Succeeding through the seasons

Part 1: Case study farm overviews

Andy & Cathy Lostroh, Blighty, NSW

Andy moved from Queensland with his parents in 1984 and bought a 129 ha property 'Shamrockvale' at Blighty.

They brought 150 cows with them and began milking in an eight unit swing-over herringbone dairy producing 260,000 litres in their first year.

They completed a whole farm plan and began to upgrade the irrigation system. The dairy was also extended to a 12 swing-over.

At that time, the pastures were 50% perennials and 50% annuals, and the cows were supplemented with 2.5 kg of rolled barley in the dairy.

Not much changed on the farm and little risk was taken between 1984 and 1994. "Between 1986 and 1994, I didn't miss a milking, nor did I miss a footy training session," Andy said.

Key points

- Feeding infrastructure has been developed to improve feed use.
- More land has been bought to increase the area available for growing feed.
- A deep bore was commissioned to provide water security.
- Pastures will continue to be grazed from April through to November.
- Summer forage crops, millet and maize, will be grown for grazing and silage.

Farm profile

Herd: 280 Holstein, crossbred and British Friesian cows.

Calving Pattern: Split autumn and spring calving.

Farm Size: 205 ha, 443 ML water entitlement and 800 ML deep bore extraction licence.

Dairy: 23 unit swing-over herringbone dairy.

Production: 2,200,000 L/year.

Rainfall: 342 mm average for past 10 years; Deniliquin's long-term average is 409 mm.

Irrigation: Allocations have been low and variable over the past 10 years.

Predominant pasture: Annual ryegrass with clover, millet and maize.

Feeding: Pastures supplemented with up to 2.5 t of wheat, canola and lupins fed in the dairy.

Feeding system classification: Type 3 – pasture grazed for most or all of the year, partial mixed ration fed on the feedpad and grain feeding in the bail.

Andy Lostroh

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Variable climate

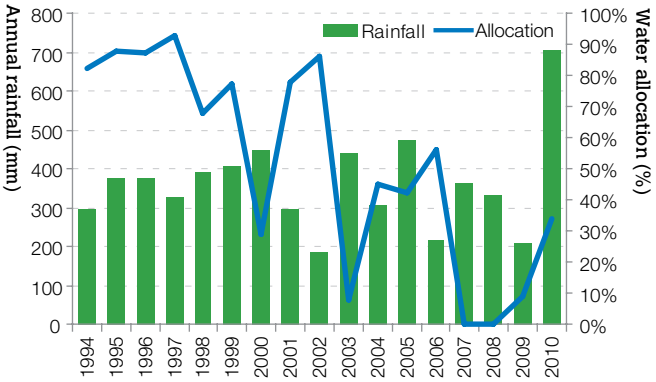
In 2000/01, Andy took over managing the farm from his parents. Soon after, climatic conditions began to deteriorate and water allocations started to show a steady decline.

Andy bought 52 ha on his boundary in 2006 and in 2007 sold permanent water entitlement to buy a deep bore and land for the new property. He also set up a feedpad area with troughs to better use conserved forage.

In 2007, Andy replaced the perennial pasture on the farm with annual pastures, millet and maize. In 2009 he upgraded the dairy to a 23 swing-over herringbone dairy and bought 50 British Friesian cows. In 2010, he bought a further 24 ha on his boundary and installed sprinklers in the dairy to cool the cows.

In summary, climate variability resulted in the following changes:

- "Made us change and take more risks," Andy said.
- Purchased more land and did more land forming.
- Installed a deep bore.
- Replaced summer pasture with annuals, cereals and summer crops – "I can't see myself irrigating summer pasture in the future".
- "More focused on pasture utilisation and forage quality".



