

Improved performance despite the drought

By PETER J AUSTIN

KEY POINTS

JENNY AND DAVE CUSTANCE

Poowong, Vic

DAIRY BUSINESS OF YEAR AWARDS

Most improved

*Focus on pastures and good production

*Took on parked cows in drought

*Plan to build equity and reduce debt

CAREER dairyfarmers Jenny and Dave Custance from Poowong, Victoria, were second time entrants in this year's Dairy Business of the Year awards and were both surprised and delighted to take home the Most Improved award.

Membership of a discussion group led by Intelact's Neil Lane gave them the incentive to enter in the inaugural year after Mr Lane ran their figures through the Red Sky program and encouraged their participation.

And they say they have no regrets after having spent time with the other entrants, an experience they said gave them plenty to think about.

As luck would have it their second entry – for the 2006/07 season – coincided with widespread drought but Mr Custance said he spotted it early as conditions started deteriorating, first in the north before gradually overtaking most of the state.

By “just doing things a bit smarter” they actually lifted production 17% from the previous year and in fact milked an additional 50 parked cows – a profitable move as it turned out when milk prices jumped to record levels.

Mr Custance said he just took whatever measure he could to secure their operation in the best possible position, carefully monitoring soil moisture and following any showers with nitrogen fertiliser to stimulate growth.

“That allowed us to keep as much grass as possible in front of the cows and then harvest any surplus,” he said.

“I also started early to approach landholders in the area with offers to buy any standing paddocks of surplus grass and that way managed to source quite a bit that we cut for silage, which didn't cost us more than \$30 a roll.”

The heifers were moved off on agistment and with the luxury of big quantities of hay from a bumper harvest the previous



Jenny and Dave Custance were surprised and pleased to win the Most Improved award in the Dairy Business of the Year awards.

season it was just silage they needed to maintain the milking herd.

The Custance cows are the top producers in their discussion group and Mr Custance said he normally fed up to six kilograms of grain a day and so was comfortable doing that through the drought even though grain prices were a real issue.

Their grains comes from a local feed supplier and Mr Custance said he did try to negotiate longer term price arrangements but received little joy and so they had remained exposed to the vagaries of the grain market.

New owners have since taken over that feed business and Mr Custance said he held some hope that would bring new opportunities for longer term price surety.

Herd

“Cow condition is everything and we try and hold the cows at condition score five to five and a half. That requires care with a lot of little issues that other people probably miss,” Mr Custance said.

Fertility rates that bedevil many herds are not really an issue for them with normal empty rates of 3-5%, although that blew out to 18% in the competition year, a

Table 1: Key performance indicators for award years (2006-07)

Indicator	2006-07
Effective milking area (ha):	73
Cows:	210
Production (kg MS/ha):	1473
Production (kg MS/cow):	514
Return on assets:	5.9%
Operating profit margin:	14.4%
Cost/kg milk solids:	\$3.95
Pasture harvest (t DM/ha):	8.5
Core per cow costs:	\$495
Labour efficiency (Cows per full-time equivalent):	97

problem they believe was traced to semen from two of the bulls they chose.

But things seem back to normal this year based on early submission and conception rates.

It has been a slow process to build the herd after they sold a good herd of cows they had sharefarmed with at Trafalgar to raise the deposit for this farm.

Starting again with heifers they had basically kept everything until a couple of years ago when “things just started to happen”.

As a result they culled heavily and have bought 60 heifers into the herd for each of the past two years, meaning about 50% of the herd is now only on a first or second calf.

But they are going well and Mr Custance said they were producing an average 30 litres of milk a day – 2kg a cow a day of total milk solids – on a diet of grass and 4.5kg a day of grain for a “pretty good” income over feed cost result.

They aim to calve the heifers down at 26-30 months but with the pressure to get more into the herd had come back to 24 months with pretty good results.

Bodyweight at first calving is generally in the 520-550kg range with their preference to get them to the upper end of that range.

Grass

Mr Custance said they focused on grass and saw scope to improve on the pasture harvested figures of 8.5 tonnes dry matter (DM)/ha in the competition year.

One major limitation, he said, had been a series of extended dry summers that limited the period of growth to just six or seven months without irrigation. ►



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In those conditions, he said, even the current pasture harvested figures had been "pretty good" but still offered room to improve.

This season conditions are again shaping for a good spring with consistent rain through the winter enough to fill their dams and build a bank of feed for the cows.

Last year provided an exceptional fodder harvest and Mr Custance said it would "be nice" to repeat that again this year.

Even so they still have quite a lot of hay in the shed, and the maize silage they

grew last summer is still in the pit, so the main interest this spring was to add to their grass and cereal silage.

A small area (3.7ha) of oats they grew last year yielded 10 tonnes DM/ha when harvested so they had planted more of the same this year.

Awards

The Dairy Business Awards includes a two-day retreat

where all entrants can meet each other and swap experiences and ideas. Mr Custance said that had been a really stimulating experience to listening to other farmers who had overcome all sorts of obstacles to achieve their aims.

"It was so uplifting and really good for the morale to be with such positive people – something often missing when farmers get together," he said.

Starting as sharefarmers in 1982 the Custances bought their current farm nine years ago and have gradually lifted their equity while improving the farm.

One limitation Mr Custance said was that good seasons and good milk prices seldom corresponded so it had been a real boon when that did occur through the 2007-08 season.

But they have not been blinded by current prices and say they were already preparing for lower prices and because they ran the farm on their own they had the flexibility to adjust very quickly.

Farm

The Custances bought their farm after sharefarming for some years and had initially intended to "knock it into shape" and then sell up move on to a bigger place.

But they have ended up staying put and say this farm is now set up as they want and gives them fantastic production.

Profits have gone in to development but also to build their equity and with their children approaching adulthood there is less financial pressure. Mr Custance said they were happy to simplify things, making it easier for them to manage and the option for more free time both on and off the farm.

They are also planned to diversify by putting some of their capital into off-farm investments but in the mean time would continue paying down the remaining debt and building equity in their business. **D**

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