Speaker 1:

Welcome to AgVic Talk, keeping you up to date with information from Agriculture Victoria.

Drew Radford:

Climate variability is an issue for all producers, but when you produce something daily like milk, it becomes a very big focus of your planning. Kevin Fitzsimmons is a dairy farmer for Merrigum in the Northern Irrigation region. His family has farmed there for three generations, but he says since the millennium drought, running profitably has never been more difficult. He joins me in the AgVic Talk studio to discuss how he manages climate variability.

Drew Radford:

Kevin, thanks for your time.

Kevin Fitzsimmons:

My pleasure, Drew. Thank you very much.

Drew Radford:

Kevin, you face challenges like never before. Once you were a farmer, now you're a water trader constantly focused on the market. On top of that, you've got a variable climate as well to deal with. Are you still passionate about what you do?

Kevin Fitzsimmons:

Yeah. Look, I am passionate about it. I actually really love what I do. We have not been on a holiday for three years, but I don't feel like I need to go on a holiday. I get up every morning at four o'clock, seven days a week because I love what I do. To me, I feel like I'm in paradise. And when I say that to people, they sort of look at me a bit strange, but maybe it's just because it's what I've always done. It's what I know. And I don't know any different, I guess. Although I had worked off farm years and years ago, but I really genuinely love what I do. I love my cows and I like to look after them as best I can.

Kevin Fitzsimmons:

It is hard when you've got to make those decisions. Well, we've never let the cows go without, so I've never had hungry cows. We've always gone and bought the feed or bought the water or done things to feed and look after them. So, yeah, it's just what I love to do.

Drew Radford:

Kevin, for those that don't work in the industry, they probably think that because you're on irrigated land, you wouldn't have to worry too much about climate variation. That though is a fair way from the reality though, isn't it?

Kevin Fitzsimmons:

Yeah, it is. Basically, we have our water allocation, but we really need double the amount of water that we need to farm profitably. So, we've got to go into the temporary market and buy that water. At a certain point, that water becomes too expensive to make a profit out of. So, we've then got to obviously, to buy grain or hay and those costs have been high as well but get a better return out of that than the price of water.

Kevin Fitzsimmons:

One mega litre will roughly grow you a ton of food and at 5-$600 a megalitre, it's too high when you can buy grain around 400 or hay at 350, a ton, dollars a ton, that represents a better value. It's still not economical, but to try and get through as best we can. That's how we've dealt with it and going forward, hopefully, water price will come down, but with the water market, water prices seem to be continually high and that's a concern going forward. So, unless we have a wet year, but the next year could be dry again. And then all of a sudden, it's back up again.

Drew Radford:

So you're constantly juggling, Kevin, then really in regards to how much water can you afford or have access to, to water your land. And look, for those that don't understand, you're not just watering pasture and keeping it green to graze cows on, you're actually growing pasture and stocking fodder away. Aren't you?

Kevin Fitzsimmons:

Yeah. We are, and we've actually changed the composition of what we grow. We don't grow as much pasture now because of the cost of water, cost of putting it on in the summertime when there's so much evaporation and productivity drops off, as far as growth rates go. It's just not economic to put it on. So, we're probably changing to more crops and growing more annuals which is shaftal and ryegrass, things like that, which we water in the autumn. So, we've got feed through winter and probably takes two, maybe three watering’s in the autumn. And then it might take another couple of watering’s in the spring time to finish off depending on whether we get spring rain.

Kevin Fitzsimmons:

So that could be a maximum of six watering’s on those annual pastures where, as summer pasture, it could be anything between 15 to 20 irrigations and you don't get that much more tonnage of feed. So things have changed because of the water situation of how we operate. And we adjust our numbers as to what we can feed and cost, obviously that drives either profit or reducing the loss that you're going to make that year.

Drew Radford:

So what other things are you doing, Kevin to try and constantly juggle, I guess the cost of water against what the climate is actually doing, because you're looking to the skies to try and bring you, I suppose, cheaper water for want of a better description. What other things are you implementing on your property to try and deal with variation of climate and access to water?

