

Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	1,476	1,476
Milk Production (kgMS/cow)	495	495
Net Dairy Cash Income (\$/kgMS)	\$10.45	\$10.63
Total Farm Working Expenses (\$/kgMS)	\$6.47	\$6.32
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.98	\$4.31
Gross Farm Revenue (\$/kgMS)	\$10.36	\$10.46
Operating Expenses (\$/kgMS)	\$6.84	\$6.66
Operating Profit (\$/ha)	\$5,192	\$5,608

* These KPI's are based on cash book budget/actuals to the 31/01/2025 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Key Points

- Overall, pasture growth has been better than average, with a drier start to the season.
- Persistent rain since late September and a flood event in early October have impacted production a little and delayed crop planting.
- Production to date is 5% down on budget, (and last season), the result of a slightly slower calving rate and fewer cows.
- Total farm working expenses are under budget and likely to finish at about \$6.40-\$6.50/kgMS.
- All heat detection this season was based on information from the Digital monitoring of animals which has eased workload over this period.

Comments

The season started off drier than usual over the winter and early spring, but since late September is has been wetter. Overall pasture growth for the season to date has been better than previous years.

Production to date is about 5% behind budget, (and last season). This is from 626 cows milked at the peak, 10 down on last season. A slightly slower calving rate in the first 6 weeks as well as lower numbers has contributed to lower than budgeted milksolids early in the season and persistent rain at the end of the year has compounded this. As per normal practice the cows were milked once a day until the last week of August before moving to twice-a-day.

Supplements fed for the season to date is about 400 kg DM/peak cow milked, which is up slightly on budget. The herd peaked at 2.10 kg/cow/day from pasture, grain, molasses and baleage which is similar to last season, (2.14 kgMS/c/day).

A heavy rain event in early October delayed the planting of 11 ha of fodder beet. The delayed planting, as well as brown beetle attack has impacted the crop, with yields likely to. It is expected they will be at the lower end of average yields so more like 22-25 t DM/ha rather than 25-28 t DM/ha

Another 9 ha of whole crop barley for silage was planted in early November. This was harvested February 10th for pit silage with yields of about 9 t DM/ha.

This area has just been regrassed along with another 2 ha of grass to grass.

With the winter crop area and the newly regrassed areas the effective milking area is currently 188 ha.

With the lower stocking rate there was a surplus of pasture in the late spring on the milking platform, with about 30 ha harvested for baleage. This is up on last season. The budget was for no baleage made on farm.

Nitrogen applied to date is slightly below budget as the weather limited the number of applications able to be made. To date there have been 2 applications of N over the whole farm.

The revised budget suggests milk income will be similar to budget (which was updated in November so includes the increased milk price). While production is down on budget, the forecast milksolids for the season has been kept at 310,000 kg as the feed situation and cashflow are such that it is possible gains can be made in the latter part of the season.

Total forecast farm working expenses are under budget and still likely to finish at \$6.40-\$6.50 /kgMS.

Current Situation

Current daily production is down on last season with the herd producing 1.60 kgMS/cow/day, from 618 cows, milking twice a day (631 were milking this time last year). Cow intakes are estimated at 16 kgDM/cow/day made up of 14 kg DM of pasture and 2.0 kgDM of grain. Cow body condition score is 4.5 which is similar to previous years.

Pasture cover is 2,200 kg DM/ha and growth rates for the last week have averaged about 45 kgDM/ha/day. At current per cow daily intakes of pasture demand is 46 kgDM/ha/day on the effective area excluding crops so cover is just holding. The grazing rotation is 27 days, which is standard for this time of year.

Young stock are all off the farm.

Looking forward

There has been some rainfall in the latter half of January but the first half of February has been hot and dry and pasture growth rates have dropped from 60/day late January.

The plan is to continue on the current grazing rotation and just adjust the level of supplements fed to maintain pasture cover at a reasonable level and protect growth rates.

There is 380 kgDM/cow of supplement on hand, (or budgeted to purchase), that is available to be fed out between now and the end of the season (May 31st). In addition there is another 160 kg DM /cow of fodder beet that can be fed this autumn. This equates to about 5 kgDM/cow/day from the 17th February to the end of May.

