

The State Dairy Plan has identified that milk production SA needs to expand significantly to ensure a sustainable future for the industry. A recent report by Sally Schultz, Manager, Dairy Plan Implementation, follows a DairySA supported study tour to the region and highlights the potential for increased dairy production in this area.

Increased Dairy Potential in the Mid North.

The Mid North region of SA annually produces about 28 million litres of high quality milk from 31 farms. Over the past 20 years the Mid North has seen a dramatic reduction in dairy farms and milk output, However, that may change as the region has been identified as an area of unique opportunities for dairy development in SA. These opportunities relate to natural and market advantages.

Climate

The climate is dry and mild. Rainfall is winter dominant varying from 350-500mm p.a and is 70% reliable, that means at least average annual rainfall is received in 7 out of 10 years. Winters are cool especially in the Clare Valley where temperatures average 13-14°C and often fall below zero. In summer days can be warm with January and February averages at 29°C; this can limit milk production and shade areas are beneficial.

The climate is ideal for spring fodder and quality silage and hay production, as well as for grain production. This results in capital expenditure being directed to conservation and storage of the spring fodder flush and feed pads. Capital savings are made in irrigation, effluent management systems and fencing/paddock layout when compared to higher rainfall regions. The dry climate contributes to lower levels of disease, especially mastitis. It also means less effluent is produced from uncovered yards etc in comparison to higher rainfall areas.

Rain-fed grain and fodder production

Mid North dairy farms base their production systems around home or locally produced grain and conserved fodder. Over 15% of the State's grain is produced in this region and grain can be sourced at competitive prices directly off the harvester. With many grain growers also producing hay – the majority being oat, oat and vetch, medic or medic cereal mixes, there is an abundant supply of quality hay. On average cereal hay can be delivered on farm for \$120 to \$140/tonne. High quality silage from medic, vetch and cereal is also made on farm or purchased locally. However, as the system is based on rain-fed production, good risk management strategies, to minimise the impact of years such as this, are required to reduce the impact of rainfall unreliability.

Location

The region is serviced by the States three major highways. National Highway One runs along the western border of the region providing fast transport links to Adelaide and the major centres in the north and west of the State. The Barrier Highway the main route from Adelaide to Sydney, via Broken Hill runs through the centre of the region and the Sturt Highway to the Riverland runs in the south east of the region. These exceptional transport arteries provide links to processors – National Foods, Salisbury and Golden North, Laura – to bi-product feeds such as brewer's grains and citrus pulp – to labour and to education and health services. In the direct region there is currently a labour force of 9000 with over 30% of these employed in agriculture, the majority in the grains industry. Therefore, labour is not considered to be a limitation to expansion. As the area already supports a dairy industry veterinary, nutrition, breeding and milk equipment services are already available in the region.

Limitations

The report does note two potential limitations to dairy expansion in the region – lack of water and lack of three phase power. The report suggests that innovations in water use efficiency and power sources and utilisation could help overcome these current limitations.

For more details or the full report contact Sally Schultz 08 8762 9142, schultz.sally@saugov.sa.gov.au

DROUGHT MANAGEMENT INFORMATION ISSUE #2

The South Australian dairy industry including DairySA, PIRSA, SADA and milk processors, and nationally Dairy Australia and ADF, are actively rolling out strategies to assist farmers manage the current dry season.

A shortage of home grown fodder in some areas, the high cost of bought in feeds, and serious water issues for lower River Murray and Lakes areas, is having a range of impacts on dairy farms across the state. Industry recognises that we need multiple strategies to address this. Here's a quick summary of some of the strategies to date and what's coming up in the near future.

If you are looking for a specific service or strategy that isn't listed here, please do not hesitate to contact us to discuss it.

