



NSW DEPARTMENT OF
PRIMARY INDUSTRIES

DairyPathways

SERVICING THE NSW DAIRY INDUSTRY TO 2010

The DairyPathways project has been developed by NSW Department of Primary Industries to enable dairy farmers to achieve sustainable growth in their businesses over the next 5 years.





Introduction

To meet the various challenges in the next 5 years, the NSW dairy industry will need to grow in a sustainable manner. To achieve sustainable growth, changes in production systems will be an integral part of farmers developing efficient businesses.

Service providers concerned with providing effective extension and education services will need to introduce and implement an integrated project that improves the economic, environmental and social sustainability of production systems.

Background

Globalisation of the Australian dairy marketplace, fluctuating profit margins and increased regulation of on-farm activities are providing serious challenges to farmers and service providers.

Fluctuating margins and associated risk in the dairying business environment have created a need for ever higher levels of efficiency and a continuing focus on improvements in whole farm performance.

The New Dairy Environment

Change is not new to the NSW dairy industry but the rate of change and market uncertainty over the next 5 years will place extreme pressures on farmers and service providers to maintain a positive margin per litre of milk produced. Here is a view of the trends in the industry towards 2010:





- The average New South Wales farm will be milking 250 cows with production per cow at 6500 litres and 1.625 million litres of milk per farm. There will be more farms milking between 300 and 400 cows producing 2.5 million litres per year.
- Farm numbers will continue to decline to approximately 800 NSW herds producing 1.3 billion litres of milk annually, maintaining their share of Australian production at 13%.
- The technical and business management complexity of the industry will increase substantially with increased growth and intensification.
- Increasing management complexity and demand for labour will place greater pressures on farming families and dairying communities.
- The management of natural resources, the environment and animal welfare will become significant issues.
- Fewer service personnel will be available and they will use technology, specialisation and integrated advice to ensure that farmers have the knowledge and skills to manage sustainable dairy systems.

Drivers of Change

To thrive and prosper in the new environment, farm businesses will need to:

- understand their business and make better decisions based on business management principles
- increase the production volumes of low cost milk
- develop to a point where productivity and sustainability are synonymous
- use environmental management systems that meet community expectations for natural resource management and animal welfare
- practise business management and efficient physical farm management skills across the herd, shed, labour, feed base and natural resources
- have a workable human resource strategy for both family and employees.

Pathways to Change

Any on-farm changes are expected to involve modification to existing systems that may incorporate the following pathways.

1. Optimising the use of resources

Efficiency gains can be made by optimising the use of the existing farm assets – land, cows, labour, and capital. This should be the first pathway to consider and may include downsizing some of the assets to achieve optimum use of other assets.

2. Maximising the use of resources

This pathway is increasing the intensification of the business past the optimum point to where the last unit of output only covers the cost of the inputs. Where land is a limiting factor, due to availability and cost, maximising its use may be a better strategy than purchasing more land. Farmers will increase herd sizes and stocking rates that will challenge the biological, environmental and climatic limits.

3. Incremental changes

Incremental change involves a continued increase in overall size through more land, more cows and managing increased labour requirements.

4. Increased complexity

Investing in high technology and infrastructure to manage large herds in relatively reduced areas using harvested forages and purchases of large quantities of supplements will involve larger herds of high producing cows to achieve economies of scale.

This pathway to change will lead to large herds of 500 to 1000 cows, high production per cow of 9000 litres and specialised skills and labour management. Location of these enterprises will be a major factor, with closeness to purchased feed and climate the key considerations. More use will be made of outsourcing and contracts such as heifer rearing, and growing and conserving feeds. Managers will focus on the milking cows and better grazing of the milking area.

It has to be recognised that no one system will be the right one and an outcome may be a range of variations tailored to meet business and personal goals. However the system adopted will need to reflect efficiencies in operation that will tackle the anticipated new dairy trading environment while maintaining farm profits.

The NSW DPI proposal

To meet the needs of the future dairy environment, NSW DPI proposes to develop a technically innovative project, DairyPathways. This will involve a participative action management approach, technical teams developing products and regional extension teams delivering them.

NSW DPI dairy extension staff have followed a carefully planned strategy of personal and professional development since 1999 that focused on improving skills in farm business management and specialisation of technical skills into one of four production areas. The DairyCHECK program followed by the Milk Business program have provided the opportunities for this skill development and, in conjunction with Dairy Moving Forward, staff have gained an intimate knowledge and understanding of farm businesses in their districts. The identification of a wide variety of suitable dairy farming systems at district level has broadened staff's appreciation of what is sustainable for a dairy business based on the needs and aspirations of the individual farmer.

DairyPathways will be offered to the NSW dairy industry over the 5 year period to 2010 in two stages.

Stage One of DairyPathways will concentrate on technical priorities translated into activities that have been identified by the technical teams and their farming mentors that will most significantly impact upon farms. These priorities are mostly based on technology or practices that are currently available. It will work from the premise that substantial opportunities exist for the average farm to enhance the efficiencies of farm operation and improve profitability by adopting the identified cost-effective technologies. Stage One will work from a whole farm view and will be supported by effective decision support tools and extension activities and materials.

DairyPathways will also introduce a **Stage Two** that recognises the need for new and innovative technologies and production systems that meet the future challenges facing dairy farmers. This will be achieved by delivering the extension phase of the Future Dairy project based at Elizabeth Macarthur Agricultural Institute.

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The concept and philosophy behind DairyPathways was largely driven by Alex Ashwood (retired Technical Specialist, Coastal Pastures) with support of the Dairy Products subprogram, NSW Department of Primary Industries.