# Chewing the cud with Kevin Brewer

## Fooled again!

As every year at this time, two things are foremost in my mind, silage stocks and milk quota.

On our marginal land there is little we can grow but grass and with three cuts, two in the silo and the third as wrapped bales, we made more grass silage than ever this time. But we still will not have enough.

This is partly due to more young stock as calvings over the last two years have delivered a higher proportion of heifers to bulls. They tell me it is something in the water!

Daily intakes have also been superb, allowing us to winter the cows on silage and parlour concentrates alone, rather than our usual addition of Brewers' grains or molassed sugar beet pulp.

We welcome the reduction in feed costs, but at the rate the herd is currently tucking into their Ecosyl-treated fodder, we'll be in the market for more bales by the end of March.

As for milk quota, we ran out just after Christmas and consequently are juggling cashflow as our milk buyer is holding on to the January and February as security against potential fines for surplus production.

We'll be around 30% over quota by the end of the milk year on 31st March, but feel reasonably conmfortable no fines will be due as it was clear months ago that the UK as a whole would be under quota for the second year in a row.

Last year we leased in extra quota in the last month of the season at just 0.2p/litre and, assuming prices fall to similar levels, will do the same this time to release our milk cheques.

What we did not anticipate, however, is the shake up facing all EU milk producers following Europe's answer to the World Trade negotiations. Leased quota for the new year commencing 1st April looks likely to be in short supply and consequently much more expensive.

Leased quota throughout Northern Europe is predominantly supplied by Non-Producing Quota Holders (NPQH), initially retired dairy farmers using their milk quota as a second pension, but increasingly city corporations and fat cats finding quota trading more profitable than the stock market.

NPQH have a deadline of 31st March 2004 to sell their quota, return to milk production or have it confiscated.

They are allowed to lease, but on the current reading of the rules, leased quota can only be sold as 'used' and as the official transaction date for used quota is the day after the confiscation deadline, it would be crazy to do so.

This could remove around 1.5 billion litres from the leasing market in the UK alone.

As the same 1.5 billion litres swamps the sales market quota should be cheap to buy, but in a deft EU move, compensation for the removal of dairy price support, which could eventually be worth 3p/litre, will also be determined on the 31st March 2004. As these payments will be based on the milk quota held by each farm on that date, producers will be buying in droves to maximise subsidy income for the next 10 years.

I've always thought it appropriate that the milk year starts on All Fools Day!

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## Cereal options

Cereals have always offered a highly flexible and reliable source of home grown feed, providing producers with the simple option of taking either the forage route – harvesting the whole crop, or the concentrate route – harvesting the grain.

Recent developments in machinery, additives and conservation techniques have introduced a much wider choice of harvesting, storage and feeding options, greatly increasing the flexibility of the crop, but also causing some confusion on the costs, nutritive value and merits of the various systems.

A useful technical note is now available to help producers find their way through the maze of options to determine the most suitable and cost effective system to fit their individual circumstances and herd nutritional requirements.

It includes a straightforward description of each system, covering equipment, labour and additive requirements, harvest timing and the key advantages and disadvantages, together with simple tables comparing production costs and nutritive value.

Finally, a decision guide identifies the key factors to consider in determining the right system for you and your cows.

### Ten choices

Four wholecrop options and six grain options are identified, each offering a range of harvest timings according to the desired crop dry matter as detailed in a Cereals Harvest Guide.

It is not possible to advise specific harvest dates as the stage of growth will vary with the season and location, but a guide to crop colour and grain texture is included to help you assess the crop DM in the field.

It is important to recognise that cereals are extremely prone to aerobic spoilage and that for all wholecrop and grain options, except when stored as dry grain, an additive is required.

Failure to treat not only increases losses, with reduced palatability, intake and performance, there is also a significant risk of mycotoxins being produced by moulds with severe implications for herd health and fertility.

There is also the danger that some mycotoxins can pass through the cow and contaminate the milk.

