

**BoP Owner Low input
2018-19 Season numbers at a glance**

KPI's	Budget	Actual
Milk Production (kgMS/ha)	1,344	1,352
Milk Production (kgMS/cow)	373	382
Net Dairy Cash Income (\$/kgMS)	\$6.76	\$6.73
Total Farm Working Expenses (\$/kgMS)	\$2.52	\$2.51
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.25	\$4.22
Gross Farm Revenue (\$/kgMS)	\$6.99	\$6.58
Operating Expenses (\$/kgMS)	\$3.09	\$3.12
Operating Profit (\$/ha)	\$5,247	\$4,677

* These KPI's are based on cash book actuals to the 31/5/2019 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

Financially and physically this season has been a lot more like the average for the farm prior to the floods of autumn 2017. Milksolids per ha of 1,352 is 100 kg per ha higher than the previous 2 flood affected seasons. The seasons operating profit based on the cashbook analysis of \$4,677 per ha, is \$11% below budget, but still well above the DairyNZ estimated average for the region for 2018-19 of \$1,287 and the previous 2 years average for the farm of \$3,500 per ha. Operating expenses for the year were slightly up on budget, (\$3.12 per kg MS compared with the budget of \$3.09). Farm working expenses were very close to budget, (\$2.51 per kg MS actual compared with the budget of \$2.52). The feed inventory adjustment and depreciation were up for the season, but this was offset by less owner labour than budgeted. While production for the season was close to budget, (up 0.6 %), gross farm revenue was down due to both the milk price received, (\$6.35 per kg MS), and total livestock revenue - cash and non-cash, (\$0.25 per kg MS), being below budget.

Other points of interest

2018 was another wet spring with cows being stood off for 11 days compared with the usual 2 or 3. Production to the end of December was 13% up on the previous season with no imported supplement fed at this point. Pasture & crop harvested for the season was 17.0 t DM per ha, up 8% on the previous season and more in line with the levels pre 2017 floods, (3 year average pre 2016-17 was 18.5 t DM per ha). The dry summer and autumn meant that 84 t PKE was fed, this being 28 t less than budget but at a higher price per t so total imported feed costs were only slightly below budget. Good late spring/early summer pasture growth rates resulted in 15 more ha, (up 25% on budget), of supplement being harvested, with higher yields compared with previous years. Supplement on hand at the end of the season was down 43.1 t DM as more was fed out in the late autumn to increase pasture cover due to lower than budgeted pasture growth rates. Nitrogen use for the season was 73 kg N per ha which was slightly below the budgeted 80 kg N per ha. Less N was used in the autumn in part due to the weather and soil conditions not being suitable for N applications. This season R & M costs were below budget for a change, probably in part due to higher R & M spending over the previous two seasons as a consequence of remedying the impact of the 2017 autumn flooding.

Annual Cash Budget

Name: **BoP Owner Low input** Budget Period **1 / 6 / 2018 to 31 / 5 / 2019**

Farm Details: **216327 kgMS** **566 cows** **160.0 ha** **382 kgMS/cow** **1352 kgMS/ha** **3.54 cows/ha**

