

Newsletter 120

28 September 2014

Thank you all for your kind wishes re my health. I'm pleased to say that I'm at last (after four and a half months) close to normal again, and even better in some ways. It is amazing what surgeons can do.

Shingles from November are still a pain because my doctor was away and the first two doctors I went to, one on a Thursday and another on the Friday, didn't know what it was. A very good doctor (Dr Bill Reeder at the Narrows near the Hamilton airport), was fully booked on Monday, but on Tuesday late (6 days after the sores and pain started) he identified shingles immediately, but too late. 30 sores on one thigh and nerve pains like I didn't know could be so sore, struck.

I knew nothing about Shingles, but have since learned that if it is not treated within three or four days, it can continue, even for life, which is rare. Immediate treatment can eliminate it in a week or two.

Prior to a few years ago, it hardly occurred. We knew of only one. Now I and others know of many who've recently had it, so watch for a slight sore and under skin nerve pains and get treatment. I plan to write a Shingles chapter as soon as time permits.

Gardening

Out of our garden, we're eating kale, cauliflowers and lettuce all under fine black mesh to keep insects off, and spring carrots and beetroot grown in north facing warm spots which were covered each night until September. We leave the hose lying on the concrete which heats the water on sunny days to warm the soil growing seedlings.

Auriel freezes sweetcorn and broad beans, so we have them, and fresh ones, all year. Kale, cauliflower, carrot, beetroot, broad bean and lettuce leaves all make good smoothies. Kiwifruit and pineapple juice give it flavour, as does salt and bicarbonate of soda, which reduces its high acid levels. Five days after starting green smoothies, I felt better, as I do if after stopping, and start again.

Our broad beans that we cut the tops off, with two leaves, now have 5 cm long beans. If the tips are not cut they keep flowering, but don't set beans as soon. Luckily we have bumble bees from the bush and ordinary bees from a neighbour, all doing their job.

Electioneering

We are all sick of it, but nothing I've read or heard, has identified the real reasons for National's high figures and Labour's low ones. I believe they are because New Zealand now has a lot more wealthy people and fewer poor, AND a lot of the poor don't vote. The rich are getting richer and the poor are getting poorer, which is very sad, especially when children suffer.

Get your National MP to do a budget on the minimum rate of \$14 an hour, with a few children. How does a single mother of father cope. Two, each earning \$14 an hour can't survive, so there is thieving, stealing, stress-caused alcoholism, drug use and gambling, and several generations on the dole, and worst of all, suicides; over 100 of which in the last 12 months were farmers.

More police won't improve the above. Raising the minimum wage will. With it, has to be the lowering of interest rates, and the exchange rate, both to help manufacturers employ more and export more. Work on your National MP to fix these things.

I'm not in favour of either major party. National has taken the farmers vote for granted since 1960 when they agreed to 'look at' the exchange rate. They have not lowered it, or reduced interest rates, so banks make fortunes, mostly at farmers expense, charging some 9%.

The Labour government was the cause of New Zealand's downfall from 1984 when they joined with ACT/Rogernomics to make the rich, richer, with interest rates at 25%, which is far from Labour's socialism policies!

Interest and exchange rates

New Zealand's high interest rates are stealing from home owners and all businesses that borrow, which of course includes farmers, the biggest borrowers, who, because of inflated land prices, partly

caused by an increase of lifestyle blocks and having to expand to try and make a profit, and to keep up with costs. I read today that there are 1,300 lifestyle blocks around Rotorua. An aerial photo of their lake showed that the pollution was coming from the town area, not from the distant farms.

Our exchange rate is artificially high because our high interest rates attract overseas investing here, especially from Switzerland and Japan, where saved funds earn about 1% and can earn 5% or more here. When our interest rate went up to 25% on our \$250,000 mortgage on our second farm, we got our bank to borrow in Switzerland at 3% and lend to us at 5%.

Governments can reduce interest and exchange rates. Rogernomics was to make them control themselves, and said, "Private enterprise will look after everything." It only looked after the rich. I'm not a wining poor, we are extremely comfortable, thanks to the good days of dairying and good urban investments. Read [www.Vaughan Leon Jones](http://www.VaughanLeonJones.com) (Two of them come up: Farming and Author).

Farmers' co-operative?

Fonterra is no co-op, paying themselves millions of dollars. Top salaries should relate to the payout. Their many managers at a million dollars a year, should have been efficient enough to avoid Fonterra's many costly mistakes, but imagine yourself in their position. You'd be thinking more about how you will invest your next million, than about the business that they should run like clockwork, without faults costing their dairy farmer owners millions of dollars.

