

South Waikato Owner with Contract milker Sys 5
Season numbers at a glance

KPI's	Budget	Actual
Milk Production (kgMS/ha)	1,800	1,771
Milk Production (kgMS/cow)	429	420
Net Dairy Cash Income (\$/kgMS)	\$7.30	\$8.94
Total Farm Working Expenses (\$/kgMS)	\$4.29	\$4.79
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.01	\$4.16
Gross Farm Revenue (\$/kgMS)	\$7.55	\$9.61
Operating Expenses (\$/kgMS)	\$4.80	\$5.27
Operating Profit (\$/ha)	\$4,955	\$7,687

* These KPI's are based on cash book actuals to the 31/5/2022 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

Production was up 1.8% on budget by early January but finished and 1.6% down for the whole season. The hot and dry late summer and autumn weather impacted pasture growth rates. It was difficult to maintain pasture cover and cow condition. The season ended about one week earlier than usual with the last milk sent, (from 175 cows), on May 19th.

Pasture and crop eaten for the 2021-22 season is estimated to be about 13.3 t DM/ha which is 8-9% down on last season. Supplements fed for the season of 693.2 t DM are 10% up on budget.

The milk price was \$1.79/kg MS higher than budget, which more than made up for the lower than budgeted milksolids. Farm working expenses were \$0.50/kg MS up on budget, half of this increase was due to the purchase additional supplements and winter cow grazing. Fertiliser price rises accounted for another 0.07/kg MS.

The estimated operating profit for the season is \$7687/ha which is 55% higher than the budget estimate and is largely due to the increase in milk price received. Limiting the increase in operating expenses to below \$0.50/kg MS, or 10%, is a good achievement, given the season and the high level of inflation.

Other points of interest

The younger cows were put on to once a day milking in early March, which was one week later than the previous season. 100 early calving, younger and lower BCS cows were dried off on May 7th.

Silage made on farm was 13 t DM which is well below the budget of 40 t DM. An additional 58 t DM of silage was purchased at \$420 per t landed that was not in the budget. This helped make up the shortfall in home grown silage.

The amount spent on maize and PKE was similar to budget but the balance changed, with 79 t less of PKE, (wet), and 75 t DM more of maize being purchased. The rising price of PKE was one reason for not contracting to buy more than the original 288 t, and to make the switch to purchasing more maize.

Pasture cover at drying off was 300 kg DM/ha below the 2,400 target. Cow condition was also lighter than usual for that time of year. Additional supplement feeding through June along with sending some of the herd off farm to winter grazing has helped to improve both pasture cover and cow BCS at planned start of calving in early July. Pasture cover was 2250 kg DM/ha and BCS was 4.8 for the herd and 5.5 for the in calf heifers.

The not in calf rate is 14% which is higher than last season, (11%). The 6 week in calf rate is 69%. Again down on the 20-21 season figure of 73%. N applied for the season was 113 kg N/ha which is on budget.

Annual Cash Budget

Name: South Waikato Owner with Contract Milker Sys 5 Budget Period 1 / 6 / 2020 to 31 / 5 / 2021

