

Dairy farmers have to make big decisions

There are no signs of the milk payouts increasing because nothing happens on its own. I and others knew that the loss of our world famous and internationally respected and successful **single-seller** NZ Dairy Board, about 15 years ago was a disaster. It was done by the jealous USA dairy industry telling our weak government that it was a monopoly, etc., and had to be changed to what we now have where the buyers decide the prices. America thought it would help them, but it backfired.

On top of that Theo Spierings taught his Chinese colleagues (and others) our low cost milk production system giving China a 12% increase (four times New Zealand's total production) in 2014 so they have stopped buying ours. Previously they had no increase for 13 years. He also showed his Dutch relatives how to process milk more quickly using New Zealand designed factories.

A problem that New Zealand's farmers have, apart from Fonterra, is a lack of combining. An example is the West Coast farmers thinking they would be better off, but now have the lowest payout. I've written the following before. The payout in the 1950s and 60s was \$14 in today's money. I've had others work it out and they came to about the same. Cows cost twenty pounds and costs were low - Counties were not full of hungry bureaucrats, no DairyNZ to pay, no \$80,000 effluent dams required. Refuse to build one, just increase the spreading area and speed up the travel of your spreader. If necessary get an Ecostream one that doesn't stall. Phone 0800-326-787, ecostream@clear.net.nz

Over production and no marketing

It is now obvious that the payout won't increase, because without skills, and a change in management and systems, it is impossible. So until those are done, dairy farmers have to reduce costs, and all dairy marketers must promote pasture fed quality milk and point out the faults of grain-fed dairy and beef products. In New Zealand it has been found that more people are allergic to even partly grain-fed milk, than to pure pasture-fed milk. Cattle developed over millions of years on grass only and thrive on 100% grazing. Grain must be limited to avoid digestive and other health problems.

Over the years, those farming deer, goats, mohair, sheep and others, have benefitted from producing and selling new products, then have over-produced them causing prices to decrease. This time it is the excess production and bad marketing of an old animal product, that has become a world problem, caused by high northern hemisphere farm subsidies, and as far as New Zealand is concerned, it is Fonterra helping our competitors produce more milk with NZ dairy farmers money, and Fonterra's complete lack of effort and ability and marketing skills of our superb quality pasture-fed milk products.

Solutions - Once a Day Milking

I presume that you and/or your share milker are already on the more profitable, once-a-day (OAD) less-stress milking system. If not on OAD, go to Dairying > Milking and read 'Once a Day Milking'. If already on OAD, you'll have more time to read it again!

It is accepted that milk is being over-produced world-wide, in the northern hemisphere caused by subsidies, and in NZ by some dairy farmers buying and feeding supplements for no profit, so if OAD decreases milk production slightly, it could help increase the payout.

Benefit from our top quality milk

The western world wants better quality dairy produce. I've heard and read about it and did a survey in London 25 years ago, which proved it. Lewis Road Creamery, a newish top quality producer, is selling in New Zealand at higher prices, and increasing demand with chocolate flavoured milk, which could be reconstituted overseas. I've written for decades that well off countries can't make a good living selling to poor countries. So Fonterra should do what Tatua and the NZ Dairy Board have done satisfactorily for a hundred years, i.e., sell upmarket products.

Another dairy farmer solution is changing to drystock for more profit

Dairy payouts have dropped, while beef payouts increased, with no sign of a change. Two and a bit year old bulls, fetched about \$2,000. That is like rearing a cow to calving and getting paid for her milk production of about 450 kg of milk solids for selling her, with no more feeding or milking her. More can then be reared. Future beef prices may reduce, but milk has already reduced, except for the well marketed organic milk, not Fonterra organic milk which has dropped while others have increased.

Lewis Creamery, other organic ones and Tatua Co-Op have increased. Tatua has had the top payout almost every year for 100 years, even when expanding. Neither company is doing anything way out, but obviously is too much for Fonterra, despite their having \$7.50 shares, borrowing millions and it's exorbitant salaries.

As I have written before, if Fonterra marketed as well as Coca-Cola does, New Zealand would not be able to produce enough milk.

The income from selling two bulls (or cows) per hectare would give \$4,000 pa or \$400,000 from 100 hectares.

