

DAIRY NEWS

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WHOSE SIDE ARE YOU ON PM?

John Key: "I personally believe Fonterra could efficiently raise capital by floating."

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DAIRY NEWS

'PM needs crash course on co-ops'



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SUDESH KISSUN

PRIME MINISTER John Key is under fire for suggesting Fonterra should float its shares, his comment fuelling shareholder anxiety that TAF (trading among farmers) could signal the end of total control and ownership.

Former Federated Farmers Dairy chairman Lachlan McKenzie says Key needs a crash course on cooperatives. "The comments show a lack of understanding of co-op principles," he told *Dairy News*.

However Key says the Government has no intention of "imposing a capital structure on Fonterra".

"I have previously said publicly that I personally believe Fonterra could efficiently raise capital by floating as a listed company, and I repeated that view in [Parliament] recently," he told *Dairy News*.

"That does not mean the Government is about to impose a capital structure on Fonterra. The capital structure of Fonterra is a matter for them."

Key notes Fonterra is vital to the New Zealand economy. His comments in Parliament were seized by Labour which accused him of making "some sweet deal" to eventually list Fonterra. Labour's agriculture spokesman Damien O'Connor claims farmers will eventually lose control of their co-op.

"While Fonterra directors and executives maintain they have a mandate to proceed with

TAF, farmers will undoubtedly want to further scrutinise the many details of the final proposal," he says.

Federated Farmers confirms it is examining TAF proposals after being approached by some members. Dairy chairman Willy Leferink says farmers are worried "some idiot lawyer will find a way to break the firewall between investors and farmer shareholders".

"If that happens, it's not just dairy farmers who will suffer, but the whole economy. The profits from Fonterra will go overseas.

"Other New Zealanders, including the Prime Minister, need to realise there's a heck of a lot more money coming into New Zealand now [with Fonterra as a 100% farmer owned and controlled co-op] than if they list it."

Besides, such is Fonterra's scale it would have to list in Hong Kong or the US to realise the best price for the shares, raising the likelihood most investors would come from overseas, Leferink says.

"Fonterra overseas is sexy; it's the sexiest dairy company in the world."

McKenzie predicts TAF will bring tension between the milk price and dividends. Co-op shareholders want maximum milk payout while investors will drive for maximum dividend. "There is no such tension in Fonterra right now," says McKenzie.

He says cooperatives maximise returns to members and in



Prime Minister John Key and Fonterra chairman Henry van der Heyden met recently but Key says his views on TAF were not discussed.

Fonterra's case the payout ends up in New Zealand. He points out that, apart from Tatua and Westland, other dairy processors maximise returns to shareholders including many which are overseas-based.

"Co-ops such as Fonterra, Tatua and Westland pay the maximum amount for their milk and this money stays in New Zealand. The other companies

pay the least amount for milk and strive for maximum returns for shareholders."

Whakatane dairy farmer Douglas Bull says Key's views are those of a financier and most farmers have a differing view. Fonterra's objective is to act in the interests of its shareholders, he says, not to list on the sharemarket and reduce payout at the expense of dividends.

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Share trading concerns

ANDREW SWALLOW

TRADING AMONG

Farmers could prove the beginning of the end for supplier control of Fonterra. That's the concern of a growing number of shareholders as the implications of what they see as a fundamental revision of the proposal sink in.

"TAF has changed from that we were consulted and voted on, which was for 100% ownership and control to be retained," says Eddie Glass, Methven.

The key change is that ownership of shares against which units would now transfer to a custodian, instead of remaining with the farmer. Glass's long history in dairy and other cooperatives here, and having studied them overseas, convinces him that retaining 100% supplier ownership and control is fundamental.

"It's the only way the cooperative can survive," he says.

Glass, and fellow Mid Canterbury Fonterra networker Charles Whitehead, are leading a call for a second vote on TAF, not by the Shareholders

Council as per the original TAF proposal, but for all shareholders.

Two meetings with directors in the past month or so – first with Greg Gent, then John Wilson – on the revisions to TAF, haven't allayed their concerns. Nor has legal advice on the ramifications of the share custodian and unit trust structure now proposed.

Under the Companies Act the unit trust would have 'leverage in certain circumstances' and be able to intervene in the constitution of Fonterra and rights created under the constitution, Glass and Whitehead have been advised.

What's more, under the Unit Trusts Act, unit holders – i.e. outside investors in Fonterra – would have rights to remove the trust manager and trustees, and alter the trust deed, if any of these were not acting in the interests of unit holders.

Who would foot the bill for the trust – a substantial bill given the costs of a prospectus, underwriting, meetings, administration and transactions – hasn't been made clear.

Share issues create

more potential loss of supplier control, as unit holders would have the same rights as suppliers to new shares, so shares without underlying supplier ownership would be created. Unit holders could also pressure Fonterra to improve its equity, requiring a rights issue which some farmer shareholders couldn't, or wouldn't want, to fund.

"The pressure on capital issues... to fund the growth of Fonterra may see the slow disintegration of the co-operative structure," Glass and Whitehead have been warned.

The widely accepted tension between investors wishing to see dividends maximised, and suppliers interested in maximising the milk price, is also highlighted.

Glass stresses they're not necessarily against TAF as a means to raise more capital in the co-operative. However, they remain to be convinced it can be achieved without jeopardising the interests of New Zealand's dairy farmers.

"We want to protect and look after the farming families of New Zealand," he told *Dairy News*.

He fears the end game of TAF in its current form could see Fonterra suppliers in a similar situation to their counterparts in Ireland's Kerry Group. "They're marching in the streets now because their payout is one of the lowest in Ireland.

"All we're asking for is another vote under the new boundaries. If [Fonterra's board] won't give us that vote, do they have something to hide?"



TAF sceptics, Eddie Glass (right) and Charles Whitehead.

About Glass and Whitehead

EDDIE GLASS is one of the pioneers of dairying in Canterbury. He and his brother started in 1963 with 13 cows on a border dyke-irrigated farm near Methven. He was a dairy company director for 25 years.

"Originally it was the Temuka Dairy Company but through a process of amalgamation it ended up as Alpine. Our objective was to have the entire South Island in one cooperative and we were successful to the point where Westland was the exception."

Alpine's merger with the Dairy Group was instrumental in bringing the two North Island companies, Kiwi and Dairy Group, together to form Fonterra. "The big thing was to have a single seller for New Zealand."

He's a Kellogg and Nuffield scholar, his study for the latter looking at cooperatives in the UK in the

1970s. By his own admission, he's "totally biased about the ability of cooperatives to deliver."

And the performance of local lines company Electricity Ashburton, another cooperative and one he chaired for ten years, proves his point, he believes. "It's consistently had the lowest line charges in the country, has delivered \$33m in dividends for the consumer, and has some of the best infrastructure."

He was made MBE for services to agriculture and has a Queens Service Medal. Today, he runs a 500 cow irrigated property next door to his original farm, which has grown to carry 600 cows and is now his daughter and son-in-law's business.

Whitehead farms nearby, milking 900 cows on a dryland unit at the foot of Mt Hutt.

Work in progress - Couper

ANDREW SWALLOW

FONTERRA'S SHAREHOLDER Council is copping flak for failing to flag what some see as a fundamental change in TAF (trading among farmers).

It's even been accused of being "knee-capped" by the board, but the council's chairman, Simon Couper, is adamant it is doing its job and representing shareholders.

"We're still in the middle of a process and there is a pretty considerable amount of rigour behind it," he told *Dairy News*. "It's not in anybody's interest to go off delivering a verdict on something that's not finalised."

Given that process is still underway, Couper doesn't believe councillors should have been out canvassing shareholders' opinions. Those with concerns should be approaching their councillors, who will put their questions to the board. "All shareholders' questions have been answered," he says.

However, it seems not all the council's questions of the board have been answered. "We can't always get what we want, when we want it."

Couper says if the council isn't confident that 100% ownership and control of the cooperative is safeguarded it won't sign off TAF. However, he doesn't believe transfer of ownership to a custodian violates that requirement. "The intent of TAF has not changed. The custodian is only there to safeguard that [100% ownership]."

Couper was responding to concerns raised about the role of the council by such industry heavyweights as former Dairy Board director Doug Bull [see p5] and former Alpine director Eddie Glass (story above).

"I would have thought this [the council's] busiest time in history," Glass told *Dairy News*. "They should be going around getting farmer comment, farmer opinion, reading farmer opinion and carrying that to the board. They are the suppliers' link to the board, but under the new chair [Simon Couper] they seem to have adopted a [done-deal] stance on TAF and are saying let's get on with it."

Those on the board keen to see outside investment in Fonterra have been clever in engaging the Shareholders Council in the development of the TAF proposal, as it has "effectively knee-capped" the council now there are concerns being raised, Glass says.

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'TAF will lead to tensions'

DOUGLAS BULL

RECENT COMMENT in farming newspapers brings sobering and alarming news for many Fonterra shareholders. TAF (trading among farmers) is a concept which puts the cooperative at the edge of a slippery slope. I did not vote for it. I am strongly of the view that having more than one class of shareholding will lead to tensions, and that TAF will sooner or later lead to irreversible decisions.

Well, TAF is not even in place and the skids are being put under the cooperative as the major fundamental principle of farmer-only control is proposed to be given away in a move which can only be described as underhand.

Previous endeavours by the chairman to swing the cooperative to listing on the stock exchange had him making statements such as that legislative protection and the constitution would be the shareholders' safeguards. How naive can this be?

This week comes the news that John Key backs Fonterra being listed. He states "Fonterra needs to raise

more capital if it wants to be a global player of significant size". Shareholders must be aware that neither legislation nor words in the constitution will protect their ownership once there are investors with completely different motivation within the ranks who have an ability to influence governance decisions.

We now have Sir Michael Fay as a dairy farm owner and publicly stating he is bullish about the dairy industry. I recall how bullish he was about New Zealand Rail and then he sold out to Toll Holdings.

Eddie Glass has rightly and clearly expressed the major concerns. The commentary by Leonie Guiney is seriously disturbing. The concept voted for by the majority of shareholders as now proposed is totally flawed. Blue Read, former Shareholders Council chairman, has been asked to comment. He states "the TAF concept is rock solid... however [the co-op] should not compromise on ownership and control."

Where are the shareholder councillors on this? Simon Couper thinks Glass raising concerns is a "cheap shot" and that he does not have to explain to shareholders as he is bound

by a confidentiality agreement. Couper should think carefully before making such statements. The three farmers – Glass, Read and Guiney – are major industry shareholders, all with a wealth of global industry knowledge who are well placed to be able to raise concerns when they see this as so obviously necessary.

Sadly the original concept of the Shareholders Council being the watchdog and guardian of the co-operative on the behalf of all shareholders has been lost. If Couper and his colleagues are aware of the change to TAF mooted by the Fonterra board, they should not remain silent to allow this to be slipped through. Such a significant change must be a decision for all shareholders to make.

Secondly, Key raises another issue as prime minister, but also a financier, which is one on which most shareholders will have a differing view. What is the objective of Fonterra? To perform in the interests of its shareholders, or to become listed on the sharemarket and be a global player of significance and size and, as a consequence, cause farmer share-



Fonterra farmers are worried about losing control of their co-op to investors.

holders' incomes – as secondary to dividends – to be forever diminished?

A round of shareholder meetings is planned to be held at peak calving time for shareholders, most of whom are practical hands-on farmers with little opportunity to attend meetings and weigh up the merits of what is proposed.

Fonterra shareholders should be given a full opportunity to understand what the board proposes. A round of meetings at peak calving is neither

ethical nor fair. We should at least all be given full documentation on what is proposed, with time to consider the full implications of proceeding. The steps being considered now will see the demise of the farmer-owned cooperative. The present owners have the ability to control the destiny of their co-operative and are urged to demand participation in such decision making.

• Douglas Bull is a dairy farmer at Whakatane.



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Election nominations open

NOMINATIONS ARE open for the 2011 Fonterra elections. Two sitting directors – John Monaghan and Jim van der Poel – are seeking re-election. Northland's Greg Gent is stepping down.

In the Fonterra Shareholders Council, members of 12 wards are also retiring by rotation. There is also a casual vacancy in one ward.

Council chairman Simon Couper is also up for re-election in the southern Northland ward.

Nominations close Friday September 9 with returning officer Warwick Lampp of *electionz.com*. Candidates will be announced by Lampp on October 3. Candidates must satisfy shareholding requirements including nomination and second-

ing by Fonterra shareholders.

The 13 council wards up for re-election are northern Northland,



John Monaghan

southern Northland, Coromandel, Te Aroha, Matamata, Rotorua, Taupo, central Taranaki, northern Manawatu, Hawke's Bay, Wairarapa, central Canterbury and eastern Southland.

Shareholders councillors seeking re-election are Terence Brocx, Couper, Dirk Sieling,

Graham Hallett, Grant Wills, Greg Mitchell, Phil Butler, Ellen Bartlett, Philip Palmer and Lloyd McCallum.

Councillors retiring are Grant Boyde (central Taranaki), Dean Nikora (Hawke's Bay) and John Nicholls (central Canterbury).

The voting period is from Thursday October 20 until 10.30am on Tuesday November 15. Election results will be announced later that day.

The single transferable vote (STV) system will be used for all election voting by internet, fax and post.



New COO for LIC

LIC HAS appointed David Hemara as its chief operating officer, effective immediately.

The new role results from a restructure of the senior management team that reflects the co-op's growth, and to allow chief executive Mark Dewdney to focus on growth strategy and industry partnerships.



David Hemara

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Fonterra walks fine line on organics

SUDESH KISSUN

FONTERRA IS defending its handling of changes to its organic operations.

General manager milk supply Steve Murphy told *Dairy News* the co-op has “cut no one off at the knees,” and that it will be “working with all those organic farmers who have concerns”.

Murphy met farmers in Taranaki, Palmerston North, Whangarei, Bay of Plenty and Waikato to relay the co-op’s decision. Another round of meetings will be held in four weeks.

Murphy acknowledges organic suppliers are

concerned about the decision and its release via the media – for some the first news they got.

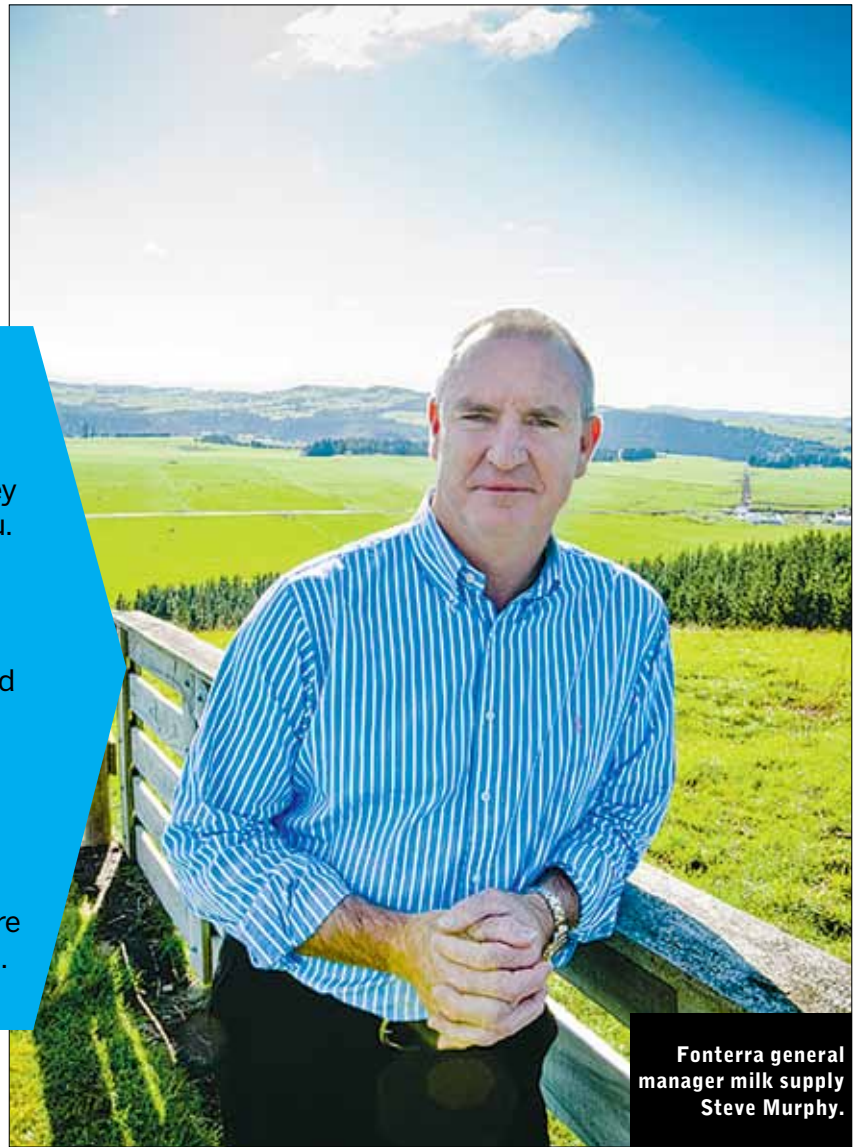
Murphy counters that because the news would have leaked out after the co-op’s first farmer meeting in Taranaki, it emailed all organic farmers then issued a media release.

“But we are not abandoning our organic suppliers, [though] we will not renew their organics contracts when they expire over the next several years. Their milk will be collected and processed as conventional milk.

“We know these suppliers are passionate about organics but the

ORGANIC REVAMP

- Concentrating Fonterra’s North Island organic suppliers in one hub around its key certified organic processing site: Hautapu. This will reduce the number of Fonterra’s organic suppliers.
- Reducing the amount of product processed at Fonterra’s other two certified organic sites: Waitoa and Morrinsville.
- Prioritising the organic product range to focus on cheese which provides the best returns.
- Focusing on emerging Asian and Australasian organics markets where there are stronger returns and growth potential.



Fonterra general manager milk supply Steve Murphy.

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global organic market margins don’t exist right now.”

The co-op remains committed to the organics market but a slowdown there has forced a rethink. It is reducing organic milk collection and processing to an area between Auckland and Taupo. Milk collected from organic farms elsewhere will be processed with conventional milk.

Murphy says this will cut organics suppliers from 109 to 50, reducing transport costs. The co-op’s organic collection cost is 10 times greater than the average trans-

port cost. It will only process organic products at its Hautapu site, creating efficiencies of scale.

Of Fonterra’s 10,500 suppliers, 109 are organic farmers. The company’s organics division last season collected 6.5 million kgMS compared to its total collection of 1.36 billion kgMS. The co-op pays a premium of \$1.05/kgMS for organic milk.

Fonterra’s group director supplier and external relations, Kelvin Wickham, says the organics market was hit hard by the global financial crisis and market indications are it will

not recover to previous levels.