Graph 1. Rainfall and water allocation

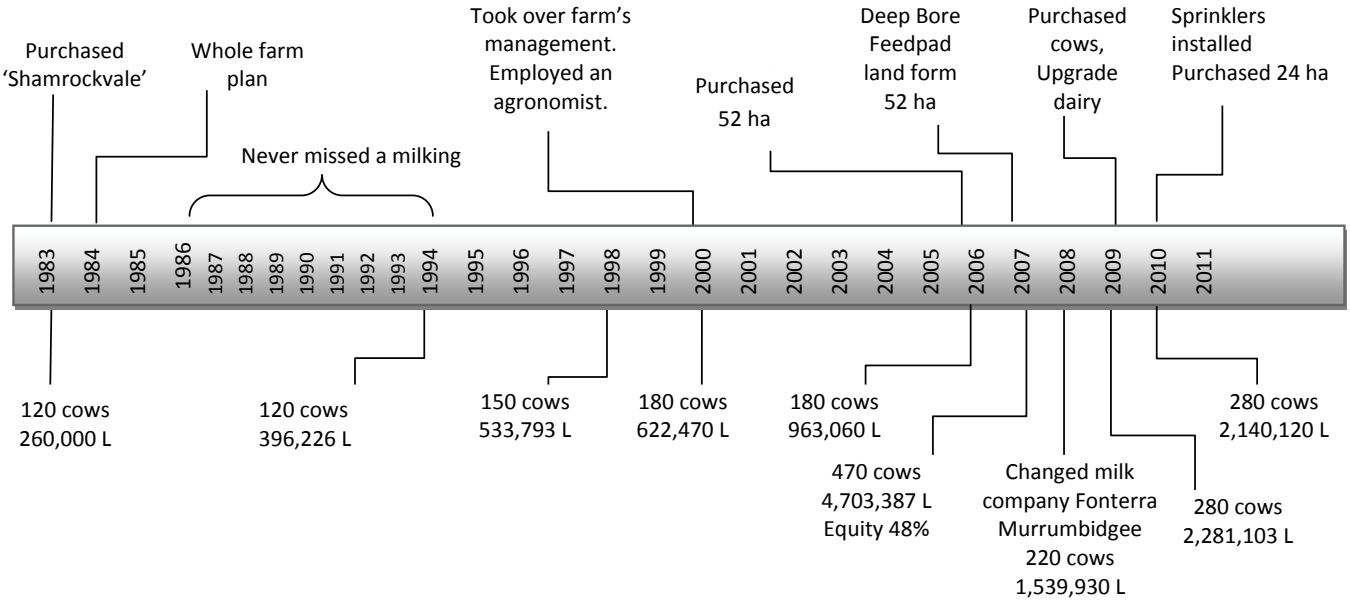
Risk profile

"Up until 2000 we were way too cautious and we didn't make any progress," Andy said.

In 2000 the family used an agronomist and saw immediate results. By 2006 milk production had doubled.

The drought forced Andy and Cathy to start making more changes and they began to feel more comfortable with change.

"Over the past five years we have extended ourselves and found it to be more motivating. Since 2007 we have doubled milk production and this has also had a positive impact on us. It has motivated us to be more interested in the cows and the young stock than ever before," Andy said.



Graph 2. Historical timeline graph of capital purchases, development and growth.

"With increasing production it gave me confidence to take more risks and try new things.

"We have gone from being very risk averse to slight risk takers. However, the changes that have been made have actually played a role in reducing overall risk.

Expansion, capital development and change

Increased production and the subsequent cash flow, have given Andy the confidence to start investing in his dairy business. Most of the capital investment has taken place over the past five years.

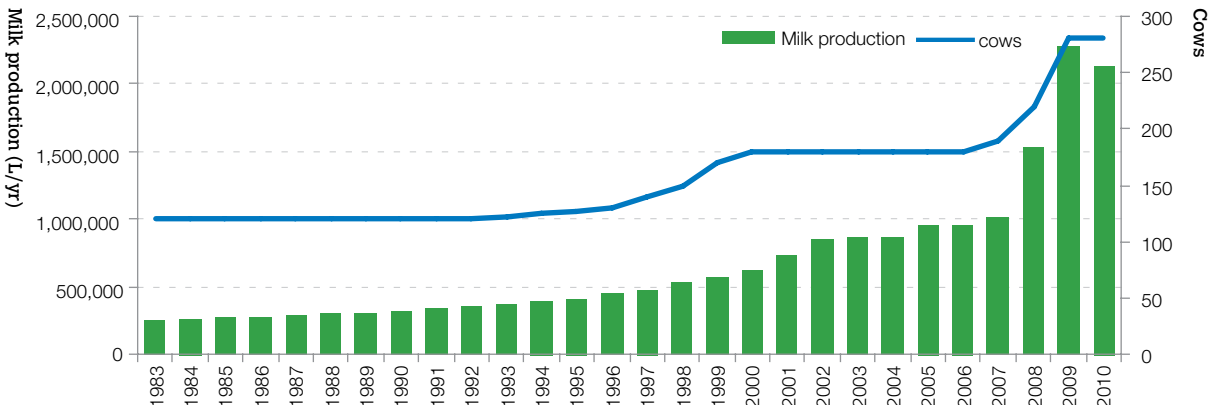
As the drought took hold, Andy decided that an investment in a deep bore would allow him to continue with his pasture focus through autumn, winter and spring, but also allow him to grow maize in the summer.

"Any summer crop was going to be risky if there wasn't a guarantee of water," he said, and there was no certainty of water through the wheel! His strategy worked well and he was able to grow home-grown feed through summer at affordable prices.

Andy also spent a lot of time following the water market, which ensured he bought water at reasonable prices. This contributed to a lower cost feed base than buying forage and allowed him to do further capital investing through the drought – building a feedpad, land forming the new 52 ha block and supplying stock water to all paddocks.

With a growing herd, Andy also decided to expand the dairy's capacity and upgrade the cups to modern automatic teat dipping cups.

"The drought forced us to change. Increasing production gave us cash and we started diluting overheads and finance costs, which allowed us to employ full-time staff and improve our lifestyle."



Graph 3. Annual milk production and cow numbers.

Feeding strategy

From 2000 to 2006, Andy felt that he was growing more grass but wasn't managing it well –"utilisation was poor and so too was quality". Since getting advice about pasture management, pasture quality and use have improved and milk production has increased.

"We had always let the grass get too rank before grazing, in fear of it running out. What is interesting is that as we improved our pasture management, by grazing it when it was shorter and leaving more residual, we could stock the farm with more cows without running out of pasture. We did this and also increased milk production per cow," Andy said.

The Lostrohs also used more grain and became more focused on the quality of both grain and forage supplements. They switched from barley to wheat, fed a protein meal and had a far greater focus on providing the cows with supplements that were low in NDF. Sorghum was replaced with maize, and purchased hay was the best quality they could get.

Key feeding strategies

- Quality grain that is rolled correctly
- Lead feeding fresh cows
- Better grazing management
- Fully feeding cows
- Feeding young stock better

Future plans

- Forage – annual pasture, millet and maize.
- Cow numbers will remain steady "until we can expand the dairy," Andy said.
- "We don't have land around us for sale but would consider buying more land if it became available".
- Upgrade feedpad and provide shade.

Threats to business

- Water security: "We can handle the risk of a drop in milk price when water is available but when both are under threat it makes it difficult," Andy said.

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