Farm Details: 132806 kgMS 295 cows 75.0 ha 450 kgMS/cow 1771 kgMS/ha 3.93 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received		100%				
Milk Solids advance	kgMS x \$	/kgMS		\$1,178,634	\$8.87	\$3,995	\$15,715
Milk Solids retrospective	kgMS x \$	/kgMS			\$0.00	\$0	\$0
Milk Solids dividend	shares x \$	/share			\$0.00	\$0	\$0
DairyNZ levy	enter as negative number				\$0.00	\$0	\$0
Net Dairy livestock sales (calves + culls + other - purchases)				-\$4,949	-\$0.04	-\$17	-\$66
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting				\$14,040	\$0.11	\$48	\$187
Net Dairy Cash Income				\$1,187,725	\$8.94	\$4,026	\$15,836
Expenses				\$ Total	\$/kgMS	\$/cow	\$/ha
Wages				\$169,977	\$1.28	\$576	\$2,266
Animal health				\$15,963	\$0.12	\$54	\$213
Breeding and herd improvement				\$18,304	\$0.14	\$62	\$244
Farm dairy				\$4,345	\$0.03	\$15	\$58
Electricity (farm dairy, water supply)					\$0.00	\$0	\$0
Supplements made (incl. Contractors)				\$2,042	\$0.02	\$7	\$27
Supplements purchased				\$255,826	\$1.93	\$867	\$3,411
Calf rearing				\$3,061	\$0.02	\$10	\$41
Young and dry stock grazing				\$69,547	\$0.52	\$236	\$927
Winter cow grazing				\$9,480	\$0.07	\$32	\$126
Run-off lease					\$0.00	\$0	\$0
Fertiliser (incl. N)				\$50,198	\$0.38	\$170	\$669
Irrigation					\$0.00	\$0	\$0
Regrassing and cropping					\$0.00	\$0	\$0
Weed and pest					\$0.00	\$0	\$0
Vehicles and fuel				\$2,299	\$0.02	\$8	\$31
R&M (land, buildings, plant, machinery)				\$13,073	\$0.10	\$44	\$174
Freight and general farm expenses				\$602	\$0.00	\$2	\$8
Administration e.g. accountant, consultant, phone				\$4,458	\$0.03	\$15	\$59
Insurance				\$6,113	\$0.05	\$21	\$82
ACC					\$0.00	\$0	\$0
Rates				\$10,571	\$0.08	\$36	\$141
Total Farm Working Expenses				\$635,859	\$4.79	\$2,155	\$8,478
Cash Surplus / Deficit				\$551,866	\$4.16	\$1,871	\$7,358
Non Cash adjustments							
Value of change in livestock numbers				\$89,194	\$0.67	\$302	\$1,189
Labour adjustment				\$3,000	\$0.02	\$10	\$40
Less Feed inventory Adjustment				\$13,440	\$0.10	\$46	\$179
Owned support block adjustment					\$0.00	\$0	\$0
Depreciation				\$75,000	\$0.56	\$254	\$1,000
Dairy Gross Farm Revenue				\$1,276,919	\$9.61	\$4,329	\$17,026
Dairy Operating Expenses				\$700,419	\$5.27	\$2,374	\$9,339
Dairy Operating Profit				\$576,500	\$4.34	\$1,954	\$7,687

Annual Cash Budget

Name: <u>South West Waikato Owner Sys 2</u> Budget Period <u>1 / 6 / 2021</u> to <u>31 / 5 / 2022</u>						
Farm Details:						
Budget	135,000 kgMS	315 Cows	75.0 ha	429 kgMS/cow	1800 kgMS/ha	4.20 cows/ha
Farm Details: Actual						
	132,806 kgMS	316 cows	75.0 ha	420 kgMS/cow	1771 kgMS/ha	4.21 cows/ha
Variance (Actual less Budget)						
	-2,194 kgMS	1 cows	ha	-8 kgMS/cow	-29 kgMS/ha	0.01 cows/ha
Income				Budget	Actual	Variance
Net Milk Sales				\$955,500	\$1,178,634	\$223,134
Net Dairy livestock sales (calves + culls + other - purchases)				\$17,000	-\$4,949	-\$21,949
Other dairy cash income				\$13,000	\$14,040	\$1,040
Net Dairy Cash Income				\$985,500	\$1,187,725	\$202,225
Expenses				Budget	Actual	Variance
Wages				\$177,900	\$169,977	-\$7,923
Animal health				\$16,550	\$15,963	-\$587
Breeding and herd improvement				\$11,900	\$18,304	\$6,404
Farm dairy				\$1,250	\$4,345	\$3,095
Electricity (farm dairy, water supply)						
Supplements made (incl. Contractors)				\$4,300	\$2,042	-\$2,258
Supplements purchased				\$230,500	\$255,826	\$25,326
Calf rearing				\$3,000	\$3,061	\$61
Young and dry stock grazing				\$50,000	\$69,547	\$19,547
Winter cow grazing					\$9,480	\$9,480
Run-off lease						
Fertiliser (incl. N)				\$40,780	\$50,198	\$9,418
Irrigation						
Regrassing and cropping						
Weed and pest				\$1,400		-\$1,400
Vehicles and fuel				\$6,700	\$2,299	-\$4,401
R&M (land, buildings, plant, machinery)				\$14,900	\$13,073	-\$1,827
Freight and general farm expenses				\$800	\$602	-\$198
Administration e.g. accountant, consultant, phone				\$2,650	\$4,458	\$1,808
Insurance				\$5,610	\$6,113	\$503
ACC						
Rates				\$11,000	\$10,571	-\$429
Other farm working expenses (not included in any of the above)						
Total Farm Working Expenses				\$579,240	\$635,859	\$56,619
Cash Operating Surplus / Deficit				\$406,260	551,866	\$145,606
Non Cash Adjustments				Budget	Actual	Variance
Value of change in livestock numbers				\$34,390	89,194	54,804
Labour adjustment				\$3,000	3,000	
Less Feed inventory Adjustment				\$9,000	13,440	4,440
Owned support block adjustment						
Depreciation				\$75,000	75,000	
Dairy Gross Farm Revenue				\$1,019,890	\$1,276,919	\$257,029
Dairy Operating Expenses				\$648,240	\$700,419	\$52,179
Dairy Operating Profit				\$371,650	\$576,500	\$204,850
Dairy Operating Profit/ha				\$4,955	\$7,687	\$2,731