1. Dairy Updates on the radio

A short radio bulletin ("Dairy Update") is on air in South Australia week days, just before the 7:00am news bulletin. These bulletins cover a range of topics including technical issues, market developments (e.g. grain pricing & availability), support & assistance available, and regional activities. Feedback on the relevance, topics, timing etc. is welcomed. *Please provide your feedback to DairySA dairysa@border.net.au or 8766 0127.*

2. Drought Management Information.

An information sheet was circulated to all SA farmers with information on planning, contacts and resources. *Contact DairySA for a copy of the information.*

3. Drought Hotline . Phone 180 2020

Access drought information and referrals to a wide range of services, to help with managing the drought

4. Taking Stock

The Taking Stock Program is still being delivered across SA. It may be a good time to "take stock" of where your business is at now to help with your planning. It can be repeated so if you have done it before, consider doing it again. *Contact your field officer or Kirstie Murphy (08) 8536-3958*

5. SAFF fodder, agistment and seed register for all SA farmers

The register, which can be accessed through the toll free number **1800 753 277**, comes in response to an urgent need for farmers to obtain seed / fodder requirements for next year. The register is intended to be a convenient way of bringing buyers and sellers together, but negotiations beyond that would be done by the individual parties. The register is not about farmers getting cheap feed or seed, but a mechanism for matching demand with supply; buyers with sellers.

6. Current Grain Market Situation.

Following a request from the dairy industry and other domestic grain users, the Federal Government has agreed to undertake a stock-take of grain stock in Australia. The results will include improved information on supply and enable grain users to make informed choices on the purchasing of grain. Industry groups are helping to fund the survey. Initial results should be available by the end of November 2006.

7. South Australia Grain & Hay Report

As part of the national Dairy Industry Drought Response, Dairy Australia now has available a weekly grain and hay report. It provides an independent and timely assessment of grain and hay markets for dairying regions across the nation.

The reports can be accessed directly from the South Australian Dairy Industry website from next week (www.dairyindustrysa.com.au) or the Dairy Australia website (http://www.dairyaustralia.com.au/index.php?option=com_remository&func=fileinfo&id=453).

A free email subscription service will also be set up so you can be emailed directly each week, as the report becomes available. To subscribe, email dairysa@border.net.com.au with the subject line "subscribe SA grain and hay report". Please promote this service to people in the dairy industry that may find it a useful tool.

8. Seeking help is a sign of strength!

There are a variety of services available including some good fact sheets from Centrelink and Beyond Blue to help deal how people may be feeling during this difficult time. You might want to read the Beyond Blue fact sheet "How can you help someone with depression" because sometimes it's important we look after ourselves, our friends and community during this time. It gives some practical ways to help and how to approach difficult conversations. There are also a wide variety of services for available to access. Go to www.beyondblue.org.au or contact DairySA for a copy of these fact sheets.

9. Farm Walk

- a. **River** – a farm walk looking at strategies to manage irrigated pastures with reduced water allocations as well as other drought strategies will be held near Murray Bridge on **Thursday 14th December**. Irrigation, pasture and dairy business specialists will be presenting along with other service providers in attendance to discussions in the breaks. A BBQ will follow for socialising and talking with service providers. This is a technical production session with the focus on irrigated pasture management and strategies to help manage the drought. A flier will be sent to all river dairy farmers with details.
- b. **Other regions** – farm walks can be organised for other regions as well with key topics dictated by farmer need in the region. If you'd like a farm walk and BBQ organised in your area, please *contact Verity at DairySA to discuss on 8766 0127*.

10. Drought Regional Coordination for South Australia

Dairy Australia and DairySA are collaborating to fund regional drought coordination for extension and communication in SA. This will be coordinated through DairySA and will provide relevant and up to date information to SA's dairy farmers. If you have a specific need or idea for technical or support information in relation to the drought or want to discuss issues affecting your farm, *please contact DairySA on 8766 0127*.

11. Exceptional Circumstances Applications

SADA with support from PIRSA is facilitating a range of strategies to incorporate dairy businesses into appropriate regional submissions in the next few weeks and months. SADA has already provided funds for dairy consultants Steve Scown and Sam Acheson to prepare background information and preliminary farm financial data to support this process.

