Public

Fall Incentives

With summer well on its way and this year's forages starting to be fed, now is the perfect time to start thinking about how to get the most bang for your buck out of this year's fall incentives.

The first step is always to fill your quota. If required, palm fat can be added to give your fat test a boost. At the current price paid for Kg of fat shipped, adding palm fat to a ration typically pays. It is best to double check with your advisors to make sure any additive makes financial sense.

Usually, the most efficient use of palm fat (i.e. the best conversion of palm fat fed to increase in fat test) occurs when fed at a rate of 0.75% to 1.5% of dry matter intake. So, for a dry matter intake of 24kg/head/day, you should be feeding 180 to 360g/ head/ day. Not all herds read the textbook, so it may make sense for a slightly different level to be fed in your herd. Please confirm with your feed advisor what the ideal level may be in your ration.

As a general rule, herds with higher fat tests typically get a higher fat bump when palm fat is added. A typical response would be going from a 3.9 to 4.1 fat test when fed at a rate of 200g of palm fat/head/day. In a 100 milking cow dairy, producing an average of 35L/cow/ day, this results in an additional 7kg of butter fat/ day. Using the May 2025 milk cheque value for fat, that is $34,365 increased gross revenue on an additional 2555kg of fat annually!!

As a reminder, DFO has 3 different payment tiers depending on your solid non-fat: fat ratio (SNF ratio).

Within quota (SNF ratio <2)
- full payment for protein and lactose and other solids (LOS)

Market Ratio (SNF ratio between 2 and 2.20)
-additional protein and LOS produced over the SNF ratio of 2 but under 2.20, is paid for at a lower rate
-There is still money to be made producing additional protein at this payment level

SNF Ratio Cap (SNF ratio >2.20)
-Any protein and LOS produced over the SNF ratio of 2.20 is NOT paid for

Given the non-payment penalty for protein and LOS produced above the 2.20 SNF ratio, aiming for a SNF ratio close to, but not above 2.20, financially should be your goal for Holstein herds.

Milk shipped after May 1, 2025, has a new, higher payment price for protein and LOS for milk shipped within the market ratio payment level. In addition, the butterfat price decreased slightly.

Here is an example to explain this concept:

A herd shipping milk in May with a 4.25% fat, 3.40% protein and 5.90% LOS has a SNF ratio of 2.19 and a gross return per kg of quota at $22.82

Another herd shipping milk in May with a 4.40 % fat, 3.35% protein and 5.90% LOS has a SNF ration of 2.10 and gross return per kg of quota at $22.58

If both herds filled the same amount of quota, the herd with the SNF of 2.19 grossed $0.24 more/kg of fat shipped in May. In a herd with 100kg of quota, this works out to an additional $8760/ year.

Given the higher price paid for protein and LOS in the market ratio section of the milk cheque the increased return per kg of butterfat with a higher SNF ratio (not exceeding 2.20) is protein test dependent. A higher protein test with the same SNF ratio generates more gross income per kg of butterfat shipped.

Your compensation broken down by milk produced within each payment tier is outlined on your monthly milk check. If you have any questions regarding this payment structure or recent price changes made by the DFO, your herd veterinarian can help explain these concepts. Working closely with industry advisors can help you get the most bang for your buck out of every kg of quota you ship!

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