

**Full names please**

When emailing us, please always use your first AND second name because with 450 subscribers, there are dozens with similar first or second names. If you also have a company, please add its name.

**Drought**

Thank goodness the milk payout is increasing slightly, unfortunately, because of the reduced total production caused by the drought in most parts, which, thank goodness, is now breaking, with some getting 40 mm, but so far only 26 mm for us in Hamilton East. Obviously a lot more is needed everywhere.

Beef farmers are suffering low prices as they reduce numbers with buyers having a ball, aggravated by dairy culls. I know of no summer solution for beef farmers except the same as for dairy farmers, i.e., grow summer forage crops, followed by chisel ploughing in LimeMagPlus, and sowing new paddocks of Bealey NEA2 and the best clovers (not Kopu), including Tahora II which produces more N than others, in most farming areas. The new pastures will be bonuses.

**New perennial ryegrasses**

There are some farmers who think that new ryegrasses don't last, so sow old ones like Nui. The new ones have been developed in Canterbury soils, now more fertile than those of Nui's 30 years ago, while 90% of the soils on today's dairy farms, and more so on beef and sheep farms, are a lot less fertile, mostly because of the very low LimeMagPlus elements. At a Tātuanui lime field day I asked the 100 attending, "Do you agree that soils and pastures today are worse than 50 years ago?" All old enough agreed. GrazingInfo subscribers know why - low calcium and its synergisms.

The farmers asked why there was so much ryegrass pulling. The owner and the scientist didn't know why. It was low calcium levels (forget the pH) causing high aluminium which prevented ryegrass roots going deeper than 10 cm in this case.

If I were farming today I'd sow Bealey NEA2 and no other ryegrass with it, because all others are so unpalatable that the Bealey NEA2 gets grazed into the ground, while the tough and bitter AR37s in particular, are left 20 cm high (Gordonton trials and my Puketaha ones). There are pure Bealey NEA2 paddocks seven years old in the Waikato and older in AgriSeed trials, still thriving. An Ohaupo paddock has come through the 2013 drought green and growing. I have forgotten how many dairy farmers have enjoyed milk increases by two litres per cow per day from Bealey NEA2. That's a lot of money.

Please could those of you with Bealey NEA2 (safe palatable endophyte) and Commando AR37 (hard, high endophyte), email me your somatic cell count figures when cows are on one and then the other. Yatsyn is a high endophyte ryegrass which made milk somatic cell counts increase compared with low endophyte ryegrasses.

**New types of farming**

Over the years NZ farmers have done very well with many new products (animals and plants), but then produced more than can be sold, so the prices crashed sometimes followed by some of the industries. Examples are wool, milk (in our first years of dairy farming in 1955 we were paid NZ \$14.00\* a kilo of milk solids equivalent, and costs were much lower, lamb\*\*, goat milk\*\*\*, mohair, velvet, venison, many wine receiverships in 2010, and the grape price halving.

\* This is easy to work out because in 1954 springing cows were £20 each, and are now \$2,000 which is 100 times more in figures. We bought 40 ha in 1955, and milked 28 cows, 45 in 1956, 60 (NZ average herd size then) increasing to 220 by 1965 when we retired. Over the eleven years we bought neighbouring raw peat, and developed it. Read Jones V Biography in Free Items for more details on how we bought the land and built two new houses out of income without borrowing, but did do a little contracting, designed and made a few spinner drain diggers and chisel ploughs.

\*\* A 'Lamb' is the last thing young children want to eat. What children eat lots of, they like for life. Lamb marketers need to find a name for sheep meat before hogget. Auriel ex UK in 1954 where they have and eat lots of berries, cherries, apples, plums, etc., still likes and eats them, but she almost hates tropical fruits that I was brought up on in South Africa, so still prefer.

Poor marketing has always been a problem in agriculture. The first lamb retailer appointed in the USA was the Mafia! They made no profit for the sheep farmers because they were giving too much to their Mafia friends. Read Sheep.

\*\*\* Goat milk farmers went through a stage when they could not sell their surplus milk, but supply is now controlled to prevent over-supply, so the farmers now do well, but a second company recently started, will allow goat milk buyers to play one against the other, like the dairy industry now suffers. When Fonterra was formed by Labour under pressure from USA dairy farmers, because they claimed that the NZ Dairy Board was a government run monopoly, I predicted exactly what has happened. Sorry to boast, but in another ten years Fonterra will be one of the world's small milk companies collecting all their milk from the outskirts like Coromandel and Raglan.

Some American dairy farmers are now saying that Fonterra is a monopoly. Read Farming's Future > Haiti USA rules could wreck NZ.

Having been to USA 20 times, heard many dairy farmers complain about New Zealand selling milk there at below our cost of production (dumping), I understand how they feel, especially after we have complained to them over the years about their dumping subsidised milk in our markets.

