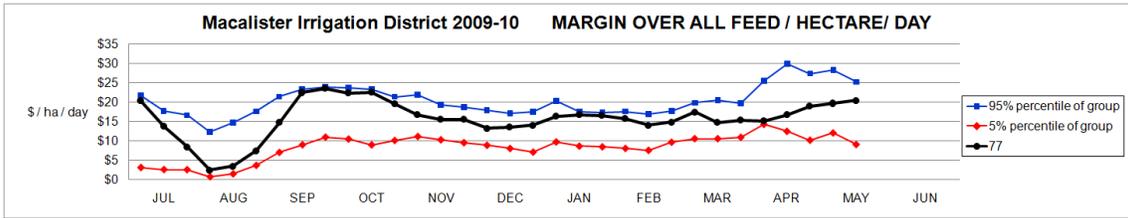
Farm 77 also feeds more supplements per cow than farm 16, keeping **total feed intake** well above 15 kg per day. The cows on Farm 16 mostly have a total intake under 15 kg per day.



The cows on Farm 77 are currently producing 1.6 kg of **milk solids per day**, while the cows on Farm 16's are producing 1.0 kg MS per day.



Margin over all feed (MOAF) is the milk income less the cost of supplements and grass growing (irrigation water, fertiliser, renovation and topping). MOAF is certainly not the full profit story of a farm, but it is a large part of it. The margins shown cannot be accurate comparisons, however they are probably indicative of what is happening. Farm 77 is spending more on buying and growing feed than Farm 16, but its current margin is \$6.00 per cow, \$2.00 higher than the margin for Farm 16 of \$4.00 per cow. That two dollar difference, extended over, say, 200 cows and 300 days, is \$120,000.



Another way to look at it is as **MOAF per hectare** – a difference of ten dollars per day, extended out to a 50 ha farm is \$150,000 per year.

POSTAGE
PAID
AUSTRALIA

SENDER:



Macalister Demonstration Farm
PO Box 87 **MAFFRA** VIC 3860