

MOUNTAIN MILK LINE

February 2010



North East Regional Network

In your February Mountain Milk Line

Should I plant more perennial ryegrass this year?	2 - 4
Things to think about before you spend this season	4 - 5
Murray Dairy News - Cluster Farm Project	6
DairySage Mentoring in the North East	7
Monthly reminders for February	7
Milawa Nutrition Workshop summary	8

Advertise your business in the Mountain Milkline

Advertising space has recently become available in the Mountain Milkline. The Milkline has coverage to every dairy farmer in the NE and a broad range of industry representatives and the service sector.

Using high quality printing, your advertisement will feature prominently on a monthly or bimonthly basis. Rates are very competitively priced for the level of exposure.

For more information or to register your interest please call Nathan Shannon on 0417 141 023.

Dairy Extension Officer – DPI Wodonga

Nathan Shannon (02) 6043 7961
0417 141 023

Irrigation Management project – DPI Rutherglen

Dennis Watson (02) 6030 4567

This publication may be of assistance to you but the State of Victoria and its officers do not guarantee that the publication is without flaw of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise from you relying on any information in this publication.

Coming Events



Calf rearing and heifer management workshop

Two 'Calf rearing and heifer management' workshops are currently being planned for the North East region.

These will be held in early March in the Milawa and Corryong areas.

Presentation will cover:

- Calf feeding – what the research has shown
- Birth to weaning - milk, concentrate and fodder requirements
- Weaning – what is the best way
- Target weights, why they are so important
- cost comparisons between feeding whole milk (vat) and milk replacement powder
- The costs involved with using an automatic calf feeding machine.

Date will be advised soon. For more information or to register your place, please call Melissa Dorsett, YDDP coordinator, on (03) 5833 5928

Murray Goulburn Trading presents
AR37 Endophyte Field Day
March 11, 2011

Scott McKillop's farm, Dederang
10:30 – 12pm with BBQ lunch to follow

Guest speaker Alistair Morehead, Research agronomist from PGG seeds, New Zealand, will explain the role of the AR37 Endophyte and how it can improve ryegrass production on your farm.

Contact Brad Kirk on 0408 020 559.

Should I plant more perennial ryegrass this year?

The recent run of dry years, variable autumn and spring rainfall, and low water allocations have meant that many dairy farmers have altered their forage systems away from a traditional perennial pasture base system and moved to annual pastures and crops to make the most of these 'short seasons' and variable rainfall.

This season farmers have finally experienced a wet spring and early summer resulting in irrigation allocations reaching 100 per cent on all North East systems. Many farmers will have good soil moisture reserves and those with access to irrigation will most likely have more irrigation water available than they can now use in autumn. With this in mind, many farmers are beginning to ask questions about their autumn sowing plans.

The main questions recently have been:

- 1- do I sow perennial ryegrass/clover pastures this year,
 - a. if I am an irrigator on a regulated system?, and
 - b. on my dryland milking area? and
- 2- how early can I start sowing?

The advantages and disadvantages of perennial ryegrass

Start by looking at a few of the main advantages and disadvantages of perennial pasture. The advantages include:

- perennial pasture only needs to be sown/over sown every three to four years if managed well. This reduces sowing costs, and the risks associated with annual sowing;
- it provides a large amount of relatively cheap, directly grazeable feed reducing conservation and feed out costs when compared to crops that need to be harvested and stored (e.g. maize);
- it provides a well balanced, high quality (energy, protein, fibre), safe feed source through most of the year with yields that can match annual/winter crops;
- it can tolerate some miss-management and tough conditions like a wet winter and the occasional poor grazing;
- perennials are often described as the backbone of a simpler system when compared to double cropping or feeding that relies on higher levels of processing (conserving, mixing); and
- If there is good spring and summer rainfall or irrigation water price is in the right range (those on regulated systems), and perennials are well managed they provide a bulk of cheap feed on an annual \$/tonne dry matter (DM) basis (or cents/mega joule).

Some of the disadvantages include:

- requires a relatively large water commitment (4-10 megalitre (ML)/ha/year) and requires a high proportion of this irrigation over summer to achieve yields;
- irrigation infrastructure efficiency. Some irrigation devices require large energy inputs and hence have large operating costs;
- a hot dry summer without irrigation can kill the majority of plants leaving a sparse, unproductive pasture highly susceptible to weed invasion, i.e. may not persist;
- sowing costs are higher at a time of year when cash flows can be tight;
- growth is slightly slower during the first autumn/winter production period compared to annual varieties (note: this slower growth is usually compensated for in the spring/early summer growth period);
- it may have less winter/early spring production compared to annuals (less demand to conserve silage/hay – may be an advantage?); and
- Water Use Efficiency (measured as tonnes DM per ML applied) declines over summer compared to some other crop options (like millet, maize etc).

