

Taranakai Organic System 1

Season numbers at a glance

KPI's	Budget	Actual
Milk Production (kgMS/ha)	774	762
Milk Production (kgMS/cow)	325	326
Net Dairy Cash Income (\$/kgMS)	\$8.06	\$10.46
Total Farm Working Expenses (\$/kgMS)	\$2.28	\$2.95
Cash Operating Surplus/Deficit (\$/kgMS)	\$5.78	\$7.51
Gross Farm Revenue (\$/kgMS)	\$8.13	\$10.35
Operating Expenses (\$/kgMS)	\$3.20	\$3.87
Operating Profit (\$/ha)	\$3,811	\$4,939

* 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

The 2021-22 winter and spring were wetter than the previous two seasons but this was not such an issue as it has been in the past. The benefits from having multi-species pasture and better soil aeration were evident with less ponding in the winter and spring despite some heavy rainfall events.

January was drier than average with only 16% of the average rainfall. February 2022 started with 2 heavy rainfall events which saw about 280 mm of rain fall over Waitangi weekend followed a week later with another 100mm.

The herd went on to once a day milking on December 11th, (the first day of the school holidays), which is similar to last season. This was for lifestyle reasons and to benefit the cows.

Even though the pasture cover was reasonable in February 50 culls were gone by March 1st, to avoid the risk of being caught with too many cows on farm due to lack of space in the freezing works. This left 324 cows in milk for the autumn.

The herd was still dried off on May 18th based on body condition score and pasture cover. Days in milk for the farm was 247 which is 2 days less than the previous year. Pasture cover at the end of June was 2,600 kg DM/ha which is on target for PSC, (July 21st). At the same time, body condition score, (independently assessed), was 4.75 for MA cows and 5.5+ for the in-calf heifers. The cows are slightly behind last season for BCS but it is mostly the later calving cows so with time and some preferential feeding, and they should be at BCS 5.0 by calving.

Pasture harvested for the season is estimated at 11.3 t DM/ha. This is 7% less than the 2020-21 season.

Operating profit for the season is estimated to be \$4,939 /ha which is up 32% on the budget of \$3,755 and is similar to the 2020-21 season.

The milk price received to the end of June was \$9.87/kg MS, which is \$2.41 up on budget. Farm working expenses for the year were \$2.95/kg MS, \$0.66/kg MS up on budget. The majority of this increase, (\$0.51/kg MS), was due to an increase in discretionary R & M spending.

Debt repayment has continued to be a key focus, particularly with this good financial performance.

Other points of interest

The date that spring pasture growth rates exceeded demand was 2 weeks later than usual. Supplements were 2 weeks later being shut so even though the usual 40 ha of hay was harvested the crop was lighter as the area was not out of rotation for as long. 92 t DM was harvested compared with 106 t DM the year before.

The decision was made to plant 10 ha in the spring with a 27 multi-species summer crop mix. This provided good summer feed and the area then morphed in to permanent pasture so did not need re-grassing in the autumn. As per budget 15% of the farm was also re-grassed in the autumn with 19 multi-species pasture mix. The re-gassing/cropping costs were \$0.6/kg MS up on budget.

A large portion of the farm is now in multi-species pasture. This pasture has performed well over the dry autumn.

This farm did not experience any facial eczema last autumn even though it was prevalent in the surrounding district. This could be due in part to the multi-species pasture which seems to provide a better canopy and potentially lower soil temperatures.

Young stock appear to be thriving on the multi-species pasture, with the R 1 animals at 225 kg live weight by May 31st, and growing at 0.7-0.8 kg LW/day.

Flooding from the February deluge did not impact pasture but did affect some fencing. The organic certified posts that had been forward purchased, (due to limited supply), were all used to replace tanalised posts that were displaced.

Calving rate was 49% after 3 weeks, 71% after 6 weeks and 93% after 9 weeks from an 11 week mating period and no intervention. This slower calving rate was due to a poor mating in the spring. It was due to "human error". The reason for this has now been identified and corrected so the 2022 mating has been much better.

Submission rate this season was 75% after 3 weeks with no intervention and after two seasons of slow calving rates. 99% of all cows cycled with no intervention. The six week in calf rate this year is 61%.

Pregnancy testing via milk sampling was done late January. The not in calf rate was 15%, which is up on the previous year of 10%.

Cow wastage was higher this season with 3% deaths recorded. Five cows were lost, (four of them over a two week period). This is first incidence of this disease in over 10 years.

The wetter spring saw an increase in the number of mastitis cases. There were 64 cases recorded for the whole season. The incidence of lameness was higher in the spring as well, with 24 cases recorded. These mostly were minor stone bruises or stones in the hoof. Prompt identification and removal of the stone provided a quick and easy remedy.

The farm has signed up to WelFarm with their local vets. This is a New Zealand web-based assurance programme designed to help dairy farmers better understand key animal health markers and how they impact on the optimisation of on-farm production performance. The costs of this is included u+A18nder animal health, and includes condition scoring the herd 4 times a year, an annual tail score, gait analysis as part of lameness assessment as well as interpretation of MINDA animal health information. It provides an external animal welfare endorsement which complements other quality assurance information needed for organic certification audits.

