

## Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	920	897
Milk Production (kgMS/cow)	402	392
Net Dairy Cash Income (\$/kgMS)	\$5.08	\$4.79
Total Farm Working Expenses (\$/kgMS)	\$3.22	\$3.19
Cash Operating Surplus/Deficit (\$/kgMS)	\$1.86	\$1.60
Gross Farm Revenue (\$/kgMS)	\$5.03	\$4.76
Operating Expenses (\$/kgMS)	\$3.74	\$4.13
Operating Profit (\$/ha)	\$1,186	\$558

\* These KPI's are based on cash book budget/actuals to the 31/10/2023 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

## Comments

The season has been significantly influenced by the wet autumn and winter and flooding events in May. Floods and wet weather hampering regressing of crop areas so the first half of the season has been without 30 ha of milking area.

Milk production is likely to be about 156,000 kg MS, which is 2.5% down on budget. As an all Autumn calving herd and having a budget from April 1 to March 31, the drop in milk price has not impacted the milk revenue too much. The updated budgeted milk price is \$4.33/kg MS which is only about \$0.05/kg MS different from the original budget.

Stock income has been revised downwards by about 35%. An additional 8 bulls were purchased and stock prices have weakened compared with budget.

Total dairy operating costs are up 7.5% on the original budget, with the updated forecast at the end of October coming in about \$46,000 more than planned.

With lower total milksolids expected for the season and higher costs, the operating expenses per kg MS is forecast to be up \$0.39/kgMS to \$4.13, which is a 10% increase.

Less has been spent on fertiliser as the wet weather over the autumn and winter has impacted the application of nitrogen, plus there has been 30 ha which have been out of pasture which have not had any fertiliser applications to date.

Regrassing and cropping costs were down on budget as more work has been done in house, this is offset by higher vehicle and fuel costs so the combined total will be similar to the original budget.

Purchased feed costs are up about 12.5% as more supplements was purchased through the winter to make up for the loss of milking area. Costs for supplements made are down as there has been no supplement made on the milking platform, (70 t DM silage was in the original budget).

Many other costs are up slightly on budget due to cost increases. See the PDF file with the full budget updates and comparisons, and their case study profile "Strategies for managing a dry summer" for more season update commentary.

# Annual Cash Budget Updated 31/10/2023

Name: Northland 50-50 SM System 3 Budget Period 1 / 4 / 2023 to 31 / 3 / 2024

Farm Details: 156000 kgMS 398 cows 174.0 ha 392 kgMS/cow 897 kgMS/ha 2.29 cows/ha

Income					\$ Total	\$/kgMS	\$/cow	\$/ha	
<b>Net Milk Income</b>	Share of milk cheque received 50%								
Milk Solids advance	156,000	kgMS	x \$	4.33	/kgMS	\$675,080	\$4.33	\$1,696	\$3,880
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)						\$72,150	\$0.46	\$181	\$415
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting							\$0.00	\$0	\$0
<b>Net Dairy Cash Income</b>						<b>\$747,230</b>	<b>\$4.79</b>	<b>\$1,877</b>	<b>\$4,294</b>
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha	
Wages					\$107,131	\$0.69	\$269	\$616	
Animal health					\$29,795	\$0.19	\$75	\$171	
Breeding and herd improvement					\$28,323	\$0.18	\$71	\$163	
Farm dairy					\$8,404	\$0.05	\$21	\$48	
Electricity (farm dairy, water supply)					\$28,786	\$0.18	\$72	\$165	
Supplements made (incl. Contractors)					\$9,516	\$0.06	\$24	\$55	
Supplements purchased					\$90,000	\$0.58	\$226	\$517	
Calf rearing					\$4,813	\$0.03	\$12	\$28	
Young and dry stock grazing						\$0.00	\$0	\$0	
Winter cow grazing						\$0.00	\$0	\$0	
Run-off lease					\$14,900	\$0.10	\$37	\$86	
Fertiliser (incl. N)					\$32,111	\$0.21	\$81	\$185	
Irrigation						\$0.00	\$0	\$0	
Regrassing and cropping					\$14,517	\$0.09	\$36	\$83	
Weed and pest					\$1,500	\$0.01	\$4	\$9	
Vehicles and fuel					\$48,913	\$0.31	\$123	\$281	
R&M (land, buildings, plant, machinery)					\$18,977	\$0.12	\$48	\$109	
Freight and general farm expenses					\$16,043	\$0.10	\$40	\$92	
Administration e.g. accountant, consultant, phone					\$27,336	\$0.18	\$69	\$157	
Insurance					\$10,000	\$0.06	\$25	\$57	
ACC					\$2,400	\$0.02	\$6	\$14	
Rates					\$3,484	\$0.02	\$9	\$20	
Other Expenses						\$0.00	\$0	\$0	
<b>Total Farm Working Expenses</b>					<b>\$496,949</b>	<b>\$3.19</b>	<b>\$1,249</b>	<b>\$2,856</b>	
<b>Cash Surplus / Deficit</b>					<b>\$250,281</b>	<b>\$1.60</b>	<b>\$629</b>	<b>\$1,438</b>	
Non Cash adjustments									
Value of change in livestock numbers					-\$5,200	-\$0.03	-\$13	-\$30	
Labour adjustment					\$115,000	\$0.74	\$289	\$661	
Less Feed inventory Adjustment					\$5,000	\$0.03	\$13	\$29	
Owned support block adjustment						\$0.00	\$0	\$0	
Depreciation					\$38,000	\$0.24	\$95	\$218	
<b>Dairy Gross Farm Revenue</b>					<b>\$742,030</b>	<b>\$4.76</b>	<b>\$1,864</b>	<b>\$4,265</b>	
<b>Dairy Operating Expenses</b>					<b>\$644,949</b>	<b>\$4.13</b>	<b>\$1,620</b>	<b>\$3,707</b>	
<b>Dairy Operating Profit</b>					<b>\$97,081</b>	<b>\$0.62</b>	<b>\$244</b>	<b>\$558</b>	

