

West Coast Owner System 3 Numbers at a glance

KPI's	Budget	Actual
Milk Production (kgMS/ha)	963	944
Milk Production (kgMS/cow)	465	456
Net Dairy Cash Income (\$/kgMS)	\$8.59	\$9.93
Total Farm Working Expenses (\$/kgMS)	\$4.45	\$4.70
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.14	\$5.23
Gross Farm Revenue (\$/kgMS)	\$8.53	\$9.63
Operating Expenses (\$/kgMS)	\$5.92	\$6.25
Operating Profit (\$/ha)	\$2,517	\$3,187

* These KPI's are based on cash book actuals to the 31/5/2022 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

Rainfall to the end of December was 600 mm up on previous year, (90% of annual expected rainfall), so very wet start to season which impacted pasture utilisation, and pasture growth. Cows were underfed for 4-6 weeks in spring and despite additional supplements being fed there was a high incidence of clinical ketosis which impacted production.

Rainfall for the latter half of the season was variable with January drier than usual and March extremely dry. A warm moist April contributed to a high incidence of late season eczema with 6% of the herd showing clinical signs of the disease.

Despite the challenging weather conditions, production finished at 77,438 kg MS which was only 2% down on budget.

Operating profit for the season is estimated to be about \$3,200/ha which is 26% up on budget. A 13% increase in milk price compared with budget, plus careful management of the farm working expenses budget which limited increases in spending to only \$0.25/kg MS have contributed to the increase in budgeted operating profit.

Other points of interest

Pasture and crop harvested for the season is 9.6 t DM/ha which is 0.8 t DM/ha lower than the 2020-21 season.

Number of irrigation days was 31 days, which was similar to previous years but instead of being in January and February it was in January and March.

Early February saw 200+mm rain in a 24 hour period with flooding on part of farm over 2 wires, but minimal damage resulted and flooding cleared quickly so there was no impact on grazing rotation. This flooding event meant no irrigation in February, however March was particularly dry so irrigation was needed through March, which is a month later than usual.

Feed supply was tight through January to April, with pasture covers only being maintained by feeding extra supplement. A total of 1.6 t DM/ cow was fed over the entire season, (440 kg DM/cow, or 36% higher than the 2020-21 season).

A longer round, (30days early March to 42 days by late March), was key to protecting pasture cover through the autumn, with cover only getting as low as 1860 kg DM/ha in mid- March. With additional supplements used, pasture cover was over 2100 by late April and the farm was in an optimal growing state when better rainfall and warm temperatures in early May occurred. This resulted in the farm measuring growth rates in excess of 50kgDM/ha/day, so by May 18th pasture cover was just under 2500kg DM/ha. (The following week after several frosts, pasture growth rates had dropped to 15 kg DM/ha/day).

End of May pasture cover on target at 2300 kgDM/ha and cow condition was 4.3. By late June BCS is now close to 5.0.

The last culls left the farm May 7th. Culls went a bit earlier than usual as there was a high risk of getting caught with culls on hand going into June. 114 cows dried off May 26th which is similar to previous seasons.

The 2021-22 budget included double the use of imported feed compared with previous years. In part, because lack of works space meant culls were carried into June so winter feed was impacted. The wet winter and spring plus higher forecast milk prices meant that when feed contracts were being set in July the decision was made to increase PKE contracted. At 371/t landed this has been profitable decision, given the final pay out and the challenging summer/early autumn pasture growth.

N use 120 kg N/ha for the year – well down on budget of 180 kg N/ha as soil and weather conditions were seldom suitable for application.

The winter swede crop grew well and had a yield of 20+ t DM/ha in late May.

