

Cross-breeding dairy cows in South Dakota



TOM MORROW
NI CORRESPONDENT

Markethill Dairy Discussion group held a special meeting recently, when dairy farmer Rodney Elliott told members about his family's farming business in South Dakota, USA.

Rodney is a world away from his former life with a 150 cow unit in Co Fermanagh. He describes his role now as:

- Hiring staff — he is very complimentary about female staff; they out-perform the men in his unit.
- Training staff to give them the skills for the job.
- Providing the facilities to do the job.
- Measuring how well or how poorly employees do the job.
- Making the decisions on all the aspects of breeding, feeding his cattle and buying and selling feed and milk.

His overall aim is to increase his equity in the business. He suffered a setback in 2009, when milk prices were low, but prices have recov-



Rodney Elliott (right) who runs the 1,700-cow Drumgoon dairy unit in South Dakota, USA spoke to members of the Markethill Dairy Discussion group. Rodney is pictured with Ian Carrick (left) secretary and George McCartney, chairman of the discussion group

ered and he is now back in profit. Rodney is naturally optimistic, and he points to the growth in world population and the demand for dairy produce that he believes will support dairy product prices in the future.

Rodney is moving to cross breeding his cattle. Jersey is used on Holstein cows, and heifers from this mating are crossed with Swedish Red.

He wants a 500kg cow with good feet. He finds that the crossbreds' days to conception are 16 days shorter than Holsteins; losses to deaths are

just half of Holsteins, and few crossbred cows get to his hospital unit.

He aims to go completely crossbred. Fleckvieh will be used. The major health concern in his cattle is Johne's disease. He blood-tests every cow, and is making a determined effort to get rid of the disease.

NON-STOP PARLOUR

The milking parlour never stops on Rodney and Dorothy Elliott's Drumgoon dairy farm in South Dakota.

The first cows were milked in December 2006, and since then the plant has run 24/7,

and now milks 1,700 cows daily.

All motors and pumps have a second stand-by set to allow milking to continue uninterrupted when there is a breakdown, and cluster liners and shells are changed "on the go". The parlour is a double 24 unit Westphalia rapid exit operated by three employees, with a fourth pushing cows in, and there are three shifts per day.

Milk goes directly from the parlour to one of two road tankers parked outside. An alert is sent to the haulier when the tank is full and the filling of the next tank begins.

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Ulster Bank

Northern Ireland Milk Price Comparison in association with Ulster Bank

THE relatively strong prices for milk in recent months have given a lift to the 12 month rolling average prices (Tables A and B).

Overall, these averages for the period from June 2009 to May 2010 are up by between 0.8p/l and 0.9p/l over the May 2009 to April 2010 prices.

In spite of topping the monthly league for three consecutive months, Town of Monaghan's rolling average prices still occupy some of the lower rankings in these rolling average price comparisons.

For the small supplier (350,000 litres per year — Table A) Glanbia Milk has taken over the top spot for 'average quality' milk, with Fivemiletown Co-op dropping to second place.

But Fivemiletown retains three top rankings out of the six categories compared, despite a relatively low placing in the prices for May 2010.

Table 1: Milk qualities for May 2010

	Good	Average	Below Average
Butterfat	4.08	3.83	3.64
Protein	3.42	3.26	3.05
Lactose	5.06	4.84	4.69
TBC	under 10	11 to 20	26 to 50
SCC	under 100	101 to 200	201 to 400

Table 2: 350,000 litre producer

Net price (p/litre) for various milk qualities — assuming alternate day collection (brackets include ranking by price paid).