Commentary re variance

	Actual to Budget Variance	
Milksolids	-2,194	Production was up 1.8% on budget by early January but finished and 1.6% down for the whole season. The hotter and drier late summer and autumn impacted pasture growth rates. It was difficult to maintain pasture cover and cow condition so the season ended about one week earlier than usual with the last of the herd, (175 cows), dried off on May 19th.
Cows	1	
Hectares	0	
Net Milk Income	223134	Milk price received is \$1.79 up on budget, and production was down 1.6%.
Net Dairy livestock sales (calves + culls + other - purchases)	-21949	There were 28 late calvers on hand at the end of May. These are scheduled to be sold in June. The value of change in livestock numbers is up which offsets the lower cash income for livestock. Cash and non cash income from livestock is \$0.63/kgMS for this season.
Other dairy income	1040	

Net Dairy Cash Income

202225

Expenses

Wages	-7923	Production was down slightly so the contract milkers share was down.
Animal health	-587	Animal health spending was below budget despite unbudgeted spending of \$1,100 on BVD testing of young stock.
Breeding and herd improvement	6404	Breeding plan changed slightly with fewer lower priced straws, (\$4.00/straws), used. Also the budget was set before AB services were finalised and semen straw prices were higher than expected.
Farm dairy	3095	Had issues with the chiller unit that cost over \$3,000 to remedy.
Electricity (farm dairy, water supply)	0	
Supplements made (incl. Contractors)	-2258	Only made 13 t DM of silage, compared with 40 t DM in the budget.
Supplements purchased	25326	Purchased 58 t DM of silage at \$420 per t landed that was not in the budget. This helped make up the shortfall in home grown silage. Purchased 75 t DM more of Maize silage but 79 less t DM of PKE, so total spent on maize and PKE was similar to budget. The rising price of PKE was one reason for not contracting to buy more than the original 288 t, and to make the switch to purchasing more maize.
Calf rearing	61	
Young and dry stock grazing	19547	Budgeting error. Forgot to update the previous years figures to account for increased numbers of young stock.

Winter cow grazing	9480	Made the decision in late May 2020 to send 40 cows to grazing for 9 weeks to help increase pasture cover.
Run-off lease	0	
Fertiliser (incl. N)	9418	Fertiliser applied was as per budget so the increase in entirely due to price rises.
Irrigation	0	
Regrassing and cropping	0	
Weed and pest	-1400	
Vehicles and fuel	-4401	No breakdowns or unforeseen costs.
R&M (land, buildings, plant, machinery)	-1827	Again no unplanned spending required.
Freight and general farm expenses	-198	
Administration e.g. accountant, consultant, phone	1808	Under budgeted. Didn't factor in some compliance costs.
Insurance	503	
ACC	0	
Rates	-429	
Other farm working expenses (not included in any of the above)	0	

Total Farm Working Expenses	56619	
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Non Cash adjustments

Value of change in livestock numbers	54804	Finished the season with 7 more R 1 heifers, 1 more R 2 heifer and 23 more MA cows than budgeted.
Labour adjustment	0	
Less Feed inventory Adjustment	4440	Had budgeted on having 30 t DM more on hand but finished the season with 42 t DM, (valued at \$320/t DM).
Owned support block adjustment	0	
Depreciation	0	