# Annual Cash Budget and updated forecast October 2023

Name:		Northland 50-50 SM System 3			Budget Period 1 / 4 / 2023 to 31 / 3 / 2024		
<b>Farm Details:</b>							
Budget	160,000 kgMS	398 Cows	174.0 ha	402 kgMS/cow	920 kgMS/ha	2.29 cows/ha	
<b>Farm Details:</b>							
Budget/Actual	156,000 kgMS	398 cows	174.0 ha	392 kgMS/cow	897 kgMS/ha	2.29 cows/ha	
<b>Variance (Actual less Budget)</b>							
	-4,000 kgMS	cows	ha	-10 kgMS/cow	-23 kgMS/ha	cows/ha	
<b>Income</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Net Milk Sales				\$701,100	\$675,080	-\$26,020	
Net Dairy livestock sales (calves + culls + other - purchases)				\$111,800	\$72,150	-\$39,650	
Other dairy cash income							
<b>Net Dairy Cash Income</b>				<b>\$812,900</b>	<b>\$747,230</b>	<b>-\$65,670</b>	
<b>Expenses</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Wages				\$150,000	\$107,131	-\$42,869	
Animal health				\$29,000	\$29,795	\$795	
Breeding and herd improvement				\$22,000	\$28,323	\$6,323	
Farm dairy				\$6,500	\$8,404	\$1,904	
Electricity (farm dairy, water supply)				\$24,000	\$28,786	\$4,786	
Supplements made (incl. Contractors)				\$13,000	\$9,516	-\$3,484	
Supplements purchased				\$80,000	\$90,000	\$10,000	
Calf rearing				\$4,000	\$4,803	\$803	
Young and dry stock grazing							
Winter cow grazing							
Run-off lease				\$14,000	\$14,900	\$900	
Fertiliser (incl. N)				\$46,000	\$32,111	-\$13,889	
Irrigation							
Regrassing and cropping				\$29,400	\$14,517	-\$14,883	
Weed and pest				\$100	\$1,500	\$1,400	
Vehicles and fuel				\$40,000	\$48,913	\$8,913	
R&M (land, buildings, plant, machinery)				\$12,000	\$18,977	\$6,977	
Freight and general farm expenses				\$13,000	\$16,043	\$3,043	
Administration e.g. accountant, consultant, phone				\$17,000	\$27,336	\$10,336	
Insurance				\$10,000	\$10,000		
ACC				\$2,200	\$2,400	\$200	
Rates				\$3,400	\$3,484	\$84	
Other expenses							
<b>Total Farm Working Expenses</b>				<b>\$515,600</b>	<b>\$496,939</b>	<b>-\$18,661</b>	
<b>Cash Operating Surplus / Deficit</b>				<b>\$297,300</b>	<b>250,291</b>	<b>-\$47,009</b>	
<b>Non Cash Adjustments</b>				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
Value of change in livestock numbers				-\$8,000	-5,200	2,800	
Labour adjustment				\$70,000	115,000	45,000	
Less Feed inventory Adjustment				\$20,000	5,000	-15,000	
Owned support block adjustment							
Depreciation				\$33,000	38,000	5,000	
<b>Dairy Gross Farm Revenue</b>				<b>\$804,900</b>	<b>\$742,030</b>	<b>-\$62,870</b>	
<b>Dairy Operating Expenses</b>				<b>\$598,600</b>	<b>\$644,939</b>	<b>\$46,339</b>	
<b>Dairy Operating Profit</b>				<b>\$206,300</b>	<b>\$97,091</b>	<b>-\$109,209</b>	
<b>Dairy Operating Profit/ha</b>				<b>\$1,186</b>	<b>\$558</b>	<b>-\$628</b>	