Comparing the growth habit of perennial ryegrass to annual and Italian ryegrass

Perennial ryegrass is generally assumed to have slower growth in the first autumn and winter compared to annuals and Italian ryegrasses. However many of the newer varieties of perennial ryegrass appear to perform nearly as well as the Italian ryegrasses through this period. Annuals and Italians will often produce more dry matter through the early to mid spring period, which often results in the need to conserve more of the surplus earlier in the spring when the risk of difficult conservation conditions may be higher. From late spring to mid autumn the perennials will out-compete the annuals and Italian ryegrasses in yield and quality as long as adequate moisture is available or provided (irrigation). Over the whole year a well managed perennial will generate higher yields than annuals and Italians. The individual farmer needs to determine if the additional costs associated with managing the perennial pasture over the summer period are such that this is still a relatively cheap feed source compared to other feeds available. In this decision, you also need to think about savings associated with reduced reestablishment costs the following year.

If it eventuates there is a hot, dry summer and you don't have access to irrigation water over the summer (or at least at a price that makes it competitive to alternative feeds) and you need to dry off the perennial pasture, then the extra cost of the seed and slower start has normally been recouped by late spring anyway.

Will perennial ryegrass easily fit back into your system?

Over the tough drought years many farmers have responded well and changed their business to match the conditions. This often included:

- a shift in calving pattern to make the most of the drier winters, and to match cow requirements with feed availability (more autumn calving); and
- changes to equipment and infrastructure to support a new way of feeding.

These changes are farm specific and need to be considered as they will impact on your crop choices. If you have shifted to an early autumn calving herd then you will have higher feed requirements in the pre-winter period and are likely to have the bulk of the herd dry in the late summer period. In this case you may choose more Italian ryegrass (providing more winter feed) and less perennial requiring summer irrigation. You might have also invested in capital infrastructure (such as a feed pad) and feeding equipment that allows you to source and mix a range of alternative feeds that you feel are a cheaper option than irrigated perennial pasture.

Understanding what might happen with water availability – can I manage the risk?

This is the first year for almost a decade that irrigated dairy farms have a reasonable level of security around water availability for at least two years. This is due to a number of factors such as:

- the wet spring and summer so far means that little water (dam or allocation) has been used, as a result most farms currently have significant water available for use in the autumn and will potentially carry over water into next season;
- the allocation at 100 per cent of High Reliability Water Share on the main Victorian systems during the spring means that the continued good inflows are contributing towards next season's allocation already; and
- some water policy changes (e.g. carry-over) allow farmers to manage their water for more certainty in the short to medium term.

How much area should I sow down to perennial ryegrass?

The maximum area of perennial pasture that could be sown will be limited by a number of factors. Most irrigators in the North East will only have 4 - 5ML/ha available to use each year. Typically a range of 8 - 12ML per hectare should be used in your water budgets for perennial pasture. There will also be areas of the farm that may be more suitable to other crop choices due to factors such as suitability of soil type, and irrigation and drainage infrastructure. For example, poorly developed areas (no drainage system) may be better suited to an annual/Italian winter crop requiring little irrigation. There may also be areas that are too far from the dairy to walk cows to over the hot summer.

While in theory there isn't really a minimum amount of perennial ryegrass that could be grown, in practice there often is. The area generally has to be large enough to:

- make it worth irrigating (labour as well as water used to fill channels etc); and
- implement a grazing rotation that will match the stocking rate. It can be difficult to control grazing if there are too many cows on a very small area over summer and winter.

When do I establish perennial ryegrass?

With high allocations and a lower irrigation requirement so far this season, many farmers have on hand (or can purchase) enough water to benefit from an early start. So how early can you start? Ryegrass germination and establishment is reduced when soil temperatures (at the depth the seed is sown at) exceed 25°C. Generally this can still occur up to the middle of March in North East Victoria so it is often safer to wait until then. However many farmers have experienced success by catching those early windows of opportunity as the conditions fluctuate. You may therefore decide to take a risk with some areas of the farm and sow early. From mid-March (when the risk of 'hot spells' has passed), the sooner the ryegrass is started the more production you will achieve through autumn and winter. As we have seen in the drought years when water is scarce, starting up after mid April will result in lower yields and can also lead to increased weed invasion.