Income		\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received 100%				
Milk Solids advance	kgMS x \$ /kgMS	\$1,352,549	\$6.25	\$2,390	\$8,453
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)		\$88,416	\$0.41	\$156	\$553
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting		\$15,853	\$0.07	\$28	\$99
Net Dairy Cash Income		\$1,456,818	\$6.73	\$2,574	\$9,105
Expenses		\$ Total	\$/kgMS	\$/cow	\$/ha
Wages		\$115,124	\$0.53	\$203	\$720
Animal health		\$27,672	\$0.13	\$49	\$173
Breeding and herd improvement		\$25,202	\$0.12	\$45	\$158
Farm dairy		\$18,242	\$0.08	\$32	\$114
Electricity (farm dairy, water supply)		\$15,906	\$0.07	\$28	\$99
Supplements made (incl. Contractors)		\$19,233	\$0.09	\$34	\$120
Supplements purchased		\$21,036	\$0.10	\$37	\$131
Calf rearing		\$5,655	\$0.03	\$10	\$35
Young and dry stock grazing		\$4,520	\$0.02	\$8	\$28
Winter cow grazing		\$22,110	\$0.10	\$39	\$138
Run-off lease		\$4,520	\$0.02	\$8	\$28
Fertiliser (incl. N)		\$67,944	\$0.31	\$120	\$425
Irrigation			\$0.00	\$0	\$0
Regrassing and cropping		\$6,413	\$0.03	\$11	\$40
Weed and pest		\$4,987	\$0.02	\$9	\$31
Vehicles and fuel		\$23,275	\$0.11	\$41	\$145
R&M (land, buildings, plant, machinery)		\$53,630	\$0.25	\$95	\$335
Freight and general farm expenses		\$4,199	\$0.02	\$7	\$26
Administration e.g. accountant, consultant, phone		\$17,574	\$0.08	\$31	\$110
Insurance		\$9,323	\$0.04	\$16	\$58
ACC		\$5,411	\$0.03	\$10	\$34
Rates		\$72,003	\$0.33	\$127	\$450
Total Farm Working Expenses		\$543,979	\$2.51	\$961	\$3,400
Cash Surplus / Deficit		\$912,839	\$4.22	\$1,613	\$5,705
Non Cash adjustments					
Value of change in livestock numbers		-\$34,197	-\$0.16	-\$60	-\$214
Labour adjustment		\$40,000	\$0.18	\$71	\$250
Less Feed inventory Adjustment		-\$14,654	-\$0.07	-\$26	-\$92
Owned support block adjustment		\$35,250	\$0.16	\$62	\$220
Depreciation		\$40,402	\$0.19	\$71	\$253
Dairy Gross Farm Revenue		\$1,422,621	\$6.58	\$2,513	\$8,891
Dairy Operating Expenses		\$674,285	\$3.12	\$1,191	\$4,214
Dairy Operating Profit		\$748,336	\$3.46	\$1,322	\$4,677

Annual Cash Budget

Name:	BoP Owner Low input			Budget Period 1 / 6 / 2018 to 31 / 5 / 2019		
Farm Details:						
Budget	215,000 kgMS	576 Cows	160.0 ha	373 kgMS/cow	1344 kgMS/ha	3.60 cows/ha
Farm Details: Actual						
	216,327 kgMS	566 cows	160.0 ha	382 kgMS/cow	1352 kgMS/ha	3.54 cows/ha
Variance (Actual less Budget)	1,327 kgMS	-10 cows	ha	9 kgMS/cow	8 kgMS/ha	-0.06 cows/ha
Income				Budget	Actual	Variance
Net Milk Sales				\$1,406,200	\$1,352,549	-\$53,651
Net Dairy livestock sales (calves + culls + other - purchases)				\$33,700	\$88,416	\$54,716
Other dairy cash income				\$14,420	\$15,853	\$1,433
Net Dairy Cash Income				\$1,454,320	\$1,456,818	\$2,498
Expenses				Budget	Actual	Variance
Wages				\$108,000	\$115,124	\$7,124
Animal health				\$24,000	\$27,672	\$3,672
Breeding and herd improvement				\$20,500	\$25,202	\$4,702
Farm dairy				\$9,500	\$18,242	\$8,742
Electricity (farm dairy, water supply)				\$18,500	\$15,906	-\$2,594
Supplements made (incl. Contractors)				\$19,000	\$19,233	\$233
Supplements purchased				\$24,000	\$21,036	-\$2,964
Calf rearing				\$2,000	\$5,655	\$3,655
Young and dry stock grazing				\$4,900	\$4,520	-\$380
Winter cow grazing				\$24,600	\$22,110	-\$2,490
Run-off lease				\$5,000	\$4,520	-\$480
Fertiliser (incl. N)				\$67,000	\$67,944	\$944
Irrigation						
Regrassing and cropping				\$10,500	\$6,413	-\$4,087
Weed and pest				\$1,800	\$4,987	\$3,187
Vehicles and fuel				\$28,000	\$23,275	-\$4,725
R&M (land, buildings, plant, machinery)				\$61,000	\$53,630	-\$7,370
Freight and general farm expenses				\$13,000	\$4,199	-\$8,801
Administration e.g. accountant, consultant, phone				\$15,000	\$17,574	\$2,574
Insurance				\$8,000	\$9,323	\$1,323
ACC				\$6,700	\$5,411	-\$1,289
Rates				\$70,000	\$72,003	\$2,003
Other farm working expenses (not included in any of the above)						
Total Farm Working Expenses				\$541,000	\$543,979	\$2,979
Cash Operating Surplus / Deficit				\$913,320	912,839	-\$481
Non Cash Adjustments				Budget	Actual	Variance
Value of change in livestock numbers				\$49,500	-34,197	-83,697
Labour adjustment				\$58,000	40,000	-18,000
Less Feed inventory Adjustment					-14,654	-14,654
Owned support block adjustment				\$35,250	35,250	
Depreciation				\$30,000	40,402	10,402
Dairy Gross Farm Revenue				\$1,503,820	\$1,422,621	-\$81,199
Dairy Operating Expenses				\$664,250	\$674,285	\$10,035
Dairy Operating Profit				\$839,570	\$748,336	-\$91,234
Dairy Operating Profit/ha				\$5,247	\$4,677	-\$570

