

East Waikato System 3 Owner with CM
2024-25 Season review
Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actual
Milk Production (kgMS/ha)	1,206	1,263
Milk Production (kgMS/cow)	399	438
Net Dairy Cash Income (\$/kgMS)	\$9.41	\$10.08
Total Farm Working Expenses (\$/kgMS)	\$4.67	\$4.74
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.73	\$5.35
Gross Farm Revenue (\$/kgMS)	\$9.46	\$10.27
Operating Expenses (\$/kgMS)	\$5.47	\$5.36
Operating Profit (\$/ha)	\$4,812	\$6,198

* These KPI's are based on cash book budget/actuals to the 31/05/2025 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Key Points

- Production for the season was 223,500 (an increase of 10.6% on 2024), due to very good start to the season and despite a very dry late summer and autumn.
- Net Dairy Cash income for the season is 12% up on budget as a result of higher milksolids and higher milk price, (\$0.70/kg MS extra on the October budget).
- Total farm working expenses, (FWE), are 2.7% up on budget so cash operating surplus is up 29%.
- The main increases in expenses were additional feed through the prolonged dry and an additional staff member to allow Melissa to take on an opportunity off farm.

Comments

The opportunity arose in October to purchase 100 t DM of standing silage which costs about \$0.29 /kg MD including making and cartage costs. This was not in the budget.

More was spent on feed, (PKE and blends), from February, due to the dry weather, balancing diets and to ensure that the amount of closing feed on hand was not impacted.

It is too good of a feeling having a bank account of feed available for a weather event. Feed on hand at the start of was higher than previous years and it paid off in the spring, so the plan is to continue with that. Plus there plan is to peak milk 20-30 more cows than last year so extra supplements on hand is added insurance.

With the good cash flow the decision was made to do a couple of years' worth of work, so upgraded some races and drains that were on the next year's to do list.

The full time apprentice employed from January has freed up Justin's time on operational tasks that frees u Melissa's time to take on an opportunity off farm.

Current position

Excellent pasture growth through May, plus maintaining feeding levels through the dry period with extra supplement has ensured that pasture cover, supplements on hand and cow body condition score are all on target and the farm is well set up for calving in early July.

Given how dry the early part of 2025 has been, the likelihood of a lot of rain in the next 4 months is high so the farm is prepared to deal with a wet winter and spring. Maintaining a good level of supplements on hand has been part of that preparation.

Other points of interest

Profitability is up 28% compared with budget which is an excellent result for the year with the increased milk price and milk production. With the challenge of the drought situation the farm has come through the season very well both physically and financially.

It is important now to have a solid plan in place regarding tax payments. Melissa's advice to farmers if you haven't already is to meet with your accountant to ensure that is the case.

Commentary re variance

	Actual to Budget Variance	
Milksolids	10,101	A drier winter and spring and better pasture growth and pasture utilisation have contributed to a much better start to the season. Production was 7% up season to date (January 9, 2025) and 25% up on a daily basis compared with last season. The dry summer and autumn eroded some of this advantage but with efficient use of supplements and good pasture growth following the April rainfall production still finished 4.7% up on budget.
Cows	-25	Opted to cull some cows early in October based on cow quality.
Hectares	0	
Net Milk Income	185670	Milk production is up 4.7% on budget and milk price advance rate is \$0.70/kgMS up on earlier budgets.
Net Dairy livestock sales (calves + culls + other - purchases)	-3554	Sold a few less culls as plan to milk 20-30 more cows in 2025-26. Cull prices have been well up on budget. Have sold the majority of the breeding bulls purchased for a net cost of \$100/head.
Other dairy income	63990	

Net Dairy Cash Income	246106
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Expenses		
Wages	19092	Over half the increase is due to higher payments to the contract milker as milk production is up on budget. From January have taken on a permanent apprentice to free up Justin's time for some development projects on the second farm.
Animal health	2376	Some of the increase is due to treating the herd with a pre-mating drench to ensure optimum health. Included treatment for parasites as well as delivered minerals and vitamins.
Breeding and herd improvement	7816	Spent more on anoestrous treatments to improve the reproduction performance - the calving pattern was just below the industry targets for 3, 6 and 9 weeks at 65, 80,and 97% respectively.
Farm dairy	2685	Have had on going machine issues which have increased costs.
Electricity (farm dairy, water supply)	-270	
Supplements made (incl. Contractors)	2500	Made 70 bales, (15.4 t DM), of baleage not in the original budget. Pasture surplus was related to having 25 fewer cows than originally planned.
Supplements purchased	43640	The PKE/DDG mix was able to be contracted for \$426/t landed which is about \$24/t less than the budget. Had the opportunity to purchase 100 t standing silage which costs \$28,640 including making and cartage costs, (ie about \$0.29/kgDM). This was not in the budget. Spent more on feed in the second half of the season due to the dry weather, balancing diets and to ensure that the amount of closing feed on hand was not impacted.
Calf rearing	4143	

Young and dry stock grazing	-526	
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	-28484	More fertiliser has been applied as fertility levels had dropped from previous soil tests. Likely a result in part from the very high rainfall in 2023.
Irrigation	0	
Regrassing and cropping	13600	
Weed and pest	-5953	
Vehicles and fuel	1816	
R&M (land, buildings, plant, machinery)	-2772	Had to rebuild the fertiliser spreader. Most of the increase is due to the decision to do a couple of year's worth in a good payout year, so fixed some races and drains that were on the next year's list.
Freight and general farm expenses	-2390	
Administration e.g. accountant, consultant, phone	1429	
Insurance	-2325	
ACC	3451	
Rates	1664	Higher than expected increases in rates.
Other Expenses	0	

Total Farm Working Expenses	61492	
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Non Cash adjustments		
Value of change in livestock numbers	30641	Have 15 more cows and R 2 heifers to calve than in the original budget plus the 2025 NAMV values are significantly higher than 2024
Labour adjustment	-30000	
Less Feed inventory Adjustment	0	Spent more on supplements during the dry which has ensured that the amount of supplements on hand for the 2025-26 season is unchanged. It is too good of a feeling having a bank account of feed available for a weather event.
Owned support block adjustment	0	
Depreciation	0	