

Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	1,848	1,740
Milk Production (kgMS/cow)	465	438
Net Dairy Cash Income (\$/kgMS)	\$8.52	\$8.80
Total Farm Working Expenses (\$/kgMS)	\$5.11	\$5.61
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.41	\$3.19
Gross Farm Revenue (\$/kgMS)	\$8.51	\$8.79
Operating Expenses (\$/kgMS)	\$5.62	\$6.21
Operating Profit (\$/ha)	\$5,347	\$4,499

* 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

Key Points

- Milk production for the season is similar to last season but is 6% behind budget.
- Lower BCS than target at calving has impacted early season production.
- Additional winter grazing was purchased to reduce the winter stocking rate in an effort to increase pasture cover by calving.
- Daily production is currently similar to last season.
- Farm working expenses are forecast to be up \$0.50/kgMS with half of this increase due to increased feed and winter grazing costs.

Comments

Production to date is 94,808 kg MS which is similar to the same time last season but is 6% behind budget. Peak cows milked is 290 which is on budget with losses for the season low at only 2. The herd peaked at 2.00 kgMS/cow/day for 11 days, in late September/early October.

With hindsight the herd was probably milked for about 5 days too long last season, which reduced supplements carried into the winter and impacted pasture cover at the end of May 2023.

Winter grazing for 25 cows for 2 months was secured to help reduce feed demand on the farm over the winter, so that pasture cover could be increased more quickly. With cover still behind target as calving approached, feeding levels for the cows were restricted. This meant that they were not on a rising plane of nutrition and cow body condition score was lower than target at the start of calving.

This compromise has had some impact on milk production in the early part of the season and reproductive performance.

The calving rate for the first 3 weeks was slower than last season so fewer days in milk has also contributed to some of the lower milksolids to date.

Supplements fed to date include 228t PKE, (205 tDM), and 240 tDM maize silage from inventory). This equates to 3445.4 t DM which is up on last season to the same time.

The amount of supplements made on farm this year was 12 ha of silage, (30 t DM). This is nearly double last season when only 16 t DM was harvest. There were better harvest windows for making supplement and though the peak growth was a little later there was a good surplus.

With the forecast for a dry summer the approach to dropping out paddocks was a bit conservative. Again with hindsight there probably could have been a bit more supplement made and this has also impacted pasture quality in late spring which affected milk production.

In addition to this, 21 tDM of standing pasture for silage was imported. This was not included in the budget so harvesting costs are well up on budget.

Rainfall for the last 2-3 weeks has been below average and recent day time temperatures have been very hot, (above 25degrees C). This is starting to impact the herd.

Fertiliser and nitrogen applications are as per budget with all spring fertiliser on and 3 application of N made for the season to date. Nitrogen applied to date is 85 kgN/ha.

Forecast milk production has been revised down 6% to 126,995 kg MS. The revised budget has milk income 3% down on budget. The better than expected Fonterra dividend has helped to offset some of the drop in income due to the lower milksolids forecast.

Total farm working expenses for the season are on track to be about 3% higher than budgeted. However with 6.0% less production FWE will be up about 10% or about \$0.50c/kg MS. Half of this increase is due to additional feed or grazing purchased.

Current situation

There are currently still 290 cows on farm, (milking twice a day), which is 3.87cows per hectare. The herd is producing 1.32 kg MS/cow/day from 16 kg DM/cow/day. Feed is made up of 2.0 kg DM maize silage, 3.0 kg DM PKE and 11 kg DM from pasture.

Average daily total production for February is similar to last season, but daily per cow production is 2.0% down on last season.

Pasture cover is currently 2,150 kg DM/ha, and with estimated growth rates of 35-40 kg DM/ha/day, and daily pasture demand of 44kgdm/cow/day cover is dropping slightly. The rotation length is currently 30 days.

The amount of supplements will be increased as pasture growth rates slow but levels will be monitored to ensure grazing residuals do not increase.

The hot dry weather is starting to have an impact on pasture growth rates.

Looking forward

This is still about 777 kg DM/cow or 7.3 kgDM/cow/day of supplements available to feed to the end of May.

This is made up of 51 t DM of grass silage, 85 tDM PKE, (94 wet still on contract for the rest of the season), 35 tDM of maize from maize still on hand from last season plus at least 55 t DM maize from maize silage to be purchased in mid-March. This will still leave a minimum of 260 t DM of maize to carry through to the next season.

