

# Dairy herd management strategies in a drought

## NSW Department of Primary Industries

### Livestock Officers (Dairy)

As dairying moves towards larger herds and more complex management systems, all producers should plan in advance for seasonal fluctuations and for times when feed and water will run short. When such situations arise thoroughly assess your financial and feed situation, decide whether to continue milk production at the current level, reduce milk production, or to cease milk production.

Strategies need to be flexible, continually re-assessed, and adjusted according to changing circumstances, such as:

- the availability of feed;
- increased costs associated with feeding;
- changes to stock prices; and
- changes to your financial situation.

It is also important to analyse both the short and long-term problems and solutions, and assess the impact of any decision on your business goals.

Suitable herd numbers and feeding levels must be determined and monitored during feed shortages. One way of coping with feed shortages is to reduce stocking pressure by culling, selling, leasing or agisting stock. Regardless of how you decide to manage your herd, grouping stock according to feed and production priorities is extremely important.

The three herd management strategies available are:

- maintain current production,
- scale back production, and
- cease production.

The following options summarise the pros and cons for each strategy, but are not listed in any order of priority.

## 1. Maintain current production

### Pros

- Maintains a cashflow.
- Keeps herd intact, retaining breeding program, for herd improvement.
- Maintains business and family goals
- There is potential to upgrade herd by purchasing quality cows at forced sales.
- Improves management skills.
- There is no lead-time when drought breaks

### Cons

- Requires access to cash/credit.
- Increases costs of purchased feeds.
- Increases cost of production (e.g. purchased feed), which may exceed returns
- Requires suitable facilities/infrastructure to feed intensively.
- Increases workload.
- Requires greater management skills – i.e. good feed and financial budgeting skills.
- Intensive production may cause other problems, e.g. effluent, dust, etc.
- Sourcing feed requirements may be difficult and time consuming.
- Requires constant revision of strategies

## 2. Scale back production – i.e. milk fewer cows

Early to mid lactation cows are the main cash earners, but require a high intake of good quality feed if they are to maintain reasonable levels of milk production and reproductive performance. Cows in early lactation are also the most responsive to improved nutrition.



There are two alternatives that can be considered when scaling back production:

**a) Reduce size of milking herd by drying off late lactation cows and keeping all dries and replacements**

*Pros*

- Maintains a cashflow.
- Higher milk income to feed costs ratio.
- Milking herd requires less feed.
- Less numbers to milk and feed.
- Reduces in milk production costs.
- Keeps most of herd intact, minimum impact on breeding program.

*Cons*

- Reduces milk production and gross income (smaller milking herd).
- Need to feed milkers, dry cows and growing animals (i.e. three different rations).
- Increases number of dry stock to manage.
- Long lead-time to get some of herd back into full production when drought breaks.
- Requires equipment to feed large numbers of dry stock.
- There is a high labour requirement to feed stock.

**b) Keeping early to mid lactation cows and forward springers, and selling the rest including replacements**

*Pros*

- Maintains a cashflow in short term.
- Income generated from sale of stock.
- Higher milk income to feed costs ratio.
- Fewer for high producers only.
- Less numbers to milk and feed.
- Reduces labour requirements.
- Reduced production costs (milk and feed) because of a smaller herd.
- Maintains genetic base.
- Allows time to assess position and future options.

*Cons*

- Reduces milk production and gross income (smaller milking herd).
- Reduces herd production.
- Cows sold on a reduced market.
- Impacts on herd replacement program – loss of two years genetic improvement.

- Availability and price of stock for restocking unknown.
- Milk production will decrease and may even cease if drought continues for a long period.

**3. Cease production**

There are at least six alternatives that can be considered when deciding whether to cease milk production. All will cause major disruptions to the business goals.

