

## Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	959	959
Milk Production (kgMS/cow)	458	476
Net Dairy Cash Income (\$/kgMS)	\$7.26	\$7.88
Total Farm Working Expenses (\$/kgMS)	\$4.52	\$4.34
Cash Operating Surplus/Deficit (\$/kgMS)	\$2.74	\$3.54
Gross Farm Revenue (\$/kgMS)	\$7.15	\$7.84
Operating Expenses (\$/kgMS)	\$6.10	\$5.67
Operating Profit (\$/ha)	\$1,009	\$2,077

\* These KPI's are based on cash book budget/actuals to the 31/12/2023 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

## Comments

### Key Points

- Production is similar to last year which is 0.5% up on budget and 57.4% of the 70970 kgMS total budgeted for the season.
- Deferred and advance milk prices received has been revised upwards from \$7.05/kgMS to \$7.50/kg MS. This has added about \$30,000 to income.
- Farm working expenses will likely to be about \$4.30-\$4.35/kgMS which is about \$0.20/kgMS lower than forecast.
- Farm working expenses and the farm plan were reviewed in August when the payout drop was announced and some refining of the budget and farm management has saved about \$15000 on fertiliser and \$4,800 on bulls purchased.
- The season has not been too wet, with rainfall not exceeding 200 mm in any one month.
- River flow levels are currently normal.
- Yearlings wintered well on Swedes, baleage and PKE. See picture.

### Season to date 5-01-2024

Production to the end of December is 40,712 kg MS which is 0.5% up on last season, and budget. The number of cows milked at the peak was 149 which is 3 less than last season and 6 less than budget, (155).

Rainfall for the 7 months from 1st June 2023 is 929 mm and has been well spread over the season with no more than 200 mm falling in any one month. The previous season 800 mm fell in June and July!

The winter was relatively dry and not too cold, and with a slightly lower stocking rate and better than average pasture growth rates, "balance date came early in mid-September.

The winter crop this year yielded about 16 t DM/ha, quite a bit less than last season, in part because wet weather in November-December delayed planting. Despite this the 3.6 ha grown provided sufficient feed for dry cows and yearlings through till early September.

The herd peaked about the 20th of October producing 2.4 kgMS/c/d, (same as last season), from 20 kg DM/c/day (18 kgDM pasture and 2 kg DM PKE).

Supplements fed to date are 123 t DM made up of 77 t DM PKE, (imported), and 30 t DM of hay, (from inventory), 5.2 t DM baleage, (from inventory) and 11.1 t DM straw, (purchased July). This equates to about 830 kg DM/cow or 1.7 T DM/ha. The amount fed is similar to the previous season but this season does include wintering 36 yearlings so overall supplement use is down per stock unit.

In an effort to try and ensure high pasture intakes for the herd residuals have been quite high. Therefore to control pasture quality topping was started about the second week of October, often just half a paddock at a time. This has continued to a greater or lesser degree up until now.

Pasture monitoring has been more frequent through the spring and early summer with up to 3 rides per fortnight. Pasture cover levels have stayed on track and growth rates have consistently matched or exceeded demand.

Late November-early December, swedes have been planted on 4 ha of the effluent area for next winter. This year rather than planting a whole paddock in crop, paddocks have been split lengthwise and only half the paddock planted in crop. The balance is left in pasture. See picture. The pasture parts of the paddocks will be shut from April so will have covers of 3500-4000 kgDM/ha by late May. The crop and pasture will be fed off across the width of the paddock allowing cows to have access to half swedes and half pasture. The aim is that the pasture should provide some area with a bit of cover so the animals have somewhere to lie down that is not directly on the bare ground.

The 3.6 ha of the winter swedes was planted in oats on the 6th October for cereal baleage. This was about 10-14 days later than planned, with delays in the contractor being able to come. In addition there was a mix up with what was required and the wrong equipment to plant was used. This resulted in much lower yields than expected, (2 t DM/ha harvested so only about 25% of what was originally hoped for. This area is now in millet, (planted 28th December), and will be planted in permanent pasture in the autumn.

Another 6.5 ha of millet has been planted, (30th November), on the effluent area. This will be fed at 6.4 kg DM/c/day starting in the second week in January. The crop was tested for nitrate levels before feeding to ensure high nitrate levels are not an issue while grazing it. Testing was done on a cloudy day, mid-morning which is about the time of day the cows would be grazing the crop. Levels in the paddock that had had N applied within the previous 3 weeks was 25-50 which is deemed to be some risk of nitrate poisoning but the risk is low, while the paddock that had not had N applied was below 25 so safe to feed.