Don't take down fences, you may go back to milking, but if on OAD, you need only 20 paddocks per mob, not 40.

With beef and grazing heifers, Alpacas, horses, etc., you will not have to pay DairyNZ several thousand dollars a year, or have to build effluent ponds for \$80,000, or spread effluent and maintain lanes, buildings, etc.

To check this, get the beef costs and income from your accountant.

To get income all year, rear or buy some small head Hereford over Friesian white face heifers. Read Beef Profiting to see actual figures. When I first wrote Beef Profiting, I suggested that dairy farmers read it, but I doubt any did, because as I have often said, I could get a dairy farmer to change his wife, more easily than his brand of tractor, breed of cows, etc.

Grazing dairy heifers on a weight-gain basis

This can give monthly income provided they come from a mortgage-free farm and be profitable if you lime at 3 tons/acre (8 tonnes/ha) like farmers used to do, and don't fertilise with costly P and K until ryegrass analysing shows they are needed, which might not be for three or more years of applying lime correctly, because lime makes the fixed P, in particular, become available, and most K levels are too high which kills red and white clovers, causing farmers to wonder why they disappear. 90% of those starting with grazinginfo.com have P and K levels much too high which cost a lot. They just need 8 tonnes of LimePlus per hectare. Based on my first ryegrass tests from new members, only 1% (5) of the 500 who joined grazinginfo.com had applied sufficient lime, so had 0.9% Ca, which it should be.

Mostly, no fertiliser will be needed because adequate **fine** lime like powder, such as McDonald's in the Waikato and many around New Zealand, will make many fertilisers more available. Coarse limes like Rorison's has been lately, take a lot longer.

Comparative trials I've done on grass, and two on sweetcorn showed that the much finer McDonald's lime gave 20% more growth than Rorison's. McDonald's lime has 2.14% magnesium worth \$6/tonne, bringing its cost down to \$19/tonne. Applying 8 tonnes/ha of McDonald's lime which is needed when Ca is 0.6 or lower, applies the amount of magnesium in 750 kg/ha of serpentine which costs \$180 and freight

Another way is selling some land

Based on the return, NZ land is overpriced, caused by urban spread, rural subdivisions and demand. In Japan it is also about \$40,000/ha. After we sold our second farm in 1988, and invested in towns, our net profit and capital gain both doubled.

We swapped our first dairy farm for a second slightly larger (87 to 107 ha with better soils) maize growing bankrupt farm on Greenhill Road, when we changed to dry stock, including grazing - hobby goats and horses, close to Hamilton in 1984, which meant borrowing 25% (\$250,000), but the interest rates rose to 26% under the Labour Party capitalistic Rogernomics, so we surveyed off and sold three one hectare sections to rural people - a beekeeper and two spraying contractors, and borrowed the remainder needed in Switzerland at 5%.

It took three years to change the farm from maize to pasture. We doubled the maize grain yield, simply because we applied eight tons of LimePlus/ha and chisel ploughed it in 45 cm deep. A contractor maize harvester still remembers the high yields we got. We chisel ploughed the nitrogen with the fertiliser and applied no stupid side-dressing which contractors encourage for their profit, but causes shallow rooting, a disaster in dry weather.

We tried to sell the maize grain at a better price, but failed because the buyers said they could buy imported maize from USA where it was subsidised by 50%, and still is, and our weak government doesn't put a 50% tariff on it. The National Party are in the pockets of the USA, hence the TPP. It is time Federated Farmers told them that they would not get the farmers' vote, unless they were fair to farmers. They tolerated USA closing the NZ Dairy Board, and Fonterra's bad management.

Spammers

Commercial companies are again trying to take your money by advertising that you should buy zinc for Facial Eczema. Farmers who followed GrazingInfo and applied enough LimePlus (lime with deficient elements) for two or more years should have no thatch which is the dead brown grass at the base of poor pastures, where Facial Eczema spores breed. Correctly limed pastures, even on peat, will be growing a lot more clovers and ryegrass, which animals prefer, so will graze shorter because it doesn't have the mouldy smell of the thatch. I've seen cows standing hungry and not eating 15 to 20 cm high ryegrass, caused by 4 to 5 cm thick thatch, and the farmer having to feed silage, simply because he had not applied lime for ages. He limed a trial clay paddock a year before, but said he could see no difference. Rain was pouring down so I said. "Lets look at your farm's satellite picture". Luckily it was recent. As soon as he saw his limed paddock much greener than the rest of his farm, he agreed to lime the whole farm.