“All categories felt the effects but particularly the category in which we sell – packaged dairy foods – where prices and volumes are still below 2008 levels.

“Research shows people are now less willing to pay the premium for organic products. In addition, consumers are gaining more confidence that everyday products are being produced more sustainably and are more acceptable so they no longer see the need to pay a premium for most organic products.”

First reaction anger

FEDERATED FARMERS Dairy chair Willy Leferink doesn’t think Fonterra has treated its organic farmers particularly well, but understands why the cooperative has had to make the cut.

“Fonterra’s been unable to sell the organic story to a wide enough market. It would probably have done anything to avoid dropping a bombshell like this one,” he told *Dairy News*.

Several organic suppliers had contacted him last week. “Their first reaction was they are angry.”

He says reports he has seen from Europe – notably UK and Germany – show the only organic dairy farm-

ers there getting a premium for their milk are those processing and marketing it themselves. So Fonterra’s move did not surprise him.



Willy Leferink

However, had he been handling the problem, he’d have called all organic suppliers together during the winter and “turned it into a group exercise” to tackle the problem of organic processing profitably.

Mainstream media’s reaction to the cuts, and consequent public reaction, seems hypocritical in the wake of the milk pricing hype, he adds.

“One minute they won’t pay a cent more for their milk then there’s an outcry for organic farmers.”



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No processors are ready to pay premiums for organics.

Processors rule out top-up for organics

ANDREW SWALLOW

NONE OF New Zealand's other large-scale dairy processors is paying a

premium for organic milk, and they don't plan to.

"We wouldn't be able to separate that milk so we've never attempted

to create an organic platform and we've no intention of heading in that direction," Westland chief executive Rod Quin told *Dairy News*.

Open Country's position is similar.

"We don't have any capacity, as our plants get fuller, to segregate and

A number of calls to Open Country field representatives in the lower North Island from organic Fonterra suppliers had been received but as of last week, no formal requests to supply.

New North Island processor Miraka, whose plant at Mokai, 30km

"We wouldn't be able to separate that milk so we've never attempted to create an organic platform."
—Rod Quin.

process organic milk into organic products," chairman Laurie Margrain says. The firm does have some organic suppliers but no premium is paid.

"Even before the organic co-op folded we had organic producers. We said we'd pick up their milk and pay a conventional milk price."

Margrain says Open Country would "never say never" to organic processing, but has no plans for it in the wake of Fonterra's decision.

"We've always got a finger on the pulse looking for ways to make more value added with our milk and organic products do have a premium, but there's also a significant extra cost because of the spread out supply so at this point we've no plans to introduce organic processing."

north of Taupo, took its first milk at the beginning of the month, also says it would "never say never" to organic processing but has no plans to step into the niche.

Chief executive Richard Wyatt told *Dairy News* commissioning the plant has gone smoothly and the aim is to hit 95% of capacity this year, with the plant full for the 2011-12 season.

Central Canterbury processor Synlait says it does not have any suppliers of organic milk and does not have plan to produce organic product. Nor does South Canterbury processor New Zealand Dairies.

"The fact Fonterra has cut its organic supply in half shows there's a limited market for it," NZDL chief executive Aidan Johnstone said.

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Shareholders feel for suppliers

FONTERRA SHAREHOLDERS Council chairman Simon Couper (pictured) sympathises over the situation organic farmers find themselves in.

"This news will come as a blow to some of our shareholders and we are determined to work with the cooperative and senior management to provide those affected with as much assistance as they require moving forward."

Couper says he understands the economic realities behind the decision but concedes they will be of little comfort to those affected.

"From a business point of view organics is no longer an efficient market, in fact it loses money. For many of our organic farmers it is not solely about money – they have made a significant commitment of time and effort to convert."





'A blow to organic dairying'

VIVIENNE HALDANE

FONTERRA'S RECENT decision to halve its organic dairy operation came as a shock to many organic dairy farmers, leaving them with more questions than answers.

Federated Farmers Dairy organic spokesperson Gray Beagley says, "The news came completely out of the blue. Fonterra told us we were going to have an update on the organic programme and that there was no urgency to attend. It's the busiest time on the dairy calendar, so the turnout wasn't brilliant: there were about 30 farmers there."

Somebody wise-cracked that after Fonterra dropped its bomb

the room was a bit like a 1960s dance: the suits-and-ties on one side and farmers on the other. Yet Fonterra had portrayed the organic side of its operation as being on an upward curve.

"Until this week we've heard nothing but improvement for organics," Beagley says. "There was talk of a 140% growth increase to 2014. Even through the downturn they were getting 9% growth. Now they are projecting 4-5% and some sectors would still be happy with that."

Beagley and his wife Andrea, who run an organic dairy farm near Woodville, signed up in 2009. They say they got nothing but positive messages from Fonterra. They spent one million

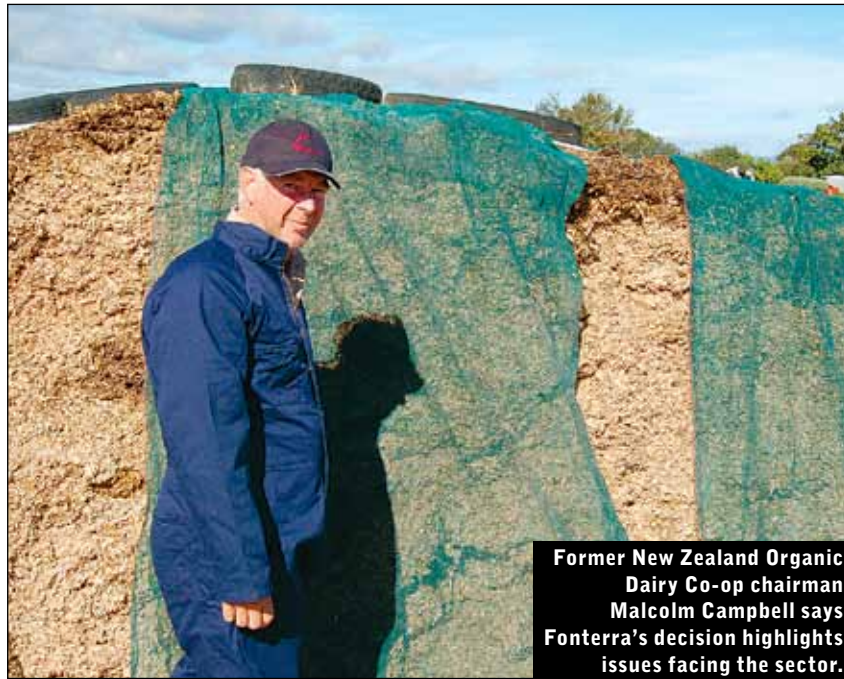
dollars on two small run-offs to support the business by guaranteeing organic feed.

Fonterra's 50% cut-back will consolidate the business in the regions south of Auckland and north of Taupo.

Beagley is still trying to fathom the reasons for the move. "They will concentrate on a single product which will be cheese and on the Australasian and Asian markets just to try and get some efficiencies."

"Transport is one of the big factors: the logistics of taking milk from the lower North Island to Waikato. That's all understandable, but Fonterra did tout for business around here."

So how does this leave organic dairy farmers



Former New Zealand Organic Dairy Co-op chairman Malcolm Campbell says Fonterra's decision highlights issues facing the sector.

feeling? "Disappointed. We still have four years left on our contract which they are going to honour, but those still in the process of negotiating their contracts won't have one. I can't see many people dropping certification, because it's a philosophy they believe in and a lifestyle choice. There will be other avenues we need to explore with other processes. Something good will come out of it, but at the moment it's hard.

"I'm a Fonterra networker and have been a passionate supporter of Fonterra in the past. I'm just as passionate about organics, so I'm highly disappointed at the way this has been handled but completely understand – if we are being told the truth about the commercial realities – that changes need to be made. Farmers would like more information on what they're telling us is the global reality."

Fonterra milk supply

general manager Steve Murphy is prepared to answer farmers' questions if they are in writing. This is likely to happen mid to late September, says Beagley.

Malcolm Campbell, ex-chairman of the now defunct New Zealand Organic Dairy Co-op, Taranaki, which was absorbed by Fonterra, says "It highlights the difficulties in maintaining the margins on valued products at times of high commodity prices."

IN BRIEF

'A crippling move'

FONTERRA'S MOVE to confine its take of organic milk to the Waikato and Bay of Plenty will cripple New Zealand's organic dairy sector, says the Green Party.

"Organic dairy is the future of dairy in New Zealand and Fonterra are actively putting off this transition," says Green Party agriculture spokesperson Kevin Hague.

"Fonterra is using its monopolistic power in a way that massively disadvantages dairy farmers who have converted to organic or who are in the process of converting.

"It will also raise the price and limit availability for consumers who want organic dairy products.

"Organics give New Zealand dairy a competitive advantage for value-added products. Fonterra should be supporting farmers who have, and who wish to, convert to organic farming."

Hague says organic clusters should be organised throughout the country.

This would eliminate shipping costs and provide the efficiencies that Fonterra is looking for.

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Dairy for life

Notice of Elections Fonterra Co-operative Group Limited

Board of Directors, Shareholders' Council,
Directors' Remuneration Committee

Notice is hereby given that the following three elections will be held concurrently in 2011 for Fonterra Co-operative Group Limited.

Board of Directors: Election of Three (3) Directors

Shareholders' Council (13 Wards): Election of One (1) Councillor in each ward

Directors' Remuneration Committee: Election of Two (2) Members

Invitation for Candidate Nominations

Nominations are called for candidates to stand for these three elections. Fonterra shareholders are eligible to stand for all three elections. Nomination forms and candidate handbooks can be obtained from the Returning Officer.

Nominations must be received by the Returning Officer by 12 noon on Friday, 9 September 2011.

Elections for Shareholders' Councillors

Elections will be held in the following 13 wards for the Shareholders' Council:

Ward 1	Northern Northland	Ward 4	Southern Northland
Ward 7	Coromandel	Ward 10	Te Aroha
Ward 13	Matamata	Ward 16	Rotorua
Ward 19	Taupo	Ward 22	Central Taranaki
Ward 25	Northern Manawatu	Ward 26	Hawke's Bay
Ward 28	Wairarapa	Ward 31	Central Canterbury
Ward 34	Eastern Southland		

Elections

Voter packs will be posted to shareholders on Thursday, 20 October 2011. The elections will be conducted by internet, fax and postal voting, using the Single Transferable Vote (STV) method. Voting papers must be in the hands of the Returning Officer by 10.30am on Tuesday, 15 November 2011.

Warwick Lampp, electionz.com has been appointed as the Returning Officer for the 2011 Fonterra Elections.

For further details, call the Election Hotline on freephone 0508 666 446 or contact the Returning Officer at elections@electionz.com.

Warwick Lampp
Returning Officer – 2011 Fonterra Elections
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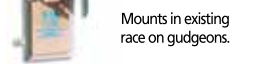
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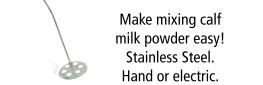
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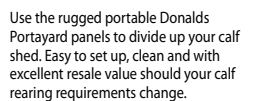
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Westland chief executive Rod Quin at the new Rolleston plant.

Westland moving east

ANDREW SWALLOW

SOUTH ISLAND cooperative Westland's foray into Canterbury for milk collection is coming to fruition with its milk concentration plant at Rolleston nearing completion.

Bulk milk is already being railed over the main divide for processing at the firm's Hokitika base and the reverse osmosis plant will be finished in the first week of September, chief executive Rod Quin last week told

Dairy News.

He's coy about the number of suppliers and volume of milk being collected in this, the cooperative's first season operating in Canterbury.

"It's commercially sensitive," he said, which is understandable, given Synlait and Fonterra – both with new plants coming on stream this season or next – are wooing suppliers in the same collection area.

All Westland's Canterbury suppliers "are fully shared up" buying into Westland at \$1.50/share, but Quin says they are talking to some others who may contract up to 20% of their milk to Westland this season, while supplying the balance to their current pro-

"We're adding more value in New Zealand working with some current and some new customers."

cessor. Such suppliers would be expected to back supply with shares for the following season.

Some inquiry has been received from farmers concerned about the TAF (trading among farmers) proposal at Fonterra, he says.

The firm is also upgrading its facilities at Hokitika, enabling it to produce higher-specification products with extra ingredients such as vegetable oils.

"We're adding more value in New Zealand working with some current and some new customers."

Capacity will also be increased, with 3-4% growth in West Coast supply anticipated, plus the Canterbury milk.

"We have four new suppliers on the West Coast this season, plus expansion from existing farms.

"The season has started particularly well. We've missed the worst of the cold. It's early days but we are double digits ahead of last year."

Whether a processing plant will be added to the concentration facility at Rolleston will be decided later this year.

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Easi-Yo all go



WESTLAND'S EASI-YO home-brew yoghurt business last year achieved "double digit" growth, tripling capacity after moving to a new plant at Albany, Auckland.

"We're now demand-constrained and driven, rather than supply constrained," says chief executive Rod Quin.

The brand's launch in Italy has gone "extremely well". A promotion on a television shopping channel has proven a powerful tool, as in the UK.

"We're in a number of other countries but the pillars of the business are New Zealand, Australia, the UK and Italy."

Food service is seen as a major growth area with 2kg catering packs and a 13 L urn allowing restaurants to make their own yoghurts.

A premium "indulgent range" has also been launched.

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Feds accepts tax changes

ANDREW SWALLOW

IRD'S PROPOSAL to close what is seen by some as a tax loophole for farmers doesn't worry Federated Farmers Dairy chair Willy Leferink.

"We're not in the business of making money by scheming... [but] by producing something. If you are in the business of making money by scheming then you should be buying shares on the stock market," he told *Dairy News*.

Leferink acknowledges "quite a few" have been switching between the herd scheme and national cost approach to taxation of livestock, but he doesn't believe it was a deliberate ploy, more a response to advice from accountants.

Some "smart buggers" may have made a net gain by switching between schemes on the roller-coaster of cow prices in recent years, but equally some got it wrong and lost money.

IRD's proposal to make valuing stock as a capital asset (as under the herd scheme) an irreversible option wouldn't be unfair as long as tax is only due if capital gain is realised.

"If we had to pay on unrealised capital gains that would be unfair," Leferink says.

IRD has been working with Federated Farmers on the proposals now being put forward, so they've not come as a surprise, he says.

Feds president and economics and commerce spokesman Bruce Wills says IRD's proposals will be examined "for reasonableness and real-world workability" and Federation members will be consulted on them.

Graham Brown, of Christchurch farm and agribusiness accountants Brown Glassford, says switching between schemes has been fairly commonplace and he's not surprised at the changes proposed. "It's always jarred a bit that farms have this option when no one else does."

In the past six-seven years cow prices have been through two peaks and troughs, so there were two distinct periods when switching was advantageous.

"If you got it right it created quite a significant deduction against taxable income." Brown told *Dairy News*.

If switching is ruled out there may still be good reasons for going into the herd scheme, but for a farm with cows valued at cost, typically \$650-1200/head, opting in at this year's \$1766/head herd scheme valuation would probably create too much of a tax bill.

If buying cows at, say, \$2000/head, then putting those in the herd scheme and taking the tax loss on them may make sense.

Recall for BVD vaccine

PFIZER ANIMAL Health has voluntarily suspended sales of PregSure BVD, a vaccine against bovine viral diarrhoea virus (BVDV), and is recalling the product in New Zealand.

This precautionary action follows reports in the past week of five

confirmed and two suspected cases of bovine neonatal pancytopenia (BNP) in calves from New Zealand herds vaccinated with PregSure BVD.

The company in June 2010 voluntarily suspended sales of PregSure BVD in the

European Union.

BNP is a relatively rare immune mediated syndrome seen in calves up to four weeks of age, Pfizer Animal Health says. It emerged in 2007 in Europe. Characteristic signs include external and internal bleeding.

The company has

told the regulatory authority (ACVMG) and veterinary customers in New Zealand of the move. Farmers holding PregSure BVD vaccine are advised not to administer it to their cattle and to contact their vet to return the product and arrange for a refund.

The exact cause of BNP is said to be unknown. A cause-and-effect relationship between PregSure BVD and BNP has not been established, and "there are many unanswered questions about this disease," Pfizer Animal Health says.



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Shelters vital - Feds

BARBARA GILLHAM

FEDERATED FARMERS is stressing the need for shelterbelts and encouraging farmers to install shelter appropriate to their stock.

Dairy chairperson Willy Leferink says the recent 'polar blast' should remind farmers winter storms can also strike in spring and autumn. But, on many farms, shelter belts pulled out to allow for irrigators ultimately works against the farmer as stock losses rise in particularly bad weather.

region, works with farmers regularly, trimming shelterbelts, advising on tree care and supplying trees for planting.

He knows the need for shelterbelts and protection for stock, whether shelter from cold winds or scorching summer heat, both requiring different, but equally important, shelter.

"The likes of the recent winter blast has made farmers think more about shelter although I haven't seen an increase in farmers wanting to put in more shelter for their stock.

"There's always a little more interest after a storm. The biggest thing is

"Stock shelter is vital and if farmers don't ensure appropriate shelter, they could risk prosecution under the animal welfare act."

Leferink encourages farmers to leave some shelterbelts. "Stock shelter is vital and if farmers don't ensure appropriate shelter, they could risk prosecution under the animal welfare act.

"Livestock are valuable commercial assets but we also have a strong ethical obligation towards them. While cattle and sheep are naturally adapted to cold climates, they need shelter to thrive.

"Studies show how shelterbelts are vital to farming. Prolonged low air temperatures, like we've had in many parts, will see stock eating a lot more feed to keep warm, which diverts energy away from producing protein and fibre."

Leferink says farmers risk an 'own goal': lack of shelter results in higher feed costs without any payback, and during calving farmers without adequate shelter also risk metabolic disorders.

His sentiments are shared by others familiar with shelterbelts through their work in farming. Robert Appleton, Appleton's Tree Nursery, in Tasman

protecting stock from wind chill; that's when they need shelter."

Peter Columbus, of Vegetation Services, Motueka, says many dairy farmers are taking out shelterbelts and/or not planting them so they can accommodate irrigators, something he describes as "unnecessary."

"I'm opposed to [this]. It's not necessary. They could cut out holes in the fences for sufficient room. They're leaving everything exposed and the stock are suffering."

Columbus sees no increase in shelterbelt planting despite working with many farmers. He has not heard any talking of putting in more shelter.

MAF's director compliance and enforcement, Geoff Allen, welcomes Federated Farmers' leadership on shelterbelts as part of good animal welfare practice.

"The Animal Welfare Act specifies shelter is required. Farmers must be aware of their obligations to ensure appropriate shelter for their animals," says Allen.



Ensure your existing infrastructure complies with council standards, says Environment Southland.