Fonterra's responsibility is marketing, but they tell everyone that their aim is to be the biggest - by growing into China and South America. China is now buying less milk and I'll bet, building more copies of New Zealand rotaries that Fonterra built there. Uruguay is now selling dairy produce to South Korea which was our market.

Fonterra doesn't know that big is bad and small is smart, and their poor management confirms it.

New Zealand produces only 2% of the world's milk, so will never be the biggest, but is dumping the world's best milk (selling below the cost of production), and as I predicted in 2002, Fonterra is losing suppliers by the hundred. 180 are on the waiting list to supply the Open Country Wanganui factory. I said then that Fonterra will end up with only the suppliers at Raglan and Coromandel, and it could soon be Fonterra that is auctioned.

Auctioning should start at the cost of production, so nothing is ever sold below that. Many countries have to have milk, so would pay the minimum price Fonterra sets, and would not buy much, but would keep buying as needed. Storage in refrigerated ships has been done in the past.

Fonterra's payout lowest

See <http://www.interest.co.nz/rural-data/dairy-industry-payout-history> for the payouts by NZ milk companies, which show almost all smaller companies paying farmers more than Fonterra does. Tatua has been a perfect small example since 1914, and because they add value, have had the highest payout every year, except when they made a major expansion - out of income.

They have only 109 suppliers, six farmer directors and two appointed ones. Fonterra has 8 appointed ones and only 4 dairy farmer directors, despite it being formed on condition that it would have 10 farmer directors.

Read the excellent book, 'Till the Cows Came Home' by Clive Lind. This book is a well rehearsed and recorded one on the development of the NZ dairy industry up to the Fonterra stage. He explained how the organisers could not get national agreement from all sections (Northland, Auckland, Waikato, Taranaki, South Island), until the organisers agreed to have ten farmer directors. It then went ahead. There are now only four farmer directors.

Fonterra vets those who want to stand and has declined at least two I know of who would have been ideal directors. Obviously, the Fonterra hierarchy wants only 'yes men'. No wonder it keeps going down hill and shows no signs of getting directors and managers who are practical people, close to the action, to identify problems before they are more disasters.

The book is 400 pages which is not what 90% of farmers like. Reading from page 350 will show the problems of all joining into one organisation, solutions and results, some of which have been not what farmers agreed to, such as 10 farmer members on the board. There are now only four.

I could go on, but my aims are solutions and profits for farmers, as I've done in [GrazingInfo](http://GrazingInfo.com).

The unbelievable, disgraceful and weak \$5.60 payout needs strong reaction by farmers. Firstly, as owners of Fonterra, insist that the disgraceful million dollar salaries also be reduced by 35%.

Fonterra has always shown incredible ignorance and lack of experience, by basing their payouts on prices at the time, because although in the business since 2001, they have not learned that world milk production is higher after the northern summer (now) so prices drop. Production then decreases in their snow covered winters, so prices increase.

So the good news in this crippling period for our 11,000 dairy farmers, is that the value of milk will increase in December, January, February and/or March, especially if NZ production is down because of a dry hot summer and all farmers realising that buying feed is not profitable even at an \$8 payout. Grow proven forage crops, not 'scientific' ones that have possibly killed 200 cows in Southland. All sorghums and all brassicas have caused problems if over-fed. I'm pleased that 423 of you have read 'Forage crops of brassicas with grasses'. That is about 100% of those who could benefit from growing them. For more, see the next Newsletter 121, due very soon.

I believe the payout will end up at about \$6.70 before the end of the season, but don't budget on it. As I've said before, with Fonterra nothing is constant, except the flow of excuses. They wrecked Crafar's by asking them to expand, which they did, by believing them saying that the payout was going up. It went down.

The lesson all should learn from that is don't trust banks. Some have a shocking record of how they have treated farmers. Always pay their accounts on time. Don't give them an opening to steal you farm. If necessary use 'Dairy Cow Numbers for Max Profit' and sell some cows now (Southland needs some) to give you money in the bank to pay the debts that could rise. If you have several farms and high mortgages, consider selling one.