After you apply sufficient flour like LimePlus (See below) your top soils will triple in depth and roots go to 35 cm. See photo in Calcium. Grasses and clovers will be stronger, so will pug less, absorb more moisture and effluent, and grow more. You'll have fewer effluent drenched shallow topsoils which become a boggy mess.

See photos in Animal Health > Facial Eczema

Animals prefer pastures that have been limed correctly, so eat more and produce more. Read 'Calcium' in 'Minerals in Soils, Plants & Animals' for the 50 benefits of lime.

In both our two farm areas I was known as the Lime King, but from 1958 until giving up farming in 1988 we had no Facial Eczema, grew more pasture than neighbours, produced much more milk, and had no weeds while neighbours' farms were covered in them, and we won the NZ Dairy Board's Most Improved Dairy farm in the Waikato in 1959. See page 14 in 'Calcium' in Minerals in Soils, Plants & Animals, to see our farms, next to the neighbours' weed covered ones.

This will help you sample plants correctly for analysing before liming or fertilising & after.

Collect a double handful of ryegrass with clean scissors and hands in a clean A4 envelope, of grazing height 15 to 20 cm (6 to 8 inches) ryegrass stems and leaves. Mixed pasture is not accurate so should not be done. Get the sample from 20 places around one paddock, avoiding gateways, water troughs, dung and urine areas. Avoid getting soil in the sample because it increases some mineral levels falsely. Do a sample from each different soil type.

Copy and paste the following to Word or Pages then delete the instructions in brackets, adjust the rest and copy and paste it until the page is full, then print copies to be cut up and glued, taped or stapled onto each A4 envelope.

To: Hill Laboratories, 1 Clyde St, Hamilton. 3216.

From - (Delete this after typing your name, address, phone and post code here.)

Ryegrass sample - (Delete this after typing the paddock name or number here.)

Please analyse as requested by Vaughan Jones, and copy the results to him at support@grazinginfo.com

The cost to GrazingInfo members for measuring the 15 minerals is only \$110.00.

If another is sampled, e.g., Cocksfoot, name it on its A4 envelope.

We suggest doing a ryegrass sample soon, before summer dry weather makes it impossible to get a sample until after autumn rains, so you can't then apply lime or fertilise until the rush, when the delivery and application delays can take them into the wet winter weather soils.

Lime and pH

I asked Roger Hill, the owner of Hill Laboratories that does most NZ tests, how it was possible that the pH was virtually the same after double the quantity of lime had been applied on one area. He explained that this was a common pH anomaly because of the increased soil moisture in the correctly limed area. See the photos in the Calcium chapter.

Measuring calcium in ryegrass and counting and checking the earthworms which should be more than 30 per spade spit, are much more accurate at deciding lime requirements than pH which is inaccurate because many things such as moisture and potash level affect pH. K is too high in most NZ soils after fertiliser companies promote more it to earn its \$800/t. Read Soils > Earthworms. Measuring SOIL calcium levels and pH are not accurate. A lack of earthworms and those present having soil stuck to them, are sure signs of needing more lime.

Remember that lime may need magnesium and boron to get good soil and pasture results, from liming. Some limes like McDonald's Aglime contain 2.14% magnesium worth \$6 a tonne. This brings their price down to \$19/tonne, saving \$36 per hectare if the optimum amount of 6t per hectare is applied to increase Ca levels from the typical low levels to closer to the optimum 0.09%. No serpentine at \$240/tonne is needed with McDonald's Aglime. Some other limes also contain magnesium. Get current analyses of all the limes and fertilisers you apply.

Other deficient minerals can be bought with fertilisers, or if not fertilising, small amounts like boron in OrganiBOR can be bought and added to limes and mixed in at 10 to 20 kg/ha.