Milk buyer	Good Quality	Average Quality	Below Average
Donegal	26.80 (3)	25.83 (2)	24.69 (2)
Fivemiletown	26.41 (5)	24.93 (5)	23.28 (7)
Glanbia Cheese	25.98 (6)	24.86 (6)	23.49 (5)
Glanbia Milk	26.96 (2)	25.68 (3)	23.98 (4)
Lakeland	26.57 (4)	25.64 (4)	24.28 (3)
Monaghan	27.41 (1)	26.31 (1)	24.87 (1)
United	25.75 (7)	24.44 (7)	23.35 (6)
First Milk		20.34	

Table 3: 1,000,000 litre producer

Net price (p/litre) for various qualities — assuming alternate day collection (brackets including ranking by price paid)

Milk Buyer	Good Quality	Average Quality	Below Average
Donegal	26.80 (4)	25.83 (4)	24.69 (2)
Fivemiletown	26.69 (6)	25.21 (6)	23.56 (7)
Glanbia Cheese	26.74 (5)	25.61 (5)	24.25 (4)
Glanbia Milk	27.12 (2)	25.84 (3)	24.14 (5)
Lakeland	26.88 (3)	25.95 (2)	24.59 (3)
Monaghan	27.61 (1)	26.52 (1)	25.07 (1)
United	26.18 (7)	24.87 (7)	23.79 (6)
First Milk		21.65	

FOOTNOTES

• **Transport costs:** The prices in Table 2 and Table 3 are after deduction of the milk transport charges shown in Table 4.

• **Glanbia Milk:** Prices include term bonus (0.3p/l) and group bonus (0.3p/l for groups supplying over 10 million litres per year).

• **Fivemiletown Co-op:** Profits made by the Society may be distributed among milk supplying members.

• **United Dairy Farmers:** Has not made dividend payments for past two years but has issued bonus shares. The issue of one additional share for each 1,000 litres of milk supplied during the year 2008 to 2009 was reckoned to be worth 0.1p/l to United producers (this was double the bonus issue of the previous year).

12 month milk prices compared

Milk prices rolling average: June 2009 to May 2010

Table A: 350,000 litres per year producer, alternate day collection

Milk buyer	Good quality	Rank	Average quality	Rank	Below average quality	Rank
Donegal	23.07	(6)	22.12	(4=)	20.96	(1)
Fivemiletown	23.66	(1)	22.35	(2)	20.72	(4)
Glanbia Cheese	22.79	(7)	21.74	(7)	20.36	(7)
Glanbia Milk	23.63	(2)	22.38	(1)	20.66	(5)
Lakeland	23.10	(5)	22.22	(3)	20.80	(3)
Monaghan	23.15	(4)	22.12	(4=)	20.65	(6)
United	23.24	(3)	21.99	(6)	20.90	(2)
First Milk			21.10			

Table B: 1,000,000 litres per year producer, alternate day collection

Milk buyer	Good quality	Rank	Average quality	Rank	Below average quality	Rank
Donegal	23.07	(7)	22.12	(7)	20.96	(5)
Fivemiletown	24.03	(1)	22.73	(1)	21.09	(3)
Glanbia Cheese	23.63	(4)	22.58	(2=)	21.20	(2)
Glanbia Milk	23.83	(2)	22.58	(2=)	20.86	(7)
Lakeland	23.37	(6)	22.50	(4)	21.07	(4)
Monaghan	23.42	(5)	22.39	(6)	20.93	(6)
United	23.71	(3)	22.45	(5)	21.36	(1)
First Milk			21.79			

Milk league compiled by James Campbell and Tom Morrow

May Milk Price League

Based on:

- Average sized supplier (500,000 litres/year)
- Average seasonality of supply
- Average quality milk
- 3.20% protein
- 3.80% butterfat
- 4.74% lactose
- TBC 20,000/ml
- Somatic cell count 245,000/ml

MILK BUYER	Net price (p/litre)		Estimated share of total milk (%)
	Alternate day collection	Daily collection	
Town of Monaghan	26.02	25.80	20
Donegal Creameries	25.50	25.50	3
Glanbia Milk	25.24	24.97	2.5
Lakeland Dairies	25.15	24.93	14
Fivemiletown Co-op	24.61	24.30	1
Glanbia Cheese	24.57	24.30	5
United Dairy Farmers	24.44	24.07	55
First Milk	20.71	20.30	

Table 4: May transport charges (p/l)

