



Focus Farm Update

Dealing with an uncertain season

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They say in farming that timing is everything: planting at the right time; getting rain at the right time; or mating at the right time. With current conditions and an uncertain spring, there are many factors that we cannot control however there are a number that can be managed.

Paul and Jo Judge's business at Gowrie Junction is facing these questions. Through the Subtropical Dairy Focus Farm project, they are being challenged to think about farm management strategies to help combat an uncertain short to medium term. With Parmalat announcing their 'new' milk offer from January 2019 and increased pasture production due to the recent installation of a new pivot irrigator, there are many future opportunities for Paul and Jo's business. However, there are an equal number of challenges, with a forecasted dry spring and summer driving grain and hay prices up.

With the assistance of the Focus Farm Advisory Committee, a scenario planning session was held on July 31 2018 where a number of opportunities and challenges were identified. From here, three scenarios were developed as possible road maps for the business. This has assisted Paul and Jo to think about possible outcomes that could occur over the next few months and how they will need to adjust their business to either capitalize on the opportunities, maintain the business or exit the business.



Opportunities

- 'New' milk offer from Parmalat;
- Reduced milk supply in Queensland versus market demand;
- Increase pasture production from the installation of the second pivot irrigator;
- Surplus fodder production on dry land paddocks and surplus irrigation paddocks;
- Herd expansion given lower prices of good dairy cows and heifers;
- Have access to secured finance;
- Good irrigation water availability from Toowoomba sewerage plant;
- Access to potential staff.

Challenges

- A current feed gap caused by a late winter planting;
- Tight cash flow driven by recent fodder purchases;
- No current forage reserves;
- High hay and grain prices;
- High somatic cell count;
- Milk fat and protein % are below target;
- Irrigation water security (supply could be stopped at any point in time);
- Limited access to reliable staff;
- Paul becoming incapacitated.

Paul and Jo are being challenged to think about farm management strategies to help combat an uncertain short to medium term.

Scenario	'What if' – scenario description	Opportunities	Challenges	Action - What needs to be done?
A BEST	<ul style="list-style-type: none"> • Good early spring rain and high irrigation availability. • Maximum pasture production. • Milking 160 – 180 cows. • Employment of one high value staff member. • Enough fodder is grown to allow some to be conserved. 	<ul style="list-style-type: none"> • Low cow prices makes herd expansion less expensive. • 'New' milk offer from Parmalat can fund expansion. • New forage varieties and irrigation infrastructure available to capitalise on high water availability. 	<ul style="list-style-type: none"> • The potential for feed gaps with a larger herd. • Being unable to cull high SCC cows. • Unable to plant due to intense rainfall events. • Finding the right staff member. 	<ul style="list-style-type: none"> • Purchase of 40 to 60 cows. • Commence herd recording. • Plant all irrigated areas to pasture. • Plant all dry land areas to forage crops. • Employee labour unit.
B MIDDLE OF THE ROAD	<ul style="list-style-type: none"> • Dry winter and spring continues. Storms commence in November. • Have ongoing secure irrigation water. • Milking 140 cows. • Employ staff with limited skills. 	<ul style="list-style-type: none"> • Receive 'New' milk offer from Parmalat due to increased cow performance due to better forage availability and quality resulting from recently installed irrigation infrastructure. • Cow prices will be low. 	<ul style="list-style-type: none"> • Coming off contract for grain. Grain prices will still be high. • Cash flow will still be tight. • Finding the right staff member. 	<ul style="list-style-type: none"> • Herd record to identify high SCC cows. • Swap out 'old' cows for 'new' better producing cows. • Proportion of farm planted to annuals versus perennials. • Employ part-time labour.
C CATASTROPHIC	<ul style="list-style-type: none"> • No irrigation water available and no rain. Farm is reliant on bought in feed. • Paul is seriously incapacitated. 	<ul style="list-style-type: none"> • The business has limited debt. • Other family members can provide an income. • The herd could be downsized. 	<ul style="list-style-type: none"> • High feed costs would mean poor profitability. • Business would need to employ staff if Paul was incapacitated, further reducing margins. • Finding the right employee. • Cash flow would be negative. 	<ul style="list-style-type: none"> • Financial modelling to determine an optimum herd size. • Secure feed. • Employ a full-time staff member.

These three scenarios are currently being financially modelled to determine how each will affect the cash flow and wealth creation goals of the business.

Paul and Jo are expecting that Scenario B, "the middle of the road", will be somewhere near the mark of what might play out for the season ahead. From this position, various contingencies will be planned for, should the Scenarios A or C eventuate. ■ ■



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