Conclusion

There is not one right answer for everybody but you can follow the logic above to narrow down the options for your farm. The only way that you will know what the best option was, will be when you have the benefit of hindsight. Some farmers will jump at the opportunity to return to growing more perennial pasture to simplify their system, and others will be happy with a mix. No matter what option you choose this autumn the most important aspect is to make sure that you manage it well. The Feeding Pastures for Profit program (FPFP) is being offered again this year, and it will be a great opportunity to re-visit the essential skills required to get grazing and feeding right for your farm. Some farmers may wish to learn and share new ideas with a group of peers in a friendly, on-farm environment, and others may wish to re-visit the program to kick-start their recovery from drought or floods. Whatever the reason please take the time to find out what FPFP can do for your business by contacting: Nathan Shannon (02) 6043 7961.

Things to think about before you spend this season

Article from the 'How Now Gippy Cow'

This year will be a tricky one for those who may have made a profit last year or will be likely to have a large tax bill this year. Whilst it is a great idea to take stock of your business to see how it is traveling financially it is also a good idea to look a little further ahead. Now is a good time to speak with your accountant about what options are available to manage your tax as well as your cash flow in the coming months. Three key questions to ask yourself before making any large purchases in the near future are:

- How will I be able to pay my tax bill next year?
- Is my decision to spend money tax effective or will it cause cash flow issues later on?
- What are the appropriate investment options both on and off farm?

When the tax bill is due

Most businesses submit their tax return for their business between February and May the year following the end of a financial year. The payment of the tax liability (bill) to the Australian Taxation Office is generally required between March and June following lodgement. However once the return has been lodged and the remaining tax is to be paid on the prior year, tax installments for the current year will be adjusted to reflect the prior years income. This can have the effect of having potentially two years worth of tax payable within a 3 month time frame. Timing is of the essence when the tax return is lodged to determine when a PAYG installment is adjusted and due.

Tax effective or cash flow effective?

How will you cover your tax payment if it is due in March – June after you've spent money on legitimate items to reduce taxable income and following a period of the lowest milk payments for some businesses? This is important to consider before spending at the end of the financial year.

Appropriate tax options:

There are a number of options available to farmers to minimise the impact of fluctuating incomes and minimising the impact of tax on their business, especially in times of adverse seasonal conditions. It depends at what level of development the farm is at and also what stage of your personal lifecycle you are in. Your accountant should be able to advise you about the following options:

Farm Management Deposits (FMDs)

These were formerly known as Income Equalisation Deposits (IED's). It is a cash transaction to obtain a tax reduction. For instance a farm with a profit in one year may choose to put money into a FMD. At this point the money is not recognised as taxable income, but is a tax deduction in that year of depositing the funds to the FMD. When the money is moved from an FMD back into the business it is taxed then. The only reason you might pull the money back is if you were going to make a loss or are in a low income year which means the potential is that income will actually be taxed at a lower rate. The down side of FMDs is that they must remain as an FMD for a period of at least 12 months. There are also limitations to the amount of money you can invest in this manner in any given year. Another important down side of an FMD is that if your income is reduced below your five year average, you may actually create a situation of paying higher tax under the averaging system which applies to farm operators.

PAYG

With the advent of the BAS (and GST introduction) most farmers are keeping reasonable records. By now we should all be aware of the PAYG Installment system which applies to primary producers. You pay PAYG in two installments, normally 75 per cent in March when a good portion of the income has been received for the financial year and 25 per cent in July. This is based on the prior year's income and is reassessed once your most recent year's tax has been lodged. The catch can be that you if lodge your return sometime around March 10, the installment will be assessed on two years previous figures and then the June installment will be adjusted to reflect any increase that should have taken place in the March installment. The impact of this also needs to be considered in a cash flow sense for your business.

Capital Items

Care should be taken when considering purchasing capital items. There is a common myth in the industry that says that we need to keep spending on new equipment to keep the tax down. Whilst this can be true, it can also heavily affect cash flow and tie up funds. Capital items may not have the tax break that you are looking for but this depends on various circumstances including the tax system and the way your accountant has prepared the figures. In some cases, to spend \$100,000 on a new tractor may only create a \$500 tax saving in one year if it has been purchased after May in a tax year. It may benefit future (profitable) years, but may not in the year you need the deduction. Always consider the capital items purchased carefully and consult with your accountant to discuss what impact the purchase of capital equipment will have. Timing can be the key.

