

Beating future droughts [on dairy farms]

This article summarises the factors which slow the pace of recovery. Any severe climatic change teaches those who work the land new lessons. What can we learn from the drought of '98 that might help in the future?

Minimising the cost of a drought and getting back into full production need not be a difficult task. It requires a straightforward process of assessing the problem, determining the best response, implementing the response in a timely manner and close monitoring to confirm progress.

Weather forecasting

Without a doubt weather forecasters are doing a better job with their predictions. The El Nino weather system that brought the drought was identified in March '97. At this time East Coast farmers got their first warning that dry conditions were likely. Confidence in the prediction increased with each update.

In the face of better weather forecasting, strategic plans should be prepared and acted on sooner.

Being in an industry where payment for product is relatively stable, a management strategy can be prepared with reasonable confidence. When the milksolids payment is known within certain bounds, then the price that can be afforded for supplements or other strategies can be calculated.

A feed budget should be prepared with different pasture growth, supplementary feed and stocking rate scenarios. Outside advice should be sought if the technology (computer power) and resources (pasture growth records) are not available. Industry advisers, private consultants and leading farmers all have resources that can be utilised.

Implementation

Setting up for an impending drought is all about timing. Making the right decision is important, but implementing a timely response is essential. Deferring the decision to respond is a common problem during a drought.

A survey of Canterbury farmers after a drought in the '80s showed that many farmers suffered from being too slow to make decisions. Thinking as eternal optimists, that it would rain soon, resulted in delays to vital management changes.

An early decision made in haste was shown in this survey to cost less than the right decision implemented too late.

As an aside many dairy farmers saw fodder crops as a means of supplementing feed in the drought. Yet fodder crops suffered from a lack of moisture. Those that got a satisfactory yield had crops established early. The message was that if there was insufficient time to do the job right then it might be appropriate to implement an alternative.

Monitoring

For dairy farmers, a feed plan gives target pasture covers and timing for supplementary feed use. By regularly checking the plan, any change in the situation should trigger a response.

When targets are not being met, the plan must be updated.

Monitoring is a proactive approach to working through a problem. Unfortunately, apathy tends to reign through a drought. "There is nothing I can do so I will do nothing."

Farmers that take this approach may also defer the inevitable. Large amounts of supplementary feed were purchased in late summer [1998] at inflated prices. If these farmers had recognised the severity sooner they might have de-stocked earlier or at least purchased feed at a lower price.

With better records being kept now, the forecasting of pasture growth rates is likely to improve. Information gathered from East Coast dairy farms over the drought will help determine “best management” practices for the future.

Animal welfare and health

The general public is aware of droughts and the implications on stock welfare. Feeding levels and availability of drinking water are strongly commented on. Farmers must be seen to act responsibly.

Animal health issues include ryegrass staggers, facial eczema, embryonic loss, trace element deficiencies and post-drought metabolic problems.

The cost of subclinical illness is a drop in physical performance. On individual farms this cost might prove very hard to quantify but is none the less very real. This is especially true when there are economic demands for better physical performance and greater efficiency.

Financial control

The modern dairy farm is rapidly changing. To be economically viable it must be bigger and able to operate with more cows milked per labour unit. Smaller farms feel this pressure, tending to be less flexible. Their ability to make significant changes in the system are reduced.

Financially speaking, droughts have a greater impact on small farms. The cost structure is different, fixed costs make up a higher proportion of operating expenditure. Any further increase in operating costs, or drop in farm revenue, will quickly erode operating surpluses.

Sharemilkers also suffer significant financial pressure during a drought, but for a slightly different reason. They have disproportionately higher variable costs. Irrespective of size this means any change in management, such as more supplements purchased, will have a greater effect on the bottom line.

A great deal of pressure was inadvertently placed on sharemilkers by farm owners during the 1997/98 season as a result of the drought. Share-milking contracts require cow numbers and the general feed situation to be sustained from one season to the next.

In order to achieve this during a drought, more supplements must be purchased, in some cases without the payoff from better milk production.

The alternative is to allow cow feed intakes to fall. Liveweight then drops forcing an earlier drying off date and/or acceptance of lower cow condition in the following season. Less milk revenue and higher animal health costs will result.

Without realising the impact, some farm owners asked sharemilkers to implement significant changes in farm management. While these requests were reasonable in terms of farm sustainability, there was often a conflict with the sharemilkers' short-term financial well-being.

There is no simple solution to these issues of small farm viability and sharemilking contractual requirements. In years of large climatic variation or milksolids payout dropping, these people are the first in the dairy industry to feel the effects.

Effective communication and good financial planning is the best means for handling such cashflow fluctuations. Working closely with financiers and farm owners is crucial. Preparing

a budget at the start of the season and updating the cashflow monthly is part of good farm business management, in any year.

Managing a drought is part of East Coast farming life. It may only be one in every five to seven years but sooner or later it will happen. Formulating a positive response is about utilising good information: weather forecasting, district records and experience.

A management plan should be prepared and monitored against, like any other year. Changes in management need to be determined early and reacted to promptly. Firm control of the financial and physical situation should ensure the cost of a drought is minimised.

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