

**2023-24 Mid Season Update January 4th 2024**  
**Season numbers at a glance**

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	1,272	1,272
Milk Production (kgMS/cow)	351	355
Net Dairy Cash Income (\$/kgMS)	\$8.36	\$8.33
Total Farm Working Expenses (\$/kgMS)	\$4.01	\$4.99
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.35	\$3.34
Gross Farm Revenue (\$/kgMS)	\$8.36	\$8.35
Operating Expenses (\$/kgMS)	\$4.52	\$5.51
Operating Profit (\$/ha)	\$4,875	\$3,616

\* These KPI's are based on cash book budget/actuals to the 31/12/2023 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

**Key Points**

- Production is up 20% on last season and 13% up on budget
- This advantage has come at a cost with farm working expenses (FWE) forecast to be up 25%.
- To date it has been a normal rainfall season but peak growth rates in the spring have not been as high as usual
- Most of the increase in FWE is due to additional winter grazing and nitrogen purchases to mitigate the effects of poorer early winter pasture growth due to the very wet autumn.

**Comments**

Production to date of 140,178 kg MS which is 13% up on budget and 20% up on last season. This is from 573 cows, which is 7 less than budget. It has been an average winter and early spring with regard to rainfall and soil moisture with dry cows only needing to be stood off pasture 5 times. Pasture cover and cow body condition score at the end of May 2023 were not on target. Additional winter grazing was secured for the herd at the last minute which allowed for 100 cows to be grazed off for an extra 6 weeks. This has added another \$30,000 to grazing costs, but helped to ensure cows gained adequate condition pre calving and pasture covers at calving were on target. An extra one and a half rounds of nitrogen was applied in June and July as leaching had been higher in the autumn with all the summer/autumn rain that the region received. Again this helped to increase pasture cover at calving to near target, but has meant fertiliser costs are up on budget. An improved calving pattern means that cow milking days to the end of December is up on last year despite a few less cows. 121 t DM of Silage and hay was fed from the start of calving through to early October. For the first time in 30 years both herds went to once a day milking 20th September for the 2 weeks prior to mating. The cows have maintained good residuals all season and even now are grazing done to 1500 kg DM/ha. Pastures grazed by the younger herd have just needed to be topped on a few occasions to help maintain quality. Overall, pasture quality has been good and there is a good clover content due to warm soil temperatures, regular rainfall over recent weeks and good grazing residuals. Silage made on the milking platform is less than last season with 80 bales of silage made off 15 ha. Last season 23 ha of baleage was made on the milking platform. Pasture growth rates on the support block have been good and all supplement needed for the winter has been made on the support block, (228 bales). With continued good pasture growth rates, rather than making even more supplement on the support block to control pasture, 20 yearling steers were purchased late spring 2023. They will be sold in the autumn for a profit of about \$400 per head. There have been very few animal health issues so far this year. At drying off last season all cows over 150000 SCC were treated with long acting antibiotic which definitely reduced the incidence of mastitis in the early part of the season. Somatic cell counts have been good during the early part of the season and incidences of mastitis in the early season have been lower.

Unscheduled repairs and upgrades were made to all the races in August to repair damage that resulted from the extremely wet summer and autumn. This has added \$25,000 to the repairs and maintenance costs.

Rates rises and a change to the timing of payments has also significantly increased the costs of rates for the year.

**Current situation**

The herd is currently producing 1.52/c/d (TAD) from 573 cows, 10% up on the same per cow per day last year. Production is 8.75% up on a daily basis. Intakes are 17 kg DM/cow day pasture only. Up until now the weather has been cooler and the cows have not been mobbing so they are continue to maintain good DM intakes. Cow condition is estimated to be about 4.3 BCS so is similar to last season. Pasture cover is 2100 kgDM/ha/day and with growth rates in the past week of 80 kg DM/ha/day pasture cover has been rising. With the higher paspalum content the grazing rotation is 18 days to maintain quality. There is 7 ha closed at present which may be harvested for a light crop of silage, or returned to the round if growth rates drop suddenly.

## **2023-24 Mid Season Update January 4th 2024**

### **Looking forward**

Water tables are still good and recent rain over Christmas and New Year have kept the soils moist. The milking platform is a good summer farm with high water tables and pastures with higher paspalum content, but any extreme weather event can have a big impact here.

