



Keeping Things In Perspective

Are we better off this year than last year? This is the real issue, and needs some conscientious maths and objective thinking to truly assess this question. The short answer is; yes we are – quite considerably!

A narrow focus on grain price alone has blinded many to this fact. No one in the dairy industry or support industries is rejoicing over grain price, least of all the grain mills. Feed costs are at their highest ever, but so are milk prices. The real issue is Milk Over Feed Cost (MOFC). This alone determines our true position.

Whether milk prices are high or low the only efficient cow is the fully fed (balanced ration) cow. The cost of maintaining a milking cow in your herd is around \$900 to \$1000 per year. This cost stands whether she produces 1 litre or 10,000 litres. On current milk price she must produce 3000 litres just to pay her board. Only after this can you consider your profit. Litres per cow is a major profit driver.

As grain prices have steadily risen over the last 6 months I have repeatedly said to anxious enquirers, forget grain price, there is nothing you can do about it. By far our greater need is forage, and perhaps the one thing you have most control over. The last 12 months have highlighted beyond doubt, without forage we are finished. I remain convinced the average dairy has enormous gains to be made through increasing dry matter harvested per Ha.

Back to MOFC; for my interest I have prepared a comparison of MOFC for an average farm for October this year against October last year. To add authenticity to this comparison I have reviewed actual figures from 10 of my client's farms to ensure I'm not off the mark. Based on feed costs and milk prices for each year, and identical cow numbers and milk production, MOFC or profit for October 06 was \$3.65/cow/day. For October 07 it is \$5.70/cow/day.

That's \$2.05 more profit per cow than last October. If that doesn't impress you, try 56% increase in profit. My MOFC calculations include pasture at \$200/tonne DM. I don't for one moment discount the fact most farmers are well down financially from the feed cost ravages of the last 8 months.

Milk Over Feed Cost is very much determined by efficiency of feed conversion to milk. A rumen that is not functioning well will not 'value-add' feed to milk efficiently or optimise our cows genetics to do so.

A well balanced ration that meets rumen health criteria and optimises protein and carbohydrate (energy) supply is essential when we are working at the top end of feed costs and milk prices.

A well balanced ration for an average 600 kg Holstein cow is 5 kgs of grain (80% wheat & 20% canola meal) and 16 to 17 kgs DM pasture. She will produce around 32 litres on this ration, do it comfortably and not compromise rumen health and efficiency. Remove 2 kgs of grain and pasture intake will not increase as the cow's capacity to digest forage is at its maximum. She will drop 4.5 litres in milk.

2 kgs of grain costs, say 80c, and 4.5 litres of milk is worth \$1.62. We just lost 82c/cow/day. Over an average herd of 200 cows, we lost \$164/day of our profit! You cannot afford to reduce grain feeding while the current milk prices continue. Grain would have to get to \$810/tonne before you reach a 'break-even' situation in fully fed cows. Grain is far more than a rich source of starch to rumen bugs, it's also a wonderful fibre 'equalizer' in high fibre rations, enabling higher feed intake, especially over summer.

The key words in optimising MOFC are "Feed Conversion Efficiency". A well designed and balanced ration is the foundation of profit and cow health. Longevity is another key profit driver, and is certainly influenced by sound nutrition. When wheat reached \$300/tonne 3 years ago many farmers did considerable damage to cows by cutting grain. Infertility and calving problems with poorly conditioned cows shortened many cows productive life.

Under current milk prices employ every tool you can to improve feed conversion and health. Rumen modifiers (eg Rumensin/Tylan), adequate mineral supplementation and supplementary by-pass protein will only enhance and optimise your MOFC.

We need to bear in mind pasture cost has risen very significantly due to land value rises. Currently I run my ration program with pasture valued at \$200/tonne. I suspect capital value increases of dairy farm land over the last few years have pushed that to \$300/tonne DM. We intend to prepare a costing for pasture in January and I will make it a subject of an article early next year.

In summary, "don't shoot yourself in the foot" by knee-jerk reactions to rising grain prices; they are only part of a bigger picture – Milk Over Feed Cost is the bigger picture.