



Macalister Demonstration Farm

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NEWSLETTER 111

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Your Levy at Work



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This newsletter is independent and prepared by MDF volunteers using MDF resources.

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Correctly Providing Negative DCAD Diets Pre-Calving Will Set Cows Up For Milking

How cows are fed and managed through the transition period (generally accepted as the three weeks before and after calving) can determine how healthy, productive and profitable cows can be.

One of the key determinants of whether a cow will maximize its genetic lactation potential after calving is determined by blood calcium levels both pre- and post-calving. The high increased demand for calcium around calving requires the cow to be able to efficiently mobilize calcium from bone and absorb dietary calcium. If this mechanism is unable to keep up with the calcium demand, then the risk of calcium-associated metabolic diseases are increased, and production is compromised.

The best way to ensure proper blood calcium status in transition cows is through the feeding of a negative DCAD diet during the last three to four weeks of the dry period. For the most effective lead feeding, consider these points:

1. Feed adequate amounts of high quality anionic lead feed to the pre-calving cows to place them in a proper state of compensated metabolic acidosis as indicated by reaching a target

urine pH of 5.5 to 6.0. This includes supplying forages of low DCAD where total diet DCAD can be reduced to – 120 to – 150 mEq/kg DM.

Test forages for DCAD using wet chemistry and put this aside for the pre-calving cows.

A study conducted at Cornell University showed that cows fed a full acidifying anionic diet produced 3.1 kg milk per cow per day more than cows fed a non-anionic diet.

2. Reducing the diet DCAD to partial acidification where urine pH remains above 6.0 will help to reduce the number of clinical milk fever cases, but may not significantly reduce the amount of subclinical cases.

Cows affected by subclinical hypocalcaemia (low blood calcium) are less productive and less profitable costing the dairy farmer loses in potential income. Sub-clinical hypocalcaemia affects a much higher percentage of cows, lost revenue associated with this condition far exceeds that of clinical hypocalcaemia (milk fever).

3. Hypocalcaemic cows have increased risk of developing retained placenta, dystocia, uterine prolapse, metritis and displaced abomasum due to improper muscle and nerve function. These cows are subsequently less productive.

Blood calcium is critical for effective immune cell function, and cows with hypocalcaemia are at an increased risk for developing immune-related infectious diseases such as mastitis, retained placenta and metritis.

4. Choosing the best source of anions and fed at the proper level of acidification is necessary for maximum results in a dairy herd.

Macalister Demonstration of Animate Lead Feeding program

Phibro Animal Health undertook a feeding demonstration trial on Macalister Demonstration farm to assist commercial operations in developing strategies to obtain the best out of feeding anionic diets and sub-sequent health and production. Animate which is a highly palatable, concentrated anionic supplement formulated with proper levels of chloride and sulphur (-7064 mEq/kg DM) for effective negative DCAD diet formulation was used. Animate was incorporated in a grain mix containing wheat, corn, canola, organic minerals, calciprill and other additives



through Browns Stockfeeds. Chemical analyses of animate lead feed was -1283 mEq/kg DM. Two lots of oaten hay were fed with a DCAD of + 44 and +200 mEq/kg DM.

Cows were fed 3 kg animate lead feed plus ad lib oaten hay and small strips of ryegrass daily. Animate lead feed was fed to the cows through the dairy shed. Target lead feeding period was 14 to 21 days before calving.

The objective for this demonstration was to work with Mahesh, MDF Farm Manager to reduce milk fever which for the 2017/18 calving season was 36 cows out of 250 calvings (14.4%). Second lactation cows and later were observed in the

study. Secondly to observe challenges in the system that can be improved in future calving seasons.

Preliminary results are available now.

Table 1 Forage and Animate Lead Feed Analyses

FEED	CP%	ME mj/kg DM	DCAD mEq/kg DM
Oaten Hay #1	6.8	8.5	+200
Oaten Hay #2	5.9	9.7	+44
Animate Lead Feed	21	12.3	-1283

Table 2 Milk Fever Response to feeding animate lead feed for minimum 14 days before calving

TOTAL 2+ LACTATION COWS CALVED	231
On Lead Feed – >14 days	2 (0.9%)
On Lead Feed - 0 to <14 days	6 (2.6%)
No Lead Feed Fed	3

Milk fever was reduced 78% from (36 cows) 14.4% to (8 cows) 3.5% with feeding animate lead feed in a commercially operated farm. Results were interesting as milk fever could be reduced to even lower levels when cows are fed greater than 14 days on the lead feed program. The risk of milk fever is increased when cows are either not fed lead feed or are not on lead feed for enough time to fully undergo compensated metabolic acidosis.

Other metrics indicated a smooth transition after calving with three retained membranes, two assisted calving's and no cows treated for clinical or sub-clinical ketosis within 10 days after calving.