**a) Lease milkers and retain dry cows and replacements on farm**

*Pros*

- Some cashflow from leased animals.
- Reduces feed costs and feed requirements.
- No milk production costs.
- Reduces labour requirements.
- Keeps herd intact, retaining breeding program for herd improvement.
- Allows time to assess options and future alternatives

*Cons*

- No milk production income.
- Requires legal/contractual arrangements.
- May be difficult to find suitable co-operators.
- There are transport costs.
- Risk of herd health status issues such as BJD.
- May be difficult to lease late lactation cows

**b) Dry off all milkers and keep all stock on farm**

*Pros*

- Income from sale or leasing of freshly calved cows.
- Some income from cull sales.
- Opportunity for strategic culling.
- No production ration required – reduces feed costs.
- No milk production costs.
- Keeps majority of herd intact, retaining breeding program for herd improvement.
- Allows time to assess position and future options.

*Cons*

- Less suited to year-round calving herds.
- No milk production income.

- All animals require hand feeding and suitable equipment.
- May have tax implications.
- Forced to sell/lease/dry-off freshly calved cows.
- Requires long lead-time to get herd back into full production.

#### **c) Dry off all cows and strategically cull**

##### *Pros*

- Income from freshly calved/leased cows.
- Income from cull sales.
- Reduces feed costs and feed requirements.
- No milk production costs.
- Nucleus herd is intact, retaining breeding program for herd improvement.
- Allows time to assess position and future options.

##### *Cons*

- Less suited to year-round calving herds.
- No milk production income.
- Most animals still on farm, requiring hand feeding.
- Culls sold on a reduced market.
- May have tax implications.
- Forced to sell/lease freshly calved or dry-off cows.
- Availability and price of stock for restocking unknown.
- Require long lead-time to get herd back into full production.

#### **d) Sell all milkers and springers and keep all replacements**

##### *Pros*

- Income from milkers, freshly calved cows and springing heifers.
- Reduces feed costs and feed requirements.
- No milk production costs.
- Reduces average herd age.
- Maintains genetic base.
- Allows a change of calving strategy and production system when recommencing, e.g. seasonal/batch calving
- Allows time to assess position and future options

##### *Cons*

- Less suited to year-round calving herds.
- No milk production income and limited ongoing cashflow.

- Selling on a reduced market.
- May have tax implications.
- Interrupts herd replacement program.
- Availability and price of stock for restocking unknown.
- Requires long lead-time to get herd back into full production.

#### **e) Sell replacements, dry off and keep all cows**

##### *Pros*

- Immediate income from sale of young stock.
- Income from sale/lease of freshly calved cows.
- Reduces feed costs and feed requirements.
- No milk production costs.
- Maintains genetic base (cows).
- Allows a change of calving strategy and production system when recommencing, e.g. seasonal/batch
- calving.
- Allows time to assess position and future options

##### *Cons*

- Less suited to year-round calving herds.
- No milk production and limited ongoing cashflow.
- Forced to sell/lease or dry-off freshly calved cows.
- Cows sold on a reduced market
- May have tax implications
- Interrupts herd replacement program.
- Loss of two years genetic improvement.
- Unknown availability and price of stock for restocking.
- Requires long lead in time to get herd back into full production.

#### **f) Sell all stock\***

##### *Pros*

- Immediate income from stock sales.
- No stock to feed – reduced costs.
- No milk production costs.
- Allows a change of calving strategy and production system when recommencing, e.g. seasonal/batch calving.
- De-stocking of farm allows spelling of farm and potential disease control.
- Allows time to assess position and future options.
- Potential for debt reduction.
- Possibility of career change.

- Potential for off-farm income.

#### Cons

- No ongoing cash flow.
- Selling stock on a depressed market.
- Genetic loss.
- May have tax implications.
- Availability and price of stock for restocking unknown.
- Recommencement of production may not eventuate.
- No return on assets.
- Stress/worry of future and income.
- Indecision about forward planning and future.
- Loss of direction/business momentum.

#### **\* Warning – Option f) Sell all stock**

The decision to sell all stock should not be made in haste, as the long-term consequences may outweigh the short-term gains. Consult all family members and partners in the business, and seek professional advice from your accountant, bank manager and industry advisers.

Before any decision is made, develop a budget and cashflow for the different options using your farm figures. The Milk Biz decision support aid can indicate the most viable option for you. Ask your nearest Livestock Officer (Dairy) for a demonstration of Milk Biz.

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