Kevin Fitzsimmons:

Well, what we've just done in the last four or five months, we've installed a pipe and riser system. So that eliminates well evaporation, seepage, so all our water is now piped around the farm. And that was put in place, obviously with the rationalisation of the irrigation system and the modernisation. We've got rid of open channels, Goulburn Murray Water have rationalized some channels on our farm, and they gain the water savings. So, there's a saving there and they we're able to incentivise us, I guess, to put in a pipe and riser system. We had to put in some cash ourselves but in the long run, obviously that's increased our efficiency. Haven't actually used it yet. The system will start operating again, 15th of August is when the system opens up again, the irrigation season.

Kevin Fitzsimmons:

But yeah, the results are...and I have actually used, we had a recycle system I need to move water from one into the others that we were going to run out of water at the dairy and that we're able to run water from one dam to another that had water in it. So, they had water at the dairy site which I could never, ever do before. So, it's worked really well that way. And obviously I can water paddocks more efficiently. I can get the water on quicker. I've got a higher flow rates and the water will come on instantaneously on those paddocks. Whereas before I'd probably have to wait three or four hours for the channel to fill up before I could get water onto those paddocks.

Kevin Fitzsimmons:

So that's where we're heading now. And the water savings on that, well, we haven't monitored that yet but on other sites that have had them in, the water savings there have been quite impressive. So, we're hopeful that that's going to make us more efficient, more profitable going forward. And obviously for the next generation and the generations after we can keep staying here.

Drew Radford:

I get the impression Kevin, that a lot of your work is actually about debt management and also borderline being a stock broker or water broker?

Kevin Fitzsimmons:

You're dead right. It's definitely been since the millennium drought about debt management. I suppose prior to 2000, things just ticked over from one year to the next and it was pretty easy, but it has been about managing that debt and trying to find... every year has been different, I guess, because our biggest inputs, obviously, our grain, hay and water. And we look at those each year and try to manage that and see what the season is going to do.

Kevin Fitzsimmons:

We obviously monitor what the Bureau are forecasting and if they're forecasting like they have in the past, El Nino’s, we know water prices are going to be dear so we try and lock in our hay early so that we've got that there, so we're not exposed to the water market. So, we're always looking probably six months in advance to seeing what we can plan, how we can get through it for that next six months. And that's how we're managing it. It is a juggling act and it has been for quite a few years. So, we'll just see how it all pans out now that we've modernised our operation here. And we're also leasing land, so it can grow, be more self-sufficient and grow more feed. And we do all our own hay. So, we're trying to be as self-sufficient as we can and not being exposed to those markets where prices can just crucify you really, I guess.

Drew Radford:

I understand also, you've changed your watering regime in terms of trying to get a different root growth happening with some of your pasture. What was your aim there and what did you do and what have you achieved?

Kevin Fitzsimmons:

I guess we always have topped in the past and that keeps the plant at a certain height. Last year, because we knew we were going to run out of water because we were putting the pipe and riser in, we didn't top. Basically, what happens on top of the ground, happens below the ground. But we made the decision that we're going to have a compromise and have a bit more growth on top and a higher residual that will keep the moisture high. You're not going to get the evaporation. So, it stretched out our watering. And also, the roots obviously are forced to go down to chase that moisture as well and that worked pretty well. Obviously, when we put the pipe and riser in, we weren't able to irrigate the whole farm went dry. And we bought a heap of food back last spring because we knew that was going to happen.

Kevin Fitzsimmons:

But in the past, that is what we've done. Yeah. We tried to keep that residual a lot higher than what is normal in normal happens. So yeah, it's a lot of experimenting I guess, and trying to work out as things change from season to season. And as I said, we look six months ahead and try and forecast and see what's going to happen for that season. And then we'll make our plan accordingly.

Drew Radford:

So Kevin, what other things have you done in terms of changing infrastructure around your property to try and deal with hot weather and variation or excessive wet?

Kevin Fitzsimmons:

In 2016, we had a very wet year, which we hadn't experienced for a while. And we sacrificed paddocks, and we just had hay rings in paddocks, and we wasted a lot of feed. I said, "I'm not doing that again." We had an area where we built a recycled dam and there was a bank of dirt there and it was built up, but it hadn't been gravelled or anything and probably a hectare in size. So we ended up graveling all of that, about 6 inches of gravel over it. And we put hay rings set up on that. The cows will come off the dairy and they'll go straight onto the pad and get feed off there. And it's just made things more efficient. And even when we have had a wet period they've gone on there. There's minimal damage to the paddocks, they're not getting plugged up. We can grow better quality feed on those paddocks that aren't out of production because they had been wrecked and ruining the soil structure.