This 6.5 ha of millet on the effluent area will be planted in annual ryegrass in the autumn to provide a good bulk of early spring feed.

5.0 ha of cool season crop (annual rye grass, triticale and crimson clover), planted in the autumn of 2023 was a mixed success. It was grazed in May by the yearlings when conditions were quite wet and the area sustained some damage. However, in August when the rest of the farm was growing very little due to low soil temperatures (4 degrees C), this 5 ha was growing at 30 kg DM/ha/day and in September when the farm was growing at 30 kgDM/ha/d the 5.0 ha was growing at 100 kg DM/ha/day. The species that performed the best was the annual rye grass which is why the plan is to plant 6.4 ha of annual ryegrass this autumn, following the millet. In the spring some of this 5.0 ha went to make up the 4 ha of swedes planted and the balance is part of the 6.5 ha of millet.

Supplements made to date are 263 bales of baleage from 34 ha. This is 30% more than budgeted and 20%, (50 bales), more than last year. Each cut has been identified so that the better quality earlier cut can be used for milking cows and the later baleage for dry cows.

Early January there was 46 mm of rain over 3 days which has been sufficient to keep pasture green and growing.

The irrigator has been run for three days, so far which is normal for this time of year. It was run mainly to check that everything is functioning as it should. This season the plan is to irrigate at slightly higher soil moisture levels to ensure levels are kept topped up in case restrictions occur again like last season. Fortunately the current water levels are good but this can change quite quickly.

N applied to date is 65 kg N/ha. This was as 3-4 applications at rates of 15-20 kg N/ha. Another one to two applications will go on in the autumn if needed so total for the year will likely be slightly under budget of 110 kgN/ha.

All spring fertiliser is on. When the payout dropped in August the fertiliser programme was reviewed to provide a more cost effective use of fertiliser. Two thirds of the paddocks were at optimum Olsen P so the fertiliser programme was adjusted. With less nitrogen used and less fertiliser applied about \$15000 or \$50.21/kg MS was saved.

### **Current situation**

There are currently 148 cows milking, still all on twice a day, (4 less than the same time last year). Per cow production is 1.80 kgMS/cow/day which is 4% behind last season. The herd is currently being fed about 19 kg DM/c/day made up of 17 kg DM of pasture and 2 kg DM/c/d of PKE. Pasture quality is impacting production now though, with milk production 6% behind last season, (and budget), based on the most recent 10 day comparison. Cow condition is about 4.5 BCS which is similar to last year.

Pasture cover is 2150 (excluding crop areas), and there is good clover content. This is on target and similar to the same time last year. Pasture growth rates for the last week has been averaging about 60 kgDM/ha/day. With some silage recently harvested and some topping, cover has been holding.

Daily pasture requirements are about 40 kg DM/ha/day, so pasture cover should start to increase as grazing of crops starts and silage paddocks come back into rotation

The grazing rotation has been 21 days but will move to 28 days by the 10th January, with the feeding off of some of the millet crop. This is about a week earlier than usual, (but will make pasture management easier for relief staff while we are on holiday in Mid-January).

The 30 weaners are grazed one day ahead of the milking herd and the 36 rising 2 year olds are following one day behind the cows to clean up some of the higher residuals.

### **Looking forward**

With the current pasture cover, growth rates, crops and the recent rainfall, the farm is in a good position which is similar to last season. However with an EL Nino summer forecast a prolonged drought could still happen so a conservative approach is still being taken. The risk of irrigation restrictions is also ever present.

There is currently about 90 t DM available in the feed budget, (PKE still contracted plus baleage carried over from last year), to be used to the end of May. This will still leave about 90-100 t DM of feed to carry through for the next season, which is 30-40 t DM more than last season, and nearly double what was used last winter and spring.

The purchase of 70 bales of hay, (about half of what was budgeted) has been contracted and the price is \$84/bale landed, (\$30 per bale less than budget).

Less hay is being purchased because 37 bales of cereal baleage from oats was made, this was not in the original budget.

The herd will likely go to 3 milking's in 2 days in late January if per cow production continues to drop.