For future calvings, it is important to take into account if short gestation bulls are used as was the case at Macalister Demonstration Farm. Must allow minimum of 21 to 28 days on lead feed using the expected calving date to prevent cows being on lead feed less than 14 days.

Changing hay will throw the DCAD balance, in particular if the forages are vastly different in DCAD. Measuring urine pH will give a clear picture of whether a fully acidified diet has been feed. Urine pH test cows that have been eating the complete transition diet for a minimum of 4 days (sample 10 cows to get representative sample of herd), pH must be within 5.5 to 6.0 to indicate full acidification and maximum gain from lead feeding. Varied urine pH results and pH above 6.0 will indicate partial acidification and although milk fever may be reduced the true health and production benefits of lead feeding program will not be recognized.

In a testimonial statement by Mahesh Singh, Macalister Demonstration Farm Manager, said, "The calving season ran the smoothest in my time at the farm and the small number of cows with milk fever recovered quickly and cows transitioned well and entered the milking herd healthy. Dealing with milk fever cases has been stressful in previous years and it is not easy to start the day with

downer cows. The program put in place last season has taken away this stress and allowed me to concentrate on other jobs on the farm during the busy calving season”.

Phibro Animal Health would like to thank Mahesh Singh and his staff at MDF for their hard work and support in completing the feeding demonstration trial. Appreciation goes to Jo DeMoel, Hico who organized the herd testing and supplied data using mistro for the feeding trail.

For further interest or a chat on the animate lead feed program contact:

Brenda McLachlan PhD 0488744271

George Wilkes 0439645846

Prepare by the Phibro Animal Health Animate Team

Guangdong VTR Yeast Supplement – Extended Trial Update

The extended yeast supplement trial at Stewart and Nita McRae’s is still underway with the early results being number crunched. Unfortunately, the first analysis of results is not yet complete so we’ll have to wait until the next Newsletter in July to learn the full story.

In the meantime, Stewart has added to his stocks of yeast to get him through to the end of the season by “borrowing” some from the MDF stockpile. With the Phibro Animal Health cow transition trial now complete at the MDF, Mahesh has begun feeding all of the MDF cows the yeast supplement for the last stages of their lactation. We’re keeping a close eye on the production graphs in the MDF Fortnightly Update that is circulated on AusdairyL to see if there is a kick in production as the cows settle in to the additive. If you would like to subscribe to the AusdairyL email network just send an email to ausdairyL@googlegroups.com and ask to become a member. You can also access the fortnightly reports on the MDF website – macalisterdemonstrationfarm.com.

It should be interesting.

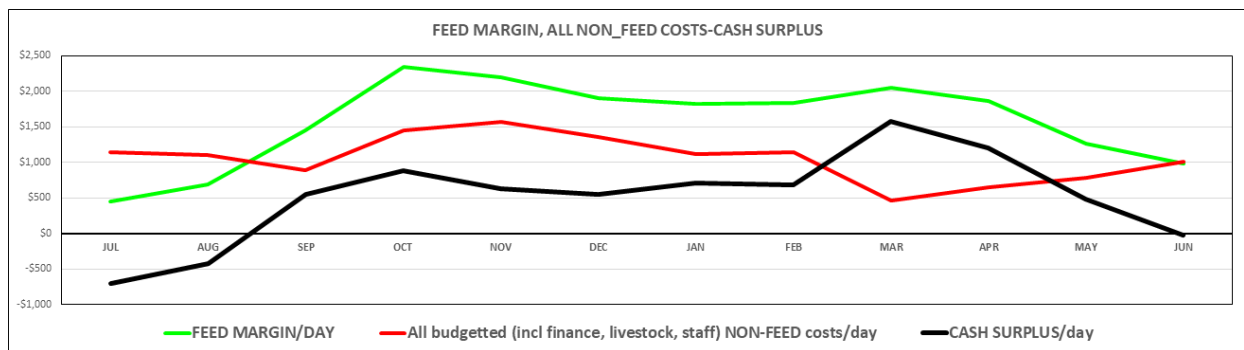
Neil Baker

Feed Margin and Farm Profitability

In the January issue of the MDF Newsletter you will have seen the lead article – “Meaningful Performance Indicators – How You Can Use the MDF Fortnightly Report”. In this article by Frank Tyndall he discussed the use of the Feed Margin – that is, the amount of money left over after all feed costs, both pasture and all supplements, are taken from the milk income – as an important driver of farm performance. It sparked more feedback than almost any article the MDF has published before, both supportive and not so supportive, that I thought it was worth a follow up from the MDF point of view to clarify some of the issues raised.