The farm is also part of the stage 2 pilot programme for **Calm the Farm** which is aimed at helping farmers manage the transition to regenerative agriculture.

Annual Cash Budget

Name: Taranaki Owner Organic System 1 Budget Period 1 / 6 / 2021 to 31 / 5 / 2022

Farm Details: 128031 kgMS 393 cows 168.0 ha 326 kgMS/cow 762 kgMS/ha 2.34 cows/ha

Income		\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received 100%				
Milk Solids advance	kgMS x \$ /kgMS	\$1,062,528	\$8.30	\$2,704	\$6,325
Milk Solids retrospective	kgMS x \$ /kgMS	\$180,927	\$1.41	\$460	\$1,077
Milk Solids dividend	shares x \$ /share	\$27,840	\$0.22	\$71	\$166
DairyNZ levy	enter as negative number	-\$7,682	-\$0.06	-\$20	-\$46
Net Dairy livestock sales (calves + culls + other - purchases)		\$49,991	\$0.39	\$127	\$298
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting		\$25,622	\$0.20	\$65	\$153
Net Dairy Cash Income		\$1,339,226	\$10.46	\$3,408	\$7,972
Expenses		\$ Total	\$/kgMS	\$/cow	\$/ha
Wages		\$69,900	\$0.55	\$178	\$416
Animal health		\$25,161	\$0.20	\$64	\$150
Breeding and herd improvement		\$26,587	\$0.21	\$68	\$158
Farm dairy		\$3,655	\$0.03	\$9	\$22
Electricity (farm dairy, water supply)		\$14,917	\$0.12	\$38	\$89
Supplements made (incl. Contractors)		\$6,896	\$0.05	\$18	\$41
Supplements purchased			\$0.00	\$0	\$0
Calf rearing		\$1,688	\$0.01	\$4	\$10
Young and dry stock grazing			\$0.00	\$0	\$0
Winter cow grazing			\$0.00	\$0	\$0
Run-off lease			\$0.00	\$0	\$0
Fertiliser (incl. N)		\$23,211	\$0.18	\$59	\$138
Irrigation			\$0.00	\$0	\$0
Regrassing and cropping		\$12,479	\$0.10	\$32	\$74
Weed and pest		\$2,783	\$0.02	\$7	\$17
Vehicles and fuel		\$25,236	\$0.20	\$64	\$150
R&M (land, buildings, plant, machinery)		\$93,901	\$0.73	\$239	\$559
Freight and general farm expenses		\$5,118	\$0.04	\$13	\$30
Administration e.g. accountant, consultant, phone		\$28,507	\$0.22	\$73	\$170
Insurance		\$19,400	\$0.15	\$49	\$115
ACC			\$0.00	\$0	\$0
Rates		\$17,697	\$0.14	\$45	\$105
Total Farm Working Expenses		\$377,136	\$2.95	\$960	\$2,245
Cash Surplus / Deficit		\$962,090	\$7.51	\$2,448	\$5,727
Non Cash adjustments					
Value of change in livestock numbers		-\$13,916	-\$0.11	-\$35	-\$83
Labour adjustment		\$85,000	\$0.66	\$216	\$506
Less Feed inventory Adjustment		\$1,530	\$0.01	\$4	\$9
Owned support block adjustment			\$0.00	\$0	\$0
Depreciation		\$35,000	\$0.27	\$89	\$208
Dairy Gross Farm Revenue		\$1,325,310	\$10.35	\$3,372	\$7,889
Dairy Operating Expenses		\$495,606	\$3.87	\$1,261	\$2,950
Dairy Operating Profit		\$829,704	\$6.48	\$2,111	\$4,939