If you have surplus funds now, invest some with the bank paying the best fixed interest rate (phone them all) for three months (you may need it to pay bank costs), and use the rest to reduce your mortgage. Stop spending on everything except LimeMagPlus which releases the surplus P most farms have, as shown in pasture leaf analyses, improves pastures and gives pasture growth worth much more than the cost of the LimeMagPlus. Obviously farm running costs, including summer and winter forage crops have to be grown. Growing maize for silage is unprofitable even at \$8 payout. I with yields of 33 tonnes per hectare, and Farmer A in Milk Profit & Quality and many before him, right back to Ian McDonald at Patetonga in the 1980s proved it. Harvesting pasture silage off the same land gives better quality feed than maize and at a fraction the cost.

Blame

Some of our dairy farmers are as much to blame for the low payout, by buying production and producing more milk at a loss and causing major costs for Fonterra to process the extra milk.

The highest offending dairy farmers are those who have so many cows to satisfy their egos, that they have to feed supplements for most of the year, so they buy PKE and other artificial feeds and produce an inferior milk for no profit. Again see Milk Profit & Quality for milk qualities, and encourage Fonterra to start paying for quality (adequate iodine, etc.) that Chinese mothers wanted three years ago for their babies, and to my knowledge Fonterra has done nothing about it. Most New Zealand milk has no iodine, because as we all know, our soils are low in it. Those using LimeMagPlus and feeding Liquimin and Magnesium sulphate will be producing better quality milk with adequate iodine.

Get out of feed buying contracts NOW. Those who reduce cow numbers and stop having to buy imported PKE and/or maize, will save \$1,300 which is what it costs to keep a milking cow on pasture for a year, and a lot more on bought feed. Calculate yours. If you read the 'Milk Profit & Quality' in the Dairying chapter and did your sums with the Spreadsheet 'Dairy Cow Numbers for Max Profit' you would see what the advantages are of getting cow number correct for maximum profit, not maximum milk. Milking more cows for no profit, is stressful and increases the effluent handling costs.

The 'Dairy Cow Numbers for Max Profit' spreadsheet software I compiled in 1990, works well, saving some farmers tens of thousands of dollars. AgResearch/Ruakura checked it and my figures in October 1991 and stated that the production per cow would increase by even more than those I've used. Lincoln University in January 2013 approved and recommended the spreadsheet. Every farmer who has used and applied it, has increased their profit. Milk production has not always decreased. Selling the excess cows has reduced their mortgages.

The modern genetically improved cow can't produce to its maximum when half starved, and while on that subject, the modern improved pasture varieties can't produce to their maximum, when

lacking plain simple minerals, such as calcium, boron, magnesium, etc. All farms I've tested have had an excess of P and K, and only 1% has had enough calcium - that is five farms out of 500 I've done. One was in Wales on chalk based soils.

The mineral deficiencies also occur in cows. For years now, every photo of cows in the Waikato Times has shown a mineral deficiency, as have most in the farming journals and on Country Calendar. The herd suffering severe tick born anaemia from Theileira were skinny and lacking most minerals.

Bought Feed Costs and Losses

Use the Questionnaire spreadsheet to enter your figures then add up the bought feed costs and the extra milk produced, and you'll see how much you are losing. Email me a copy and we can then discuss the best options. Extreme time consuming accuracy need not be done, because \$1,000 either way will still prove the point.

The Questionnaires showed that the milk production per hectare of all subscribers using other than the basic fertilisers of LimeMagPlus or phosphate based mixes, were about 25% lower, and often cost more than a LimeMagPlus mix of all minerals designed for their farm. There are no fillers with fancy names you had previously never heard of.

Liquimin

This is stocked by Farmlands, RD 1 and Wrightson PGG.

You may have to order the amount you want of Liquimin and magnesium sulphate.

I'm still trying to get a mixing company with low overheads to mix a new Solmin. If you know of a reputable mixer please let me know. One in the North and one in the South Island would be best to save freight costs.

When I was marketing consultant for DeLaval in the 1990s, we sold more than 1,000 tonnes a year of Solminix. A competitor with a copy, stopped making it, because they couldn't sell theirs, possibly because their magnesium was different (chloride instead on sulphate) and they didn't do surveys of users and results like I did. See Solminix & Mineral Feeding in Minerals in Soils, Pastures and Animals.

Trials my son-in-law Ian Dobbs did while share farming for us and rearing 160 calves as two lots of 80 through to yearlings showed that those getting Solminix ate less pasture, grew faster and needed less parasite control. Our farm had 106 one ha paddocks all on consolidated peat and he saw the higher residuals, so measured before and after DM.

Solminix certainly cost us nothing and made a profit.

There will be more in the next Newsletter on Fonterra and swedes.

Vaughan Jones ONZM for services to the farming industry.

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