Don't apply Dolomite. Read Calcium to see why. One is that McDonald's lime has 2.14% magnesium worth \$6/tonne, bringing the cost down to \$19/tonne, and it is so fine (like powder) that it is more quickly available than Dolomite, or most other limes. Read Magnesium.

Which Lime

Going back decades, Rorison's lime was finer than most others from companies who would ask me, what they had to do to get me to recommend their lime. "Grind it finer, I said many times". McDonald's asked several times. Theirs is now the finest (like talcum powder) of any I have checked. It also has 2.14% magnesium, which if applying at 6 tonnes/ha (3t/acre), is the amount in 500 kg of serpentine which costs \$116, so makes McDonald's the best value by far in fineness and cost. They don't mix at this stage, but most of you have been applying LimePlus for three or four years with deficient minerals so will now or soon, need fertilisers, so can apply the other deficient minerals with Gafsa, or other better P fertiliser if available, much more cheaply from your local fertiliser company.

Comparative trials compared with Rorison's, that I've done with McDonald's lime have been amazingly good and quite surprising to me, in fact 20% better yielding at 8t/ha (8 kg/10 m² in our garden) (3t/acre) on two lots of sweet corn and one on our lawn. Two trials in our composts gave 5 times more earthworms and 10 times better decomposition, than the course Rorison's.

I always thought that lime pellets were senseless just to reduce dust and to spread further. Three farmer members have told me that earthworms can't eat them, and they will never buy lime pellets again.

Keeping Costs Down

Making silage and hay, storing and feeding them costs 40 cents/kg of dry matter adds to production costs so use saved and grazed pastures at 20 cents/kg or less, to reduce silage and hay costs.

Forage crops are not expensive because they are grazed, not harvested, save the much more expensive bought grain, and are a way of improving your worst paddocks to what can be your best, if you do everything right. Ignore the AgResearch and DairyNZ's typical wrong costs because they took much longer to cultivate and sow theirs and their turnip yield at five tonnes/ha was less than the twelve tons that farmers get.

Avoid wasting money

I still get asked for help reading soil tests which I found wrong in 1958, Ruakura found faulty decades ago, and a MAF staff member left them because he saw the figures were wrong, but their old staff member would not change to leaf analyses.

So please don't waste your money on soil analyses. At Winchmore Irrigation Research Centre in South Canterbury on stony silt soils, measuring perennial ryegrass and clover pastures during 34 years of fertiliser trials under border dyke (strip) irrigation, showed the plant analysis figures changed gradually as expected, while the soil test figures went up and down for no reason. Some supporters of soil tests will say that they are just guides and that the optimum range is up to 100% variation, which shows how ridiculous Olsen P is in New Zealand. It was developed in USA on their alkali soils, for alkali soils. New Zealand soils are almost all very acid.

Increasing Income

Some farmers (and spouses) can add to their income with one getting a job, taking borders, renting out an empty house, or running free range poultry. Read Poultry.

Most farmers are spending too much on phosphates and potash, and not enough on lime.

Getting back to banks. Most are Australian owned so have no sympathy for New Zealanders so conned some into their Swap agreements between 2005 and 9, which allowed interest rates to increase, but not decrease even when all interest rates dropped. Some farmers lost their farms. One was interviewed on the Radio NZ farming program at 12.35 pm last week. The banks are now being sued, but this is six years later.

High mortgages and borrowing have bankrupted more farmers than anything else, so apart from when buying your farm, and more land that will earn a profit, don't borrow. When borrowing to buy farms and land, if there are separate titles, use only enough required, so you have something to borrow against to allow for ACT Party interest rates of 24% in 1984, and other calamities like Fonterra that has borrowed billions, some at 7.5%.

At our May Probus meeting, the excellent Tatua Dairy Company manager gave us a detailed talk that all Fonterra managers should have been at. Tatua, for 100 years, has had a higher payout than all others, except for one year when they expanded their factory. They produce 300 different top quality dairy products sold in a hundred countries.

Now that GrazingInfo is free, and I seldom charge for consulting, a lot more are joining, so I'm getting further behind with answering emails. Most of the answers are already in GrazingInfo so read the chapters concerned. When an answer is not in GrazingInfo I add it.