### **Over-production**

Our hard working industrious farmers over-produce everything they get into, but not always at a profit. This includes wool, lambs (Read Sheep), beef, dairy, goat milk, venison, velvet, mohair, apples, kiwifruit, avocados, vegetables, flowers and, in 2010, even wine. As a result of this overproduction the prices of their products drop. Wool became almost worthless because of surpluses, costs, synthetics, and poor marketing. Milk prices dropped to a third, and are now half what they were 50 years ago, which was \$14 equivalent per kg of milk solids in 1955, when we bought our first farm.

Most farm products except goat milk, the production of which is controlled by one smart company, are now below the cost of production. Family farmers solve the dropping prices by working hard for little, streamlining, buying more land, farming more animals per hectare and netting nothing, but they can't do this for ever. They have increased average dairy herd sizes six times, from 60 cows in the 1950s to 360 in 2011. In the 1960s the average herd size was 100, when an average farmer could put three children through a private boarding school. They could not do that today with 600 cows, despite doubling pasture growth per hectare and doubling milk production per cow since then.

No other New Zealand industry has achieved such high increases and efficiencies.

### **Sheep costs up**

The lambing percentage is up by 50%, but their profits are down. The wool price increased, mainly because there were no surplus wool stocks anywhere, and production was down, but costs have gone way up.

Fonterra keeps trumpeting about how high its milk payout is, but the history above shows that the payout is low and farming costs have increased.

### **Over-producers**

I hope that the high input dairy farmers take note and reduce their cow numbers, and their amount of bought feed, so they don't produce more milk at a loss for themselves and a lower milk price for correctly stocked dairy farmers. Some highly stocked ones who reduced cow numbers before this season started, have said how happy they are, and how their stress has gone and made them, their family, farms and cows, happier - **and more profitable**.

Some over-committed farmers with large loans to pay for recently bought land and/or cows, live with stress, some have bankrupted themselves, died from stress or even committed suicide. These things are dreadful and not new. Causes are greed, egos and lack of commercial skills of budgeting, and not using information available to budget, and calculate the optimum number of cows to milk.

Going back 40 years to the Fieldays Dairy Farms of the Year winners, some farmers who attended field days on winning farms and saw their figures, reduced their cow numbers and then won this profitability based competition. Read the chapter on Farms of the Year Results I hope to complete within a few weeks.

Others I got to reduce cow numbers after using the 'Dairy cow numbers for max profit'

spreadsheet, showed they had too many cows so were losing money and stressing their underfed cows and themselves. It is pointless buying high producing semen and not feeding them fully. You'll see photos of Bill Chynoweth's big, well built 110 Friesians on 53 hectares in this book. On perfect LimeMagPlus fed pasture and maize silage during lean periods, they produced double the New Zealand average per cow, and had high per hectare production.

The first thing to realise is that producing milk from grazed pasture that costs 25 cents a kg of dry matter (including land value) is highly profitable, while home grown maize silage at 48 cents is not. Also remember that the maize feed value is about half that of pasture or pasture silage, but at 25% of the diet is a good mix, because pasture is too high in protein.

The fed costs of bought maize silage is 55 cents, grown summer forage crops 38 cents, pasture silage 62, hay 64, pasture 25 cents, but costs more in winter and dry summers because the costs take land value and growth speed into account.

### **Lost milk**

A valve on a client's automatic milking machine cleaning system didn't close completely, so about a third of their milk was lost down the underground drain for several days until they saw and discussed with the dairy company the drop on their milk docket. Had it not been as much as a third, they might have thought that it was the drought, so check yours regularly.

### **Avoid bankruptcy**

Farmers who have lost all their money and farms to banks, should have done what I've recommended since Auriel and I won the Waikato's Most Profitable Dairy farm award in 1959, which is to not buy feed (except in droughts that no one could predict), and grow forage crops every summer and to use the spreadsheet called 'Dairy cow numbers for max profit' available since 1990 to make the highest profit possible from home grown feed, which costs half as much as some bought feeds.

Two dairy farmers I know of who were buying concentrates, etc., were concerned about the work and costs, so stopped feeding it and were surprised that while milk dropped a little, costs dropped more. They are now very happy.

When you reduce cow numbers during droughts, you lose a lot of money and have usually already lost all your feed, but when you sell them before the season starts, as milkers, you get your money back, and then don't starve your cows and make a lot more profit. Since my first consulting in 1960s, all highly stocked clients who have reduced cow numbers have made a lot more profit.

My most successful were in Waikato \$244,000 loss to no loss and then \$300,000 profit by reducing cow numbers by a third and apply nine tonnes of LimeMagPlus per hectare, and for bankrupt Smith brothers in Canada, reducing from 600 to 300 cows which the farm could feed without buying feed.

Fonterra caused Crafar and other failures by telling all that the payout would be \$8, and having a BoP director tell Crafar to buy more cows and land and produce more milk. As all know, the milk payout dropped. Fonterra should have bought the Crafar farms, sold one, and sold the rest back to Crafar after the payout was higher. Now Fonterra has competition they will regret, but not as much as their teaching future competitors in several countries how to produce low-cost pasture produced milk.

Uruguay is now selling milk to Asia, especially South Korea, an aggressive growing in wealth market.

Who needs enemies!?

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