Start preparing for new effluent consents

BARBARA GILLHAM

WITH AT least 400 farm dairy effluent discharge consents due to expire in the next three years, Environment Southland is urging farmers to think about what they will need to do to get a new consent.

Consents manager John Engel says farmers will need to check if their existing infrastructure complies with the current council standards and where it doesn't they may need to build larger effluent storage ponds or install new irrigation systems to comply. Though construction need not be complete before an application is lodged, the design work must be and this can take time.

Engel says the council can allow a farmer to continue discharging effluent under the existing consent while the new application is processed but only if an application for a new consent is lodged three months before the old one expires. However, the Resource Management Act does not allow this to happen if the application is filed less than three months before the existing consent expires.

"There's no discretion in the matter," says Engel.

One Southland farmer has al-

ready found this out the hard way. Neglecting to lodge a timely application to renew his effluent discharge consent has left him having to truck his effluent to a neighbour's property for disposal while his new consent application is processed.

Farmers must also get professional engineering advice about the design and construction of their pond and effluent management system. This could prove a bottleneck for those who left things to the last minute, Engels says.

"If farmers think they may be held up by the unavailability of consultants, they should contact our staff early to see what can be done to ensure the continuity of their operation."

Federated farmers Dairy chairman Russell MacPherson echoes the call for farmers to think ahead about their discharge consents.

"The rules are quite simple, if you haven't got a discharge consent you cannot discharge effluent. If you have a consent that expires in the next three years it is probably wise to start talking to the people that can advise you to get the right dairy effluent systems in place on your farm."

MacPherson says Federated Farmers, helped by DairyNZ and Fonterra, have worked hard with

Environment Southland to have a cooperative approach regarding dairy effluent so they could have a scientific outcome to ensure the systems farmers build will be the best for their farm's soil and climate.

Sustainable dairying advisor for Fonterra in Southland, Hayley Keenan, says it is in the best interests of dairy farmers to be planning ahead.

"Managing farm dairy effluent is a job that has to be done well. Investment in the appropriate infrastructure has to be planned technically and financially."

The council's compliance manager, Mark Hunter, says in a worst case scenario, a farmer would have to stop milking and dry off the herd if there was no consent to discharge effluent from the dairy shed.

"We wouldn't want to get to that stage, but we will issue abatement notices if farms are discharging effluent without consent. We know how important milk is to the farmer and we don't want to... have to shut them down. I hope they will get their applications in before that happens otherwise it could cause a lot of grief."

Hunter says farmers may point the finger at the regional council but it is in their hands to act.



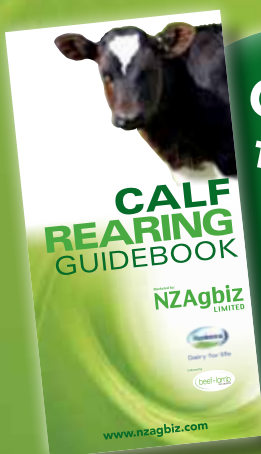
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A2 milk tastes profit

FRESH FROM recording its maiden operating profit, A2 Milk Corporation is eyeing the Asian infant formula market for growth. The company plans to export A2 infant formula sourced from Australia and New Zealand.

A2C in February launched an international business plan to develop of A2 white milk and infant formula, part of a new agenda for growth, says managing director Geoffrey Babidge. Good progress has been made in identifying and developing new growth initiatives.

The maiden profit of \$2.1 million for year ending June 30, 2011 is also a result of the new agenda. The company recorded a \$2.2m loss the previous year.

Babidge says the result is an excellent platform for the growth of A2 milk and confirms the board's decision to take control of all aspects of the business.

"The resilience and potential of the A2C proposition has been tested in the marketplace, particularly in the last twelve

months in Australia.

"Our consumers have shown a strong preference for the benefits of A2 Milk products with our market share increasing in the presence of discounted standard milk alternatives."

Last year the company sold 21.6m L of milk in Australia, a 32% increase over the previous year. Babidge estimates the market share of A2 milk in the grocery channel at 4.2%. This growth is pleasing and is consistent with awareness of the benefits of A2 milk and the loyalty of consumers, he says.

The retail price of A2 milk has remained broadly unchanged for two years. A decision to lower the retail prices of house brand dairy milk by the major grocery chains from January harmed most competing milk brands, whereas A2 milk gained in sales over subsequent months, says Babidge.

A2C is building a \$A7.5m fresh milk processing facility to support growth. The will comprise a medium-sized processing facility in a purpose built

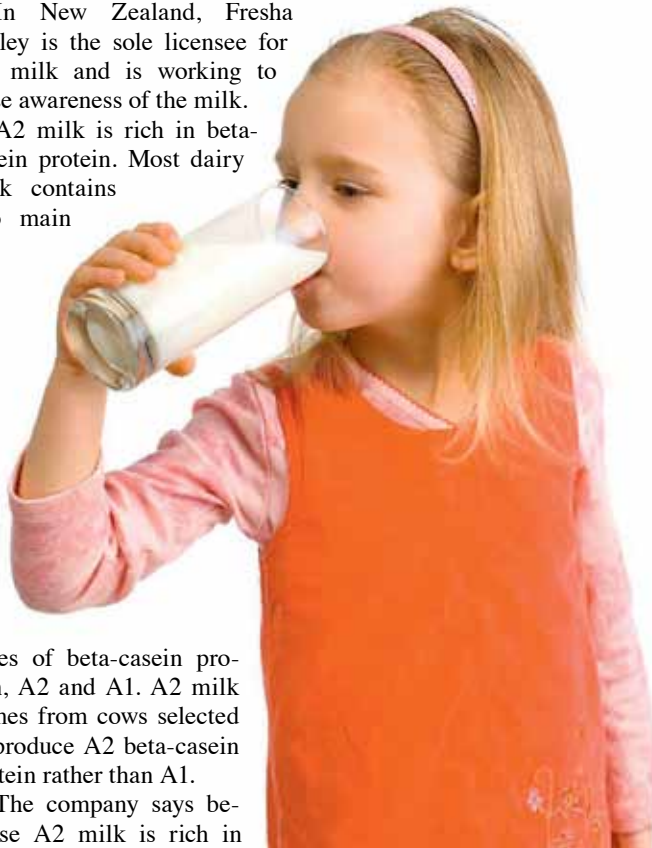
factory in southwest Sydney.

In New Zealand, Fresha Valley is the sole licensee for A2 milk and is working to raise awareness of the milk.

A2 milk is rich in beta-casein protein. Most dairy milk contains two main

types of beta-casein protein, A2 and A1. A2 milk comes from cows selected to produce A2 beta-casein protein rather than A1.

The company says because A2 milk is rich in beta-casein, "it may assist with digestive wellbeing".



A2 Corporation has recorded its maiden profit.

Five-year milk payout prediction

AN ONLINE company owned by Victoria University, Wellington, is making five-year forecasts of Fonterra payouts.

iPredict chief executive Matt Burgess says it will enable dairy farmers, the wider dairy industry, economists, banks, the government and anyone with an interest in New Zealand's medium-term economic prospects, to get free 'snapshots' of how Fonterra is likely to perform, in terms of its payout, for five years ahead.

These would be based on Fonterra's final payout, per kgMS, to a 100% share-backed farmer (before retentions) for the five financial years from and including 2010-11.

Fonterra is forecasting a payout in the range \$8.00-\$8.10/kgMS for 2010-11 and \$7.15-\$7.25/kgMS for 2011-12.

Burgess says the iPredict forecasts for the three further-out years would give a more general indication of the likely performance of the company.

"iPredict produces consensus views on the likelihood of future events, based on the theory of the 'wisdom of crowds'. This holds that where people pool their perspectives and knowledge about a future event, their opinion is likely to be accurate."

iPredict operates in New Zealand with authorisation of the New Zealand Financial Markets Authority, he says.

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Power bill to rise under Gillard's carbon tax plan

AUSTRALIAN DAIRY farmers face bigger power bills under the Government's proposed carbon tax. Victoria farmers would pay \$6054 more for electricity; NSW farmers \$7691.

The costs are predicted in Australian Farm Institute modelling on the Federal Government's \$23/tonne carbon tax. AFI says the extra cost would reduce income by 7.8% for Victorian farmers and 6.7% for NSW farmers.

The prediction is that three years after introducing a carbon price estimated at \$25.36, Victoria farmer would be paying \$11,763 extra, and NSW farmers \$13,940 extra, reducing their incomes 10.6% and 13% respectively.

Sally Davison, who compiled the report, says the impact of a carbon price on total farm costs is greatest for dairy and rice farmers in percentage terms.

"This is because of the relatively [greater] cost of processing products from these farms, in addition to having a large proportion of farm inputs reliant on energy and therefore affected by a change in carbon price."

About half the extra cost is at first incurred by processors but this would be passed on to farms

as lower milk prices. Murray Goulburn has said it will pass all costs to its suppliers.

"As outlined in the model-



Australian farmers face higher power bills.

ling, the impact of a carbon price on processor costs is potentially [big]," Davison says. "The challenge of this cost for farm business managers is that little can be done to reduce it.

"There is little opportunity to change behaviour to cope with this additional cost burden, as it is largely determined at the processor level and passed back to

the producer."

Davison says the Australian and New Zealand agriculture sectors are "globally-unique", as

they alone, among the world's agricultural exporters, operate without tariff protection and largely without subsidies, yet pay developed-nation wages and costs.

"The success of these sectors has depended on an ability to continually reduce costs. "However, the scale of challenge... of a carbon cost is considerable, and

this will tax the ability of businesses to remain profitable, especially once the carbon price begins to escalate."

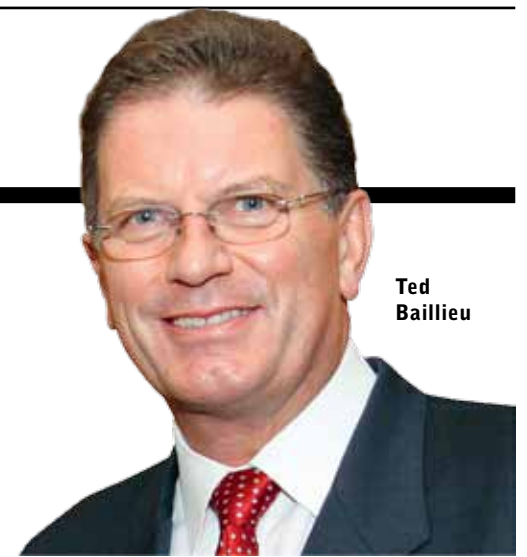
The Australian Dairy Industry Council has asked Climate Change Minister Greg Combet to remove the tax paid for electricity by primary producers and dairy processors.

"ADIC is alarmed about the impact of a carbon price of \$23 per tonne on the viability of Australian dairy farming families," ADIC director Adrian Drury says.

"A simple solution to this obvious inequity is to exempt or remove the carbon tax on electricity for primary producers and dairy processors.

"The Government has failed to recognise that as a trade-exposed industry, dairy processors cannot pass on the costs of a carbon scheme to local consumers or world markets, therefore farmers will wear the full cost of this tax.

"The Prime Minister's assurances that Australian families won't be worse off does not seem to apply to the 7500 dairy farming families. These families face the double whammy of paying the carbon tax as householders as well."



Ted Baillieu

Oz co-op expands in China

AUSTRALIA'S LARGEST dairy co-op, Murray Goulburn (MG), says its planned expansion of packing capabilities in China will bring better returns for its suppliers.

The co-op will build a new packing plant in Qingdao – doubling its current capacity – to capitalise on Chinese demand for infant formula. It opened there in 2007.

Outgoing chairman Grant Davies says the Qingdao product line will grow from one to six to make gains from the demand for infant formula and adult nutritional products. MG product is called Natrastart.

"It's great news for our Murray Goulburn suppliers," Davies told ABC radio. "We've seen an increase in sales in China and we've outgrown our present site.

"There's great demand for Australian and New Zealand infant products because of the clean, green image we portray and actually have.

"We have a great record for supplying quality products and they're widely sought. That's shown by the growth in our business for four years."

Davies would not tell the price of the new factory, but says it is cheaper to build in China than Australia.

All products packaged and sold in China are made at MG's plant at Cobram, northwest Victoria.

"As this market grows, this puts more demand on our nutritional factory at Cobram. We'll be looking for milk to put through that factory. That creates jobs, work and better returns for our farmers. Maximising returns to our farmers... is done by value adding their milk into a specialty, nutritional product."

Victoria premier Ted Baillieu this month announced the company's plans at the Australian China Business Council. The state government has joined the Dairy Nutraceuticals to Asia project to promote milk products in the region.

Davies will quit the chairmanship in November at the annual meeting.

"Since I informed them of my decision we have had some constructive discussions on succession and I am confident the board will make an excellent appointment of a new chairman following November's annual meeting."

Davies says he decided not to seek re-election after discussion with his family.

River plan delay irks farmers

LIZ COTTON

DELAY IN the release of Australia's Murray Darling Basin draft plan has been welcomed by farmers and farming groups keen to see a more balanced outcome, but a lack of consultation has left many feeling uncertain it can be achieved.

The chair of the Murray Darling Basin Authority, Craig Knowles, said in a statement that the draft plan will now be presented mid-October, allowing more time to resolve how

the plan will be implemented from 2012-19, a mid-point review process and how water can be moved around the basin effectively.

"This is too important to rush. It's not about ticking a box, it's about getting it right," Knowles says.

The MDBA will now resume talking to state water ministers about the work and its funding. The new report is believed to recommend a maximum buy-back of about 2800 gegalitres compared to the 3-4000GL proposed in the original guide

released last October.

The National Irrigators' Council and the National Farmers Federation have also welcomed the delay. Irrigators chief executive Danny O'Brien says farmers need certainty and a "plan we can all live with".

"We all want certainty, but we don't want certain death... We hope the draft will look nothing like the guide and this delay gives more chance to deliver the balance between environmental, economic and social outcomes."

NFF president Jock Laurie

says the delay gives the MDBA the chance to get the plan right and avoid further uproar in rural communities. But he raised concerns about the length of the consultation period and that it will occur during summer, a busy time for farmers and irrigators.

South Australia dairy farmers Melanie and Nigel Treloar, Lake Albert, are also worried about a lack of consultation. They say initial "positive" communications about the plan have turned into deafening silence for basin communities.

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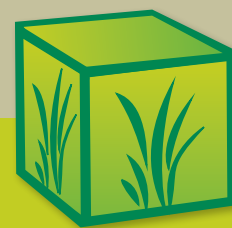
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Oz dairymen turn to backpackers

AUSTRALIAN DAIRY farmers are more often employing short-term visitors for seasonal work, such as their difficulty finding and retaining staff.

Backpackers can serve as short-term, seasonal workers but must have the right visa.

Dairy Australia's manger of *The People in Dairy* scheme, Pauline Brightling, says employing visitors depends on their training, cultural awareness and a valid Australian visa with work rights.

"Regardless of their background, every new team member needs to understand the farm's procedures and practices. Communication may be a little more challenging if English is not their native language. Consider placing more emphasis on demonstration and providing visual reminders such as signs.

"Also, be aware of different cultural backgrounds and help your

new team member(s) become part of the local community.

"The early days can be quite a learning curve for employer and employee – understanding each other's culture. But making an effort will make the adjustment phase much easier."

It is also essential to check working rights, Brightling says. Some visas prevent or restrict the right of a person to work in Australia. And employers must check every worker from overseas has a valid Australian visa with work rights.

The free, visa entitlement verification online (VEVO) service is a safe, easy and quick way to check work entitlements. This provides current visa information 24/7, says Brightling. It is the employer's responsibility to ensure the paperwork is in order and to pay award wages.

"The working holiday-maker programme is a cultural exchange scheme

"The early days can be quite a learning curve for employer and employee."

allowing visa holders to supplement their holiday funds with short-term work. "WHM visa hold-

ers can work full-time during their 12-month stay in Australia but are limited to a maximum

of six months' work with any one employer."

Working holiday visa holders who performed 'specified work', in an eligible regional Australian area for a minimum of three months (88 days) while on their first working holiday (subclass 417) visa may be eligible for a

second working holiday visa. 'Specified work' can include working on a dairy farm.

Holders of a second working holiday visa may return to work for a further six months for an employer with whom they worked on their first working holiday visa.

"This means if you employed a working holiday visa holder for six months on their first working holiday visa and they obtained a second working holiday visa, they would be able to return to your employ for another six months," says Brightling.

Bega shares list on ASX

AUSTRALIAN DAIRY processor Bega Cheese began trading on the Australian Stock Exchange (ASX) two weeks ago.

Bega shares opened at \$A2/share, then last week slipped to \$A1.80. At least 1 million shares were traded.

The cheese and packing company issued 127 million shares. About 15% of the company, or 17.5 million shares, were offered, raising \$A35 million. Most of this will be used to reduce Bega's interest-bearing debt.



Barry Irvin

About 110 farmer shareholders had the bulk of the company, controlling 85%; 850,000 free shares were allocated for Bega employees.

The company is forecasting about \$A15m profit from revenue of \$A960m this year.

It was established as a cooperative in 1899. It owns 15% in the listed Warrnambool Cheese and Butter.

Bega chairman Barry Irvin says the decision to list on the ASX was an important day in Bega Cheese's history.

Irvin says the listing will create a new level of financial strength for existing shareholders and "position Bega Cheese for opportunities that will inevitably come from further industry rationalisation and the ever growing international dairy market place".

Irvin believes most existing Bega shareholders will stay and use their cashed-up status to reinvest in their businesses.

"We believe many shareholders will reinvest the money back into their business. They will be more financially secure and more likely to invest or expand, or look at succession planning."

Bega employs nearly 1400 people at its NSW operations and at plants in Coburg, Tatura and Strathmerton in Victoria.

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OPINION

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MILKING IT...

Semen spill freezes motorway

A SPILL of frozen bull semen bound for a breeder in the state of Texas triggered a scare that temporarily shut down a US interstate highway during the morning rush hour.

The incident began when the driver of a Greyhound bus carrying the freight alerted the fire department he had lost a part of his load while negotiating the ramp on a highway near Nashville.

"We didn't know what it was, but we were told [the canisters] were non-toxic," says Maggie Lawrence, a fire department spokeswoman.

When firefighters arrived on the ramp, they saw "four small propane-sized canisters that began to emit a light vapour."

In addition to the vapour, the canisters also let off an unpleasant odour and the ramp was closed while emergency personnel tried to determine what was in the containers. The bus driver turned his vehicle back to retrieve the canisters. Once emergency personnel learned they contained nothing hazardous, simply frozen bull semen stored on dry ice, officials and fire department workers cleared the ramp.

"It was no different to us than if a mattress fell off a truck," said a spokeswoman.