The herd will be pregnancy scanned in late January/early February.

The plan is to still milk through to mid to late May with as long as pasture growth rates permit.

Budgets have been revised based on 70,970 kg MS, with advance and deferred milk price received of \$7.50/kgMS and farm working expenses of \$4.34/kgMS.

### **Calving and reproduction**

- Caving rate this season was 63% after 3 weeks, 90 % after 6 weeks and 99% after 9 weeks. These numbers are ahead of the previous year (61%, 97% and 97%), which helps compensate for a few less cows than budgeted.
- Submission rate for this seasons mating was 87% which is again up on last season (81%). This is with no anoestorus treatment used.
- The estimated six week in calf rate is 71%, which is also up on last season (65%).
- With the drop in payout the decision was made to run the yearlings with the herd. This meant only 6 bulls were purchased instead of 8, (a saving of \$4800).
- 36 yearlings were run with the herd for 9 weeks during mating. They had 3 weeks of AB and 6 weeks in the herd with the bulls.
- 30 replacement heifer calves have been reared, 4 less than budgeted.

### **Other points of interest**

- Managed to contract 180 t PKE for the season at \$334/t landed which is 9 t more but nearly \$100/t less than budget (budget was done in late April and feed prices dropped significantly after that). This has saved about \$13000.
- Purchased 17.7 t DM of straw in July as it was available, was a good price and part of conservative approach to winter and early spring management. The purchase meant better quality supplement could be saved for milkers. The cost of this was about \$5000.
- Total feed costs for cropping, supplements made, and hay/straw and PKE purchased will likely be similar to the original budget as savings on PKE costs are offset by having made more baleage on farm.
- The yearlings were wintered on Swedes with PKE and baleage from mid-June to early September. They grew exceptionally well. A few thin younger cows were grazed with them to help break open the swedes. It only took about 10 days for the yearlings to really start eating the swede bulbs.
- Actions taken in August when the payout drop was announce plus the subsequent improvement in forecast milk price has meant that cashflow has been good enough to enable more principal repayments despite going to interest only after August.
- At this stage the budgeted operating profit of just over \$1,000 should easily be achieved.

# Annual Cash Budget Updated 31/10/2023

Name: **West Coast Owner System 4** Budget Period **1 / 4 / 2023** to **31 / 3 / 2024**

Farm Details: **70970 kgMS** **149 cows** **74.0 ha** **476 kgMS/cow** **959 kgMS/ha** **2.01 cows/ha**

Income		\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received 100%				
Milk Solids advance	kgMS x \$ /kgMS	\$532,000	\$7.50	\$3,570	\$7,189
Milk Solids retrospective	kgMS x \$ /kgMS		\$0.00	\$0	\$0
Milk Solids dividend	shares x \$ /share		\$0.00	\$0	\$0
DairyNZ levy	<small>enter as negative number</small>		\$0.00	\$0	\$0
Net Dairy livestock sales (calves + culls + other - purchases)		\$26,500	\$0.37	\$178	\$358
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting		\$400	\$0.01	\$3	\$5
<b>Net Dairy Cash Income</b>		<b>\$558,900</b>	<b>\$7.88</b>	<b>\$3,751</b>	<b>\$7,553</b>
Expenses		\$ Total	\$/kgMS	\$/cow	\$/ha
Wages		\$21,270	\$0.30	\$143	\$287
Animal health		\$15,350	\$0.22	\$103	\$207
Breeding and herd improvement		\$10,130	\$0.14	\$68	\$137
Farm dairy		\$2,420	\$0.03	\$16	\$33
Electricity (farm dairy, water supply)		\$8,590	\$0.12	\$58	\$116
Supplements made (incl. Contractors)		\$17,400	\$0.25	\$117	\$235
Supplements purchased		\$82,550	\$1.16	\$554	\$1,116
Calf rearing		\$2,460	\$0.03	\$17	\$33
Young and dry stock grazing			\$0.00	\$0	\$0
Winter cow grazing			\$0.00	\$0	\$0
Run-off lease			\$0.00	\$0	\$0
Fertiliser (incl. N)		\$51,450	\$0.72	\$345	\$695
Irrigation		\$2,000	\$0.03	\$13	\$27
Regrassing and cropping		\$14,410	\$0.20	\$97	\$195
Weed and pest			\$0.00	\$0	\$0
Vehicles and fuel		\$23,400	\$0.33	\$157	\$316
R&M (land, buildings, plant, machinery)		\$10,450	\$0.15	\$70	\$141
Freight and general farm expenses		\$12,250	\$0.17	\$82	\$166
Administration e.g. accountant, consultant, phone		\$9,000	\$0.13	\$60	\$122
Insurance		\$15,050	\$0.21	\$101	\$203
ACC		\$3,560	\$0.05	\$24	\$48
Rates		\$6,160	\$0.09	\$41	\$83
Other Expenses			\$0.00	\$0	\$0
<b>Total Farm Working Expenses</b>		<b>\$307,900</b>	<b>\$4.34</b>	<b>\$2,066</b>	<b>\$4,161</b>
<b>Cash Surplus / Deficit</b>		<b>\$251,000</b>	<b>\$3.54</b>	<b>\$1,685</b>	<b>\$3,392</b>
Non Cash adjustments					
Value of change in livestock numbers		-\$2,500	-\$0.04	-\$17	-\$34
Labour adjustment		\$72,000	\$1.01	\$483	\$973
Less Feed inventory Adjustment		\$17,200	\$0.24	\$115	\$232
Owned support block adjustment			\$0.00	\$0	\$0
Depreciation		\$40,000	\$0.56	\$268	\$541
<b>Dairy Gross Farm Revenue</b>		<b>\$556,400</b>	<b>\$7.84</b>	<b>\$3,734</b>	<b>\$7,519</b>
<b>Dairy Operating Expenses</b>		<b>\$402,700</b>	<b>\$5.67</b>	<b>\$2,703</b>	<b>\$5,442</b>
<b>Dairy Operating Profit</b>		<b>\$153,700</b>	<b>\$2.17</b>	<b>\$1,032</b>	<b>\$2,077</b>