### Forage or grain?

One tremendous benefit of growing cereals is that the final decision of when and how to harvest does not need to be made until after the first cut of grass silage has been taken.

As the cereal crop is grown the same way regardless of the conservation method that will eventually be used, this allows you to wait until you know the results of the first grass harvest and can therefore more accurately predict your alternative forage needs in terms of yield and quality.

At its most simple, if grass yields are low, such as in a dry or cold season, then bulk becomes high priority and cereals should be harvested as forage, taking the whole crop route.

If quantity is not an issue, then there is more opportunity to focus on increasing the overall quality of the home-grown ration by taking the grain route.

Between these two extremes, the various options available within each route enable a finer adjustment between quantity and quality, and also allow you to consider additional factors such as harvest timing, processing requirements and cost.

*If you would like a copy of the guide, simply email me your name and address and I will post one by return.*

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## Command performance

In the last few weeks I have had the fortunate opportunity to talk with producers in Northern Ireland and the American states of Missouri and Illinois and, whether over a pint of Guinness or a bottle of Bud, a common question to all three locations was, "Can I justify using a silage inoculant at current milk prices."

It may surprise you to hear that, in short, the general answer I gave was "No!"

### Why use an additive?

You see, the first thing you have to ask yourself is, "Why am I using an additive?"

Many of the farmers I spoke to were treating for insurance, against poor ensiling conditions or a bad fermentation.

But do these inoculants give you insurance against bad weather?

In my view, the truthful answer is no. If conditions are that bad, you are in a salvage situation and the only option is to give the crop a good dose of acid and consider the operation as similar to pickling an egg. It won't be great stuff coming out of the silo, but at least it will be edible.

If conditions are not that bad, then it is perfectly possible, given the speed of modern harvesting equipment and good silo management, to make silage without the added cost of inoculant treatment.

### Performance benefits

So surely the only justification for buying an inoculant is to get a return on your money through improved efficiency or increased production, an argument that applies as much to silage additives as to any other investment on the farm?

The next question is, "Do silage inoculants give performance benefits?"

The general answer again is, "No." And that is not just my view, it is in the independent scientific record.

The infamous Hershey review considered years of silage additive research involving many products and found the chances of a performance improvement were pretty much the same as tossing a coin and getting 'heads!'

But this in-depth study did highlight three important exceptions as it found three inoculants with good proof that they did improve performance.

One of the three, based on the high performance MTD/1 bacterial strain, was singled out for having a particularly large body of evidence to demonstrate significant increases in milk production.

### Wise investment

Whether your milk price is on the up, as it hopefully is in the UK this month, or on the floor, as is the current situation in the USA, it makes good business sense to invest in a silage additive that will increase animal performance.

It makes no sense to spend a penny on the billions of bugs out there that do not.

It is easy to separate the proven from the unproven.

Only use a product with at least five independent, peer reviewed, published dairy trials, but if you would like to see the Hershey review for yourself, email me your address and I will post you a copy.

Since it was published, a fourth inoculant now has five qualifying trials, but as they do not show an increase in milk production, they may not be keen to share the results.

I am sure the other three companies will show you their dairy trials, though your postman might complain if you want the MTD/1 details as there are 15 of them!

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## Mad and Nearly Mad!

Like many producers across Europe we are expanding our dairy herd, a move driven by the low milk price and impending changes in EU support and made possible by a collapse in the value of milk quota.

Milk quota has proved an attractive investment for institutions, companies and individuals, often providing a 10-20% return on capital, but following a recent EU decision to allow only active producers to hold quota, values have fallen 60% as non-producers must sell by the end of March.

Over a billion litres in the UK alone must change hands this year, but currently there are plenty of buyers thanks to two other EU changes. The extension of the quota regime until at least 2015 has provided much needed stability, encouraging investment from those committed to the industry.

But even those intending to quit milk production in the next few years are buying quota, to benefit from plans to base future subsidy payments on the volume of quota held.