The plan is to continue with in shed grain feeding and transition cows onto fodder beet from mid-April. Some baleage and it silage may also be fed out.

Feed demand will be managed over the next few months with progressive culling so milking numbers by April are at 580 and 550 for May.

Once a day milking will be used based on feed available and cow condition and the drying off date will be as close to the end of May as feed supply allows without compromising both pasture cover and cow conditions at the end of May. A small number of “at risk” cows will be dried off earlier if necessary.

One more application of 35 kgN/ha is planned for March/April. This will be a total of 95-105 kgN/ha for the season.

Calving and reproduction

- The calving pattern for the 24-25 season was 68% after 3 weeks, 87% after 6 weeks and 99% after 9 weeks. The 3 and 6 week rates are slightly down on last season.
- Submission rates for the first 3 weeks were 89% which is similar to last season, (90%). Heat detection was all based on information from the cow monitoring devices.
- The decision was made to reduce the length of mating by one week. The reasons were twofold – it meant less workload for staff over the Christmas New year period, (AI stopped on December 24th, plus it meant no short gestation semen used for the last week so have avoided a week of terminal calves.
- This has come at a cost, as the recent pregnancy testing shows an empty rate of 19% which is higher than previous years. The increase is explained by the shorter mating period, but it has tightened up the calving spread for next season.
- 6 bulls were leased to run with the yearlings as per budget. This is 3 less than budget.
- No bulls were leased for the herd as only AI was used.
- As per budget 166 heifer calves were kept this year, 164 are still on hand.

Other points of interest

- Loans at low fixed interest rates have all come to term so there is currently a lot of the debt at a higher the floating rate. While this has been budgeted for, it means interest costs this financial year are still higher than last year despite interest rates starting to fall.
- Any cash surplus after tax provision, financial and capital expenditure is prioritised to debt repayment.
- Labour costs are down. The budget must have been too high and was based on last season. The farm is now operating with a smaller permanent crew than budgeted, and have been able to use casual workers just for milking's rather than adding another FTE. A Lincoln student was employed over the summer to cover time off.
- More baleage has been made and it is likely about 55-60 t DM more grain will be purchased. The average cost of the grain for the season is likely to be up as well by \$30-40 /t DM. The grain this year has been more wheat than barley.

Annual Cash Budget and updated forecast *December 2023*

Name:	South Otago Owner (EP) System 4-5			Budget Period		1	/	6	/	2024	to	31	/	5	/	2025
Farm Details:																
Budget	310,000 kgMS	626 Cows	210.0 ha	495	kgMS/cow	1476	kgMS/ha	2.98	cows/ha							
Farm Details:																
Budget/Actual	310,000 kgMS	626 cows	210.0 ha	495	kgMS/cow	1476	kgMS/ha	2.98	cows/ha							
Variance (Actual less Budget)	kgMS	cows	ha	kgMS/cow	kgMS/ha	cows/ha										
Income					Budget		Budget/Actual		Variance							
Net Milk Sales					\$3,045,000		\$3,106,445		\$61,445							
Net Dairy livestock sales (calves + culls + other - purchases)					\$155,400		\$149,564		-\$5,836							
Other dairy cash income					\$38,600		\$39,138		\$538							
Net Dairy Cash Income					\$3,239,000		\$3,295,147		\$56,147							
Expenses					Budget		Budget/Actual		Variance							
Wages					\$486,900		\$410,136		-\$76,764							
Animal health					\$146,000		\$134,062		-\$11,938							
Breeding and herd improvement					\$63,100		\$60,260		-\$2,840							
Farm dairy					\$12,800		\$12,308		-\$492							
Electricity (farm dairy, water supply)					\$20,500		\$20,190		-\$310							
Supplements made (incl. Contractors)							\$12,000		\$12,000							
Supplements purchased					\$395,000		\$423,725		\$28,725							
Calf rearing					\$2,600		\$2,668		\$68							
Young and dry stock grazing					\$172,600		\$170,653		-\$1,947							
Winter cow grazing					\$151,500		\$151,482		-\$18							
Run-off lease																
Fertiliser (incl. N)					\$119,300		\$123,903		\$4,603							
Irrigation																
Regrassing and cropping					\$41,200		\$39,102		-\$2,098							
Weed and pest					\$9,400		\$9,749		\$349							
Vehicles and fuel					\$34,200		\$40,988		\$6,788							
R&M (land, buildings, plant, machinery)					\$185,000		\$189,098		\$4,098							
Freight and general farm expenses					\$10,100		\$14,380		\$4,280							
Administration e.g. accountant, consultant, phone					\$45,100		\$45,089		-\$11							
Insurance					\$44,800		\$44,768		-\$32							
ACC																
Rates					\$65,100		\$53,440		-\$11,660							
Other expenses																
Total Farm Working Expenses					\$2,005,200		\$1,958,001		-\$47,199							
Cash Operating Surplus / Deficit					\$1,233,800		1,337,146		\$103,346							
Non Cash Adjustments					Budget		Actual		Variance							
Value of change in livestock numbers					-\$28,500		-52,500		-24,000							
Labour adjustment																
Less Feed inventory Adjustment							7,980		7,980							
Owned support block adjustment																
Depreciation					\$115,000		115,000									
Dairy Gross Farm Revenue					\$3,210,500		\$3,242,647		\$32,147							
Dairy Operating Expenses					\$2,120,200		\$2,065,021		-\$55,179							
Dairy Operating Profit					\$1,090,300		\$1,177,626		\$87,326							
Dairy Operating Profit/ha					\$5,192		\$5,608		\$416							