# Annual Cash Budget and updated forecast October 2023

Name:		West Coast Owner System 4			Budget Period 1 / 4 / 2023 to 31 / 3 / 2024		
<b>Farm Details:</b>							
Budget	70,970 kgMS	155 Cows	74.0 ha	458 kgMS/cow	959 kgMS/ha	2.09 cows/ha	
<b>Farm Details:</b>							
Budget/Actual	70,970 kgMS	149 cows	74.0 ha	476 kgMS/cow	959 kgMS/ha	2.01 cows/ha	
<b>Variance (Actual less Budget)</b>							
	kgMS	-6 cows	ha	18 kgMS/cow	kgMS/ha	-0.08 cows/ha	
<b>Income</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Net Milk Sales				\$500,500	\$532,000	\$31,500	
Net Dairy livestock sales (calves + culls + other - purchases)				\$14,450	\$26,500	\$12,050	
Other dairy cash income				\$400	\$400		
<b>Net Dairy Cash Income</b>				<b>\$515,350</b>	<b>\$558,900</b>	<b>\$43,550</b>	
<b>Expenses</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Wages				\$22,650	\$21,270	-\$1,380	
Animal health				\$13,750	\$15,350	\$1,600	
Breeding and herd improvement				\$9,900	\$10,130	\$230	
Farm dairy				\$3,800	\$2,420	-\$1,380	
Electricity (farm dairy, water supply)				\$8,300	\$8,590	\$290	
Supplements made (incl. Contractors)				\$12,000	\$17,395	\$5,395	
Supplements purchased				\$89,300	\$82,550	-\$6,750	
Calf rearing				\$2,000	\$2,460	\$460	
Young and dry stock grazing							
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$67,300	\$51,450	-\$15,850	
Irrigation				\$2,500	\$2,000	-\$500	
Regrassing and cropping				\$14,000	\$14,410	\$410	
Weed and pest							
Vehicles and fuel				\$28,300	\$23,400	-\$4,900	
R&M (land, buildings, plant, machinery)				\$7,200	\$10,450	\$3,250	
Freight and general farm expenses				\$11,400	\$12,250	\$850	
Administration e.g. accountant, consultant, phone				\$7,800	\$9,000	\$1,200	
Insurance				\$12,000	\$15,050	\$3,050	
ACC				\$3,400	\$3,560	\$160	
Rates				\$5,100	\$6,160	\$1,060	
Other expenses							
<b>Total Farm Working Expenses</b>				<b>\$320,700</b>	<b>\$307,895</b>	<b>-\$12,805</b>	
<b>Cash Operating Surplus / Deficit</b>				<b>\$194,650</b>	<b>251,005</b>	<b>\$56,355</b>	
<b>Non Cash Adjustments</b>				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
Value of change in livestock numbers				-\$8,000	-2,500	5,500	
Labour adjustment				\$72,000	72,000		
Less Feed inventory Adjustment					17,200	17,200	
Owned support block adjustment							
Depreciation				\$40,000	40,000		
<b>Dairy Gross Farm Revenue</b>				<b>\$507,350</b>	<b>\$556,400</b>	<b>\$49,050</b>	
<b>Dairy Operating Expenses</b>				<b>\$432,700</b>	<b>\$402,695</b>	<b>-\$30,005</b>	
<b>Dairy Operating Profit</b>				<b>\$74,650</b>	<b>\$153,705</b>	<b>\$79,055</b>	
<b>Dairy Operating Profit/ha</b>				<b>\$1,009</b>	<b>\$2,077</b>	<b>\$1,068</b>	