Annual Cash Budget

Name: West Coast Owner Sys 4 Budget Period 1 / 6 / 2021 to 31 / 5 / 2022

Farm Details: 77438 kgMS 170 cows 82.0 ha 456 kgMS/cow 944 kgMS/ha 2.07 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received		100%				
Milk Solids advance	kgMS x \$	/kgMS		\$706,291	\$9.12	\$4,155	\$8,613
Milk Solids retrospective	191,917 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)				\$62,804	\$0.81	\$369	\$766
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting					\$0.00	\$0	\$0
Net Dairy Cash Income				\$769,095	\$9.93	\$4,524	\$9,379
Expenses				\$ Total	\$/kgMS	\$/cow	\$/ha
Wages				\$16,713	\$0.22	\$98	\$204
Animal health				\$18,317	\$0.24	\$108	\$223
Breeding and herd improvement				\$12,985	\$0.17	\$76	\$158
Farm dairy				\$5,000	\$0.06	\$29	\$61
Electricity (farm dairy, water supply)				\$9,470	\$0.12	\$56	\$115
Supplements made (incl. Contractors)				\$8,000	\$0.10	\$47	\$98
Supplements purchased				\$136,960	\$1.77	\$806	\$1,670
Calf rearing				\$4,642	\$0.06	\$27	\$57
Young and dry stock grazing				\$16,979	\$0.22	\$100	\$207
Winter cow grazing					\$0.00	\$0	\$0
Run-off lease					\$0.00	\$0	\$0
Fertiliser (incl. N)				\$48,109	\$0.62	\$283	\$587
Irrigation				\$2,500	\$0.03	\$15	\$30
Regrassing and cropping				\$12,525	\$0.16	\$74	\$153
Weed and pest				\$2,421	\$0.03	\$14	\$30
Vehicles and fuel				\$24,031	\$0.31	\$141	\$293
R&M (land, buildings, plant, machinery)				\$10,724	\$0.14	\$63	\$131
Freight and general farm expenses				\$9,178	\$0.12	\$54	\$112
Administration e.g. accountant, consultant, phone				\$7,768	\$0.10	\$46	\$95
Insurance				\$8,957	\$0.12	\$53	\$109
ACC				\$3,522	\$0.05	\$21	\$43
Rates				\$5,177	\$0.07	\$30	\$63
					\$0.00	\$0	\$0
Total Farm Working Expenses				\$363,978	\$4.70	\$2,141	\$4,439
Cash Surplus / Deficit				\$405,117	\$5.23	\$2,383	\$4,940
Non Cash adjustments							
Value of change in livestock numbers				-\$23,600	-\$0.30	-\$139	-\$288
Labour adjustment				\$72,000	\$0.93	\$424	\$878
Less Feed inventory Adjustment				\$6,800	\$0.09	\$40	\$83
Owned support block adjustment					\$0.00	\$0	\$0
Depreciation				\$55,000	\$0.71	\$324	\$671
Dairy Gross Farm Revenue				\$745,495	\$9.63	\$4,385	\$9,091
Dairy Operating Expenses				\$484,178	\$6.25	\$2,848	\$5,905
Dairy Operating Profit				\$261,317	\$3.37	\$1,537	\$3,187

Annual Cash Budget

Name: West Coast Owner Sys 4		Budget Period 1 / 6 / 2021 to 31 / 5 / 2022				
Farm Details:						
Budget	79,000 kgMS	170 Cows	82.0 ha	465 kgMS/cow	963 kgMS/ha	2.07 cows/ha
Farm Details: Actual						
	77,438 kgMS	170 cows	82.0 ha	456 kgMS/cow	944 kgMS/ha	2.07 cows/ha
Variance (Actual less Budget)						
	-1,562 kgMS	cows	ha	-9 kgMS/cow	-19 kgMS/ha	cows/ha
Income		Budget		Actual		Variance
Net Milk Sales				\$637,442	\$706,291	\$68,849
Net Dairy livestock sales (calves + culls + other - purchases)				\$40,821	\$62,804	\$21,983
Other dairy cash income						
Net Dairy Cash Income				\$678,263	\$769,095	\$90,832
Expenses		Budget		Actual		Variance
Wages				\$21,236	\$16,713	-\$4,523
Animal health				\$14,697	\$18,317	\$3,620
Breeding and herd improvement				\$14,464	\$12,985	-\$1,479
Farm dairy				\$4,400	\$5,000	\$600
Electricity (farm dairy, water supply)				\$7,500	\$9,470	\$1,970
Supplements made (incl. Contractors)				\$8,000	\$8,000	
Supplements purchased				\$119,490	\$136,960	\$17,470
Calf rearing				\$4,070	\$4,642	\$572
Young and dry stock grazing				\$15,786	\$16,979	\$1,193
Winter cow grazing						
Run-off lease						
Fertiliser (incl. N)				\$45,020	\$48,109	\$3,089
Irrigation				\$2,155	\$2,500	\$345
Regrassing and cropping				\$14,573	\$12,525	-\$2,048
Weed and pest				\$6,321	\$2,421	-\$3,900
Vehicles and fuel				\$24,420	\$24,031	-\$389
R&M (land, buildings, plant, machinery)				\$19,276	\$10,724	-\$8,552
Freight and general farm expenses				\$4,455	\$9,178	\$4,723
Administration e.g. accountant, consultant, phone				\$7,057	\$7,768	\$711
Insurance				\$9,857	\$8,957	-\$900
ACC				\$2,586	\$3,522	\$936
Rates				\$6,043	\$5,177	-\$866
Total Farm Working Expenses				\$351,406	\$363,978	\$12,572
Cash Operating Surplus / Deficit				\$326,857	405,117	\$78,260
Non Cash Adjustments		Budget		Actual		Variance
Value of change in livestock numbers				-\$4,500	-23,600	-19,100
Labour adjustment				\$72,000	72,000	
Less Feed inventory Adjustment				\$11,000	6,800	-4,200
Owned support block adjustment						
Depreciation				\$55,000	55,000	
Dairy Gross Farm Revenue				\$673,763	\$745,495	\$71,732
Dairy Operating Expenses				\$467,406	\$484,178	\$16,772
Dairy Operating Profit				\$206,357	\$261,317	\$54,960
Dairy Operating Profit/ha				\$2,517	\$3,187	\$670