These are just a few of the options available to your business to manage your tax however there are many more such as off farm investments. The important thing is that you are aware of the potential issues that come with making a profit and work with your accountant or trusted business advisor to ensure you manage this wisely.

Murray Dairy News



Cluster Farm Project

Over the past 10 years, successive difficult seasons across the Murray Dairy region has resulted in a decline in milk production and a decline in the number of active dairy farms in the region. However, much of the land, the water and the human resources that were once used by the dairy industry in the Murray Dairy region could again come back on line to profitably increase milk production across the region.

The Gardiner Foundation has provided Murray Dairy with funding to investigate the formation of Cluster Farms in the dairy industry in the Murray Dairy region. A Cluster Farm is any vehicle that brings together the land, water, livestock, machinery and human resources from more than one farm which increases the resources available for milk production in the Murray Dairy region.

At its simplest a Cluster Farm may be one neighbour who is committed to continuing in the dairy industry leasing the farm next door that is currently being under-utilised. At its most complex, a Cluster Farm may bring together the various resources (land, water, livestock, machinery and human resources) from a number of properties under one management umbrella.

Cameron Smith of Farmanco Pty Ltd has been appointed to manage the project which aims at coming up with innovative ways in which to bring unused or idle resources back into production.

“We know that there are resources such as land and associated infrastructure that are sitting dormant or that are currently being under-utilised,” Mr Smith said. “Innovative processes are needed to bring a cluster together, it’s about getting information out into the broader community that there are opportunities for owners of existing operating farms to join forces with owners who have dormant or under-utilized land,” he said. “While in the recent past farmers on this under-utilised land may have got through by trading water, selling hay or taking on some agistment, operating farms in this manner is providing poorer returns compared to what is possible if the land was back in dairy.”

The Cluster Farms project is identifying benefits to all individuals involved; for the owner of dormant land this might include continued land ownership and potential future capital gains. If willing owners are able to hold on to their land, water and other infrastructure then this has flow on effects to the local community and the businesses that are supplying services to these farms. The project is a perfect way to bring enthusiastic farmers together with farming capital. This in turn stimulates activity on the land and in turn benefits everybody in the community.

Additional benefits associated with being involved in a successful Cluster Farm may be that land owners pick up work in the new structure; for example, after leasing their land to a neighbour an owner may contribute labor to the new business. This could range from the provision of management expertise at one end of the scale through to providing some relief milking services to the new Cluster Farm.

Another benefit associated with being involved in a successful Cluster Farm may mean that a property that has been out of operation for a number of season’s and is somewhat run down may turn into a more saleable entity after being actively farmed for a number of season which may suit someone who is thinking of selling in the medium term.

The project is developing resources that:

- provide indicative returns from dairy farming and other agricultural pursuits;
- provide a process for bringing parties interested in participating in a Cluster Farm together;
- can be used as a base when putting an agreement together such as generic documents including business proposals, confidentiality agreements and lease agreements; and
- case studies of successful Cluster Farm operations.



Applications now open for DairySage Mentoring

DairySage Mentoring is coming to North East Victoria and people from all sectors of the industry, along with potential mentors, are being encouraged to apply.

Funded by the Gardiner Foundation and developed by WestVic Dairy and People in Dairy program, DairySage assists people from across the dairy industry to establish and formalise meaningful and rewarding mentoring partnerships. The program is open to anyone involved in the Australian dairy industry including farmers, manufacturers, service providers, the young and young at heart.

DairySage will come to the North East for the very first time on April 5 – 6 and kicks off with a training/introduction workshop. DairySage Mentoring involves:

- a free two day introduction/training workshop which includes the training, all meals and accommodation;
- speed networking and a dairy industry dinner designed to enable participants to meet potential mentors;
- opportunity to work on personal goals with the support of a mentor;
- training for the mentors;
- opportunities to establish a supportive network with like-minded dairy industry people; and
- access to reputable and highly regarded trainers.

Visit www.westvicdairy.com.au for more information and a copy of the application forms or alternatively contact Karen Baum 0417 398 978. Places are limited and applications close Tuesday, March 22.