## Commentary re variance

	Actual to Budget Variance	
Milksolids	-4,000	The wet autumn and three flooding events in 10 days in May have had big impact on the season. Effective pasture area was down 18% with 20 ha of flood damaged river flats and 10 ha of maize area that was too wet to regrass. Stock numbers were reduced earlier in the season and as at late October are 15 less, (4%), than the same time last year. The budget has now been revised down to 156,000 kg MS.
Cows	0	Peak cow numbers were as per budget but numbers dropped earlier in the season than planned due to the wet weather and reduced milking area.
Hectares	0	
Net Milk Income	-26020	Production is down slightly and advance milk price is a little lower than budgeted.
Net Dairy livestock sales (calves + culls + other - purchases)	-39650	Purchased 8 extra bulls plus have reduced cull and bull sale income due to the weakening meat schedule.
Other dairy income	0	

### Net Dairy Cash Income

-65670

### Expenses

Wages	-42869	With taking on the new farm in June there has been a reshuffle of staff. There are now two new staff members on this farm, as the more experienced staff members have moved to the new farm. As they are less experienced the cash wages expenses are lower than budgeted. However the unpaid shareholder input is up from the estimated 0.6 to 0.9-1.0 to support the new employees so the overall total labour costs for the farm will likely be similar.
Animal health	795	
Breeding and herd improvement	6323	
Farm dairy	1904	
Electricity (farm dairy, water supply)	4786	Had fewer cows on once a day during the early part of the season.
Supplements made (incl. Contractors)	-3484	Very little pasture surplus this year so have made no supplements on the milking platform. Just have 5 ha of deferred grazing.
Supplements purchased	10000	More supplements purchased to make up for the loss of milking area because of floods and wet weather hampering regrassing of crop areas.
Calf rearing	803	

Young and dry stock grazing	0	
Winter cow grazing	0	
Run-off lease	900	
Fertiliser (incl. N)	-13889	Less nitrogen and fertiliser has been applied, partly because it has been too wet and partly due having 30 ha out of pasture all winter and early spring.
Irrigation	0	
Regrassing and cropping	-14883	This cost is down as less work has been done by contractors as the owners have purchased more equipment for cultivation so that work has been done in house.
Weed and pest	1400	
Vehicles and fuel	8913	Have done more cultivation in house and tractors have been used more for feeding out due to the wet weather.
R&M (land, buildings, plant, machinery)	6977	Purchased plants for riparian planting that was not in the budget.
Freight and general farm expenses	3043	
Administration e.g. accountant, consultant, phone	10336	Includes additional accountancy costs relating to off farm investments that was not originally in the budget.
Insurance	0	
ACC	200	
Rates	84	
Other Expenses	0	

<b>Total Farm Working Expenses</b>	<b>-18661</b>	
------------------------------------	---------------	--

### Non Cash adjustments

Value of change in livestock numbers	2800	
Labour adjustment	45000	The unpaid shareholder input is up from the estimated 0.6 to 0.9-1.0 to support new less experienced employees as the more experienced staff have moved to manage the new farm.
Less Feed inventory Adjustment	-15000	Will take less silage into the new season as there has been very little surplus pasture this spring.
Owned support block adjustment	0	
Depreciation	5000	Had to purchase a new tractor so depreciation will go up.