Annual Cash Budget

Name: Taranaki Organic Sys 1		Budget Period 1 / 6 / 2021 to 31 / 5 / 2022				
Farm Details:						
Budget	130,000 kgMS	400 Cows	168.0 ha	325 kgMS/cow	774 kgMS/ha	2.38 cows/ha
Farm Details: Actual						
	128,031 kgMS	393 cows	168.0 ha	326 kgMS/cow	762 kgMS/ha	2.34 cows/ha
Variance (Actual less Budget)						
	-1,969 kgMS	-7 cows	ha	1 kgMS/cow	-12 kgMS/ha	-0.04 cows/ha
Income		Budget	Actual	Variance		
Net Milk Sales		\$970,300	\$1,263,613	\$293,313		
Net Dairy livestock sales (calves + culls + other - purchases)		\$53,000	\$49,991	-\$3,009		
Other dairy cash income		\$25,000	\$25,622	\$622		
Net Dairy Cash Income		\$1,048,300	\$1,339,226	\$290,926		
Expenses		Budget	Actual	Variance		
Wages		\$71,900	\$69,900	-\$2,000		
Animal health		\$26,000	\$25,161	-\$839		
Breeding and herd improvement		\$27,000	\$26,587	-\$413		
Farm dairy		\$5,300	\$3,655	-\$1,645		
Electricity (farm dairy, water supply)		\$12,900	\$14,917	\$2,017		
Supplements made (incl. Contractors)		\$6,000	\$6,896	\$896		
Supplements purchased						
Calf rearing		\$2,000	\$1,688	-\$312		
Young and dry stock grazing						
Winter cow grazing						
Run-off lease						
Fertiliser (incl. N)		\$20,000	\$23,211	\$3,211		
Irrigation						
Regrassing and cropping		\$5,000	\$12,479	\$7,479		
Weed and pest		\$2,000	\$2,783	\$783		
Vehicles and fuel		\$15,800	\$25,236	\$9,436		
R&M (land, buildings, plant, machinery)		\$29,200	\$93,901	\$64,701		
Freight and general farm expenses		\$5,500	\$5,118	-\$382		
Administration e.g. accountant, consultant, phone		\$27,500	\$28,507	\$1,007		
Insurance		\$23,000	\$19,400	-\$3,600		
ACC						
Rates		\$17,400	\$17,697	\$297		
Total Farm Working Expenses		\$296,500	\$377,136	\$80,636		
Cash Operating Surplus / Deficit		\$751,800	962,090	\$210,290		
Non Cash Adjustments		Budget	Actual	Variance		
Value of change in livestock numbers		\$8,500	-13,916	-22,416		
Labour adjustment		\$85,000	85,000			
Less Feed inventory Adjustment			1,533	1,533		
Owned support block adjustment						
Depreciation		\$35,000	35,000			
Dairy Gross Farm Revenue		\$1,056,800	\$1,325,310	\$268,510		
Dairy Operating Expenses		\$416,500	\$495,603	\$79,103		
Dairy Operating Profit		\$640,300	\$829,707	\$189,407		
Dairy Operating Profit/ha		\$3,811	\$4,939	\$1,127		

Commentary re variance

	Actual to Budget Variance	
Milksolids	-1,969	Cow numbers were 16 down on last season and 7 less than budget. Pasture cover and BCS were on target in May, but still dried off 10 days earlier than the previous season for lifestyle reasons.
Cows	-7	Lower peak cows milked as a higher number of empties showing up over the winter.
Hectares	0	
Net Milk Income	293313	Milk price was \$2.41 higher than budget.
Net Dairy livestock sales (calves + culls + other - purchases)	-3009	Had 8 less cows and R 2 heifers sold. Wastage was high this season with 5 cows lost to black mastitis and 2 lost to Johnes disease.
Other dairy income	622	
Net Dairy Cash Income	290926	
Expenses		
Wages	-2000	
Animal health	-839	Cows were in good condition at calving and feed through the spring was not limiting so there were minimal metabolic issues.
Breeding and herd improvement	-413	
Farm dairy	-1645	
Electricity (farm dairy, water supply)	2017	Water usage was higher than the previous season due to higher average temperatures over the summer and autumn, plus power prices have risen.
Supplements made (incl. Contractors)	896	
Supplements purchased	0	
Calf rearing	-312	
Young and dry stock grazing	0	
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	3211	Includes \$2,000 for soil tests that were not in the budget.

Irrigation	0	
Regrassing and cropping	7479	Re-grassing and cropping costs are up as 10 ha was planted in spring in a multi species crop mixture for a summer crop. This has morphed into permanent pasture without needing to be resown in the autumn. This was in addition to planned autumn regrassing with multi species pasture mix of 15% of the farm.
Weed and pest	783	Purchased pest traps, (\$435) which were not in the budget.
Vehicles and fuel	9436	Fuel costs were up, as used more with doing all fertiliser applications now in house, and of course the price was nearly double in the latter part of the season.
R&M (land, buildings, plant, machinery)	64701	Includes 20,000 for painting the cowshed that was delayed from the previous autumn and not added to the 2021-22 budget. \$5,000 was spent on resolving electrical issues with the effluent pump. \$25000 was spent on repainting the interior of the main house. Again this was not in the original budget but was added to the programme of works when the payout forecasts increased. About \$5,000 was spent on forward purchasing plastic posts as the supply was limited so the opportunity was taken to get them while they were available. These ended up being all used to replace tanalised posts lost after February flooding.
Freight and general farm expenses	-382	
Administration e.g. accountant, consultant, phone	1007	Spent \$3,500 on farm valuation fees, needed as one farm partner buys more equity in the farm partnership.
Insurance	-3600	
ACC	0	
Rates	297	

Total Farm Working Expenses	80636	
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Non Cash adjustments

Value of change in livestock numbers	-22416	Finished the season with 5 less R 1 heifer than budgeted as fewer AB heifers were born than expected. Also had 2 less R 2 heifers than expected and 9 less MA cows. These are valued at 2022 IRD NAMV.
Labour adjustment	0	
Less Feed inventory Adjustment	1533	Finished the season with 93 more bales of hay on hand. The cost of making these is about \$16/bale.
Owned support block adjustment	0	
Depreciation	0	