In the introduction to that article I acknowledge that the Feed Margin doesn’t tell the full story of farm performance – that comes with the Profit and Loss Statement at the end of the year. To achieve a profit at the end of the financial year we need to keep all of the non-feed costs under control – that’s overheads (rates, repairs and maintenance, accountant, admin, etc), herd costs (health, breeding, mating), milking costs, rearing replacements, labour, and debt – and then to pay for them with what’s left over from the milk income after feeding costs are taken out – that’s the Feed Margin – along with other farm income like stock sales, dividends and off-farm investments. I thought it would be interesting to look

at the relationship between non-feed costs, feed margin and cash surplus over the course of a year. Take a look at the graph below.



Notice that both the feed margin and the non-feed costs move up and down from one month to the next. At the start of the season the feed margin is low in a seasonal herd when milking numbers are low as we wait for fresh cows and the Feed Margin is not enough to pay non-feed costs in July and August. This is the time when we watch the bank balance go backwards. The feed margin is highest in Spring when we are feeding our cows as much grass as we can and grain intake is low as we set them up for the tail of the season. Because grass is dominant in their diet and is the cheapest feed we have at the same time that milk production is high, the Feed Margin is also at its highest. In March our non-feed costs are at their lowest and this delivers a jump in cash surplus and we watch our bank balance grow. By the end of the year with costs rising in preparation for the next season and milker numbers falling as cows are dried off the cash surplus drops to break even. In July and August our cash is going backwards, from September to May we accumulate cash. The more the cash surplus is above the zero line, the more total surplus we have for the year.

So what's the main driver of the cash surplus at the MDF? If controlling non-feed costs was the main driver then we would see a high cash surplus in the months when non-feed costs were low (March and April), or a low cash surplus in the months when the non-feed costs were high (November to February). But what about September and October when non-feed costs rise and so does the cash surplus – something else must be driving the surplus. Controlling non-feed costs is important but if you look at the shape of the Feed Margin curve and the cash surplus curve you will see that they are very similar and this indicates a strong direct relationship – when Feed Margin is rising, cash surplus is rising; when Feed Margin is falling, cash surplus is falling. Feed Margin is clearly an important driver of cash surplus and it's cash that pays the bills.

Monitoring the Feed Margin has been very useful to show the impact of the feeding decisions we make on feeding profitability. By measuring the feed margin every ten days and then monitoring Feed Margin performance over thirty days (three ten-day periods), we are able to see the responses to feeding decisions (grass growing, grazing and feeding supplements) at every grazing rotation.

There is no doubt that a Feed Margin analysis is only a partial analysis of farm performance but the relationship between Feed Margin and cash surplus tells us how important it is to produce milk solids as profitably as we can do drive our cash surplus.

Neil Baker

MDF Budgets and Financial Management

While writing about what makes a farm profitable it occurred to me that we have never shared the process that the MDF Board uses to monitor the farm business. When times are tight it is important to know where your business is at any time so large expenses and critical decisions don't create surprises. A key element of managing financial performance at the MDF is in preparing a farm budget. I know there are some who say that a budget is only of limited importance because things change, sometimes dramatically, through the season so the budget becomes redundant. But a good budget is a living document that helps explain why performance is above or below expectations and helps in better decision making when circumstances change.

The MDF prepares an annual budget broken down into month by month budget through the year. The monthly figures in the budget are largely based on the pattern of income and spending over the previous year or, in the case of a departure from our normal farming system or a major investment, it includes our best estimate figures. As income is received and accounts come in our monthly "Actuals" are there to compare against the monthly budget.

At each monthly Board meeting we compare where we are against where we thought we should be and try and account for any variances. Sometimes we will need to tweak the budget for the remaining months if something unexpected has happened and this then lets us predict our cashflow into the future. One thing we don't tweak is the milk income, even if there are step ups. We build a budget to meet a target at opening price and if we achieve any more milk income then that is a bonus. All of this leads us to better informed decision making and that's what good business is about.

Below, for your interest, is the MDF annual budget broken down into months. Following that is the Budget-Actuals Report up to the end of March that we use to monitor our position.

You can see in the Budget-Actuals Report that the monthly report is quite variable and this is largely caused by purchases being made outside the predicted month – as long as we can explain the variation we are comfortable with that. By comparing to the Year-to-Date report these sorts of variations work themselves out and give us a better picture. Despite the challenges of the season and March not being a good month, we are in a better position than we anticipated at the end of March for a number of reasons:

- Milk income is well up but so is the cost of grain – purchases made at a much higher price than budgeted;
- Extra purchases of hay to manage the risk of the dry season;
- Purchase of extra water – this was not budgeted but was seen as more cost effective than purchasing extra fodder. This is the third year in a row that we have purchased around 50ML so we will have to look at our long term position;
- Dry cow hay and oaten hay purchased and paid for earlier than usual to secure supply;
- Many costs are under budget;
- Total repairs are also up, but, what can you do!

		Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
(All figures excluding GST)	Annual Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget	Month Budget
Income													
Cattle Sales	\$40,900	\$2,000	\$1,500	\$ -	\$ -	\$ 5,500	\$ -	\$6,100	\$4,000	\$1,800	\$12,000	\$8,000	\$ -
Dividends - IPL	\$160	\$160	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Milk Sales	\$930,495	\$51,177	\$24,193	\$31,637	\$83,745	\$107,007	\$99,563	\$95,841	\$91,189	\$86,536	\$83,745	\$86,536	\$89,328
Milk Levies (GST Excl.)	-\$ 7,799	-\$ 441	-\$ 181	-\$ 395	-\$ 809	-\$ 929	-\$ 843	-\$ 827	-\$ 757	-\$ 666	-\$ 693	-\$ 605	-\$ 653
Milk Levies (Volume, Collection charges + UDV) (GST Incl.)	-\$51,948	-\$2,288	-\$1,092	-\$1,976	-\$5,356	-\$6,448	-\$6,188	-\$6,032	-\$ 5,460	-\$ 4,628	-\$ 4,212	-\$ 4,108	-\$4,160
Rebate - Bulk Vat Interest Subsidy	\$710	\$ 140	\$140	\$140	\$140	\$150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rebate - Fuel Tax Credits	\$ 3,673	\$ 233	\$ -	\$ 170	\$ 700	\$ 150	\$ 120	\$ 450	\$ 700	\$ -	\$ -	\$ 1,150	\$ -
Total Income	\$916,191	\$ 50,981	\$ 24,560	\$ 29,576	\$ 78,420	\$105,430	\$ 92,652	\$ 95,532	\$ 89,672	\$ 83,042	\$ 90,840	\$ 90,973	\$ 84,515
Less Cost of Sales													
AI & Branding	\$32,775	\$ -	\$ -	\$ -	\$ 1,500	\$16,500	\$12,125	\$ 1,000	\$ -	\$ 1,650	\$ -	\$ -	\$ -
Agistment	\$ 5,600										\$ -	\$1,600	\$ 4,000
Calf Rearing	\$3,750	\$250	\$250	\$800	\$850	\$800	\$800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cattle Purchases	\$5,000					\$5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dairy Sundries	\$14,700	\$ 400	\$1,140	\$250	\$1,770	\$600	\$ 700	\$ 250	\$3,540	\$ 350	\$ 300	\$3,600	\$1,800
Fertilizer	\$7,500	\$ -	\$ -	\$ -	\$ -	\$5,760	\$ -	\$ -	\$ -	\$ -	\$ 1,740	\$ -	\$ -
Freight & Cartage	\$3,000	\$200	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200	\$200	\$ 200	\$ 200	\$ 200	\$ 700	\$300
Grain	\$205,140	\$15,000	\$16,000	\$17,560	\$10,880	\$15,000	\$ 20,000	\$20,000	\$ 18,000	\$20,000	\$20,000	\$16,800	\$15,900
Hay & Silage made on farm	\$8,000					\$4,000	\$4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hay and Silage	\$29,900	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$9,200	\$ -	\$ -	\$ -	\$ -	\$5,350	\$5,350
Herd Testing	\$11,993	\$ -	\$1,330	\$1,330	\$1,330	\$1,333	\$1,340	\$1,330	\$1,340	\$1,330	\$1,330	\$ -	\$ -
Lead Feed	\$5,500	\$ 5,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lease	\$250	\$ -	\$ -	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Light & Power - Dairy	\$15,600	\$1,250	\$1,250	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$1,350	\$ 1,250	\$ 1,250	\$1,250	\$1,250
Minerals & Supplements	\$34,500	\$2,875	\$ 2,875	\$2,875	\$2,875	\$ 2,875	\$ 2,875	\$ 2,875	\$ 2,875	\$ 2,875	\$ 2,875	\$ 2,875	\$ 2,875
Pasture Renovations & Sowing	\$10,000	\$ -	\$ -	\$ -	\$3,400	\$ -	\$ -	\$ 3,440	\$ -	\$ 3,160	\$ -	\$ -	\$ -
Pest Control	\$3,050	\$ -	\$ -	\$ 250	\$ -	\$ 550	\$ -	\$ -	\$ 1,000	\$ -	\$ 1,250	\$ -	\$ -
Power - Fixed Sprays	\$ 7,953	\$ 250	\$ 200	\$ 500	\$ 1,004	\$1,004	\$1,600	\$ 1,982	\$ 1,413	\$ -	\$ -	\$ -	\$ -
Power - Lateral Sprays	\$10,058	\$ 250	\$200	\$ 500	\$1,004	\$1,004	\$1,500	\$1,600	\$1,500	\$1,200	\$800	\$ 500	\$ -
R1 heifer rearing	\$15,876	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$1,768	\$ 1,768	\$1,768	\$1,768	\$ 1,768	\$ 1,768	\$1,768