Greens political ploy

THERE WAS nothing new in a Greens plan to clean up New Zealand rivers and waterways released this month.

To whip up anti-farming hysteria among urban voters it again targets farmers. It proposes setting up standards for clean water, supporting water clean-up strategies and introducing a fair charge for irrigation water.

What about the sewerage discharge from urban centres into waterways, Mr Norman?

With one recent poll showing Greens' support down 4 to 6%, the new water plan may be its strategy of washing in more support.

Curious cows seal fleeting friendship

A WARRNAMBOOL farmer on a Saturday morning walk was surprised to find a seal among his curious cows.

After swimming up the Merri River, the female Australian fur seal crawled 1 km across paddocks and a road to end up at the Warrnambool saleyards.

The confused seal was reported to Department of Sustainability and Environment wildlife officers at 9 am. They noticed a growth on her right eye, and decided, due to her age and sickness, she should be put down.

Wildlife officer Stan Williams said sickly and run-down seals often swam inland through freshwater rivers to kill parasites. "It's amazing how far they can travel. The cows were very interested."

Pass the buck, says PM

ANY FARMERS feeling the pressure of extra costs from the impending carbon tax in Australia? Well, just pass them down the line, says Australian Prime Minister Julia Gillard.

It was put to Gillard by the ABC last month that farmers' profitability would be eroded by increasing farm costs and no ability to pass these costs on.

"Oh, of course farming will be viable and our modelling is showing that, for example, with food production, what you will see is people pass costs through to the consumer, which is why we are ensuring nine out of ten households get assistance through increased pensions, increased family payments, and a tax cut, which comes with a major tax reform."

Pass costs through to the consumer? Is she serious? Sadly, it appears she is.

DAIRY NEWS

EDITORIAL

A secret agenda?

WHAT WAS the Prime Minister thinking? This is what Fonterra farmers are wondering as the possibility emerges again of a float of the co-op shares.

Fourteen months after Fonterra farmers voted overwhelmingly to keep 100% control and ownership of their co-op, Prime Minister John Key has put the cat among the pigeons.

During a parliamentary question-and-answer session, Key announced his preference for a float of Fonterra. However, he has since pointed out to *Dairy News* that the Government is not about to impose a capital structure on Fonterra. It's a personal view, he says.

But the PM's preference for floating one of the country's best assets will worry farmers, especially at a time when the farmers themselves are preoccupied with TAF (trading among farmers). The idea of handing power to investors, by their purchase of units in a proposed Fonterra Shareholders Fund, could raise in farmers' minds a suspicion that there is a hidden agenda on TAF, with the Government part of the plot.

For Fonterra farmers, the bottom line – 100% ownership and control – is non-negotiable. This message has been clearly relayed to the Fonterra board and the Fonterra Shareholders Council. Key and Fonterra chairman Henry van der Heyden discussed TAF during a recent meeting. Fonterra farmers now need assurance from the board that 100% ownership and control is still the bottom line.

The PM's comment will raise more doubts among Fonterra shareholders about ownership issues. The next round of farmer meetings on September 25 will shed more light on TAF details, but clearly some Fonterra farmers are concerned.

The Fonterra board may argue that the industry is in an election season (for director and council seats) and that no more than politicking is involved in the lobby groups popping around the country. But *Dairy News* believes there is genuine fear among some Fonterra shareholders that TAF could spell the end of 100% ownership and control.

The board and the council must reassure farmers this will not be so. Leaving these farmers concerns to fester will not do the co-op any good.



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Head Office: Top Floor,
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Managing Editor: Adam Fricker Ph 09-913 9632
Editor: Sudesh Kissun Ph 09-913 9627
Reporters: Neil Keating Ph 09-913 9628
Tony Hopkinson Ph 07-579 1010
Peter Burke Ph 06-362 6319
Andrew Swallow Ph 021-745 183
Subscriptions: Fiona Siketi Ph 09-913 9626
Production: Nadia Wickliffe Ph 09-913 9633
Becky Williams Ph 09-913 9634
Website Producer: James Anderson Ph 09-913 9621

NATIONAL SALES MANAGER:

Ted Darley Ph 07-839 4958, 021-832 505
ted@ruralnews.co.nz

AUCKLAND:

Tracy Fairey Ph 09 913 9637, 021 963 166
tracyf@ruralnews.co.nz

TAURANGA:

Tony Hopkinson Ph 07-579 1010, 021-949 226
hopyy1@clear.net.nz

WELLINGTON:

Mark Macfarlane Ph 04-234 6239, 021-453 914
markm@ruralnews.co.nz

SOUTH ISLAND:

Kaye Sutherland Ph 03-337 3828, 021-221 1994
kayes@ruralnews.co.nz

Learn from mistakes and move on

INEQUITY partnerships or sharemilker-and-manager situations there can sometimes be tensions between the parties. How is it best to manage these relationships?

- Know your job description.
- Know who has the authority to make the decisions.
- Accept situations where you may be over-ruled.
- Use your authority responsibly.
- Be tactful in all situations.
- Consult outsiders when necessary to come to the correct conclusion.

In all farming situations there will be times when things are

not managed the way you would have done it yourself. You need to accept this and move on quickly as you cannot change what has already happened. Take the learning from it and try to ensure that next time the situation will be handled differently. "The man who never made mistakes never made anything."

"In all farming situations there will be times when things are not managed the way you would have done it yourself."

When you first come into a situation or difference of opinion, don't panic. Collect your thoughts and think before speaking. Ask questions to clarify the situation before jumping to wrong conclusions. You can talk to outside sources or consultants to collect information.

If the situation is serious arrange a time to discuss it. This defuses the immediate heat of the moment. You will find that when you meet, each party will have considered their stance and you have a better chance of resolving the issues amicably and successfully.

Everyone needs to know their area of responsibility. An employee needs to know his/her job description, areas of decision making and who they are accountable to. The supervisor needs to

know his/her areas of responsibility and when to interfere, or not. A shareholder needs to know when to have a say and the correct channels for voicing concerns.

In equity partnerships it is best to have one person who liaises with the farm manager, whether this person be an equity manager, sharemilker or contract milker. This way the manager knows who he/she is responsible to and the shareholders know that any concerns they have must be directed through the liaison person.

The annual meeting is the time when shareholders can have their say. There should

be full and frank discussion about any areas or situations individual shareholders feel uncomfortable about. During the discussion your ideas may be adopted, modified or rejected. The result will be that the majority makes the decision. If your idea has a compelling argument and facts to support your view it is likely to be accepted.

Should this be a management issue the liaison person then has the authority to implement the policy with the manager. If your ideas are not accepted, move on; perhaps your idea was not great after all. At least you got to present your point of view and the others know how you feel about the situation.

It is important the liaison person is a good communicator and is tactful. He/she must know when to use authority forcefully and when to back off. The manager's personality is going to have a bearing on how he/she handles situations. The ideal situation arises when the liaison person works thoughtfully with the manager, suggesting improvements and ideas for improvement giving



COMMENT
COLIN MARSHALL

options to the manager. The result can often be that the manager embraces the idea and adds to it, make it his/her own and creating a win/win situation for all.

I've found it pays to express all your ideas on a subject at the one time. You can reiterate

the points later on. Some people keep harping about a subject and adding different slants on it... 'but wait there's more'. This frustrates the people listening and can create resentment towards the whole idea although the original idea may have

been sound.

Remember you are not going to have all your ideas implemented. You don't know the best way to do everything. We often like to see things done our way, which may not be the only way. What does it matter, if something is done

differently, yet the result is similar?

As usual I am available to discuss any aspects of equity partnerships at marshall100@xtra.co.nz.

Colin Marshall is a Waikato dairy farmer and investor in dairy equity partnerships.



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AGRIBUSINESS

Price volatility here to stay

THE UPSIDE of food prices in recent months has brought welcome encouragement to primary producers. While it's great to celebrate these successes, it is equally important to heed the sentiment from industry leaders and economic commentators that volatility is likely to remain our constant companion. Given an uncertain international economic outlook and a possible plateau in milk prices, priority must be for businesses to avoid complacency and ensure robust planning.

This highlights the value of understanding what has been achieved in the last 12 months and ensuring plans for the next 12 months are based on credible, realistic and robust budgets and analysis.

A key part of my work at this time of year is



THE RYAN REPORT
KERRY RYAN

benchmarking the last season to provide a guide for strategy selection and 'work-ons' for 2012. For many that will mean more of the same – a drive to consolidate cost structures and proactive debt management to protect sustainability.

Early impressions are that production costs rose markedly over the last 12 months. That trend was compounded by climatic conditions in spring and early summer that accentuated cost pressures and

eroded the gains from a generally positive season.

There is still work to do to justify some inputs to confirm they deliver returns that capitalise on this positive income price environment. The risk of milk production 'for the sake of it' must be avoided at all costs.

Recent economic conditions have also offered the opportunity to capitalise on historically competitive interest rates. Prudent business managers have concentrated on converting any interest savings to principal reduction to capture the rare combination of higher milk prices, lower interest rates and favourable productivity. Reallocating debt servicing costs to principal reduction is similar to a compound investment strategy. The combined effect of principal repaid and consequent lower

interest costs helps the business to accelerate towards improved financial structure.

There are still a number of operations that are over-g geared and need to work hard on improving their equity position. While the level of activity in the land market has recovered, it appears values are lower. This is positive for buyers as they are much better placed to meet competitive investment criteria.

Traditional reliance on capital growth to restore equity levels is no longer a realistic strategy. Priority is now either for businesses to grow into their debt or get out of it by selling non-performing assets.

There are situations where asset management (rather than better farming) has become a key priority. It can be a challenge for farmers



Milkpowder prices have stabilised in recent months but volatility still rules.

to redirect their focus from maximising farm productivity and business performance to asset management, despite the reality any profit gains are unlikely to generate meaningful improvements in sustainability. Making this a reality is essential to get the confidence of other stakehold-

ers, especially financiers who share the business risk.

With a new season on the horizon it is time to get financial accounts completed and benchmarked to use these as a learning tool. That will strengthen the focus on business performance that delivers the key

outcomes for next year's annual plan.

It's going to be an interesting and hopefully rewarding season.

• *Kerry Ryan is a Tauranga agribusiness consultant available for face-to-face or online advice and ideas. Contact him at www.kerryryan.co.nz*



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New bank builds rural lending

NEW RURAL lender Heartland New Zealand has reported a net profit of \$7.1m.

The company, formed after the merger of MARAC, CBS Canterbury and Southern Cross Building Society, says the result is in line with guidance provided of \$6m - \$8m.

It says large one-off costs totalling \$6.8m were incurred during the period relating to the merger.

The bank's financial position is sound with total assets of \$2.1bn, an equity ratio of 14%, and a regulatory capital ratio well in excess of regulatory requirements on June 30 2011.

Net tangible assets per share was \$0.90. Earnings per share was \$0.05 calculated on weighted average shares.

Net operating income to June 30 was \$70.6m. The bank says the con-

sumer business is the major driver of net operating profit with the business and rural divisions in varying stages of development.

The bank says its business and rural units will have a greater contribution. It notes the operating environment during the period was challenging and this saw net receivables decrease marginally.

"Past due and impaired assets re-

main at elevated levels due to non-core legacy property development loan assets, which management are continuing to manage down.

"The impaired assets charge for the year was \$13.3m or 0.95% of average net finance receivables. However, it is a considerable improvement over the combined positions of the three merged entities' impaired asset charges over the past two years,

which totalled approximately \$30m per annum.

"This is due to the benefits of collective provisions taken at merger and the benefit of the management contract with Real Estate Credit Limited (RECL). RECL's security position was improved on a number of assets by bringing \$34m of the underlying property security onto the balance sheet as investment property."



Dairy profitability is on the rise, says MAF

Profits up, debt down

A LIFT in pastoral sector profitability is allowing farmers to restore bank balances, says MAF.

Its 2011 pastoral farm analyses, as part of its annual Farm Monitoring Report series, says pastoral sector profitability has lifted significantly. It notes dairy incomes lifted in 2010-11 despite a variable year climatically in many parts of the country.

An increase in national dairy production coupled with a record payout of \$7.50/kgMS boosted gross incomes lift by 23%. This continues a trend of improving returns since the low of 2008-09.

Despite the increase in dairy income, spending on many farms remains quite tight, says MAF analyst Phil Journeaux.

"This is likely to remain so until sometime into the 2011-12 season when farmers see how the season – and payout – is progressing." Nevertheless dairy industry morale and optimism has lifted, he says.

The MAF report indicates many farmers are now concentrating on debt reduction and looking to further boost productivity.



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MANAGEMENT

Farm manual delivers award

A FARM operations manual on staffing has gained a New Zealand farmer the 2011 Rabobank Business Development prize.

Lance Gillespie, milking 400 cows at Apiti, 50km northwest of Palmerston North, received his award at the graduation of Australian and New Zealand primary producers completing a business development course.

Gillespie says the manual is a valuable tool in his farm business.

"I see human resource management as the key to running a successful farm business in this challenging environment where we are competing for the right people to fill positions."

The manual formed the first part of his plan to retain and attract staff, he says.

"It gives a detailed overview of what the business is, how it operates and where we are heading, and it clarifies roles and clearly outlines the skills required for different positions."

"This manual allows us, as an employer, and our employees and prospective employees, to better understand each other."

Gillespie says the manual functions as an invaluable "living document" for the business. It will be reviewed, updated and modified. He plans to add modules on grazing management, calf rearing, tractor and machinery operation and maintenance, and effluent management.

Located on 309ha, Gillespie's

Table Flat Holding produces 180,000kgMS/year off 145ha. Eighty hectares is leased for dairying from a neighbour, in a lease/swap arrangement; in turn 160ha of hill slope is leased out to run sheep and beef cattle.

At 680 m above sea level, the area has traditionally been a sheep and beef farming area. The high altitude makes for a sub-alpine climate; snow falls during winter and early spring.

"I see human resource management as the key to running a successful farm business in this challenging environment where we are competing for the right people to fill positions."

Gillespie and his wife Katherine in 2004 bought the farm in a joint venture with his brother and sister-in-law; they took full ownership in 2007, moving there with their three children: Ethan (10), Charlotte (8) and Lauren (4).

Gillespie employs two staff, including farm manager Arno Renes who with his wife Anita is also a 10% equity holder, and one part-timer.

Gillespie previously completed the Rabobank Farm Managers Programme for up-and-coming young farm leaders. He says he drew on skills and ideas from both programmes to design his management project and to plan further development.

"These programs have been the best off-farm educational experiences I've had since leaving school. Everything you learn and are exposed to on the courses is relevant to agriculture and your business and where you are today."

As a result of the executive development programme, Gillespie says he has begun planning for growth: taking the business through to 'horizon 2' development stage and looking to

where he wants the operation to be in 10-20 years.

This may involve using under-utilised areas of his property to farm other commodities.

Interacting and networking with other course participants was invaluable, he says.

"It was a great learning experience to be with these other producers. You gain valuable knowledge from them – the issues they manage in their businesses and how they would approach the decisions you face in your business. We've made life-long friends and an invaluable business network."

The Rabobank executive development programme helps New Zealand



Lance and Katherine Gillespie.

farmers develop business management skills. Run annually, the two-week residential courses introduce participants to the latest practices in management, leadership, strategy, finance, human resources, and value chain management and marketing, and how to apply these to farming.

Rabobank business programmes manager Nerida Sweetapple says all projects presented by this year's

graduates show how participants applied their learning.

"Many had documented the changes they had made and had already produced significant results in their businesses."

"Lance's project – the farm operations manual – was outstanding. He combined tools from the programme and took it a stage further to something tangible and useful."

IN BRIEF

Better rumen lifts yield

IMPROVING RUMEN function is key to boosting production in dairy herds and generating wealth for New Zealand farmers, says Altum animal nutrition manager Jackie Aveling.

She says the benefits of rumen research are two-fold because it focuses on both animal per-

formance and reducing methane production, with both subjects often linked as energy is lost through methane production.

Aveling was one of 220 delegates from 23 countries around the world who recently attended a conference focused on rumen function.

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Snow storm hits pasture growth

MARY WITSEY

THE EFFECTS of this month's snow will be felt in Southland for months, one local farmer says.

Donald Kidd, who farms at Heddon Bush, Central Southland, says though the storm was short and sharp it could affect production for some time.

"It'll suppress grass growth for two to three months. We'll probably lose 10-20% pasture production due to the damage in a couple of paddocks. Our cover has dropped from good to average in a short time."

However, he stresses good management practices during the storm helped reduce losses.

"It was all about trying to minimise the effect of the snow."

Kidd is starting to get used to Southland's weather after shifting there in 2004 from Northland with partner Loshni Manikam. Keeping pasture damage to a minimum was a focus during the storm, with half the

NO KIDDING

Stock units: 600 cows.

Farm: 188 ha effective.

Staff: one full-time, one part-time.

Location: Heddon Bush, Central Southland.

Lower order sharemilker and equity partner in the farm.

Federated Farmers Southland sharemilker section chairman 2011.

herd kept on crops and another 120 cows run onto a separate area each night.

"We've got a sheltered, tree-lined area we can put cows on overnight, so that was quite effective."

Not one calf was lost during the storm; they used a sheltered area and worked hard to quickly retrieve new born calves during the day.

"One calf would have only been born for half an hour and it was already flat out and in trouble. They don't last long in that wind chill."

Kidd and his staff also kept the cows well fed, spreading plenty of magnesium to prevent milk fever. But the cold worked against the animals.

"I suppose the cows did lose a bit of weight. It will affect milk production." Although with only one-third of the herd having calved to date, those losses should be kept to a minimum, he says.

"You do see the cows rebound quickly."

He points out storms like this test the animals and those responsible for them. "It's a stressful time for everyone; it can't be easy for the staff. We've got a lot invested in the farm and so you keep going, but for the staff it's a bit different."

A positive for Southern farmers this time was the good supply of supplementary feed and good pasture cover. Although Kidd didn't feed out baleage this month, grain was fed on the milking platform. The grain feeder had been installed only after the spring storms last year.

"I couldn't sleep last September trying to work out how to feed my cows; now the grain feeder's installed it's a good back-up."

While Kidd has always farmed using a grass-based system, he believes as long as you continue to utilise all your grass, grain supplementation is a great support.

"It gives us peace of mind and that counts for a bit; it's not all about dollars and cents."

This month's snow storm was violent, but its limited duration had been a bonus – unlike the spring storms of 2010 which lasted ten days and sapped farmers and staff of energy.

"This time we knew it would clear pretty soon; two or three days you can handle. You try not to worry about it, but that's often easier said than done."