Higher day time temperatures seem to really affect the cows regardless of how much feed is available, and with El Nino forecasts there is still concern about a prolonged dry autumn. Therefore the forecast milk solids for the season has been kept at 203,500 kg MS despite actually being 13% up on budget and 220,000 kg MS still looks achievable.

100 t of PKE has been contracted for this season which will provide 158 kg DM/cow for 570 cows. The plan is to start feeding this when it starts getting too hot for the cows. It allows them to eat some of their diet quickly so production doesn't drop too much with the heat.

All the supplements made to date will be carried forward to next season so are not included in any feed budgets to the end of May.

To date 70 kg N/ha has been applied. This is up on budget. There will be at least one more application of nitrogen, (about 23kgN/ha), so the total for the year will likely be 90-95 kgN/ha which is up on budget of 80.

At this stage feed budgets are looking good till at least February. Pregnancy testing has been delayed until March, (for social reasons as the owners are biking from Cape Reinga to Bluff), so culling can be done after then if feed supply becomes limited.

### **Calving and reproduction**

- The calving rate was 62% after 3 weeks, 78% after 6 weeks was 96% after 9 weeks. This is much improved on last season's figures of 53%, 75% and 94% respectively.
- Submission rate is 74% which is down on last year. This year used 2 rounds of "beacons" for heat detection which are more accurate and make identification easier. Last year's submission rate of 81% was probably in part due to some cows being incorrectly identified as in heat.
- 132 replacement calves were reared plus 55 beef animals. The beef calves were reared on milk powder at the support block and have now gone to the beef enterprise.

### **Other points of interest**

- Milk income is still likely to be similar to budget as the original budget was prepared on a \$6.25 /kgMS milk price. The advance is now expected to be \$6.10 but the dividend payment is higher.
- Total farm working expenses will likely be about \$200000 up on budget largely due to extra winter grazing, nitrogen, R & M and rates. Depending on the final milk solids produced this is between 15% and 25% up on budget.

# Annual Cash Budget and updated forecast *December 2023*

Name:	BoP Owner System 2			Budget Period	1 / 6 / 2023	to	31 / 5 / 2024
<b>Farm Details:</b>							
Budget	203,500 kgMS	580 Cows	160.0 ha	351 kgMS/cow	1272 kgMS/ha	3.63 cows/ha	
<b>Farm Details:</b>							
Budget/Actual	203,500 kgMS	573 cows	160.0 ha	355 kgMS/cow	1272 kgMS/ha	3.58 cows/ha	
<b>Variance (Actual less Budget)</b>							
	kgMS	-7 cows	ha	4 kgMS/cow	kgMS/ha	-0.04 cows/ha	
<b>Income</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Net Milk Sales				\$1,604,800	\$1,598,923	-\$5,877	
Net Dairy livestock sales (calves + culls + other - purchases)				\$96,000	\$96,000		
Other dairy cash income							
<b>Net Dairy Cash Income</b>				<b>\$1,700,800</b>	<b>\$1,694,923</b>	<b>-\$5,877</b>	
<b>Expenses</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Wages				\$225,000	\$218,305	-\$6,695	
Animal health				\$57,000	\$42,788	-\$14,212	
Breeding and herd improvement				\$42,500	\$46,151	\$3,651	
Farm dairy				\$19,000	\$20,351	\$1,351	
Electricity (farm dairy, water supply)				\$19,500	\$17,176	-\$2,324	
Supplements made (incl. Contractors)				\$29,000	\$25,472	-\$3,528	
Supplements purchased				\$34,000	\$36,062	\$2,062	
Calf rearing				\$10,800	\$7,388	-\$3,412	
Young and dry stock grazing				\$8,000	\$8,000		
Winter cow grazing				\$62,000	\$93,516	\$31,516	
Run-off lease					\$8,675	\$8,675	
Fertiliser (incl. N)				\$65,000	\$134,316	\$69,316	
Irrigation							
Regrassing and cropping				\$10,200	\$10,952	\$752	
Weed and pest				\$2,300	\$6,029	\$3,729	
Vehicles and fuel				\$43,000	\$46,373	\$3,373	
R&M (land, buildings, plant, machinery)				\$61,500	\$91,030	\$29,530	
Freight and general farm expenses				\$6,700	\$7,484	\$784	
Administration e.g. accountant, consultant, phone				\$10,500	\$20,567	\$10,067	
Insurance				\$18,000	\$18,356	\$356	
ACC				\$1,500	\$6,373	\$4,873	
Rates				\$90,000	\$150,879	\$60,879	
Other expenses							
<b>Total Farm Working Expenses</b>				<b>\$815,500</b>	<b>\$1,016,243</b>	<b>\$200,743</b>	
<b>Cash Operating Surplus / Deficit</b>				<b>\$885,300</b>	<b>678,680</b>	<b>-\$206,620</b>	
<b>Non Cash Adjustments</b>				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
Value of change in livestock numbers				-\$500	4,700	5,200	
Labour adjustment				\$30,000	30,000		
Less Feed inventory Adjustment				\$5,000	5,000		
Owned support block adjustment				\$39,750	39,750		
Depreciation				\$40,000	40,000		
<b>Dairy Gross Farm Revenue</b>				<b>\$1,700,300</b>	<b>\$1,699,623</b>	<b>-\$677</b>	
<b>Dairy Operating Expenses</b>				<b>\$920,250</b>	<b>\$1,120,993</b>	<b>\$200,743</b>	
<b>Dairy Operating Profit</b>				<b>\$780,050</b>	<b>\$578,630</b>	<b>-\$201,420</b>	
<b>Dairy Operating Profit/ha</b>				<b>\$4,875</b>	<b>\$3,616</b>	<b>-\$1,259</b>	