Commentary re variance

	Actual to Budget Variance	
Milksolids	-1,562	Down on budget due to very wet spring and early summer. Cows were underfed for 4-6 weeks in the spring and didn't peak as high as usual. Production lost in the spring was never recouped as the summer and autumn were also challenging with lower than average pasture growth through March and April.
Cows	0	
Hectares	0	
Net Milk Income	68849	A 13% increase in milk price made up for the lower milksolids produced.
Net Dairy livestock sales (calves + culls + other - purchases)	21983	Sold 7.7 ha at the end of the season, (mainly used for young stock), so will have less effective area in 2022-23. Therefore have reduced the number of cows to calve by 20. This increase in livestock net sales is offset by a similar decrease in the value of change in livestock numbers.
Other dairy income	0	

Net Dairy Cash Income

90832

Expenses

Wages	-4523	Less relief labour used over summer as person lined up for the work was unavailable.
Animal health	3620	Spent more on mastitis due to the wet spring and early summer.
Breeding and herd improvement	-1479	
Farm dairy	600	
Electricity (farm dairy, water supply)	1970	
Supplements made (incl. Contractors)	0	
Supplements purchased	17470	Purchased 147 more large bales of hay and straw than budget. Fortunately the 270 t PKE had been contracted in July 2021 for \$371/t landed so changing feed prices did not impact the budget.
Calf rearing	572	
Young and dry stock grazing	1193	
Winter cow grazing	0	
Run-off lease	0	

Fertiliser (incl. N)	3089	Rising fertiliser prices have increased fertiliser spend despite less N being applied. 120 kg N/ha have been applied for the season compared with the budget of 180kg N/ha. Weather and soil conditions were often unsuitable for N application.
Irrigation	345	Irrigated on 31 days which is similar to the usual 30 days.
Regrassing and cropping	-2048	No summer cropped planted as pasture cover was lower than target at planting time.
Weed and pest	-3900	
Vehicles and fuel	-389	
R&M (land, buildings, plant, machinery)	-8552	No major unforeseen repairs needed. Most infrastructure is in good shape now.
Freight and general farm expenses	4723	More spent on sundry items not budgeted for.
Administration e.g. accountant, consultant, phone	711	
Insurance	-900	
ACC	936	
Rates	-866	
Halter programme	0	

Total Farm Working Expenses	12572	
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Non Cash adjustments

Value of change in livestock numbers	-19100	Off sets additional stock sales as a result of reducing cow numbers because of sale of 7.7 ha.
Labour adjustment	0	
Less Feed inventory Adjustment	-4200	Fed more baleage through the summer and autumn so had 25 t DM less on hand than budgeted. This is offset somewhat by having 10 DM more hay on hand.
Owned support block adjustment	0	
Depreciation	0	