	350,000 litre producer			1,000,000 litre producer		
	daily	Every other day	Diff	daily	Every other day	Diff
Donegal	0.25	0.25	0	0.25	0.25	0
Fivemiletown	0.87	0.43	0.44	0.3	0.15	0.15
Glanbia Cheese	0.72	0.4	0.32	0.32	0.14	0.18
Glanbia Milk	0.63	0.24	0.39	0.22	0.08	0.14
Lakeland	0.61	0.22	0.39	0.22	0.11	0.11
Monaghan	0.63	0.32	0.31	0.22	0.11	0.11
United	0.87	0.51	0.36	0.41	0.18	0.23

Footnote: These transport charges per litre are based on daily collections of 1,267 litres from a 350,000 litre producer and 3,620 litres (1,000,000 litre producer) or alternate day collections of double these volumes.

Third month on top for Town of Monaghan

JAMES CAMPBELL
NORTHERN EDITOR

Throughout the past decade, Town of Monaghan Co-op has generally been among the highest payers for milk in May, the month of peak production in Northern Ireland.

So it was this year, with the Monaghan co-op maintaining its leading position for a third consecutive month in the NI milk price league.

Their May milk price was just over 26pence/litre. This is for milk with protein estimated at 3.2%, butterfat at 3.8%, lactose at 4.75%, TBC at 20 and SCC of 245 thousands per ml.

It is after deduction of the transport charges relating to a supplier of 500,000 litres per year, with alternate day collection of milk and the average Northern Ireland seasonal pattern of supply.

SECOND PLACE

On those conditions, the price of 25.5p/l. paid by Donegal Creameries. was second to Monaghan's. but more than 0.5p/l below.

Glanbia Milk and Lakeland Dairies were the only others

whose prices were over 25p/l, and within a penny of Town of Monaghan.

Fivemiletown Co-op and Glanbia Cheese were around 1.4p/l below the league leader, and United Dairy Farmers' price at 24.44p/l trailed Town of Monaghan by over 1.5p/l.

The United price was almost 4p/l above that of First Milk Producer Co-op in Britain for comparable milk paid on the basis of its 'regional pool' price.

First Milk now operates four milk pools, each with differing prices related to end use of the milk and/or the region in which the farmer is based.

Comparing prices across a range of milk qualities and two different sizes of supplier (Tables 1, 2 and 3) the prices paid by Town of Monaghan are top in all categories for May.

Runner-up and third places in the price ranks are shared by Donegal Creameries, Glanbia Milk and Lakeland Dairies.

This leaves Fivemiletown Co-op, Glanbia Cheese and United Dairy Farmers sharing the lower rankings among May prices from the seven main local buyers of

milk. However, the United Dairy Farmers price for the 'average' quality milk in these comparisons is more than 4p/l above First Milk's for supplies from the relatively small producer (350,000 litres per year) and more than 3p/l above the First Milk price payable to the million litres per year supplier.

LAKELAND

For the million litres per year supplier, Lakeland's volume bonuses are evident in their relatively high prices.

Their prices shown in Table 3 for that size of producer include 0.3p/l bonus, which is payable for supplies between 60,000 and 120,000 litres in the month.

For even larger suppliers, Lakeland's volume bonuses are 0.4p/l if the month's supply is between 120,000 and 160,000 litres and 0.5p/l if over 160,000 litres per month.

Prices paid to suppliers to Strathroy Dairy at Omagh are set at the Town of Monaghan level for the months from March to September. Prices paid to the producers supplying Farm View Dairy at Castlereagh are set at a penny per litre above United Dairy Farmers.

