

Macalister Demonstration Farm

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NEWSLETTER 7

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

The tables below show the Macalister Demonstration Farm's financial details for 2007-08. It also shows some meaningful performance indicators, where the amount spent is connected to the item it is spent on. For example the money spent to grow grass is shown "per hectare"; the money spent to rear replacements is shown "per replacement". Connected indicators are more likely to help with decision making.

Hectares	68	ha	This table shows some of the physical aspects and performance of the farm for 2007-08, and the estimated value of the whole farm (land, improvements, machinery, and livestock). The land has performed reasonably well (13 t), but with a high stocking rate, of all the feed consumed, only a little over half was pasture.
Cows	305	hd	
Young stock (1&2 yr olds)	155	hd	
Pasture consumed/ ha	13.0	t DM/ha	
Purchased feed/ cow	2.7	t DM/cow	
Pasture /cow	2.9	t DM/cow	
MS /cow	529	Kg MS/cow	
Litres/cow	6,942	Litres /cow	
Asset value	\$2,100,000	\$	

Milk Receipts after levies	\$1,071,597	\$3,513 /cow	The milk receipts are matched with the production year. For example, the recently received August 08 back pay is in these 07-08 figures, and the corresponding back pay received in August 2007, is not.
Livestock Trading	\$33,451		
Rebates	\$2,086		
REVENUE	\$1,107,134	\$3,630 /cow \$16,281 /ha	

Grown feed			Feed grown on the farm, either grazed or conserved, is a major source of feed. Spending \$1,246 per hectare is quite high but if the resulting amount of pasture consumed is high, it makes for cheap feed (\$96 per tonne), far cheaper than purchased feed.
Fertiliser	\$47,154		
Fuel and oil	\$8,304		
Irrigation	\$24,385		
Fodder cropping	\$0		
Weed control	\$3,297		
Fodder conservation	\$1,617		
Renovation	\$0	\$84,757 \$1,246 /ha \$96 /t DM	

Purchased feed			The important indicators relating to purchased feed are the price, and the amount used compared to grown feed (see top table).
Concentrates and fodder	\$400,565		
Milker Agistment	\$11,153	\$411,718 \$1,350 /cow \$483 /t DM	

						Rearing replacements is a separate enterprise from milking cows. It needs to have a different line in a cashbook and not be lumped in with herd costs. Each replacement needs a two year investment, so the amount spent at the MDF (\$355/hd/yr) means it costs \$710 to grow a calf into the herd.
Rear replacements	\$52,001	\$52,001	\$335	/head		
						Dairy shed costs are associated with cows, and nothing to do with the farm area, so the best performance indicator is “shed expenses per cow”. A typical number for this might be \$70 per cow. The MDF’s \$103 is high because a lot was spent on dairy repairs.
Dairy Shed						
Detergents & supplies	\$7,657					
Electricity	\$6,533					
Rubberware	\$2,319					
Dairy repairs	\$14,890	\$31,399	\$103	/cow		
						Breeding good calves, getting cows in calf, knowing individual cow production, keeping them healthy, are all cow costs. Typical herd costs are \$100 per cow; some do it for \$60, so our \$125 is relatively high. Maybe it’s worth it to get nearly 7,000 litres per cow?
Herd						
Semen	\$10,953					
Mating	\$6,165					
Herd Test	\$4,153					
Masitits	\$1,769					
Vet & drugs	\$15,104	\$38,144	\$125	/cow		
						Because the MDF has a high stocking rate, (i.e. high cow numbers, with low hectares) the per cow figure for overheads is relatively low, but the per ha figure is relatively high.
Overheads (not labour)						
Repairs to improvements	\$14,451					
Repairs to plant and machinery	\$1,307					
Rates	\$3,771					
Administration	\$1,859					
UDV	\$888					
Insurance	\$1,605					
Bank fees	\$4,066					
Accounting	\$1,760	\$29,707	\$97	/cow	\$437	/ha
						“Operating surplus” is often quoted, with various definitions. This one is milk income less costs, except for labour, interest, depreciation, livestock trading, capital expenses or revenues, or tax.
Operating Surplus	\$423,871		\$1,390	/cow	\$6,233	/ha
Labour & Management	\$162,194	\$162,194	\$532	/cow	\$2,385	/ha
Depreciation	\$40,000	\$40,000				
						“Labour” is associated with both “cows” and “hectares” but probably cows generate more work so the “labour costs per cow” indicator is the more useful to compare.

Usually EBIT is compared to the total asset, delivering the indicator “Return on Asset”. However, asset valuation is problematic and assets (land particularly) have another return (capital gain) that is ignored here in this analysis. So EBIT /ha or EBIT/cow are probably more useful comparative indicators.

The MDF spent \$120,000 of the \$257,000 profit on capital items, quite a bit in interest and doesn't pay income tax.

EXPENSES	\$849,919		\$2,787 /cow	\$12,499 /ha
EBIT	\$257,215		\$843 /cow	\$3,783 /ha
		Return on Asset	12.2%	

A major contributor to the profit improvement over 2006-07 has been the increase in milk price. However, another major external driver of profit, purchased feed price, has worked against a profit increase. The following table shows that, after the changes in milk and purchased feed prices are allowed for, there has been a \$235,999 profit improvement from 2006-07 to 2007-08.

2006-07 to 07-08 profit improvement	\$485,753	
Milk price increase	\$2.33	\$/kg MS
Increased profit due to milk price increase	\$376,203	
Purchased feed price increase	\$152	\$/tonne DM
Decreased profit due to purchased feed price increase	\$126,449	
Profit improvement after milk and purchased feed price incr allowed	\$235,999	

Yellow Rag Bit

Jason McAinch - Dairy Advisor, DPI, Maffra

It is important in the early spring after cows have calved, to fully feed them an energy dense diet that is also balanced. This small article will focus on fully feeding.

After calving, cows are programmed to lose weight (nothing we can do about it), our job is to minimise this. Fully feeding cows minimises this weight loss, meaning

- a better chance for getting cows in calf,
- less competition for the new heifers and
- an increase in efficiency (as putting weight on and off is a less efficient use of energy, therefore by minimising weight changes, greater efficiency is achieved).

How do you know if you are fully feeding cows? The answer is: it is a 'real skill'. Computer programs cannot do it. It is a farmer's skill to understand what makes up milking quality feed in the paddock. Fully fed cows will leave a small amount of milking quality feed behind after grazing the paddock. Too much left behind, equals wasted feed. Too little or no milking feed after grazing equals under feeding and a drop in cow efficiency.

Coming up at MDF:

- “Spring sessions”: 6 Wednesdays, start Sep 24th: Nitrogen, Mating, Silage, Calves, Grazing/feeding, Irrigation; you name it, it's on, with BBQ.
- NCDEA **Grazing Management** program starts Thursday 4th Sep.
- MDF **AGM and Field Day** Thursday 16th October.

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