R2 heifer rearing	\$27,704	\$1,700	\$ 4,800	\$ -	\$ 6,000	\$ 5,000	\$ -	\$ 1,500	\$3,400	\$ 1,768	\$ 1,768	\$ 1,768	\$ -
Rates - S.R.W	\$31,240	\$ -	\$ 7,585	\$ -	\$ -	\$7,585	\$ -	\$ -	\$7,585	\$ -	\$ -	\$ 8,485	\$ -
Selling Expenses (Excl. GST)	\$ 360	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Selling Expenses (Incl. GST)	\$ 1,980	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165	\$ 165
Superannuation	\$ 15,192	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266	\$ 1,266
Urea	\$35,120	\$ 2,955	\$2,920	\$ 2,920	\$ 2,965	\$ 2,920	\$ 2,920	\$ 2,920	\$ 2,920	\$ 2,920	\$ 2,920	\$ 2,920	\$ 2,920
Veterinary Fees & Herd Health	\$29,700	\$ 6,700	\$ 3,500	\$ 2,000	\$ 3,300	\$ 3,000	\$ 1,700	\$ 1,500	\$ 1,750	\$ 1,750	\$ 1,500	\$ 1,500	\$ 1,500
Wages and Salaries	\$160,185	\$ 13,400	\$ 13,400	\$ 13,400	\$ 13,400	\$ 13,400	\$ 13,400	\$13,400	\$13,400	\$ 13,400	\$ 13,400	\$ 13,400	\$ 12,785
Workcover	\$5,520	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460
Total Cost of Sales	\$737,396	\$ 66,151	\$ 57,571	\$ 46,106	\$ 53,749	\$ 89,802	\$ 77,399	\$ 57,036	\$ 63,962	\$ 55,542	\$ 53,022	\$ 64,687	\$ 52,369
Gross Profit	\$178,795	-\$ 15,170	-\$ 33,011	-\$ 16,530	\$ 24,671	\$15,628	\$15,253	\$ 38,496	\$ 25,710	\$27,500	\$37,818	\$26,286	\$32,146
Less Operating Expenses													
Accounting/Bookkeeping fees	\$ 3,600	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300	\$ 300
Bank Fees	\$ 385	\$ 35	\$35	\$ -	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
Consultancy Fees - Farm	\$ 3,430	\$ 460	\$ -	\$ 500	\$ -	\$ 470	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 500	\$ 500
Fuel & Oil	\$12,300	\$1,300	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Insurance	\$ 7,400		\$ -	\$ -	\$ 7,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest - Interest Only \$655,000	\$28,656	\$ 2,388	\$ 2,388	\$ 2,388	\$2,388	\$2,388	\$ 2,388	\$2,388	\$2,388	\$ 2,388	\$ 2,388	\$ 2,388	\$ 2,388
Interest Expense MDF Cheque	\$ 900	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
Printing, Postage & Stationery	\$ 5,520	\$460	\$460	\$460	\$460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460	\$ 460
Protective Clothing	\$ 500	\$ 200	\$ -	\$ -	\$200	\$ -	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -
Rates	\$ 5,600	\$ -	\$ -	\$ -	\$ -	\$ 1,400	\$ -	\$ -	\$ 1,400	\$ -	\$ 1,400	\$ -	\$ 1,400
Repairs - Fences & Yards	\$ 12,500	\$ 1,000	\$ 1,500	\$ 1,000	\$ 1,000	\$1,000	\$1,000	\$ 1,000	\$1,000	\$ 1,000	\$ 1,200	\$ 900	\$ 900
Repairs - Plant & Equipment	\$11,500	\$ 750	\$ 750	\$ 1,000	\$ 1,000	\$1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Repairs - Tracks & Lanes	\$ 6,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -	\$ 1,500	\$ -	\$ 900	\$ 1,000	\$ 900
Repairs - Water Supply	\$ 1,110	\$ 290	\$ -	\$ -	\$ 290	\$ -	\$ -	\$ -	\$ 290	\$ -	\$ -	\$ 240	\$ -
Staff Training & Welfare	\$ 855	\$ -	\$ -	\$ -	\$ 55	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 300	\$ 500	\$ -
Subscriptions	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ -
Waste Disposal	\$ 1,800	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$ 150	\$150	\$ 150	\$ 150	\$ 150	\$ 150
Total Operating Expenses	\$94,443	\$ 7,408	\$ 6,658	\$ 6,873	\$ 6,898	\$ 6,878	\$ 8,908	\$ 6,408	\$ 8,298	\$ 8,650	\$ 9,708	\$ 8,648	\$ 9,108
Net Profit	\$ 84,352	-\$ 22,578	-\$ 39,669	-\$ 23,403	\$ 17,773	\$ 8,750	\$ 6,345	\$ 32,088	\$ 17,412	\$ 18,850	\$ 28,110	\$ 17,638	\$ 23,038

