

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	\$10.09
Total Farm Working Expenses (\$/kgMS)	\$4.67	\$5.36
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.73	\$4.73
Gross Farm Revenue (\$/kgMS)	\$9.46	\$10.28
Operating Expenses (\$/kgMS)	\$5.47	\$6.12
Operating Profit (\$/ha)	\$4,812	\$5,246

* 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 213,500, (an increase of 4.7%), 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 20% up on budget so cash operating surplus is very similar to budget – just up 4.5%.
- The majority of the increases in farm working expenses were from deliberate decisions to spend more on staffing, R & M and feed.

Comments

Half of the increase in farm working expenses has come from extra spent on feed. 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 for some development projects at the second dairy shed which has helped to ensure the farm is well set up for the next season.

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.

Annual Cash Budget and updated forecast as at January 9, 2025

Name:	East Waikato Owner/Owner with CM System 3			Budget Period 1 / 6 / 2024 to 31 / 5 / 2025		
Farm Details:						
Budget	213,500 kgMS	535 Cows	177.0 ha	399 kgMS/cow	1206 kgMS/ha	3.02 cows/ha
Farm Details:						
Budget/Actual	223,601 kgMS	510 cows	177.0 ha	438 kgMS/cow	1263 kgMS/ha	2.88 cows/ha
Variance (Actual less Budget)	10,101 kgMS	-25 cows	ha	39 kgMS/cow	57 kgMS/ha	-0.14 cows/ha
Income	Budget		Budget/Actual		Variance	
Net Milk Sales	\$1,926,600		\$2,174,209		\$247,609	
Net Dairy livestock sales (calves + culls + other - purchases)	\$79,900		\$76,346		-\$3,554	
Other dairy cash income	\$1,700		\$5,278		\$3,578	
Net Dairy Cash Income	\$2,008,200		\$2,255,833		\$247,633	
Expenses	Budget		Budget/Actual		Variance	
Wages	\$221,900		\$248,098		\$26,198	
Animal health	\$37,000		\$46,324		\$9,324	
Breeding and herd improvement	\$20,000		\$27,816		\$7,816	
Farm dairy	\$6,900		\$9,720		\$2,820	
Electricity (farm dairy, water supply)	\$18,000		\$17,730		-\$270	
Supplements made (incl. Contractors)			\$2,500		\$2,500	
Supplements purchased	\$158,800		\$258,407		\$99,607	
Calf rearing	\$10,800		\$14,943		\$4,143	
Young and dry stock grazing	\$124,100		\$127,880		\$3,780	
Winter cow grazing						
Run-off lease						
Fertiliser (incl. N)	\$120,000		\$100,684		-\$19,316	
Irrigation						
Regrassing and cropping	\$105,100		\$108,686		\$3,586	
Weed and pest	\$7,800		\$1,847		-\$5,953	
Vehicles and fuel	\$36,900		\$41,693		\$4,793	
R&M (land, buildings, plant, machinery)	\$70,600		\$120,660		\$50,060	
Freight and general farm expenses	\$10,200		\$7,810		-\$2,390	
Administration e.g. accountant, consultant, phone	\$12,100		\$13,529		\$1,429	
Insurance	\$14,300		\$11,975		-\$2,325	
ACC	\$1,400		\$4,851		\$3,451	
Rates	\$21,600		\$33,826		\$12,226	
Other expenses						
Total Farm Working Expenses	\$997,500		\$1,198,979		\$201,479	
Cash Operating Surplus / Deficit	\$1,010,700		1,056,854		\$46,154	
Non Cash Adjustments	Budget		Actual		Variance	
Value of change in livestock numbers	\$11,100		41,741		30,641	
Labour adjustment	\$120,000		120,000			
Less Feed inventory Adjustment						
Owned support block adjustment						
Depreciation	\$50,000		50,000			
Dairy Gross Farm Revenue	\$2,019,300		\$2,297,574		\$278,274	
Dairy Operating Expenses	\$1,167,500		\$1,368,979		\$201,479	
Dairy Operating Profit	\$851,800		\$928,595		\$76,795	
Dairy Operating Profit/ha	\$4,812		\$5,246		\$434	

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	247609	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	3578	
Net Dairy Cash Income	247633	
Expenses		
Wages	26198	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	9324	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	2820	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	99607	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	3780	

Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	-19316	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	3586	
Weed and pest	-5953	
Vehicles and fuel	4793	
R&M (land, buildings, plant, machinery)	50060	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	12226	Higher than expected increases in rates.
Other Expenses	0	

Total Farm Working Expenses	201479	
------------------------------------	---------------	--

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	0	
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	