Beware of bankruptcy

I don't want any farmers losing their farms, so contact me well before allowing your bank to foreclose, and make money out of doing so. Keep in contact with your bank, and another one to get the best interest rate. With the milk payout at below the cost of production, there will be more borrowings and bankruptcies, which need not occur. As well as farming the Grazinginfo way, get your interest fixed rates down to 5% or less. You will need a budget on a spreadsheet or on any paper to show the bank that you are secure. If necessary, get one from your accountant to prove to your bank that you are safe and to get a lower interest rate.

The government should tell all banks to reduce even their fixed interest rates to dairy and all exporting farmers to 4.5%. In Japan and Switzerland it is 3% which it has been for decades.

Why should our farmers pay higher interest than townies? If a farmer fails, the banks make money out of it, because they get the farm.

The dairy farmers' total debt is about \$5 billion, so as we all know, our banks, as always, are making a fortune by borrowing at 3% in Switzerland or Japan. The Banks total profits have been up to \$11 billion a year.

As you know, Auriel and I stopped charging you because we can live on money made when we got \$14 a kg of milk solids in today's money, paid by the NZ Dairy Board in the 1950s and 60s when costs were a fraction of today's.

Fonterra thinks that they are geniuses by offering dairy farmers interest free loans. I wonder if it applies to all NZ dairy farmers or just to those supplying them? Whose money do they think they are lending? It is not theirs, it is dairy farmers' money, and some of the million dollars Fonterra borrowed at 7.5%. This proves that Fonterra's grossly over-paid 18 managers, and who knows how many more overpaid parasites, are ignorant, so should now be sacked and Fonterra managed by the government which could provide interest-free loans paid for by the government (the whole country) to all dairy and exporting farmers as was done in 1984/6 for exporters EXCEPT farmers.

The prime minister has said that we are not in a downturn, which shows that he is in his own cuckoo-land, and that his mind has no ability to see what is happening or to look forward, which he has shown in many of his decisions. He could appoint Winston Peters, a politician with foresight, to run Fonterra. To get the truth about Winston, not the media's jealousy, read the book called Winston by Ian Wishart, possibly New Zealand's best author.

Fonterra has had 12 years showing how useless they are, costing NZ and the world's dairy farmers high losses, so should be fixed by the government that allowed USA to set them up, and as the government has done to a council, a hospital and a jail, not that I'm suggesting that the government is a good manager, but Fonterra is a complete wrecker, and has been for 12 years, during which time it has promised success, always in the future, but made 15 costly serious mistakes, and their results are now .

The government should also close DairyNZ to save dairy farmers thousands of dollars every year and the costs of their wrong advice, such as applying N after a drought, buying and feeding costly supplements that produce more milk when we already have too much, at a loss to farmers, and the country, because much of the bought feed is imported, and buying the poisonous PKE which has killed cows in NZ and Australia, and gives NZ a bad name among conservationists, which then costs us.

Dairy farmers and banks

Most will have to borrow to survive. A dairy farmer whose farm is worth a net \$5 million, with only \$150,000 borrowed from his bank and paying 6.2% interest. I said to tell his bank that he should be paying 5.0% or less. If the bank refuses to reduce it, the borrower should shop around. If locked in a term loan. Ask the bank how much it would cost to break it. This will get the bank thinking and they might decrease the highest interest rate in the western world.

Farmers, you're being fleeced by banks, Fonterra, councils, the government (not putting tariffs on imported subsidised items from USA and Australia that I know of, fertiliser companies (look at their profits) and by others. Farmers, if you don't look after yourselves, you are risking permanent poverty.

Two banks cheated my wife and me so we created overdrafts equal to the losses, closed the accounts, and changed to TSB, saving \$1,200 a year thanks to their lower charges.

One bank threatened to sue us, until we explained that we were correct and they were wrong, and that the bad publicity would harm them, not us.

Many farmers have been cheated by banks, for example by using the Swap system that stated that interest rates could increase, but not decrease. Some banks are now being sued for it. Suing is costly - more money after bad.

Banks will always try to lock you in for a long period of time to keep you as a client. Avoid it.

Borrowing rates are 3% in Switzerland and Japan, where it is only 1% to farmers, because the government subsidises their borrowing.

Best wishes,
Vaughan Jones