The immediate impact is a hike in heifer prices, particularly in the UK where supplies are short due to calves slaughtered during the foot and mouth outbreak two years ago. We managed to obtain a dozen fresh calved Holsteins from the Hydaways herd earlier in the year, but since then UK heifer prices have risen to £1,500 for quality animals. It seems crazy, but we were able to import a batch of in-calf heifers from the Netherlands at £930 delivered to farm.

They arrived with a bundle of veterinary certificates demonstrating a higher degree of health checks, blood tests and vaccinations than I've had myself! One certificate declared the cattle had been tested prior to export and were guaranteed brucellosis free, so I was delighted when the UK Ministry turned up insisting not only on conducting their own tests, but warning they may need to test again in a couple of weeks.

I am all for rigorous control to prevent import of disease, but given the health status of the Dutch herd, the back-log of other Ministry testing work in the UK and the fact that these animals will soon be lactating and so come under the milk testing scheme, there seemed little logic to this. No doubt the recent memory of the FMD outbreak has increased the Ministry's cautious approach.

It looks like a promising winter ahead for dairy farmers in Europe and the USA. UK summer milk production is at record levels, due in part to expansion but also good weather and a continuing drift towards spring calving.

Despite the high production, milk prices are rising, primarily due to a stronger Euro against Sterling.

The USA has also increased production this summer, mainly due to rising yields as most key States are running fewer cows than last year. The exception is California, which has managed to find room for another 45,000 head, although at a cost of 60lb per cow in lost yield.

US milk prices have also recovered, but producers may be well advised to tap into the futures market if they can get over $12 for spring 2004, as prices will fall if production continues on the current trend.

In South Korea, oversupply has already caused milk prices to plummet and the government is encouraging producers to quit.

Back home in Wales, two heifers have calved and are milking quietly, but two others, that we have named Mad and Nearly Mad, give cause for concern. Mad has so far jumped five gates and three fences, while Nearly Mad tries to follow her and being less athletic, causes more damage. At least both will now come within a few feet of us when tempted with silage or concentrates.

Hopefully they will settle down when they calve.

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## Ration roulette!

Apparently, the way I pronounce 'ration' sounds more like 'Russian' but my accent was the only point of confusion on my recent visit to South Korea, where I made a number of technical presentations on feeding Total Mixed Rations and the practical steps that can be taken to maximise production from the diet.

Complete diet feeding is rapidly gaining ground in Korea and, judging by the level of interest amongst farmers, researchers and advisors, a high proportion of their half-million dairy cows will soon be fed TMR. Forage content is predominantly home grown maize (corn) silage and imported lucerne (alfalfa) hay and the rest of the ingredients will also be familiar to TMR feeders across the world including sugar beet pulp, Brewer's grains, cotton seed and molasses.

Some of the larger farms, 100 to 200 cows, mix up their own rations but there are also a number of TMR plants delivering mixed feed by the truck load to nearby units, or providing rations in 20kg bags to smaller and more distant farms, similar to systems in Israel.

Mixed forage diets can promote higher intakes and TMR have been shown to increase milk yield and give better control of milk constituents. A uniform diet, available throughout the day, rather than at set mealtimes as with in-parlour feeding, is the key to its success. Cows cannot digest forage, they rely on the millions of bacteria living in the rumen to do this for them. These bugs are most effective when rumen pH is around 6.5. If it falls much below this, sub-clinical acidosis results, reducing intake and digestion and leading to health problems such as laminitis and reduced fertility. Intermittent feeding causes wide fluctuations in rumen pH, particularly if the feed is high in starch, whereas cows fed little and often maintain a fairly stable pH.

To get the most out of any diet you need to maximise both intake and digestibility. Too much emphasis is often placed on intake without paying heed to the efficiency of utilisation of the feed. In the UK this averages little more than 1.2 litres of milk per kg of feed DM but it should be possible to increase this to 1.5 or more, if a consistent diet containing high quality forage is continually available. Each 0.1 increase in feed conversion efficiency is worth around two litres of extra milk per cow, per day.