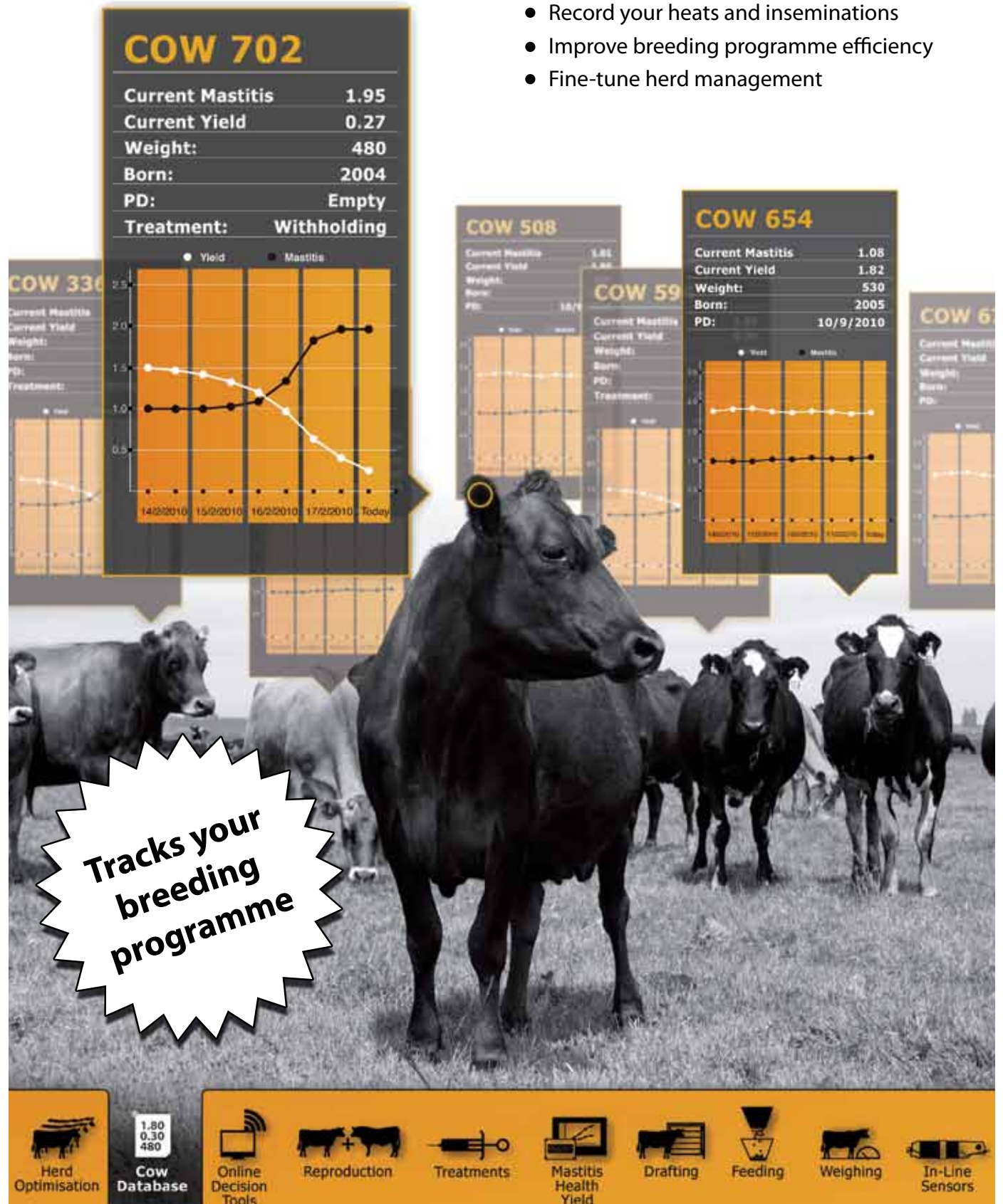
An increase in mastitis has not shown up in the herd at this stage, although he suggests the wet, slushy conditions which follow the snow melt may create issues in the weeks to come.



Central Southland farmer Donald Kidd sorts cows on a fine day, after this month's snow storm affected pasture production.

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Dr Damian Bougoure says establishing correct pH in your soil helps plant growth and nitrogen fixation.

Healthy soil bugs lift productivity

RICK BAYNE

AN AUSTRALIAN soil biology expert is researching whether soil microbes “step up” and maintain ecosystem functions if nutrient inputs are reduced.

Dr Damian Bougoure is part of the soil microbi-

ology group of the Victorian Department of Primary Industries' Biosciences Research Division.

He says farmers have indicated high intensity systems are falling out of favor for reasons such as increased fertiliser costs, so it would be valuable for them to know if their soil biology can help maintain productivity with fewer inputs.

Making sure soil bugs are happy and doing the right thing is one of the key ingredients to a successful operation.

Bougoure explained this at a soil biology workshop conducted by the Future Ready Dairy Systems Project (FRDS) and Glenelg Hopkins CMA in Terang, western Victoria, attended by more than 50 local farmers and service providers.

He encourages farmers to seek greater numbers and diversity of bacteria, fungi, earthworms and other bugs in their soil as they consider ways to improve soil health.

Bougoure says having diverse soil biology can help in achieving good production as it decomposes plant residues, regulates plant nutrient supply, improves soil structure, degrades pesticides and herbicides, regulates water supply and captures and releases greenhouse gases.

“Carbon and soil biology are best mates as carbon is great bug food. More carbon equals more bugs which is good for everyone,” Bougoure says.

“The more carbon you have in your soil the more types of bugs you will have working for you.

“It is important you know about your bugs and what they can do for you and also how your management practices can impact on their processes.”

Management practices can create the right conditions for good bugs to increase in number and carry out the process that will benefit growth of healthy plants.

He says farmers should manage nutrient inputs to avoid creating “lazy soil microbes”.

“Too many chemical inputs might knock the system about, but if you have to use chemicals it's not the end of the world.

“Bugs are tough and many will survive just about anything.”

He says fungicides are more likely to cause damage to soil microbes than herbicides and insecticides.

“There are about 400 registered chemicals we add to different agricultural soil types with different microbial communities and different climatic conditions.

“None of these interactions are black and white so it is difficult to know how all soil biology will respond.

“Getting your pH levels right is important and lime can have a significant impact on soil microbial community structure. The bug community changes for the better when you get your pH right.”

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#3. CONSISTENCY

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#4. PALATABILITY

More calves consistently go for Moozlee than any other NRM feed. With its molasses, steam flaked grains as roughage it's irresistible.

#5. DIGESTIBILITY

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#6. FIBROUS TEXTURE

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#7. BALANCED FORMULATION

Our chief nutritionalist personally ensures that our diets are designed to meet optimised energy and protein requirements.

#8. VALUE FOR MONEY

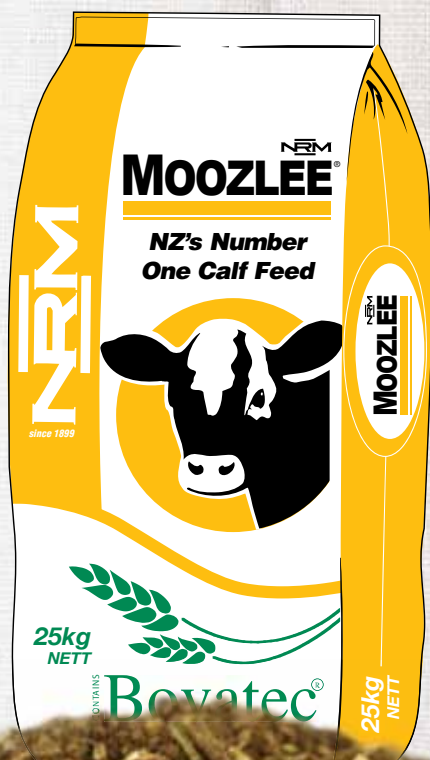
Moozlee is high in dry matter @ 85% compared to some ensiled products on the market (@ 50%) - it's great value for money on a \$ per kilo dry matter basis.

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Picking spring maize

DURING THE next few weeks many farmers will emerge from the fog of calving and start planning their spring maize. Whether you are growing maize silage on-farm or signing a contract to buy it in, deciding which hybrid to plant is a critical step.

The maize silage hybrid you plant (or buy) will determine harvest date, yield, quality and ultimately the profitability of your cropping operation. Pioneer Brand seeds hybrid evaluation programme shows the best performing hybrids will yield as much as 4500 kgDM/ha more than the worst performing hybrid. Assuming a milksolids response of 100gMS/kgDM fed and a milk price of \$7.00/kgMS this translates to a profit difference of at least \$3000 for every hectare of maize silage planted.

So how do you determine the maize silage hybrid most profitable for you? Industry experts recommend you consider the following factors (in priority order):

Hybrid maturity

This is important because it will give you an indication of the amount of heat required and therefore the number of days it takes your crop to reach harvest maturity. For best results, select a hybrid not too long or too short for your growing environment and system. This will ensure you maximise yield and re-grass your paddock in time for next winter.

Agronomic strengths

Selecting hybrids with the right agronomic strengths for your area will help to ensure yield stability. That means you will achieve good yields year after year. For example, if you are planting maize on light soils in a low rainfall area, choose a hybrid with a good drought tolerance rating.

Seed quality

Seed harvesting method, handling, drying, seed treatment type and method, shipping and storage can all influence the emergence and growth potential of the maize seed you plant. For best results buy high quality New Zealand produced seed from a



MAIZE
IAN WILLIAMS

the company marketing the maize silage hybrid and ask yourself what they can offer your farming business. At Pioneer, as well as providing proven, high yielding maize hybrids we can help you with all aspects of growing, harvesting, storing and feeding your maize silage crop.

Each season I see farmers whose hybrid choice has cost them money. Don't be one of them. Make sure this season's maize hybrid decision is based on proven facts and robust data. • Ian Williams is a Pioneer forage specialist. Contact him at iwilliams@genetic.co.nz



The maize silage you plant will determine profit.

company that has ISO certified quality control systems. Insecticide seed treatment (e.g. Poncho) is a must.

Yield

This is the key driver of maize silage profitability in New Zealand. It sounds simple but how can you pick a hybrid that will produce consistently high yields on your farm? Multiple side-by-side yield comparisons and statistical significance hold the key.

In a side-by-side yield comparison, Hybrid A

ON-FARM SIDE-BY-SIDE COMPARISON

The yield of HYBRID A and HYBRID B is measured side-by-side, in the same paddock.

AVERAGE SIDE-BY-SIDE YIELD RESULT

The average yield of HYBRID A and HYBRID B is calculated using side-by-side comparison data from a number of locations over several seasons.

STATISTICAL SIGNIFICANCE

Statistical significance tells us how likely the measured yield difference is due to superior hybrid genetics rather than just chance.

and Hybrid B are planted side-by-side in the same paddock allowing their performance to be measured under the same growing conditions. Side-by-side trial data collected from a number of locations over several seasons is pooled to create an average side-by-side yield result for the two hybrids. A robust statistical analysis is used to calculate the statistical significance of the measured yield result. Statistical significance, indicated by significance stars («««), shows how likely the measured average side-by-side yield difference is due to an actual genetic yield difference between the two hybrids rather than just chance.

Nutritional quality

Hybrid nutritional quality should only be considered after you have worked through the factors above. There are a number of myths in the marketplace surrounding the topic of maize silage quality. In my next article I will look specifically at what's important and what's not.

Technical back-up

Finally, look closely at

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ANIMAL HEALTH

Prevention better than cure

Coccidiosis is a parasite that affects calves up to nine months of age. It is often underestimated and underdiagnosed and is increasing in incidence. It can be effectively treated with Baycox C marketed by Bayer, which supplied this article.

RAISING CALVES

year-on-year on the same calf paddocks or in the same barn increases the challenge of coccidiosis resulting in increased frequency and severity of the parasitic disease.

Infection of the animals occurs through the ingestion of sporulated oocysts (coccidia eggs) with contaminated water or feed, usually striking calves about 6-8 weeks of age. After ingestion the parasite reproduces within the cell walls of

the intestines causing severe damage as new oocysts emerge to be passed in the faeces.

Clinical cases, which show obvious signs of infection such as bloody diarrhoea (also called the cocci red flag), are just the tip of the iceberg and only 5% of cocci-infected calves show clinical signs.

It is estimated sub-clinical disease affects up to 95% of infected calves, resulting in poor feed efficiency, reduced

feed intake, slow weight gain (ill-thrift) and secondary bacterial infections, leading to greater economic losses than clinical disease.

The weight loss over the time the disease is present is hard to regain. In order to reach an optimum weight of 400kg+ at two years of age a dairy calf must gain weight at a rate of 0.55 - 0.6kg/day. Calves that have lost weight as a result of clinical or sub-clinical coccidiosis struggle to catch up this weight loss after recovering.

The coccidian lifecycle is important to under-

stand as it directly influences the timing of treatment. Under the right environmental conditions the oocysts sporulate in the environment and after ingestion the infectious oocysts invade the calf's intestine. After 16-22 days (the prepatent period) the new oocysts erupt out of the cell walls causing damage. Oocysts are then passed in the host faeces.

After the shedding of oocysts the infection is over, but in many cases re-infection can occur until immunity has developed. Stress and other disease challenges can also be a trigger for

exacerbating this disease and its affects.

Treatment during the prepatent period ensures animals will not suffer clinical disease. The prepatent period (the time from day of infection to start of oocyst excretion in faeces) is 17-22 days for *Eimeria bovis* and 16-19 days for *Eimeria zuernii*. After the initial infection the host builds up species-specific immunity, usually by six months of age. Treating with Toltrazuril does not stop natural ability to build up immunity against Coccidiosis.

Once high numbers of

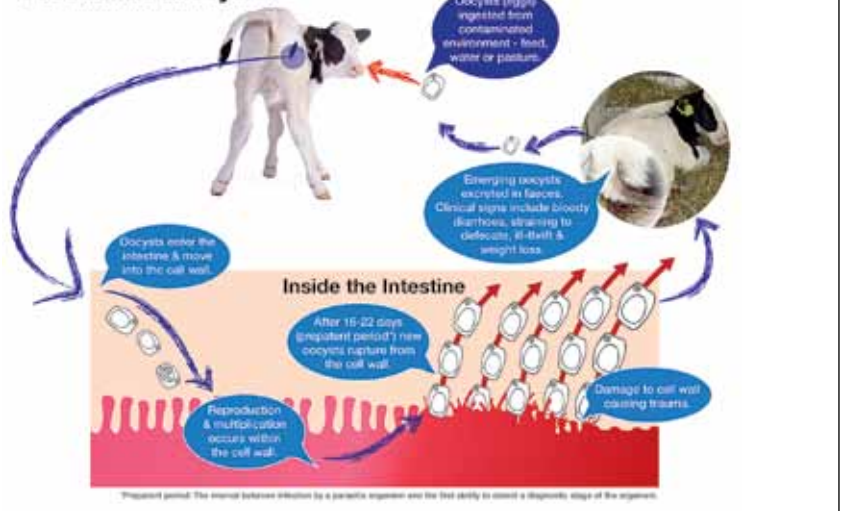
oocysts are found, the intestine has already been damaged by the oocysts erupting out of the intestine wall. A diarrhoeic calf, with a suspected or confirmed diagnosis of coccidiosis, should be treated immediately. Treating all in-contact calves at the same time will also prevent disease in apparently healthy calves in the early stages of infection.

Baycox C is the first product of its type registered in New Zealand, and contains the active ingredient toltrazuril, which kills all intracellular stages of coccidiosis

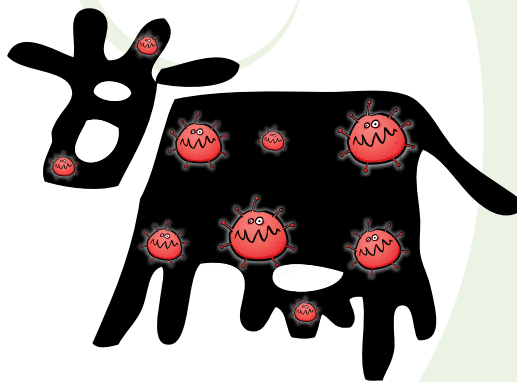
with a single dose, while still allowing calves to develop immunity to the disease. Timing of treatment is important after cessation of meal feeding in order to halt the course of infection before onset of clinical symptoms, but not so early as to treat before infection takes place.

Preventative treatment of Coccidiosis with Baycox C at the right time will stop Cocci (and its effects) in its tracks and protect high-value replacement calves. **Baycox C is available only from a veterinarian.**

Coccidiosis Lifecycle:



Don't let BVD undermine your profitability this season



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Calves thrive on new CMR

FOUR-DAY-OLD CALVES have been shown to thrive on a calf milk replacer called SprayFo Blue CMR, made by Sloten NV, Holland, and now marketed in New Zealand by Agrivantage.

SprayFo Blue consistently contains "only the highest quality, 'first choice' whey and hydrolysed wheat protein, best vegetable fats and optimal micro-ingredients for calves, the company's business manager, Warren Tanner, says.

Better digestibility is a key point. The blended liquid ingre-

dients are spray dried into uniformly tiny particles of fat, each surrounded by protein.

Three advantages accrue: 1) small particles lead to better digestibility. Larger particles can lead to undigested fat and protein, because of 'sludge' at the bottom of calf milk feeders, and excreted undigested material; 2) lower diarrhea risk – reduced nutritional scours in calves under three weeks.

3) the fine particles suspend easily so SprayFo Blue is rapidly mixed even in cold milk or water,

and stays in solution much longer than other milk reducers.

Also, AgriVantage says its 'immuno active protection' allows calves faster growth but with lower risk of digestive upsets. SprayFo Blue contains Immuno+ (for disease resistance), an acid mix to reduce pH for abomasum health, vitamins, a probiotic for small intestines, a prebiotic for microbe stability in large intestines, and vanilla flavouring.

The product is 22.5% digestible protein, with added amino

acids. In comparative trials (2008) at the Nutreco Calf Research Centre, Holland, dairy calves fed SprayFo Blue are said to have achieved statistically similar liveweights at nine and 15 weeks to calves fed a 26% protein milk replacer.

Says the company, "Nutritionists concluded 22.5% is the optimal level provided proteins are suitable for young calves, are highly digestible and are actually consumed by the animal."

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AN EARLY MAINTENANCE CHECK

Could get your cows back to milking sooner

Endometritis can prevent up to 10% of your herd getting back in calf early. Here's a plan to make sure it doesn't hold you back this season.

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A VISUAL CHECK: For leaks and wear

Look for all cows likely to be At Risk of endometritis who will have had:

- Assisted calvings
- Induced calvings
- Dead calves/stillbirths
- Twins
- Retained foetal membranes.



Improve handling facilities or risk refusal

ROB BONANNO

I WAS talking with a small group of colleagues at a recent conference discussing various issues facing cattle veterinarians when it occurred to me that in the group we had two with busted elbows, one with a crook shoulder and one with a chronic back injury.