## Commentary re variance

	Actual to Budget Variance	
Milksolids	0	Have kept the milksolids forecast the same as budget despite actually being 13% up on budget. It is still early days and high summer temperatures and/or a late autumn drought can still have a big impact on final production even though the farm is a good summer farm.
Cows	-7	
Hectares	0	
Net Milk Income	-5877	This updated budget is based on 203,500 kg MS at advance of \$6.10, paid April received May. Dividends were up on budget which has offset the lower forecast advance. If production is even 8% up, (to 220,000kgMS), then total income will be up about \$100,000 for the season.
Net Dairy livestock sales (calves + culls + other - purchases)	0	
Other dairy income	0	

### Net Dairy Cash Income

-5877

### Expenses

Wages	-6695	Hours worked have been on target so less overtime needed to be paid.
Animal health	-14212	There have been very few animal health issues so far this year. At drying off last season all cows over 150000 SCC were treated with long acting antibiotic which definitely reduced the incidence of mastitis in the early part of the season. Somatic cell counts have been good during the early part of the season and incidences of mastitis in the early season have been lower.
Breeding and herd improvement	3651	
Farm dairy	1351	
Electricity (farm dairy, water supply)	-2324	
Supplements made (incl. Contractors)	-3528	Made less supplement on the milking platform than budget, 15 ha compared with 23 last year. All winter supplement has been made now. (228 bales of baleage)
Supplements purchased	2062	
Calf rearing	-3412	
Young and dry stock grazing	0	
Winter cow grazing	31516	At the last minute additional winter grazing for 100 cows for 6 weeks was secured. This helped to ensure cows gained adequate condition pre calving and pasture covers at calving were on target.
Run-off lease	8675	
Fertiliser (incl. N)	69316	70 kg N/ha has been applied to date. This is up on budget. There will be at least one more application of nitrogen, (about 23kgN/ha), so the total for the year will likely be 90-95 kgN/ha which is up on budget of 80. The main reason for this is an extra one and a half rounds applied in June and July as leaching had been higher in the autumn with all the summer/autumn rain that the region received. Fertiliser prices have also been higher than originally budgeted.
Irrigation	0	
Regrassing and cropping	752	
Weed and pest	3729	

Vehicles and fuel	3373	
R&M (land, buildings, plant, machinery)	29530	Spent \$25,000 on upgrading races in August - remedial work to repair damage resulting from the extremely wet summer and autumn.
Freight and general farm expenses	784	
Administration e.g. accountant, consultant, phone	10067	Had under budgeted.
Insurance	356	
ACC	4873	
Rates	60879	Regional rates went to annual payments part way through the year so this includes 15 months of payments. There were also incredibly large increase in rates, +13% for regional rates. And in excess of 10% for district council rates.
Other Expenses	0	

<b>Total Farm Working Expenses</b>	200743
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### Non Cash adjustments

Value of change in livestock numbers	5200
Labour adjustment	0
Less Feed inventory Adjustment	0
Owned support block adjustment	0
Depreciation	0