Mount Jagged Dairy Discussion Group

"Sharing knowledge for sustainable and profitable farming"

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The discussion group was started over 25 years ago, over that time 30+ farms and 40+ members have been involved. We have sons and farms of the original members in the group currently. We have three unwritten rules; in that *"Members must attend regularly", "We come and go as friends" and "We respect the confidentiality of member's financial information"*

The current group consists of eleven dairy farms, with a geographical range from Back Valley, Inman Valley, Middleton, Mount Jagged, Mount Compass to Currency Creek. On these eleven farms we have 4 rotary, 4 swing over herringbone & 3 double up herringbone dairies, 52 people actively employed. On these farms 7200 cows produce in excess of 2.5 million kilograms of milk solids.

The group has financial data for all farm for over 20 years that record, physical data, stocking rate, production per cow, production per ha, feed supplements, pasture utilization, fertilizer use, total income, operating costs, gross margins, costs per cow, cost as % of income, costs as % of total operating costs, milk prices received, operating

costs of production, gross margins \$ per cow / \$kg milk fat/\$ kg milk protein/ cents litre/ \$ hectare, labour, capital assets, margin after labour / depn, margin after interest, return on capital, return on net assets and summary feed costs & margins.

We have a day/night meeting every year to discuss all the relevant figures that each farming enterprise has presented, with a rural banker giving his views from their side of the ledger. We aim to visit every farm during the year, when we use the financial information to identify the key performance indicators of each business. From this we identify the strengths and weaknesses of the farming operation. During the year we will visit an enterprise outside this region and interstate trips have been arranged to look at specific projects.

Membership and farms are limited, but all participants on a members farm when visited, are encouraged to be involved on the day. The farm visited is able to be attended by bankers, nutritionists; agronomists on the day. We only invite guests that can provide a positive benefit.

The group has a paid co-ordinator that sends out a newsletter every month, writes a summary on the farm visited and is the communicator for the group.

Pasture a key to Fleurieu Dairy viability.

Recent data shows how Fleurieu dairy farms are capable of achieving high pasture consumption levels, and how this is remains a key element of profitable dairying in this district.

Farmers are currently battling drought conditions, but need to consider their longer-term production potential when thinking about whether to continue farming, and in what direction.

The Mt Jagged Dairy Discussion Group and Project 3030 compiled data for eighteen Fleurieu dairy farms for 2005/06, and pasture consumption levels averaged 5.7 tonnes DM/ha across these farms. For these farms, this represented an average 16% increase over the previous year. Whilst seasonal conditions were favourable in 2005/06, this alone does not fully explain the recorded increases in pasture consumption. Indeed consumption levels have been increasing since the mid 1990's, when averages were only around 3.5 tonnes/ha.

So many Fleurieu farmers have pro-actively managed for significant increases in pasture production and utilisation, with 80-200% increases for some farms, over the last decade. And just as well. Dairy farmers continue to operate under increasing cash-flow pressures, and pasture consumption is becoming an increasingly important pre-requisite for viable dairy farming.

Operating profits (before debt servicing) were estimated for all eighteen surveyed farms and, as in previous years, there was a positive association between pasture consumption and profitability. Across surveyed farms, there was an average increase of \$220 profit/ha for each additional 1 t DM/ha increase in pasture consumption.

Drought conditions are forcing serious stockfeed problems on farms now. This only makes it more critical for farmers to focus on maximising the potential of their pastures and forage crops when the drought does break. Some of the key strategies used have included;

- more intensive block grazing
- improved soil fertility through soil testing and increased, targeted fertiliser inputs
- significant increases in N fertiliser use, and reliance on short-term forage ryegrasses
- increased stocking rates and utilising more surplus spring pasture growth

The recorded increases have been achieved without increasing the amount of irrigation on farms.

Undoubtedly dairy farmers need to continue their focus for even greater levels of forage consumption into the future. DairySA looks to assist here, providing support with its Forage Skill\$ program, as well as its Forage Innovation project in the South East. Project 3030 will provide more articles in coming months, giving more detail on some pasture strategies being used on individual farms.

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