To achieve a high overall digestibility it is essential that any diet has a good balance of small, rapidly digested particles and larger, slowly digested particles.

Long fibre is also required to provide something for the cows to chew on, the 'scratch factor', stimulating production of saliva, which contains sodium bicarbonate, to buffer the rumen pH.

Many TMR contain a high proportion of high energy, rapidly fermented feeds which, together with the trend towards finely chopped forages, has increased the risk of not having enough long (effective) fibre. At least 15-20% of the fibre particles in the diet must be larger than 5cm (2"). But beware, just because the ration going into the mixer is okay does not mean to say what comes out is. That depends on the ingredients, mixer design and mixing time. So always check the final diet as fed.

A major weakness of TMR systems is that the aeration, caused by the mixing action, increases the likelihood of aerobic spoilage (heating) in the trough and the warmer the weather, the faster the ration goes stale.

How often have you seen the feed attacked with gusto when first put out, but only picked over some hours later? Stale, heating rations are unpalatable, of lower nutritional value and will lead to more waste and lower intakes due to the activity of the yeasts and moulds that cause spoilage.

The problem can be overcome by preparing fresh mixes more often or adding EcoTMR to reduce spoilage.

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## Mind the gap

A systematic approach to pricing milk, looking at all the elements involved in marketing. A line, I confess, borrowed from a press release picked up in the USA, for Matrix. Not the blockbuster film series, but a new managed milk marketing service launched at World Dairy Expo.

The accompanying glossy brochure, rejoicing in such terms as 'hedge recommendations,' 'price/time matrix' and 'options volatility analysis,' puts me more in mind of some distant virtual reality rather than the real world of farming.

The US dairy futures market is 10 years old this year and forward contracting has become an essential tool for many large scale producers as a route to some sort of income stability, or at least reliable budgeting, in an increasingly volatile market.

The down side is an open door to an army of professional commodity traders, suggesting there is a surprisingly high fat level in virtual milk.

Milk futures trading has yet to reach farmers in Europe, but that has not prevented a separation in realities between marketing and production.

For some time now the price paid to producers, in the UK at least, has been below the average cost of production. A clearly unsustainable scenario that has forced many to quit dairying and the rest to scale up, cut costs and shed staff.

Sad as it would still be, this picture would at least be understandable if milk was a low priced commodity with no real market. But with milk retailing at between 48 and 76p per litre (€0.8 to €1.3), a mark up of 250 to 400% on the current average farmer price of 18.7p (€0.3), the world of the milking parlour seems more than one universe away from that of the supermarket.

Particularly when you consider that between the two, most of the cream has been raked off for sale elsewhere.

A new phrase in UK milk marketing circles is 'Retail Initiative.' It has two definitions, depending which side of the price gap you sit:

- A genuine attempt by retailers to give dairy farmers a sustainable price.
- Peace money designed to sway public opinion away from the angry producers picketing stores and processing plants, but leave intact the secretive world of processor/retailer pricing.

It is certainly time a window was opened on the share of margins between processors and retailers, but whatever your view, the retail initiative has had a positive impact on producer prices. For the short term at least, they have risen to the degree that many UK farmers can look forward to winter payments at or ahead of production costs, for the first time this millennium.

Unfortunately, it has also hit the consumer with a series of price rises, all blamed on producers, even though only a small proportion of the cash finds its way to the farm gate.

The impact on milk and cheese consumption remains to be seen.

The retail initiative has established a new virtual world, divorced from the market place, in which producer prices are determined at the whim and discretion of a handful of milk sellers and their ability to 'co-ordinate' increases in retail prices.

I question its sustainability, but to take a positive view, perhaps it is the beginning of a new recognition of interdependence between producers, retailers and consumers.

Calving a heifer at half-past three this morning, it occurred to me how little most people know of what goes in to delivering their daily 'pinta'. There is an increasing distance between the worlds occupied by those who produce food and those who eat and drink it. If our future depends on persuading consumers to give us a fair reward, we must mind the gap!

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