Kevin Fitzsimmons:

So that's been a big saving there and we're obviously not wasting the feed either. As far as, we put shade cloth on the dairy. We used to have a lot of problems obviously here in the Goulburn Valley and in Australia in particular, I guess. We're exposed to the sun. We used to have a lot of cows that... When I say a lot, probably one or two every few years that would go down with, get severe sunburn. So yeah, we put that on there. The cows coming into dairy even on really hot days and it creates its own breeze under the shade cloth, the temperature is so much cooler. And the cows come in there and they're not panting or anything like that, they're calm.

Kevin Fitzsimmons:

So that's made a huge difference as well. We're always looking for what's best for the cow, how she can be as comfortable as she can. And also it's a workplace thing as well. So, there are things that we've implemented and quite happy with how that's worked out.

Drew Radford:

You've got a lot going on with your property in terms of juggling water and pasture and growth and running a dairy full time as well. What about calving, have you changed that around at all to try and spread the workload across the year?

Kevin Fitzsimmons:

Yes, we have actually. When my parents were running it, we were just a spring calving herd. When I took over probably 30 years ago now, we went to spring and autumn. And we have, probably the last 15 years ago, we actually went to three times a year calving. So every four months, we calve and a lot of that came about, I guess, through fertility of cows. Initially with spring calving, if you didn't get a cow in calf, she had to be a really good cow to milk through for another 12 months, otherwise we would lose our cow, just send her to the abattoirs. And to me that wasn't profitable. So that's why we went to autumn calving.

Kevin Fitzsimmons:

So it was a six month interval calving, obviously the same problem. The cow had to be good enough to carry through for another six months to get back in calf again for the next cycle. And the industry is addressing that fertility now through selecting for high fertility bulls and we've been on that program now for the last three years. And that has made a big difference as well to getting cows in calf. We have a short calving period of six weeks at each joining. Whereas in the past, in the spring time calving, we'd join for three months. So, you'd be calving for three months. So, it was a long drawn out affair.

Kevin Fitzsimmons:

So, by going to three times a year calving and having shorter calving intervals, it has evened the workload out because you're not going flat out at one particular point in time. So yeah, one calving will come along, we will rear those calves and they'll be out through the system before the next one comes along. We're not overburdened with a heap of calves at one particular time. It just evens a work load out for everybody.

Drew Radford:

Kevin, you mentioned, you're always looking to the future and trying to plan ahead. What sort of tools are you using to do that, apps and websites and information?

Kevin Fitzsimmons:

We do a lot with... Always looking at the forecast and whatever information we can get through Dairy Australia. They put out a lot of information. There is a lot of information out there if you want to go and look for it to plan ahead. It's very good information that you can make decisions around. And at the end of the day, every farm is different, I guess. And you take out the information that you want, that suits you and your operation, obviously we're a family farm. There are bigger operations out there as well, which would have different structures. We're trying to keep our operation as simple as we possibly can. And that suits us. It's intensive enough the way it is and enough pressure, the way it is with what's happening with climate change and the Murray–Darling basin and everything else. So, we just try to keep that as simple as we can without complicating it too much.

Drew Radford:

It sounds like you are really focused on setting the property up to continue on for the next generation and for your son to stay firmly at the helm.

Kevin Fitzsimmons:

Yeah, well, we are. My parents set it up for us and I'm eternally grateful for them. And I want to be able to do the same for my son and have a farm that is sustainable going forward. To me, it's a legacy. We're obviously trying to make a living out of it as well and survive and be profitable and have a good lifestyle. But we also are thinking of the next generation, as the generation before were thinking of us. So yeah, going forward, it is a priority for us that my son has got a future in the industry and obviously his family, if they decide to come back as well, have a future as well. That's our goal.

Drew Radford:

Well, Kevin Fitzsimmons, it sounds like you are well and truly on the path to achieving that goal. Thank you very much for your time today and joining me in the AgVic Talk studio.

Kevin Fitzsimmons:

My pleasure, Drew. Thank you very much.

Drew Radford:

For more Agriculture Victoria information on dealing with climate variability, you can subscribe to both, The Break and the Milking the Weather newsletters. Both of these you can find through the Agriculture Victoria website. Also, you can get in contact with your local dairy extension officer who can direct you to relevant information and advice to help you get started in understanding how your business can adapt to climate variability.

Speaker 1:

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