



Dublin Citizen
Dublin, TX
Circ. 2114
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6/25/2009
91724



291,300

Dairies losing \$3 per day per cow

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Citizen Publisher

A voluntary cut in dairy herds for dairy producers to cut their losses and send herds to the slaughter house started this week with at

least seven local dairies impacted in addition to three closed by banks.

About 2,000 head of cattle were involved locally.

American dairies are becoming a victim of their

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own efficiency and must cut on a voluntary basis at least 400,000 head out of a herd of about 9.4 million nationally are sinking in a sea of milk.

As a result of overproduction and a drop of exports from 12 percent to 7 percent -- primarily to China and Australia -- milk prices have dropped from about 25 cents per pound to between 8.5 to 9 cents now. Breakeven for dairy farmers is considered about 15 cents.

The high price about eighteen months ago caused some pizza makers to cut the amount of cheese and that added with the drop in exports and excessive supply has sent the price tumbling, with most of that decrease coming in the last six months.

Out of the current price of about \$3 per gallon, the dairy producer only gets 75 cents according to Darren Turley,

Assistant Director of the Texas Association of Dairymen.

Milk futures don't look good as it may take until next year for prices to recover under this buyout program and with hoped for increased export, Turley said.

With the current price, Turley noted that dairies are losing \$3 per head per day and the bigger the herd, the higher the loss obviously which can amount to \$3,000 per day with a dairy of 1,000 head.

The voluntary buyout is financed by a set aside fund paid into by dairies out of milk funds. It was based on slaughter cattle prices of about 40 cents per pound in addition to a price bid by the producer and accepted by CWT (Cooperatives Working Together). That price is based on production and can range anywhere from \$1,000 to \$2,000 per cow.

The dairy cow market is

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something like the depressed housing market as producers paid a high price for cattle and borrowed money based on that price only to see the value drop because of the lack of demand.

Producers could put their replacement heifers that are bred into the program if they bid it.

Thus far, only about 25 dairies in the Southwest Region have been accepted by the buyout, the largest of which was a 7,500 head herd in Kansas.

Throughout the nation, only about 103,000 are involved in the buyout, far short of the goal of 400,000. There is a holdback of 10% of the buyout price to keep producers from going back into production by buying

other cows or bringing replacement heifers into a herd for one year.

The biggest local herd involved was that of long time Dairyman Dar Anderson who was quoted as saying this is one crisis from which the dairy industry will never recover. Even long time dairy producers have depleted resources and some have refinanced their paid for facilities in order to stay in business.

Anderson's Dairy is in Comanche County along with some of the other dairies involved including those of Fred and Rick Lisso and Heath Bamber. Also going into the program in Comanche County are A. C. Tamingo, Hillview Dairy and that of Bear Linger. In Erath County, two dairies are involved, those operated by Ventura Botello in Dublin and Clay Ray. One dairy in

Comanche County has been closed by a bank while notes have reportedly been called on two dairies in Erath County.

Several dairies have already sold out or consolidated with other dairies with owners taking a reduced price on their herds and facilities.

Currently there are now 20 dairies in Comanche County and about 87 in Erath county with a total herd in Erath County of more than 50,000 cows. Hamilton County does not have any dairies as of yet in the buyout program.

There were dairies involved in East Texas, and five in the Windthorst area.

A major impact is being felt by silage producers, many of which are in the Waco area as well as those who cut silage as the money is not available to pay the producers are the cutters.