Table 5: Base prices used in May milk price comparison

Standard Butterfat Base 3.8% - 3.84%
Standard Protein Base 3.15% - 3.19%
Standard Lactose Base 4.8% - 4.84%

Donegal*	25.5
Fivemiletown	24.5
Glanbia Cheese**	24.5
Glanbia Milk***	24.4
Lakeland	25.0
Monaghan	26.0
United****	25.0

*Donegal Base - Lactose not applicable

**Glanbia Cheese Base - Lactose 4.60% to 4.64%

***Glanbia Milk Base excludes +0.3ppl Term Bonus, +0.3ppl Group Bonus, Lactose not applicable

****United Dairy Farmers Base - Butterfat 4.00%, Protein 3.18%, Lactose not applicable

PRICES AT UNITED DAIRY FARMERS STANDARD QUALITY BEFORE TRANSPORT CHARGES

Donegal	25.86
Fivemiletown	24.86
Glanbia Cheese	24.86
Glanbia Milk	24.76
Lakeland	25.29
Monaghan	26.36
United	25.00

May milk prices buoyant

THIS has been a buoyant year for spring milk prices. Practically all of the May 2010 milk prices paid by the main buyers in Northern Ireland were at least 7pence/litre above those of last year, and at least 2p/l above May 2008 and more than 6.3p/l up on May 2007.

The exception was Fivemiletown Co-op, whose May 2010 prices don't compare so well with earlier years, but they were at or about that top price ranking in May 2009 and 2008.

Apart from Fivemiletown, the year-on-year price movements are fairly much in line with the movements in the prices at which United Dairy Farmers has sold its 'option milk' to processors.

For the first time since the introduction of 'quality adjustments' in the pricing of that milk, May saw a small reduction in the average selling price of the option milk to allow for the fact that quality was below the United Dairy Farmers baseline quality levels.

On average, May 2010 milk handled by United had butterfat of 3.83% and protein of 3.24%. This protein would add 0.19p/l as it is above the base level of 3.18%, but it was

Table 6: Changes in May '10 milk prices in p/l compared to:

	2009	2008	2007
Town of Monaghan	+8.0	+3.5	+7.0
Donegal Creameries	+7.9	+3.5	+6.75
Lakeland Dairies	+7.75	+3.45	+6.69
United Dairy Farmers	+7.0	+3.5	+6.86
Glanbia Cheese	+7.0	+2.0	+6.34
Glanbia Milk	+7.0	+2.0	+6.82
Option Milk	+6.94	+3.48	+7.76
Quality adjusted selling price	+6.83	+3.37	+7.65
Fivemiletown Co-op	+6.25	-1.8	+5.65
First Milk	-0.99	-3.48	+5.36

more than offset by low average butterfat, 0.17 below the base level of 4.0% — which amounts to a deduction of 0.3p/l off the price. The combined effect was a deduction of 0.11p/l off United's selling price.

Meanwhile, the situation at First Milk Co-op in Britain is very different, with the May 2010 price a penny below that of May 2009 and trailing almost 3.5p/l under the May 2008 price for comparable milk.

These calculations assume that the average quality results for milk deliveries into

the dairies are the same as the average quality results for ex-farm milk collected by United.

There was no quality adjustment of prices at which United sold milk to processors in May 2009 or in earlier years. It is part of the new milk selling arrangements introduced by United last summer.

- These year-on-year price comparisons are based on the prices paid for average quality milk from the small supplier (350,000 litres per year).

Option milk at 26.09p/l

THE average of the successful bid prices at United Dairy Farmers' auction on 22 April was 26.09p/l, and this set the option milk price for May supplies.

After taking account of butterfat below the standard 4.0% level and protein above the standard 3.18% level, which now form the base for the sale of milk at the auction and as option milk, a downward adjustment of 0.11p/l — on average — applied to the prices at which that milk was billed to the processors.

This would not be a uniform amount deducted from the invoice for each processor buying milk from United — it depends on the results of the tests carried out on the milk

in each tanker load delivered to each processor. The price adjustments are 0.018p per 0.01% butterfat and 0.032p per 0.01% protein above or below the base levels.

Previously, the processors would just have paid the op-

tion milk price or the price that they had bid at the auction to secure the milk, with no adjustment for compositional quality. United moved to 100% adjustment for quality in its milk selling price from April onwards.

Ulster Bank
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Taking account of butterfat and protein, a downward adjustment of 0.11p/l applied to the prices at which milk was billed