Budget Variance
Macalister Research Farm Co-operative Limited t/as Macalister Demonstration Farm
For the month ended 31 March 2019
Cash Basis

	Month Actual	Month Budget	Month Variation	YTD Actual	YTD Budget	YTD Variation
Income						
Cattle Sales	\$11,168	\$1,800	\$9,368	\$40,586	\$18,400	\$22,186
Dividends - IPL	\$0	\$0	\$0	\$378	\$160	\$218
Milk Sales	\$83,998	\$74,199	\$9,799	\$807,546	\$698,028	\$109,518
Phibro Project	\$0	\$0	\$0	\$3,000	\$3,000	\$0
Rebate - Bulk Vat Interest Subsidy	\$0	\$0	\$0	\$710	\$0	\$710
Rebate - Fuel Tax Credits	\$0	\$0	\$0	\$1,468	\$2,523	-\$1,055
Rebate - Herd Test	\$0	\$0	\$0	\$1,818	\$0	\$1,818
Wage Subsidy	\$0	\$0	\$0	\$4,545	\$0	\$4,545
Total Income	\$95,165	\$75,999	\$19,166	\$860,052	\$722,111	\$137,941
Less Cost of Sales						
AI & Branding	\$0	\$1,650	-\$1,650	\$15,167	\$32,775	-\$17,608
Calf Rearing	\$0	\$0	\$0	\$6,341	\$3,750	\$2,591
Cattle Purchases	\$0	\$0	\$0	\$0	\$5,000	-\$5,000
Dairy Sundries	\$0	\$350	-\$350	\$8,234	\$9,000	-\$766
Fertilizer	\$0	\$0	\$0	\$5,589	\$5,760	-\$171
Freight & Cartage	\$679	\$200	\$479	\$2,732	\$1,800	\$932
Grain	\$39,150	\$20,000	\$19,150	\$232,190	\$152,440	\$79,750
Hay & Silage made on farm	\$0	\$0	\$0	\$3,725	\$8,000	-\$4,275
Hay and Silage	\$34,319	\$0	\$34,319	\$64,584	\$19,200	\$45,384
Herd Testing	\$748	\$1,330	-\$582	\$9,351	\$10,663	-\$1,312
Lead Feed	\$0	\$0	\$0	\$5,373	\$0	\$5,373
Lease	\$0	\$0	\$0	\$0	\$250	-\$250
Light & Power - Dairy	\$364	\$1,250	-\$886	\$9,070	\$11,850	-\$2,780
Milk Levies (GST Excl.)	\$677	\$666	\$11	\$6,078	\$5,848	\$230
Milk Levies (Volume, Collection charges + UDV) (GST Incl.)	\$4,574	\$4,731	-\$157	\$43,607	\$20,574	\$23,033
Minerals	\$2,788	\$3,333	-\$545	\$25,856	\$29,997	-\$4,141
Pasture Renovations & Sowing	\$0	\$4,160	-\$4,160	\$7,023	\$11,200	-\$4,177
Pest Control	\$0	\$0	\$0	\$3,974	\$1,800	\$2,174
Power - Fixed Sprays	\$1,738	\$0	\$1,738	\$9,441	\$7,953	\$1,488
Power - Lateral Sprays	\$1,492	\$1,200	\$292	\$7,181	\$8,758	-\$1,577
R1 heifer rearing	\$4,134	\$1,768	\$2,366	\$7,354	\$10,572	-\$3,218
R2 heifer rearing	\$4,866	\$1,768	\$3,098	\$28,602	\$24,168	\$4,434
Rates - S.R.W	\$6,271	\$0	\$6,271	\$24,824	\$22,255	\$2,569
Selling Expenses (Excl. GST)	\$108	\$30	\$78	\$258	\$270	-\$12
Selling Expenses (Incl. GST)	\$529	\$165	\$364	\$1,602	\$1,485	\$117
Superannuation	\$1,114	\$1,266	-\$152	\$10,786	\$11,394	-\$608
Urea	\$0	\$2,920	-\$2,920	\$22,662	\$26,260	-\$3,598
Veterinary Fees & Herd Health	\$947	\$1,750	-\$803	\$26,187	\$25,200	\$987
Wages and Salaries	\$12,246	\$13,400	-\$1,154	\$125,033	\$120,600	\$4,433
Water Purchase (Temporary)	\$0	\$0	\$0	\$14,750	\$0	\$14,750
Workcover	\$1,967	\$460	\$1,507	\$5,739	\$4,140	\$1,599
Total Cost of Sales	\$118,709	\$62,397	\$56,312	\$733,314	\$592,962	\$140,352
Gross Profit	-\$23,543	\$13,602	-\$37,145	\$126,738	\$129,149	-\$2,411
Less Operating Expenses						
Accounting/Bookkeeping fees	\$386	\$300	\$86	\$3,427	\$2,700	\$727
Bank Fees	\$64	\$35	\$29	\$202	\$280	-\$78