The conversation then moved on to the causes of our various ailments and the one consistent theme was the poor handling facilities that veterinarians are asked by farmers to work in on an almost daily basis.

What never ceases to amaze me is how often I go to dairy facilities that would have cost hundreds of thousands of dollars to build, yet the crush consists of a bit of rusty steel with a homemade headlock.

There are many older facilities on smaller farms or at out blocks or dry paddocks that are nothing more than "widow makers".

I have seen it all - from ramshackle wooden numbers held together with string and a prayer to full hydraulic custom designed numbers that make the handling of cattle a breeze.

Well it is time for all dairy farmers to step back and have a look at the crush and yards that you are using and asking your vet to work in.

The crush is our workplace, and believe it or not, OH & S rules apply to vets too.

With spring calving underway, I know for sure that it is only a matter of time before some dairy cocky will ring me up and expect me to calve a cow in a slippery mud yard, or catch that wild heifer behind a gate tied with baling twine to deliver the calf or attempt a caesarian with the cow tied to a post because the "crush" that they have is totally inadequate for the job that is required of it.

I am speaking on behalf of the members of the Australian Cattle Veterinarians when I say that enough is enough.

Cattle vets are sick and tired of working in substandard facilities.

The ACV is looking at a project that will outline the standards of the crush and yards that are acceptable for our members to work in.

We will be encouraging our members to perform a risk assessment on

workplace safe, we will be recommending that vets just walk away.

Clearly this is not what we would want.

Vets enter the profession to prevent pain and suffering of animals, but over the years, many farmers have taken this dedication for granted and asked or even insisted that we risk long term, career ending injuries in order to get a job done faster or "easier" in poor facilities or in areas of the dairy that have been designed for another purpose.

One example that really sticks in my craw is when the OH & S rules regarding fuel storage tanks or the requirement for blow pipes on silos changed.

Those safety improvements were made with barely a whimper at the cost of thousands of dollars and these changes are purely related to



Mark Rovers, Congupna, Dave Gordon, Unera, Graham Sudholz, Coprice, Kotupna, and Shepparton vet Rob Bonanno at the easy calving workshop held by the Australian Young Dairy Development Program last month.

and employees, it will also improve the welfare and health of the herd which is one of the dairy farmer's biggest assets.

When talking with my beef vet colleagues, they express amazement at how little pre-mating or pre-sale bull testing is done on dairy bulls.

The only real reason that dairy vets are not recommending bull testing for our clients is that most of the dairy farms that we service do not have yards and a crush that would allow us to safely examine and col-

lect a semen sample from a cranky dairy breed bull.

When my beef colleagues test bulls, up to 20% will fail one or more

critical tests related to fertility so it makes good sense for dairy vets to be testing bulls.

Just imagine if 20% of the bulls you are putting out with the girls are not up to par?

I would suggest that it wouldn't take long to recoup the cost of investment in a decent crush and set of yards on this saving alone.

So as you get the cows in tonight, give a bit of thought as to how you could improve the handling facilities at your farm, or even better, involve your local dairy vet in the discussion to ensure a safer and more productive workplace for us all.

• Rob Bonanno is president of Australian Cattle Veterinarians Association and a director of Shepparton Veterinary Clinic, Victoria.



Ensure vets are able to work in a safe environment on your farm.

the facilities that we are being asked to work in and if there is not a safe work environment, or if the work practices cannot be modified to make the

safety.

Yet improvements to the yards and crush will not only make for a safer workplace for vets and farm workers

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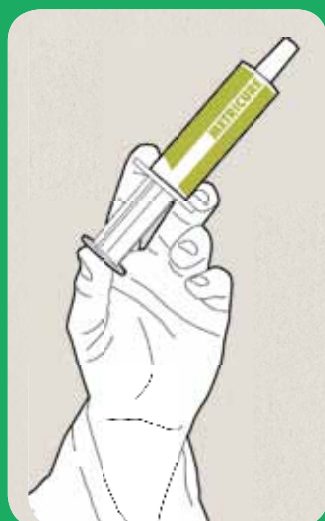
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B GET UNDER THE HOOD: Using your dipstick

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C CLEAN AND SERVICE: Get them up and running

Your vet can treat any cases of endometritis with Metricure, the proven, simple way to ensure your cows get back in calf earlier – and get back to milking sooner.

D CALL YOUR VET

Call your vet now to put together an early 'check and treat' endometritis plan for your farm.



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Karen and Donald Fraser

Nail it with nil empties

VIVIENNE HALDANE

KAREN AND DONALD Fraser attribute a nil empty rate in their incoming heifers to good management. The Hawke's Bay farmers keep a close eye on calves from the start.

"The first 10 weeks of life is critical and will determine how good they are when they join the herd," says Karen

Calves are fed X-factor for 12 days then go on to Queen of Calves, a probiotic calf feeding supplement to enhance the nutritional value of

milk. The Frasers say the calves start eating lots early on, their coats shine and they look healthy on both products.

Fibre Fresh is used instead of meal. "Fibre Fresh is partly fermented so half the work is done for the calf. An added bonus is the birds don't

like it. I also use straw to give them the scratch factor." A crop of home grown barley is used to finish calves.

Frasers used Queen of Calves in their first year dairy farming, trialling it on 300 calves that averaged 340kg/head during their first lactation.

"That's an 50-60kg above average and at \$8/kgMS that return is worth having."

Meanwhile because the payout forecast dropped steeply during their second year they ceased feeding Queen of Calves. With hindsight they say it was false economy and quickly reinstated its use.

"We pride ourselves in hardly ever having a sick calf and I put that down to making sure they get the colostrum and use of probiotics."

The Frasers converted from beef and sheep to dairy four years ago and it was a smart move. They are enjoying the double bonus of high milksolids payouts coupled with an increase in milk production last year by 100,000 kg.

That was helped by a nil empty rate in their

of Calves can produce an extra 49kgMS/heifer in the first lactation and \$367 extra revenue per calf.

Donald says for the farm to run well all "the little things" need to be done well too. It's a philosophy that's been reflected in milk quality. "We were grade free last year. Out of 300 dairy farms from Wairoa to Woodville, there were only 20 grade free."

Having decided to convert to dairy, a lot of time and money were invested in the new venture. Sheds were built over the course of a year and they chose staff carefully. "The staff we attract are going places and take pride in their work," says Karen.

"They are nagging us to do more courses to better themselves. We instil in them the importance of detail. We want them to notice things: animal health comes first.

"But no farm is perfect," Donald says. "And when you get problems it's best to deal with something straight away, rather than let it get worse."

ONE SHOT AHEAD IN COCCIDIOSIS TREATMENT!



Coccidiosis is a major problem in cattle. It affects a high percentage of calves younger than one year.

Coccidiosis leads to diarrhoea which results in weight reduction, retarded growth, secondary infections and may even be deadly.

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- Protects high value replacements
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AT A GLANCE

- Eight employees, including two assistant managers.
- 750ha, 1500 cows, year round milking.
- 6m kgMS in 2010.
- Maize, barley and other feed crops grown.
- Grain fed in shed all year.
- Running Friesian, Kiwi Cross and Jersey; mid range cows more economical, easier on pasture.
- Dairy effluent seen as soil nutrient.
- Calving shed floor of deep pea-size metal: waste drains away; no smell.

incoming heifers, 218 of them, reared in 2008 on Queen of Calves. "It doesn't get any better than that. The national average is 40%," says Donald.

Massey University recently reported research which found Queen of Calves increased daily growth rates by 10%, reduced weaning time by about eight days and produced much bigger calves at 12 weeks of age.

Dairy farm survey statistics show Queen

The Frasers say the low empty rates in their cows are mostly down to growing big, strong calves.

"Everything has to work well," says Donald, "You have to get all the little bits right. You get out what you put in. It's not just about buying some cows and all of a sudden you make a fortune. There's a lot more to it than that.

"Because we winter milk it doesn't matter to us if cows get pregnant a bit later."

How tall is your cow?

A NEW Zealand study of cows may yield clues on why some people are taller than others.

The study, led by LIC, is recognised overseas for identifying which part of the cow's genetic makeup affects how tall it will be. The findings are published in Nature Genetics.

Richard Spelman, of LIC, says it offers LIC farmers the possibility

makeup is similar to a cow's," he says.

Considering New Zealand's two main dairy cow breeds – smaller Jerseys and larger Friesians – the study aimed to find out what makes one larger than the other. Cow size has a direct link to productivity because heavier cows require more feed for maintenance.

The study's findings

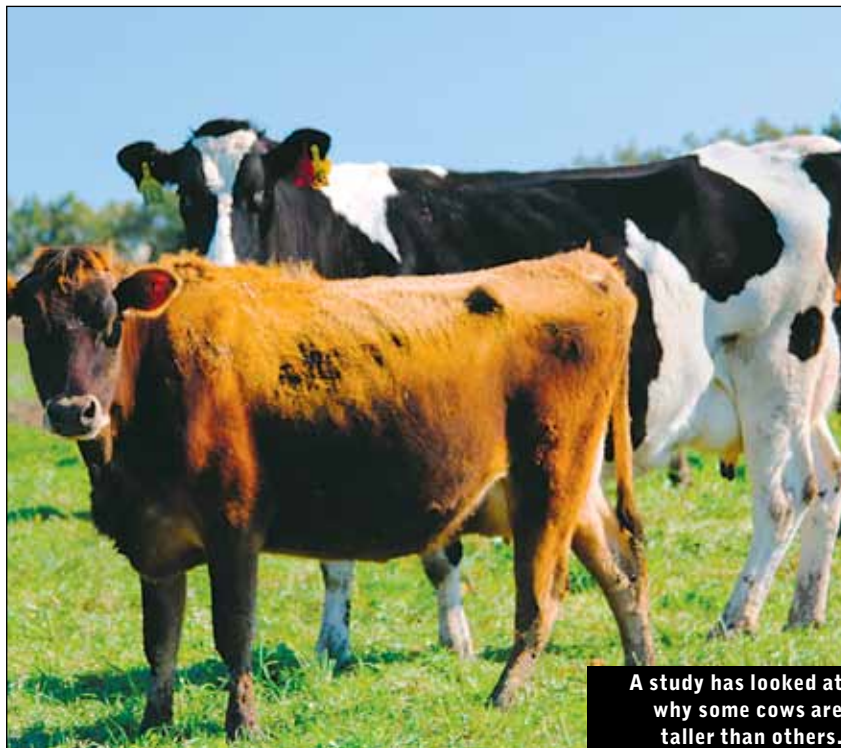
“The findings are significant, so was the 10-year process to get there”.

of choosing how tall and heavy they want their cows.

“We'll be able to breed cows to a certain size, up to 40kg heavier or lighter, and it provides insight into human height because our DNA

allow LIC to potentially reduce the variance in its KiwiCross breed, a combination of Jersey and Holstein-Friesian.

“The findings are significant, so was the 10-year process to get there,” Spelman says. “We went



A study has looked at why some cows are taller than others.

through the DNA of 800 cows and each has three billion base pairs to be analysed.”

The researchers found

a signature on chromosome 14 for the shorter cows, and were able to identify the “one or two” base pairs that affected

the height of the cow.

The study involved LIC, ViaLactia BioSciences, DairyNZ and University of Liege, Belgium.

A hands-on approach to BCS

BODY CONDITION scoring is a simple process. However, it is important to calibrate the eye by first condition scoring cows hands-on at the dairy. Then you are ready to BCS cows in the paddock:

Line up 15 cows with a range of BCS.

Put your hands on the important body points.

Feel the amount of fat cover over the various body points and the differences between the cows.

Average the different areas to come up with the BCS for that cow.

Gut fill can give visual impression of condition over the ribs. This makes it important to feel the amount of fat cover.

What to look for when you score

BACKBONE: IS it flat or is there a ridge? Can you see or easily feel notches?

Long ribs: can you see or easily feel the ribs? If visible how many can you see?

Short ribs: can you see the short ribs? What do they feel like? Are the rib ends sharp or rounded?

Hip bones: are the hip bones rounded or angular?

Rump: is the area between the pins and hip bones flat, sunken or hollow?

Pin bones: are they pointed, 'tap'-like or rounded?

Tailhead: is there a hollow between the tail head and pin bones? Is it a deep V or shallow U shape?

Thigh: is the area indented, flat or rounded? Is the muscle structure defined?

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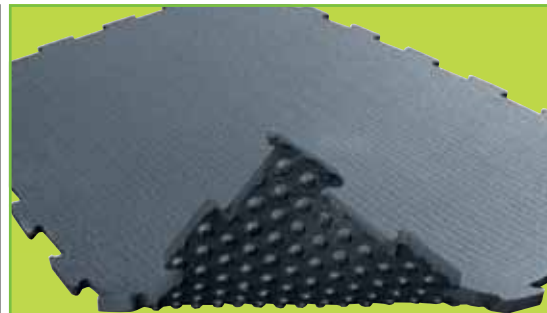
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MATING MANAGEMENT

Condition score herd accurately

KEVIN MACDONALD AND JOHN ROCHE

ASSESSMENT OF a cow's body condition score (BCS) gives a visual estimate of her body fat reserves.

This in turn provides useful information on the outcome of her previous feed levels, her current health status and her feed requirements and productivity.

The BCS method in this guide enables consistent assessing of cow condition.

A BCS scale of 1 to 10 is used in New Zealand.

If the BCS of any animal falls below 3.0 (on a scale of 1-10), take urgent action to improve condition.

A cow with a BCS greater than 6.0 is considered obese.

1 BCS unit change = 6.58% of cow liveweight (lwt).

The importance of cow condition
Body condition score targets at calving

Mature cows: BCS of 5.0.
Heifers & rising 3 year olds: BCS of 5.5.

No more than 15% of herd below BCS 5.0.

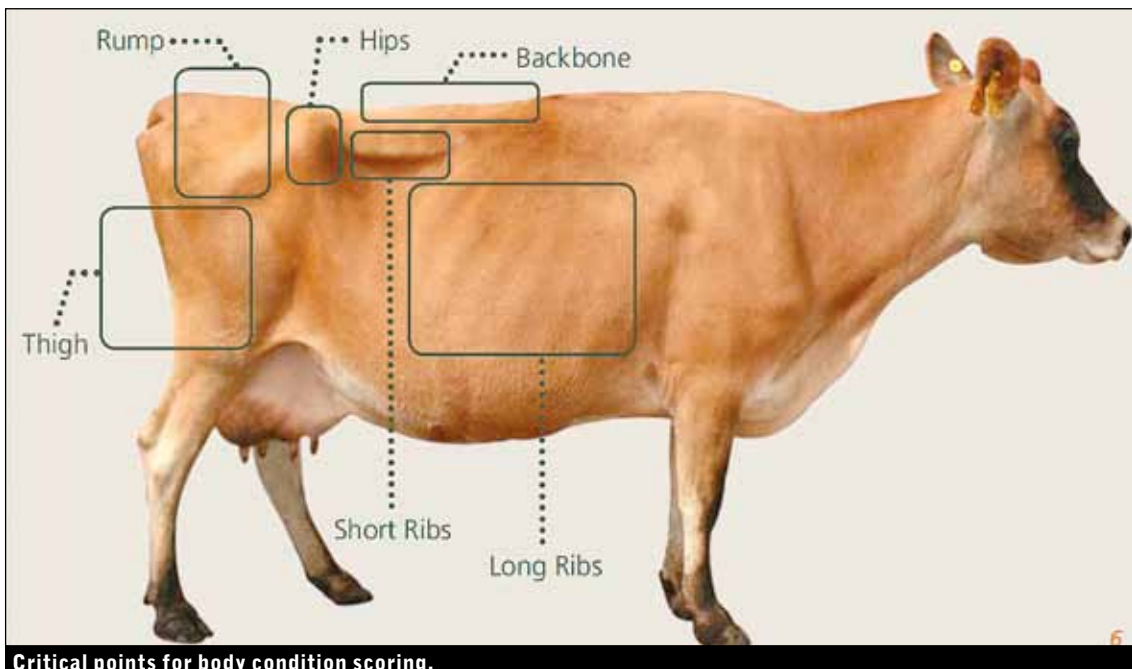
No more than 15% of cows are above BCS 5.5.

Body condition score targets at mating

The average decrease in BCS for the herd after calving is no more than 1.0.

No more than 15% of cows below BCS 4.0 and cows gaining BCS.

• *This article first appeared in DairyNZ Condition Scoring Made Easy Guide. For your copy visit www.dairying.co.nz. Kevin Macdonald is DairyNZ Senior Scientist. John Roche is DairyNZ Principal Scientist.*



Critical points for body condition scoring.

BODY CONDITION SCORING IN NEW ZEALAND

Jersey (425 kg lwt):	1 BCS unit change = 28 kg lwt
Crossbred (475 kg lwt):	1 BCS unit change = 31 kg lwt
NZ Holstein-Friesian (500 kg lwt):	1 BCS unit change = 33 kg lwt
Overseas Holstein-Friesian (550 kg lwt):	1 BCS unit change = 36 kg lwt

BODY CONDITION SCORE TARGETS AT MATING

Jersey (smaller frame)	Narrow body with prominent hip bones
Crossbred (medium frame)	Even distribution of fat over body
NZ Holstein-Friesian (medium frame)	Even distribution of fat over body, blockier shape - shorter, rounder
Overseas Holstein-Friesian (large frame)	Angular body shape, appear thinner, carry more body fat over ribs

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Scoring cows visually

HOW MANY cows should I score visually?

Familiarise yourself with what to look for by assessing 15 cows.

Use a simple recording system and assess the herd.

Stand amongst a group of cows in the paddock and record the BCS of each one on the sheet, viewing them from their right-hand side and rear.

Once finished move around the paddock to another group.

It is important to assess groups of cows across the whole paddock.

Body condition score at least 70 cows to get a good indication of the average and the range of BCSs within the herd.

Visual BCS allows a large proportion of the herd to be assessed quickly, gives a good indication of the range of BCS within the herd and allows a quick comparison with the BCS of the herd from previous assessments.

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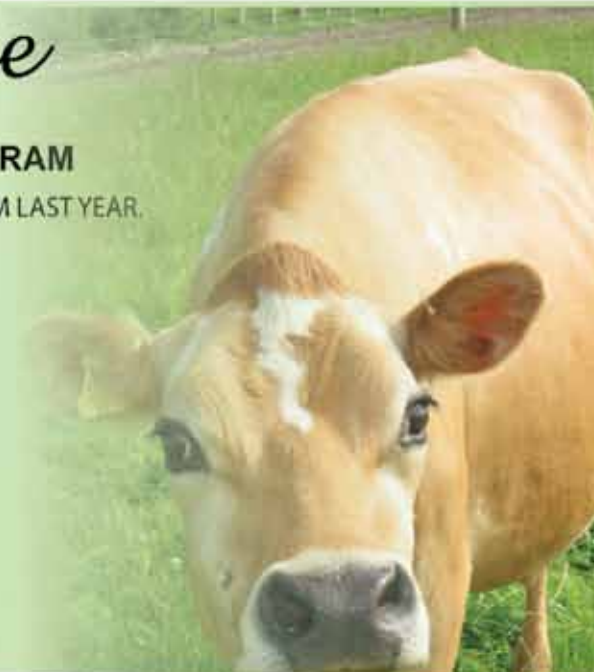


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Do the mating maths

AS A result of one mating management decision, the average New Zealand dairy farmer (376 cow herd) could save as much as \$2000 a year, says Greg Hamill, LIC Alpha product manager.