Commentary re variance

	Actual to Budget Variance	
Milksolids	1,327	
Cows	-10	Peak numbers were down as had more empties than expected in the spring, (result of no PD the previous autumn).
Hectares	0	
Net Milk Income	-53651	Milk price received of \$6.25 was below the budget of \$6.54. This is including the budgeted \$50,000 dividend which did not eventuate.
Net Dairy livestock sales (calves + culls + other - purchases)	54716	More cows culled. Finished season with 16 less MA cows and r 2 heifers. Increase in stock income offset by decrease in value of livestock on hand so net livestock income, (cash and non-cash is similar to budget). Stock purchases are down as had budgeted to buy bulls but decided to lease them instead.
Other dairy income	1433	
Net Dairy Cash Income	2498	
Expenses		
Wages	7124	Employed additional relief staff as owners were working off farm developing Kiwifruit orchard. Owners unpaid labour is reduced so total labour cost to the business is slightly under budget.
Animal health	3672	Spending on Drugs and teat conditioner were up about 30%. Spending on sick cows was down.
Breeding and herd improvement	4702	Leased bulls instead of purchasing them so costs were up slightly.
Farm dairy	8742	Under budgeted - had based budget on the previous year which was low as included a credit for flood related repairs.
Electricity (farm dairy, water supply)	-2594	
Supplements made (incl. Contractors)	233	
Supplements purchased	-2964	Fed no PKE in the spring but did buy 84 t for the summer and autumn. This was 28 t less than the amount budgeted but the price was about \$35-40 per t higher so stock food spend was only a little under budget.
Calf rearing	3655	Fed more calf meal during the spring to counter the wet conditions.
Young and dry stock grazing	-380	
Winter cow grazing	-2490	
Run-off lease	-480	

Fertiliser (incl. N)	944	
Irrigation	0	
Regrassing and cropping	-4087	Budget was too high - had not removed the flood effect from the previous year.
Weed and pest	3187	
Vehicles and fuel	-4725	Down on budget despite \$12000 repair bill for little towing tractor.
R&M (land, buildings, plant, machinery)	-7370	Under budget despite including \$5,000 of fencing for new block of land that was not in the budget. Includes \$11,000 for sub-surface drainage work that was budgeted for.
Freight and general farm expenses	-8801	Budget mistake, budget had included freight on stock to grazing from flood.
Administration e.g. accountant, consultant, phone	2574	
Insurance	1323	General price rise in Insurance premiums.
ACC	-1289	
Rates	2003	

Total Farm Working Expenses	2979	
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Non Cash adjustments

Value of change in livestock numbers	-83697	Had budgeted for an increase in stock on hand of 30 MA cows compared with opening numbers. Finished the season with 9 fewer R 1 heifers, 16 more R 2 heifers and 32 fewer MA cows compared with opening stock numbers. Numbers of MA cows were down due to more culling than budgeted.
Labour adjustment	-18000	Owners worked off farm more, (developing kiwifruit block), so employed more staff on the dairy farms.
Less Feed inventory Adjustment	-14654	Had budgeted for no change in feed on hand but with the dry late autumn more supplement was fed to lift pasture cover. Finished the season with 43.1 t DM less on hand than at the start of the season.
Owned support block adjustment	0	
Depreciation	10402	Had not allowed for impact of capital expenditure at the end of the previous season.