Consultancy Fees - Farm	\$500	\$0	\$500	\$6,140	\$1,430	\$4,710
Fuel & Oil	\$0	\$1,000	-\$1,000	\$8,260	\$9,300	-\$1,040
Insurance	\$0	\$2,100	-\$2,100	\$7,267	\$9,500	-\$2,233
Interest Expense Interest Only \$655,000	\$2,321	\$2,388	-\$67	\$23,173	\$21,492	\$1,681
Interest Expense MDF Cheque	\$38	\$485	-\$447	\$61	\$4,365	-\$4,304
Light & Power	\$0	\$0	\$0	\$217	\$0	\$217
Printing, Postage & Stationery	\$0	\$570	-\$570	\$40	\$5,180	-\$5,140
Protective Clothing	\$0	\$0	\$0	\$123	\$500	-\$377
Rates	\$0	\$0	\$0	\$5,827	\$2,800	\$3,027
Repairs - Fences & Yards	\$0	\$1,000	-\$1,000	\$1,071	\$9,500	-\$8,429
Repairs - Plant & Equipment	\$2,588	\$1,000	\$1,588	\$19,168	\$8,500	\$10,668
Repairs - Tracks & Lanes	\$0	\$0	\$0	\$2,720	\$4,000	-\$1,280
Repairs - Water Supply	\$698	\$290	\$408	\$13,934	\$870	\$13,064
Staff Training & Welfare	\$0	\$0	\$0	\$1,000	\$55	\$945
Subscriptions	\$0	\$0	\$0	\$72	\$0	\$72
Waste Disposal	\$90	\$150	-\$60	\$720	\$1,350	-\$630
Total Operating Expenses	\$6,685	\$9,318	-\$2,633	\$93,424	\$81,822	\$11,602
Net Profit	-\$30,229	\$4,284	-\$34,513	\$33,314	\$47,327	-\$14,013

After the MDF Futures Forum Where Are We Up To?

In April 2018 the MDF Board invited forty people to a Demonstrating Dairy Futures Forum to tell us what they wanted the MDF to be, what they wanted the MDF to do, to remain relevant to our dairy industry stakeholders. Rather than wait for the future to come to us, the Board wanted to reach into the future and make the MDF responsive and relevant for the world of tomorrow.

Of the 34 who were able to attend, their perspective ranged from being very broad across the industry (industry representatives, RD&E experts and Government service providers) to very specific to the on-farm experience (farmers of all ages).

Here we are twelve months on and we need to tell you where we are up to in achieving some of the outcomes from the Forum. I'm sure at times you might have been wondering whether we've given up on the task because things are happening so slowly – it reminds me of a duck – calm above the water and paddling furiously underneath! That's what it feels like on the MDF Board as we try and push the agenda on your behalf.

1. Integrate MDF resources and programs into DA/GippsDairy extension framework.

- Hosted GippsDairy team at the MDF in mid-2018 and discussed integration of MDF resources and activities into GippsDairy programs. Reaction was positive but limited interaction since.
- Meeting with Dairy Australia was significantly delayed by the departures of Ian Halliday and Chris Murphy and the arrival of their replacements. We have met with Chris' replacement, Peter Johnson (Group Manager – Farm Profit and Capability), for a very positive discussion about the untapped potential of the MDF and have agreed to host a visit by Peter in June/July.
- MDF Board member appointed to attend the regular MEG extension group to inform GippsDairy of MDF activities.