## Commentary re variance

	Actual to Budget Variance	
Milksolids	0	
Cows	-6	Had some cows show up empty in late August September. Had issues with PD from milk samples and opted not to retest. In hind sight was costly taking those empties through the winter. Will pregnancy scan this year.
Hectares	0	
Net Milk Income	31500	Had budgeted conservatively for milk price and had used \$7.05 /kgMS for the combined advance/deferred. Budget is now revised at \$7.50/kgMS
Net Dairy livestock sales (calves + culls + other - purchases)	12050	Revised number of bulls needed to 6 instead of 8 when payout dropped ss yearlings were run with the herd. This saved \$4800. Identified some empties in late August so had some culls go earlier than budgeted which meant the price was higher.
Other dairy income	0	
<b>Net Dairy Cash Income</b>	<b>43550</b>	
<b>Expenses</b>		
Wages	-1380	
Animal health	1600	Have had no animal health issues so far this season.
Breeding and herd improvement	230	
Farm dairy	-1380	
Electricity (farm dairy, water supply)	290	
Supplements made (incl. Contractors)	5395	Made 63 more bales of silage and 37 bales of oats silage and plan to make about 50 bales of millet silage in the early autumn.
Supplements purchased	-6750	Contracted 180 t PKE @ \$334 landed compared with 171 t @ 430 which saved about \$13000. Purchased 17.7 t DM of straw in July as it was available, was a good price and part of conservative approach to winter and early spring management. The purchase meant better quality supplement could be saved for milkers. The cost of this was about \$5000.
Calf rearing	460	
Young and dry stock grazing	0	
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	-15850	When the payout dropped in August the fertiliser programme was reviewed to provide a more cost effective use of fertiliser. Two thirds of the paddocks were at optimum Olsen P so the fertiliser programme was adjusted. Less has also been used nitrogen to date and will likely be about 10-15 kgN/ha less for the year. With a bit less N used and less fertiliser applied, about \$15000 or \$\$0.21/kg MS was saved.
Irrigation	-500	

Regrassing and cropping	410	The cropping programme had some changes but the overall areas cropped are similar. Oats , followed by Millet were planted once the winter swedes were finished, rather than putting the straight into permanent pasture. This allows for more weed control.
Weed and pest	0	
Vehicles and fuel	-4900	Always budget high as the tracotr is quite old. Hopefully this contingency won't be need this year.
R&M (land, buildings, plant, machinery)	3250	Had to replace the bore pump so there are related installation costs, plus the fertilser spreader belt snapped which was an expensive repair job.
Freight and general farm expenses	850	
Administration e.g. accountant, consultant, phone	1200	
Insurance	3050	Budget was done in April so hadn't factored in such a large increase in insurance costs this year.
ACC	160	
Rates	1060	As with insurance, had not anticipated such a big increase in rates.
Other Expenses	0	

**Total Farm Working Expenses** -12805

### Non Cash adjustments

Value of change in livestock numbers	5500	The original budget had more stock on hand at opening.
Labour adjustment	0	
Less Feed inventory Adjustment	17200	The revised budget should finish with about 45 t DM more on hand at the end of the season than at the start. Will have about 95 t DM to take into the winter plus winter swedes. Last year used about 97 t DM.
Owned support block adjustment	0	
Depreciation	0	