The expense of bringing a bull on farm, along with the drive for tighter calving patterns, improved reproductive performance and removing the hassle of having bulls on farm are some of the reasons LIC is seeing more dairy farmers extend their mating period with AB (artificial breeding) and avoiding tailing with bulls, Hamill says.

"Bulls are expensive. Whether buying or leasing a bull it costs at least \$500 – probably closer to \$600 – for every bull used during the mating period. And that's just the initial outlay."

To buy a bull costs

about \$1200, to lease one about \$600, so even with resale, every bull brought onto a farm during the mating period is at least a

"Bulls are expensive. Whether buying or leasing a bull it costs at least \$500 – probably closer to \$600 – for every bull used during the mating period. And that's just the initial outlay."

\$500 expense before any other costs are considered, says Hamill.

"The average bull eats about 15kg DM/day, so at 22 cents/kg it costs about \$150 to feed each bull for seven weeks, at a time when feed could be going to cows for milk production.

"And the average farmer, if he uses bulls

for the tail end of mating, needs plenty of them. To allow for rotation, on average one bull is needed for every 30 empty cows.

"And each day, by the third service the semen quality has decreased, so potentially semen is less likely to result in conception after that third service.

"There is also the risk that bulls brought onto the farm could bring disease to the herd, such as venereal diseases, leptospirosis, TB, BVD,

neosporea, Johne's disease and EBL."

Hamill says top performing dairy farms achieve a 90% three-

week submission rate, 60% conception rate and 78% six-week in-calf rate; however the average dairy farm does not achieve this.

"Average New Zealand dairy farms are seeing three-week submission rates of about 80%, conception rates of about 55% and a six-week in-calf rate of about 68%.

This is one of the greatest issues New Zealand dairy farmers are facing.

"To optimise the six-week in-calf rate, we need to improve three-week submission rates to 90% and achieve a more compact calving. A compact calving results in more days in milk, more milk solids and more profit, and results in fewer culls due to empties and more opportunities to cull poor performers.

"With a more compact calving spread we can expect to see more cows cycling earlier as they recover sooner; and as best practise sees inductions phased out it is important farmers start thinking about improving calving spreads.

"If the average farmer improves his three-week submission rate by 10% this equates to about



Greg Hamill

\$11,000 in increased milk solid production. He would also have more replacements and with optimum submission rates calf numbers would be optimised, enough replacements for discretionary culling."

Discretionary culling allows farmers to speed up the rate of genetic gain, Hamill says.

"This is when farmers can see the benefit of using high generic-merit semen, for example DNA Proven, because they

have the ability to bring in the best calves.

"Increased milk production seen in high BW animals can vary immensely compared to low BW animals."

As another method to help reduce calving spreads, farmers are also increasingly choosing to use AB Sires with short gestation BVs to help bring forward calving for later-cycling cows by one to two weeks, Hamill says.

To page 36

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MATING MANAGEMENT



Get mating maths right

Good mating decisions save money, says LIC.

From page 35

"In dollar terms, every cow brought forward by one week is worth between \$75 and \$100 in extra milk production.

"A number of farmers are using straight Holstein Friesian to capital-

bulls onto the farm. "Potential property damage, to fencing and paddocks for example, is avoided, as are staff safety risks in working with bulls.

"AB is a reliable way to get cows in calf, as

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"Increased milk production seen in high BW animals can be very immensely compared to low BW animals."

ise on the China market but we are not just seeing dairy AB sires with short gestation BVs used, but beef sires with short gestation BVs for those who want to get a premium on the white face market."

Hamill says by going to AB for the full mating period, farmers are avoiding some other less obvious costs and risks associated with bringing

it is hard for farmers to know how well a bull is performing. For example the quantity and quality of semen is affected by any significant health event and could lead to sub-optimal performance, something not easily identified.

"Even a slight increase in testes temperature can cause major disturbances in semen production.

Regional project yields results

TAKING PART in a regional project has paid off for a Bay of Plenty farm, with clinical mastitis rates dropping 84% – giving other farmers encouragement that mastitis can improve on their farms too.

The project, led by DairyNZ developer Phillipa Hedley, is conducted by Bay of Plenty Focus on Dairying (BOPFOD), a farmer action group which initiates projects on critical issues facing dairy farmers within the eastern Bay of Plenty.

Doug and Beth Leeder's Opotiki farm is one of eight case study farms where BOPFOD provides support to reduce the incidence of mastitis and the progress made is reported to farmers in the region.

Advice was provided by mastitis experts Steve Cranefield and Adrian Joe from PureMilk. The local veterinarian clinics and farm consultants also provided ongoing advice in-between PureMilk's visits.

The Leeders, who farm 630 cows and joined the project for the 2010-11 season, have seen a significant reduction in bulk milk somatic cell count (BMSCC) from an average of 297,000 in 2009-10 to 181,000 in 2010-11, with a further reduction in clinical cases from 242 to 39 treatments. Estimates suggest this could save the Leeders up to \$47,000.

The improvement looks set to continue with no clinical cases and a 120,000 BMSCC with 63% of cows calved for 2011-12.

In 2009-10, four farms with low BMSCC were also studied by Alan Fergusson from Bay Vets and farm consultant Selwyn Beynon, to identify the key factors for achieving a low BMSCC.

The key driver to improving mastitis was found to be the motivation and attitude by the owner and staff.

DairyNZ consulting officer Whakatane, Cameron Pierre says the positive results are good for the region.

"There is no reason why the success the Leeders achieved can't be mirrored by other farmers in the area, by putting management practices in place that are followed by everyone on the team," says Pierre.

"Mastitis can be reduced as it is a management disease not an infectious disease. BOPFOD helped identify that the level to which it is controlled is largely driven by the attitude of the owner and by the motivation and stockmanship skills of the people milking the cows."

Decline in calf rates leads to herd wastage

'DAYS IN Milk' is a key driver of farm productivity and profitability; a key to this is compact calving, which results from an effective, integrated reproductive programme.

LIC's annual farmer surveys confirm reproductive performance is the main priority, but achieving it takes more than a straw of semen; it takes a reproductive programme tailored to each farm and herd. This is the aim of LIC's recently launched reproductive solutions strategy – 'More cows in calf quicker' – to halt the industry's decline in reproductive performance. LIC reproduction solutions manager Greg McNeil says farmers know the reproductive performance of the declining "but appreciate in their own challenge isn't stand the size it's knowing to resolve it and turn things

(DNA based selection) which enable greater genetic gain. The Reproductive Solutions strategy is aligned to and supports DairyNZ's InCalf scheme.

"We're not looking to duplicate anything currently provided, simply to add new levels of value where we can. It's a collaborative approach."



The key is getting more cows in calf quicker.

Greg McNeil

around to improve the productivity of the farm."

McNeil points to a decline in calf rates in the first six weeks of the mating period for the past 15 years. "This means there is less control over the farming system leading to lower milk production, less opportunity to cull poor producers or take advantage of stock sale opportunities, increased costs of reproductive interventions and fewer cows reaching their full production potential. All these represent a cost and a loss in revenue to the farmer.

"Declining six-week in-calf rates combined with shorter mating periods have also led to an increase in herd wastage due to more animals being empty at the end of the mating period. Historically farmers have reluctantly opted to induce cows to tighten the herd's calving pattern, but this practice is being phased out without an easy alternative."

LIC's reproductive solution offers farmers tools, resources and expertise to understand the factors limiting performance and the options for improvement.

"There's no silver bullet to reverse the trend of the last 15 years, and the answer lies in improved practices on farm, enhanced analytical tools for farmers, sound genetic selection and collaboration in the industry. "There's a lot farmers can do to improve reproductive performance, such as stocking rates, calving dates, feed supply, BCS management, staff training and performance management, breeding policies (AI or natural mating), young stock rearing, manipulation of calving pattern, heat detection and reproductive interventions.

"But these are only a part of the reproduction management picture. You need to overlay the productive and financial benefits (cost v benefits of making changes to the farm system) and then incorporate these into an annual calendar of events to help move away from what's always been done, to new ways that bring improvements on farm," McNeill says. "Our aim is to work with farmers so they have optimum mating and calving performance, farm productivity and profit."

The LIC package includes MINDA reports that give farmers more understanding of the state of reproductive performance in their herds, and genomics

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MATING MANAGEMENT

Nutrition and BSC

JOHN ROCHE

MANY BELIEVE that cows fed only pasture cannot eat enough to meet demand and that supplements will, therefore, improve energy balance.

It is true cows cannot eat sufficient DM in early lactation to meet energy requirements for milk production; they will be in negative energy balance and will, therefore, lose BCS. This is primarily controlled by genetics, and feed amount or feed type have little effect on BCS loss in the first four-five weeks of lactation.

Although a negative energy balance during mating will reduce the likelihood of a cow getting in calf, the effect on fertility is not as great as many think. DairyNZ data indicate a reduction of 4% in six-week in-calf rate if cows lose 2.0 BCS between calving and mating compared with cows that lose 1.0 BCS.

Furthermore, in a large study in which cows had a 40-50% restriction for the first two weeks of mating, cows had a 6-7% lower pregnancy rate to first service and six-week in-calf rate.

Although such a decline in ferti-

ity is important, this was a severe restriction. Results indicate that a poor feeding level in early lactation is not the main reason for poor fertility and that supplementation per se will not greatly improve in-calf rates.

Supplementation can influence BCS from week six of lactation onwards but the effect is small. Results from New Zealand studies suggest that feeding cows 290 kg of a maize grain-based concentrate (i.e. 13 MJ ME/kg DM) increased cow BCS by 0.25 units at the start of mating and cows gained more condition through mating (0.1 BCS units over 42 days) than if they were offered pasture

alone. This difference in BCS and in BCS change, however, would only be expected to increase the six-week in-calf rate by 1%.

Collectively, results suggest that low DM intake in early lactation is not the major cause of reproductive failure in New Zealand.

If cows are grazing to residuals of 1500-1600 kg DM/ha, offering supplements will not improve reproduction. If cows are grazing to residuals below 1500 kg DM, providing cows with energy supplements will likely improve milk production and reproduction.

Supplementing with starch/sugar

Many reasons for empties

THERE ARE many reasons why cows do not get in calf. However, nutrition of the cow during breeding tends to be over-emphasised.

Late lactation and dry cow nutrition to achieve a BCS of 5.0 at calving in mature cows and BCS 5.5 for heifers and second calvers is arguably the most important nutrition-related influence on fer-

tility in the New Zealand system.

There is also evidence that level of feeding pre-calving and its effect on liver health may affect reproduction. Other feeds are not better than pasture in early lactation. Therefore, if grazing residuals are 1500-1600 kg DM/ha or greater, supplementation will not improve reproduction.



Feed has little effect on BCS, says DairyNZ.

in early lactation: although there is evidence that increasing the amount of starch (e.g. cereal grain) or sugar (e.g. molasses) in the cow's diet in early lactation results in a shorter period of anoestrus, the effect is inconsistent. A large amount of data indicates no benefit of supplementation with starch or sugar on post-calving anoestrus when cows are grazing to residuals of 1500-1600 kg DM/ha. In addition, DairyNZ data indicate that supplementing cows with starch in early lactation increases the production of fat in the liver, a factor believed to reduce cow health and possibly reduce conception rate.

There is also evidence that supplementation with starch (e.g. grain), or sugar-based (e.g. molasses) feeds can

reduce embryo survival following insemination.

Too much protein in pasture: although there is evidence internationally that too much rumen degradable protein reduces conception rates, evidence from pasture-fed cows and heifers do not agree. In these studies, higher crude protein pastures or higher blood urea nitrogen concentrations did not reduce fertility. These studies included blood and milk urea nitrogen concentrations three-four times higher than would be regarded as problematic in the United States. The reason for this inconsistency is unclear, but available data suggest that dietary protein is not a major factor effecting reproductive failure in New Zealand.

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Beating the odds on getting in-calf

JOHN ROCHE

GETTING LACTATING cows in calf has never been easy. It has become even harder over the last 25 years.

In the US, inter-calving interval increased by one month and services per conception increased 33%. In Ireland, services per conception increased by 14% and in the UK calving rate to first insemination declined from 56% to 40%. In New Zealand, six-week re-calving rate declined from 70% to 50%. These studies indicate a reduction in conception rate and an increase in embryo mortality over the last 25 years, while longer post-calving anoestrous intervals and reduced expression of oestrus have also contributed to the decline

During the same period, milk production/cow has increased and cows now tend to lose more BCS in early lactation. Because of this, many people have associated failure to get cows in calf with negative energy balance in early lactation and assume that feeding cows more pasture (higher post-grazing residuals) or feeding particular supplements in early lactation will improve reproduction. DairyNZ staff recently reviewed the scientific literature on the effect of nutrition on fertility for pasture-based cows.

Reproductive failure – influence of genetics

Comparisons between New Zealand cows and those of North American ancestry offered the same diet proved a strong effect of cow genetics in reproductive failure. Supplements do not correct the poor reproductive performance of the North American cow. New Zealand cows cycle later after calving but have higher conception rates and, as a result, higher preg-

nancy rates than North American cows. Although North American cows lose more BCS in early lactation, the difference in BCS does not explain the increased reproductive failure. Detailed experiments at DairyNZ have discovered important differences between these strains in:

a. Length of their reproductive cycle

b. Concentration of important hormones circulating in blood

c. Expression of key genes in the uterus that enable the embryo to grow and survive.

It is unlikely these genetic ef-

Many nutritional factors have been suggested as contributing to the decline in fertility in New Zealand.

fects can be overcome by nutrition. However, there is significant research effort into discovering genetic markers that will allow the rapid selection of bulls for improved fertility.

Reproductive failure – influence of nutrition

Many nutritional factors have been suggested as contributing to the decline in fertility in New Zealand.

Body condition score at calving is, arguably, the most important nutritional factor associated with getting cows pregnant. Cows that are fatter at calving cycle earlier and tend to be fatter at mating.

However, cows that are too fat lose excessive condition after calving and are less likely to conceive. For this reason, it is recommended mature cows calve at BCS 5.0; this

ensures they cycle early, lose no more than 1.0 BCS between calving and mating, and are greater than BCS 4.0 at mating. Younger cows (heifers and second calvers) tend to be healthier and less prone to disease (mastitis and endometritis) if they calve a little fatter than mature cows (BCS 5.5).

It is important, therefore, to pay attention to nutrition during late lactation, at drying off time and in the dry period to ensure cows reach recommended BCS targets.

Nutrition during the transition between dry/pregnant and lactation influences liver health after calving. This may affect the incidence of uterine infection and, in particular, subclinical endometritis and these effects may be present for more than six weeks post-calving

Subclinical endometritis is an inflammation of the lining of the uterus (endometrium) more than 21 days post-calving, but with no obvious signs the cow is not well (i.e. no uterine discharge, near normal milk production, eating and ruminating normally, etc). New Zealand data indicate that subclinical endometritis can affect 30-40% of cows, even in well managed herds, and can reduce reproductive performance. The worst affected cows (up to 20% of the herd) will have a 20% lower conception rate to first service (from 54% to 35% or less) and conception is delayed by at least 20 days

There is some evidence this endometritis may be associated with transition cow nutrition, but this is not certain.

Cows are healthier in early lactation if they achieve a BCS of 5.0 one month pre-calving and are partially restricted in the weeks before calving. Best practice management of the transition cow is not to feed her as much as she can eat.



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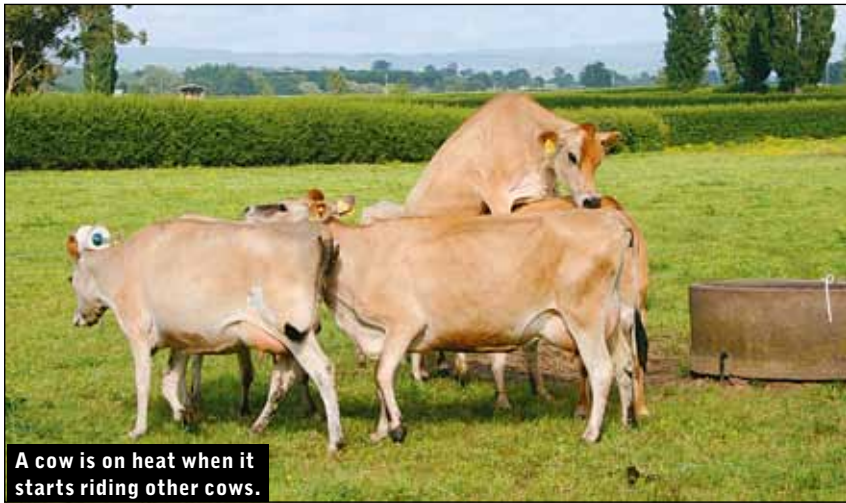
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Early detection helps

PRE-MATING HEAT detection can improve mating season success and help everyone brush up on their heat detection skills, says CRV AmBreed

“Apply Estroprotect heat detectors to all cows at least three weeks prior to the planned start of mating and record when each cow comes on heat, replacing the Estroprotect with one of a different colour. By the end of three weeks, cows with unchanged heat detection aids should be looked at more closely or perhaps seen by a vet.

“Identifying and treating non-cyclers early will

keep herd fertility and calving pattern on track. Early treatment will get cows cycling in time to calve in line with their herd mates, produce well and get in calf early for next year.

“When you combine this with the increased number of days in milk and the costs and challenges of inductions, pre-mating heat detection and early treatment of non-cyclers makes sense.

“A non-pregnant cow should come on heat/ into oestrus every 18-24 days; the average cycle is 21 days. To cycle regularly and have the best chance of maintaining a pregnancy, she needs to be healthy and well-grown, consistently fed and managed to be at a minimum body condition score of 4.0 at the planned start of mating. And she should have had sufficient time between calving and mating to return to her normal reproductive state.”

There are some clear signs a cow is on-heat: she stands to be ridden, which will rub skin and hair off the top of the tail and trigger heat detection devices; the coating of the Estroprotect heat detector will be rubbed off, revealing the alert colour beneath.

If they ride other cows and are restless or bellow, or if they gather in small groups of continually milling animals – which you will notice best in the paddock – quietly move among the cows a couple of hours after milking and take note of these animals, as they may not be evident in the yard or moving around the farm.