Commentary re variance

	Actual to Budget Variance	
Milksolids	0	Budget is still based on 310,000 kgMS but at this stage of the season it could be anywhere from 305,000 kgMS.
Cows	0	
Hectares	0	
Net Milk Income	61445	Budget was updated in November when the milk price increases had been announced so variance from budget is not great.
Net Dairy livestock sales (calves + culls + other - purchases)	-5836	Fewer cows sold as already running lower stock levels.
Other dairy income	538	
Net Dairy Cash Income	56147	
Expenses		
Wages	-76764	Budget must have been too high and was based on last season. Now operating with a smaller permanent crew than budgeted, and have been able to use casual workers just for milkings rather than add another FTE.
Animal health	-11938	Budget included about \$17,000 for contingencies. This has more like \$6,000 now. Most other costs are on track.
Breeding and herd improvement	-2840	Fewer calves tested for parent verification.
Farm dairy	-492	
Electricity (farm dairy, water supply)	-310	
Supplements made (incl. Contractors)	12000	
Supplements purchased	28725	More baleage has been made and it is likely about 55-60 t DM more grain will be purchased. The average cost of the grain for the season is likely to be up as well by \$30-40 /t DM. The grain this year has been more wheat than barley.
Calf rearing	68	
Young and dry stock grazing	-1947	Fewer weaners at grazing.
Winter cow grazing	-18	
Run-off lease	0	
Fertiliser (incl. N)	4603	Spreading costs are up about 50%.
Irrigation	0	

Regrassing and cropping	-2098	
Weed and pest	349	
Vehicles and fuel	6788	Extra work done on Side by Side vehicle and one tractor. Everything else pretty much on or below budget
R&M (land, buildings, plant, machinery)	4098	Have been upgrading farm water bore and surrounding infrastructure which has pushed costs up.
Freight and general farm expenses	4280	Work shop costs are up as additional equipment and shelving has been needed in the replacement barn built earlier in the season.
Administration e.g. accountant, consultant, phone	-11	
Insurance	-32	
ACC	0	
Rates	-11660	Rates rises weren't as much as originally budgeted.
Other Expenses	0	

Total Farm Working Expenses	-47199	
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Non Cash adjustments		
Value of change in livestock numbers	-24000	Had expected to have about 10 fewer MA cows and in calf heifers, it is likely this will now be about 25 less.
Labour adjustment	0	
Less Feed inventory Adjustment	7980	Depending on how the autumn goes it is hoped to take about another 21 t DM into the winter.
Owned support block adjustment	0	
Depreciation	0	