Monthly Reminders – February

Pastures

- Good summer rains have provided the perfect growing conditions for summer weeds this season. While some may view this as good dry cow feed, consideration needs to be made about how and when these paddocks will need to be re-sown and how much trash sowing equipment can get through. For many people the best decision will be to control (kill) these weeds now before they become too large or mature and have extracted valuable moisture and nutrients from the soil. A freshly sown paddock in autumn will provide much more valuable feed for your business than a bulk of low quality weeds.
- Many Italian ryegrasses are showing signs that they will persist for another season. Beware; many farmers that have not 'topped up' these paddocks in the past have been disappointed with the growth in the second year, particularly the second spring. Talk to an agronomist to see what will be the best option for you.
- Ensure irrigation infrastructure is ready to go in case it is required to guarantee an early autumn break on your farm.

Fertilisers

- Summer rains and floods have leached nutrients from the soil. This, combined with minimal nutrient applications in previous years, has left many soils in the region needing fertiliser applications in order to provide young plants the nutrients they require to perform well this autumn.
- If you have already applied dairy effluent to your paddocks, then soil test these paddocks so you can tailor the fertiliser application to these areas.
- Soil fertility is very farm specific; it is well worth engaging the services of an agronomist to help make the right decisions for your land.

Cows

- Cows should be dried off in condition score 5-5.5 and maintain this condition until they calve. If your cows are fatter or thinner than this try to correct this before drying off.
- Manage heat stress for your dairy herd, select a shady paddock on hot days, install sprinklers over the yard and maintain a plentiful supply of clean stock drinking water.

Milawa Dairy Cow Nutrition workshop review.

Nathan Shannon, Dairy Extension Officer, DPI Wodonga

Murray Dairy and North East Regional Network held a Dairy Cow Nutrition workshop at the Milawa hotel on February 1 with presenter Mark Burgemeister from Thinking Cows, Shepparton. The event was generated from a proposal put forward from the North East Network Group to Murray Dairy and is another example of flexibility and ability to respond in a timely manner to regional issues and information demands.

Over 40 farmers and service providers attended the workshop generating constructive discussion throughout the day. The presentations were in two parts, a morning session on the transition period and a general afternoon session on the rumen, its function, and the importance to keep it stable.

The following is a summary of the transition period presentation and the nutritional requirements of cows during this highly stressful period.

- The 'transition period' is only four to six weeks in the lactation cycle; however it has a dramatic effect on the cows' performance over the whole lactation.
- It is critical to dry cows off in condition score 5 – 5.5 (on the 1 - 8 scale) and maintain this through to calving. Adding or removing condition during the dry period (particularly late dry period) can create severe metabolic disorders at calving.
- A dry period of six to eight weeks is required to allow mammary glands and the liver to 'shut down' and cleanse then regenerate itself properly.
- In the early dry period to maintain condition a cow needs 9 – 10 kg DM per day of reasonable quality (9+ME) fodder or pasture. Crude Protein needs to be at least 12 per cent. It is also important to keep calcium and potassium intakes low. Trace elements such as selenium, cobalt, copper, manganese, zinc, and vitamins A, D, and E may be useful.
- The transition period (two weeks prior – first few weeks of lactation) has a major impact on the entire lactation. It is the most dramatic time for the cow, with high glucose requirements and rapid increase in calcium demands combined with hormonal changes.
- There are many different systems for pre calving 'springer' feeding, and if you have one that is working on your farm and you are happy, stay with it.
- Two main types of pre calving feeding regimes -
 - Total mixed ration (TMR) systems i.e. lots of silage for high production – for these the anionic salts generally work well
 - The 'grass based' systems (most of north east farmers) with smaller cows, moderate production, mostly grass and hay diets, seem to respond better to magnesium additives pre calving.
- Aim to reduce abruptness of change to lactation allowing a smooth flow of nutrients to the mammary gland. That is, include feed sources that the milking herd will be on (grass silage, concentrate, hay etc.). An example ration could be: 3 kg grass or silage, 3 kg cereal hay, 3 kg concentrate (anionic salt optional). High quality drinking water must be available at all times. A magnesium based additive could/should also be included here.
- Rumen capacity will reduce pre calving, it is critical to keep this full. To do this the feed quality will need to be high (+10ME) and crude protein demands will also increase (12-15 per cent CP). The more they eat before calving, the more they will eat after calving, which will help with milk production, reproductive performance and other metabolic benefits.
- Once cows calve they need to be looked after for one to two weeks. There is significant benefit in running these fresh cows in a separate milking herd where their ration is somewhere between a 'springer' and a milker (i.e. more concentrate and grass, less bulky hay).

For more information on the workshop or for a copy of the hand out notes please contact Nathan Shannon on (02) 60 437 961.