Some other signs include mucus around the vulva, scuff or mud marks or saliva down the flanks caused by mounting animals, or they may come into the shed in a different order than usual, often at the front or back of the herd.

It's important one person is responsible for accurately detecting and recording cows on heat; however, everyone should be familiar with the signs, CRV AmBreed says.

“Many sets of eyes can be better than just one. Your heat detection, genetics, AB practices and whole-herd fertility are in your hands and offer great returns.”

Mating season starts soon. Planning for it starts now.

A successful mating season is critical to running a profitable dairy farm. And when it comes to mating, planning is essential.

Repro Ready is an efficient, effective way to plan and implement mating.

It's a toolkit your vet now has, which they can use to work with you to plan a successful mating season.

This will lift your herd's reproductive performance - and lift your profits too.

So call your vet now and get Repro Ready.



Easy to use

THE BENEFITS of Estroprotect heat detectors over traditional heat detection methods are;

- Brilliant signal layer is exposed after several mountings, detecting standing heat with extreme accuracy.
- Self-adhesive which is simple to apply
- Once applied the Estroprotect stay in place in rain, snow or heat



- No re-application necessary
- Herd colour management system allows you to use different colours to track and identify subsequent matings.
- No messy glue or markers
- Easy storage and shipping, not dangerous goods.

After a single mounting: The reflective signal layer begins to show.

After 3-5 mountings: More of the signal layer is exposed after several mountings.

After more than 5 mounts: Most of the signal layer is revealed, indicating several mountings of an animal in true standing heat.



Tail painting helps heat detection.

Preparing for mating

THE NEED to focus on improving reproductive performance is a high priority for dairy farmers, Bell Booth points out.

Contrast the cost of an empty cow with the small cost of implementing an effective reproduction strategy, the company says.

“For a good mating outcome, it’s critical to prepare cows for mating. In combination with a good nutrition strategy, start them on a Nutrimol Classic mating gramme now will help set them up for results. Nutrimol Classic has given outstanding success in their herd matgrammes.”

At least 400 million doses have ministered to New Zealand cows, the says.

“By increasing the production of dants and reducing free radicals in the system, Nutrimol Classic lowers stress enhances immune function, increases yield and ensures better mating [results].”

At no extra charge Bell-Booth provides Nutri-mate for Nutrimol Classic matprogramme users. This contains folic acid vitamins A, D and E.

Says the company, “It works something like this: folic acid is involved in producing genetic material DNA and RNA. There is no

start for the calf without sufficient folic acid. So, along with B12 (made with the help of cobalt) folic acid is

HOW IT WORKS

Phase 1: At calving, dose 5mL Nutrimol Classic. One month prior to mating, dose IntenSE Iodine daily to encourage hormone production. Maintain IntenSE trace element supplement through the mating period.

Phase 2: thirty days prior to the planned start of mating, add Nutri-mate to Nutrimol Classic and continue dosing until 60 days after the end of mating.

Phase 3: Use Mac tail paint for heat detection and continue marking during mating.

Tel. 0800 80 90 92



essential for circulation and oxygen delivery via haemoglobin to the tissue.”

Tips for optimum AI

CRV AMBREED'S artificial insemination (AI) technicians inseminate close to half a million cows each year.

The company says whether you’re using an AI technician or have trained to inseminate your cows yourself, the following tips make AI a success:

Ensure all staff are competent in identifying bulling cows.

Provide a clean, sheltered area away from sunlight and rain for pistolette loading and other preparation,

especially if working in open yards.

Store strong chemicals (eg XY12, chloride or lime) away from the AI working area.

Protect the AI tank from shed cleaning procedures and keep dry and cool.

Complete the mating docket prior to performing AI or the AI technician arriving.

Don’t smoke near the loading area or technician.

If using an AI technician, OSH requires farm personnel to

attend when the technician is working.

Supply warm water and a brush for the technician for clean-up. This reduces the chance of spreading disease.

Apply new Estroprotect heat detectors during the milking after the AI technician has inseminated the cow, when the cow has stopped standing to be ridden.

Cows on heat should be artificially inseminated as soon as practicable after being detected and recorded in standing heat, the

company says.

Separate them from their herd mates, ready for insemination after milking. Handle cows on heat quietly, before and after insemination, for maximum conception rates.

One of the many components for getting cows in calf is choosing sires that will achieve the goals you have set for your herd and farm, and supporting the right genetics with tried and proven methods of artificial insemination.



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Beating back more grass pests

MORE INSECT pests will be held at bay in establishing pasture by a new seed treatment from PGG Wrightson Seeds.

Superstrike Grass treatment has an "increased pest spectrum," says seed treatment sales manager Tim Redfern, and it will promote increased early plant growth through strong tiller and root development.

Superstrike Grass will work against Argentine stem weevil adults and larvae, and black beetle adults and grass grub larvae. The inclusion of fungicide in the treatment protects against the common soil borne diseases *Pythium* and *Fusarium*.

The product is good news for farmers, Redfern says. "Superstrike Grass treatment will be a superior product agronomically, protecting

seedlings against three of the most prevalent and costly pasture pests in New Zealand.

"The addition of grass grub to the product claims is a big plus for farmers, as is the increased protection it

The insecticide protects for six weeks after sowing, the time when the plant is established and able to defend itself against pest attack.

offers against Argentine stem weevil larvae. Protection will be on par with the Poncho and Gaucho seed treatments."

Superstrike Grass contains a systemic insecticide and a contact fungicide; these combat key pests and diseases through different modes of action.

The systemic insecti-

cide's active is released from the seed soon after planting, forming a protective 'halo' around the seed. As seedlings germinate and grow, the active is taken up by the roots and is transported through the developing

plant to the stem and foliage, protecting seedlings against soil and foliar insects.

The insecticide protects for six weeks after sowing, the time by which the plant is established and able to defend itself against pest attack. Also at this stage the novel endophytes in perennial ryegrasses be-



Superstrike Grass will work against Argentine stem weevil adults and larvae, and black beetle adults

come effective and take over plant protection.

With the contact fungicide, the active ingredient is also released soon after planting, forming a protection barrier around

the seed and protecting the root zone from fungal attack during plant establishment.

PGG Wrightson Seeds recently centralised its seed treating operations

at a new warehouse facility in Rolleston, on the outskirts of Christchurch.

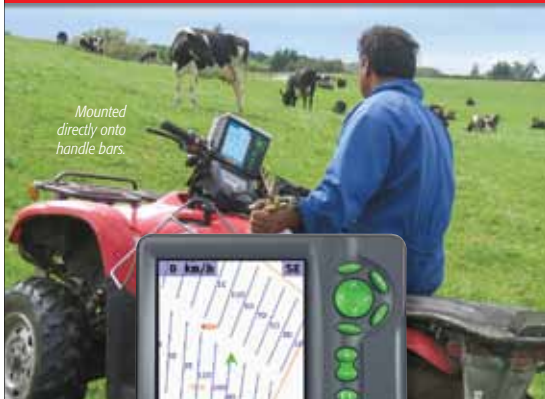
Superstrike Grass treatment can be applied to any commercially available grass product.

Buy it as a stock item on PGG Wrightson Seeds and Agricom grass products via the rural retail network.

www.seedtreatment.co.nz

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Hairpin man declines to roll over

TONY BENNY

NEGATIVE FEEDBACK from farmers at National Fielddays has prompted a marketing rethink by the man marketing the Quadbar ATV rollover protection device in New Zealand.

Stuart Davidson says sales were brisk after the Northland Field Days in March, then he hit a brick wall at Mystery Creek.

"There was so much negative stuff, I couldn't get over it. Not just negative but in your face, you know," Davidson says.

"People were saying you shouldn't be doing this and that we didn't have a clue what we were doing.

"In the end we had to stand up to them and say 'Look, sorry mate, but you're talking a load of crap'."

In New Zealand, no ATV rollbar is supported by the Department of Labour, motorcycle distributors or Federated Farmers. The official line is riders should be properly trained and wear helmets.

But Davidson says the Australian-designed Quadbar can save lives and has support from the NSW Government, NSW

Farmers Industrial and the Australian Workers Union.

And he says he now uses his own experience to market the product in New Zealand. "It's my story. It explains how I got involved after a near accident on my farm without a rollbar."

And though sales at National Fielddays were disappointing, Davidson says he's had encouraging feedback since, including an email sent to the Australian manufacturer of Quadbar, who joined Davidson on his Fielddays site.

To page 43

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Bales 'hold their shape'

TWELVE MONTHS on, Bradfield Farm Ltd's Kuhn VBP2160 Bale-Pack is supporting a fast-growing business, says Kuhn New Zealand.

The Waikato contracting and farming business, located between Te Awamutu and Otorohanga, has two dairy units – one of 420 cows – and a conversion planning for 800 cows in the coming season. Additional land is devoted to growing grass and maize for hay, baleage and pit silage.

Owners Kevin and Kirsten White also manage a contracting business spanning cultivation to harvest, running 10 trucks and offering spraying, fertiliser spreading, earthmoving and animal bedding.

Whites bought the Kuhn BalePack in September 2010, choosing it for its dual baler/wrapper function, which means they need one less tractor and driver to do the job.

Kevin says it came recommended. With its tandem axle it has a lower centre of gravity, making it a stable baler for undulating country.

"It's a great machine and has given us little trouble. It wasn't a big silage-making season for us this past year with the hot and dry spring we had. There really wasn't a lot of grass around but it went well doing the

work we had."

While they did have a couple of small teething issues with the BalePack, Kevin's Kuhn dealer, Giltrap Agrizone of Otorohanga worked hard to sort them out.

Tom Fare and Ryan Parkes are the baler drivers. Both have been operating the BalePack since new, Ryan making almost 3500.

"We're baling mainly silage and it's been good. It does a really tight bale and the wrapper system works well," Ryan says. "The transfer is good. It can transfer facing downhill which is one of the big benefits, as not many machines can do that."

The tandem axle means the BalePack doesn't bounce or bang. "We have mowed in the morning and baled in the afternoon and it coped well. The belt didn't slip," says Ryan.

"The 3D wrapping system is awesome for keeping the bales' shape. They hold better with the 3D system. And there are no chains to grease or oil."

Kevin White gets good feedback from customers on the bales. "The bales feed out better and they're a good weight with good consistency. They hold their shape well in the paddock.

"That's what baling is

all about. Your reputation is all on how good your bales are."

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Agrissentials - proud fundraising partners with our NZ schools. Get your local school involved today by calling **0800 THE KEY** (0800 843 539) or email fundraising@agrissentials.com

Hairpin man won't roll over

From page 42

The email said, "Prior to seeing your bar I have been 100% against bars on the back of quad bikes. I've seen the practical application of existing systems and the problems they can create.

"However, I found your low-slung-around-the-edge system enlightening. Almost the blinding flash of the obvious.

"Your research and reasoned arguments supporting your design were compelling enough for me to write this email.

"As the leader of a rural course training wing I'd be keen to trial one of your devices on a training team development day to get a larger base of practical feedback prior to full endorsement."

Davidson also cites a telephone call from a Balclutha man who bought his product: "I've just rolled my bike and I've rung to tell you it saved my bloody life."

Davidson says this is the only such call he has had but "it made me feel nice anyway."

Tel. 021 182 8115
www.quadbar.co.nz

Taking stress out of drafting

WAYNE BISHOP

recently invested in two LIC Protrack Vector farm automation units for his farms north of Paeroa, to reduce the pressure and stress of drafting.

His two sons Daniel and Darcy run the 140 and 155ha farms, milking 800 cows between them.

For Darcy, it's "like having another lady in the shed," with the system providing automatic three-way drafting at the end of his 36 aside herringbone.

"I'd heard about it, but I was always sort-of sceptical but then I saw it in action up the road and decided it'd be great," he said.

"We used to draft them manually which was a pain and could be quite testing, especially with 1000 things on your mind and the last thing you want to do is let cows

go. But this will make it absolutely easy."

LIC farm automation manager Garth Anderson says the Bishops aren't alone in their move to automation, with LIC receiving much interest and many orders for Protrack.

"Automation is becoming more accepted as a normal management tool on-farm. Protrack is the most intelligent drafting system on the market and... is becoming less of a luxury item now.

"And that's helped by the fact that after every installation, we have a new positive advocate for the product.

"We're getting feedback from farmers, confirming the general benefits of having a system that identifies and drafts cows without you having to leave the pit."

About 800 farms now have Protrack. Three

options are available: Drafter HB, Vector and Vantage.

And drafting is one area where Protrack can help make life easier on-farm, Anderson says.

"It's integration with Minda allows the farmer to utilise herd records in the shed and update them easily by recording events as they happen."

Darcy says they chose the Vector system because it puts all their records in the shed, allowing him to automatically separate herds for specific reasons from the touch screen at the end of the pit.

"I can separate my springers from my late calvers, and it remembers, so when a cow has calved, it will draft her into the colostrum mob and then after four days she'll automatically go into the milking herd.



Wayne (left) and Darcy Bishop in front of their three-way automatic drafting gates.

"It is like another pair of hands and it eases the worry about how you're going to manage, especially in peak times.

"Some of the newly

calved cows can get quite feisty when you're separating them from their calves so they want to charge past you, whereas this way it isn't

so stressful for them: the race opens up and they go through."

Protrack Vector was retrofitted to the two farms' herringbone sheds.

The Bishops worked with Protrack installation teams to ensure it met their needs.



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HIGH STRENGTH toppings and crack repair epoxy systems, developed and made by Regis Coatings, are easily applied, hard wearing and affordable, the company says.

Curing time for the Cretex epoxy mortars – about six hours – allows repairs to be done between milkings. About 45 minutes work can be done after mixing the mortar.

The fast cure allows farmers to keep up with repairs, something formerly a cause of stress, Regis suggests. Dairy inspectors – especially in milk handling areas – can now be kept happy.

Regis also makes proven Epotread floor paints. These water based epoxy coatings have little odour, wear well and are easily applied.

They can be delivered throughout New Zealand. Repair schemes and data sheets are available.

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Patents 2003267874, 03748807.9
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89% efficient, ash goes out monthly

NEIL KEATING

FROM AMERICA'S Pacific Northwest, the home of lumberjacks, treestumps – they call Portland 'Stumptown' – and Boeing aircraft, comes a new central-heating wood burner.

With a difference.

It's the Greenwood Frontier CX wood 'gasification' boiler. It will heat your water and, incidentally,

day displayed the fire at National Fieldays.

Obviously New Zealand is not short of wood burners or wetbacks, but combustion efficiency and low emissions now rule, and in these the Greenwood shines. Efficiency is 89% and it meets EPA (Environmental Protection Agency) Phase 2 emission standards, the benchmark for modern, clean-burning boilers in North America,

Arriving next year is the Frontier LX model (14.5-38kW) and the Frontier MX (26-66kW).
Tel. 03 684 8440
enquiries@greenwoodheating.co.nz



Key specifications (CX model)

- Operating range 9-22kW.
- Peak output 32kW
- Delivered output per firebox 146.5kWh
- Min/max supply water temperature 60°C/90°C
- Fuel type: log wood
- Maximum log length x diameter 530 x 350 mm

tally, your space, if installed in your basement. Or it may be installed in a garage or shed. (Your reporter recalls seeing, inside the front door of a German home, an imposing ceramic-tiled solid fuel burner from a bygone era. The Greenwood could serve in such a location.)

The maker, in Bellevue, WA, near Seattle, says it will not smoke or require you to haul out the ash more often than monthly.

Greenwood Heating, Timaru, holds the distribution rights for New Zealand and the company's Stuart Love-

says the maker.

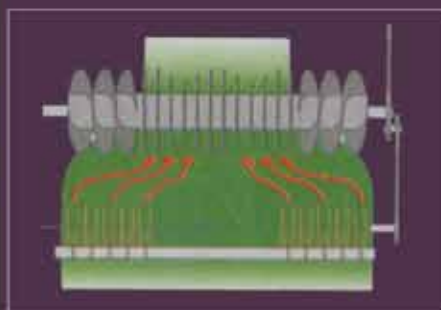
And the winter workload is reduced: wood need not be split to burn and, as said above, the ash disposal is less onerous.

The key concept is 'gasification'. Temperatures attained by gasification in the ceramic firebox reach 1000°C, almost completely burning the wood, and so leaving little particulate matter to exit as smoke, creosote or ash. Combustion gases leave the furnace at average 175°C.

The firebox is made of 'super-duty' cast ceramic refractory with walls designed for best efficiency.



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Telehandler dealers line up

ABEQUIPMENT says its newly formed Manitou Agriculture has appointed ten dealers to sell and service Manitou farm telescopic handlers and all-terrain forklifts.

says sales and marketing manager Rob Fuller. "And we expect to announce other appointments."

The dealers are Piako Tractors, Paeroa, Morrinville and Rotorua; Ag Traction, New Plymouth;

Transag, Palmerston North; and JJ Ltd, Christchurch, Timaru, Mosgiel, Gore and Invercargill. Manitou rough terrain telehandlers are offered with a wide range of attachments making them ideal for bale handling,

feeding and loading tasks.

The new Manitou MLT 625-75 suits dairy and livestock farms, nurseries and poultry, or any operation where space is restricted.

Tel. 021 653 956



Hat-trick drive

RICHARD MASON last week won the Hawkes Bay Rally and with it his third national championship in his Subaru WRX STI.

The Masterton driver, with co-driving wife Sara, had the day before finished runner-up, by 15 seconds, to outgoing champion Dean Sumner, of Rotorua.

But a puncture in the last stage went against Sumner, and Emma Gilmour, from Dunedin – Mason's closest rival for the title – lost time changing a fuel pump, so Mason had a good chance.

He finished 90 seconds in front of

local driver Stewart Taylor, not entered in national series. Gilmour came third overall.

"Finishing every day of the series this year was crucial," said Mason, who previously won the title in 2005 and 2006. "We had to keep an eye on Emma's times and stay out of trouble."

In the end he did it easily. Mason also won his home event, the Wairarapa Rally, earlier in the year. He also finished second at the Rally of Whangarei and the Rally of New Zealand held in the north Waikato and was fourth at the season opener at Otago.



Rally champs Sara and Richard Mason.



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GENOMIC PROOF	160	154	185
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The 2011 DNA Proven Teams will not receive progeny tests until 2014. This makes it hard to show how accurate their BWs are. To solve this we've used our genomic selection technology to calculate the BWs of three teams due for their first progeny tests later this season. As these teams' progeny test data becomes available we will publish the results, proving within a matter of months just how accurate genomic evaluation is. For all the details see www.lic.co.nz.

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HAMILTON	07 846 6069	MAUNGATUROTO	09 431 1050	PUTARURU	07 883 8077	TE PUKE	07 573 0130		

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