<p>2. Manage industry & stakeholder relationships within the context of new projects and MDF resources eg Ellinbank, Universities and other research organisations.</p> <ul style="list-style-type: none"> • We have met with Clive Noble at the Gardiner Foundation and discussed the MDFs place in the research /demonstration landscape. Clive gave good advice about a more strategic approach to integrating MDF resources into Department and University programs which has been implemented. • We have had a preliminary discussion with Ellinbank about becoming part of their research roll out plans. Follow up is overdue.
<p>3. Set up a number MDF stakeholder discussion groups along specific themes to explore the issue. This is more like an issues- based focus group rather than a farm based focus farm – start with the issue and see what comes out rather than start with the project. Include R&D experts and use this to develop a number of project priorities. Priority issues identified by Forum: Farming in a variable climate, Antibiotic use on farm.</p> <ul style="list-style-type: none"> • A funding submission has been made to the Community Climate Change Adaptation program for a facilitated discussion group to investigate options for farming in the MID in a variable climate with a view to identifying options and then developing trials that can be carried out on district farms. Successful projects will be announced in June 2019.
<p>4. Develop, maintain an increase social media presence and develop alternative communication strategies to deliver timeliness of message.</p> <ul style="list-style-type: none"> • We developed and adapted a funding submission for the e-Media Project – this aims to develop regular short videos uploaded to YouTube and promoted on social media that investigate key and current issues in dairying in the MID. It includes the MDF team as well as industry experts to develop ideas with a view to better decision making. This proposal has been presented to Dairy Australia (under previous management), GippsDairy and to a climate change funding round without success. It was also presented to a group of milk processors for joint funding and is being considered at the moment by one of them, A response is pending. • MDF Facebook and Twitter accounts have been activated and used but not consistently. More work required here to build communication networks.
<p>5. Develop stakeholder teams/reference groups for all projects.</p> <ul style="list-style-type: none"> • Since the project there have been three projects at the MDF, all of them managed by commercial enterprises where reference groups are not necessary. The Variable Climate Discussion Group, Biochar project and e-Media projects will have community reference groups if they are funded.
<p>6. Maintain priority projects list; develop and integrate new projects into MDF systems.</p> <ul style="list-style-type: none"> • A number of projects have been fully developed and remain in circulation.
<p>7. Develop demonstration projects around new technologies and market them directly to relevant corporate.</p> <ul style="list-style-type: none"> • A decision is pending on a three year trial into the use of biochar as a fertility enhancement. This is part of a proposal that looks at processing aggregated dairy waste from across the MID and improving the efficiency of nutrient usage on farm. • We have applied to be a demonstration site for the Internet of Things Project where new technologies will be made available to MID dairyfarmers. The list of technologies will be released soon. • The e-Media project is an example of a new technology that is being promoted to corporate.

8. Develop a milk processor strategy to engage them more closely with the MDF to develop and implement projects that will assist them reach their production targets.

- We met with the four big processors to discuss opportunities for partnerships around projects or funding. While the response was positive, tangible outcomes are limited at this stage although some ideas are still bubbling.

9. Develop a strategy to increase human resources available to implement MDF strategies and plans.

- One of the key resources identified in the analysis of Forum outcomes was for a project officer to develop and drive the ideas that were generated. In the absence of obvious funds and resources we have considered how the MDF might fund such a role but have made a decision that we need a couple of projects to jump-start the process. It was not considered prudent in the current season to redirect resources but the discussion continues.

What can be written in a page looks simple but to get to this point takes an enormous amount of work, notwithstanding the day to day running of the MDF business (we leave the farm to Mahesh). All of this has been done by volunteer labour and has taken considerable commitment and yet we have not had the success we hoped for. Is it the business/funding cycles we are working in? Is it something about the MDF? Who knows but we will continue to battle on until we can go no further.

Again, I ask for your patience as we work through our plan.

Neil Baker
Chairman

Become a Friend of the MDF



- Yes, I want to be a Friend of the MDF!
- Yes, I'm prepared to commit an annual contribution of \$100 to the work the MDF does!
- Yes, I'll happily receive an invoice now and in March each year in the future to remind me!
- Yes, include me on your mail-out list for newsletters and information about events and projects (email address preferred)!
- And, yes, I understand that I can end this commitment at any time by just letting you know.

NAME:

POSTAL ADDRESS:

MOBILE PHONE:

EMAIL:

Please mail to:
Macalister Demonstration Farm
PO Box 87, MAFFRA 3860

OR

Just email mdf@wideband.net.au with your details and tell us you want to be a Friend and to send you an invoice.

At the 2016 AGM in October we launched the **Friends of the MDF**, a way for you to volunteer a modest contribution to help us establish a secure financial base. It costs the trial and demonstration side of the business nearly \$50,000 each year just to open the door - farm profits have never been able to fund anything but the basics of the work we do. Apart from occasional funds for specific projects, the MDF does not receive any money from government and has not asked its stakeholders or supporters for any further financial support over those fifty five years. **The time to ask for your help has come.**

With a solid financial base the MDF will be in a position to attract funding partners as it launches into the next phase of terrific work for the benefit of our local dairy farmers. If you value the work that has been done over the last many years and believe, like we do, that this asset is too valuable to just let go (because it will never be replaced) please consider supporting us to create that viable and sustainable future.

You can send in the form or just email that you wish to become a Friend. Visit our website to find out more about the MDF.

www.macalisterdemonstrationfarm.com