Although the budget includes the purchase of 315 tDM of Maize silage, it is likely that more will be available as the crop yields are looking good and a bit more area was planted by the grower, which is available for purchase. If the summer and autumn continues to be hot and dry, additional maize silage will ensure that there will be enough to use this season and still take sufficient though to next spring. The cost was in the budget at \$458/ tDM but it is now more likely to be about \$360/tDM.

One more application of PhaSed N at 30 kg N/ha will be applied in the autumn so N use for the year will be on budget at about 115 kg N /ha.

With the level of supplement on hand, the plan is still to milk the majority of the 290 cows through to mid-May.

The rising 3 year olds will go to once a day milking late March/early April, and the herd will be dried off in late May as per usual practice.

The lower cow condition at calving and the extra feed required over the winter to achieve pasture cover targets at calving has led to a revision of late season management. Production at the end of the season is very expensive in terms of feed used. Therefore drying off this year will likely be mid-May rather than late May.

Frequent monitoring and updating of pasture growth rates and feed on hand will be carried out to ensure feed budgets are on track so that end of season targets for pasture cover and cow body condition score will not be compromised this year.

Calving and reproduction

- The calving rate for 2022-23 was 62% of the herd calved in 3 weeks, 87% in 6 weeks and 99% in 9 weeks. This is being last season which was 67%, 80% and 100% respectively.
- The 3 week submission rate for 2022-23 is 75% which much lower than last season, (80%).
- The six week in calf rate is 73%, this is up on last season (68% E).
- The not in calf rate is 12%.
- 67 replacement calves were reared which is as per budget.

Other points of interest

- The cost of supplements purchased is up. More PKE has been purchased compared with budget, (about 14 t), and the average price will be about \$345/t which is about \$15/t more than budget. The PKE contracted for the rest of the season is at \$305/t landed but the average for PKE purchased so far is \$359/t.
- Fencing costs are up this year as one third of the farms' fencing is being replaced due to its age. In addition, about 1 ha of steep land will be fenced off for riparian planting.
- Calf rearing costs are up as this year the decision was made to rear calves on 50-50 mix of whole milk and milk powder. The cost to the owner was neutral, but it meant the contract milker was better off as more milk was sent to the factory.
- Payments to the contract milker are down 6% with the reduction in forecast milksolids.

Annual Cash Budget and updated forecast *December 2023*

Name:	South Owner Waikato with CM System 5			Budget Period 1 / 6 / 2023 to 31 / 5 / 2024		
Farm Details:						
Budget	134,900 kgMS	290 Cows	73.0 ha	465 kgMS/cow	1848 kgMS/ha	3.97 cows/ha
Farm Details:						
Budget/Actual	126,995 kgMS	290 cows	73.0 ha	438 kgMS/cow	1740 kgMS/ha	3.97 cows/ha
Variance (Actual less Budget)	-7,905 kgMS	cows	ha	-27 kgMS/cow	-108 kgMS/ha	cows/ha
Income				Budget	Budget/Actual	Variance
Net Milk Sales				\$1,085,110	\$1,049,428	-\$35,682
Net Dairy livestock sales (calves + culls + other - purchases)				\$49,600	\$53,800	\$4,200
Other dairy cash income				\$14,040	\$14,040	
Net Dairy Cash Income				\$1,148,750	\$1,117,268	-\$31,482
Expenses				Budget	Budget/Actual	Variance
Wages				\$204,750	\$191,928	-\$12,822
Animal health				\$10,850	\$8,668	-\$2,182
Breeding and herd improvement				\$18,630	\$20,489	\$1,859
Farm dairy				\$3,000	\$1,753	-\$1,247
Electricity (farm dairy, water supply)						
Supplements made (incl. Contractors)				\$8,160	\$15,780	\$7,620
Supplements purchased				\$251,300	\$267,670	\$16,370
Calf rearing				\$7,000	\$10,951	\$3,951
Young and dry stock grazing				\$64,300	\$66,526	\$2,226
Winter cow grazing					\$7,625	\$7,625
Run-off lease						
Fertiliser (incl. N)				\$73,450	\$75,193	\$1,743
Irrigation						
Regrassing and cropping						
Weed and pest						
Vehicles and fuel				\$4,650	\$3,249	-\$1,401
R&M (land, buildings, plant, machinery)				\$14,400	\$16,331	\$1,931
Freight and general farm expenses				\$5,540	\$4,768	-\$772
Administration e.g. accountant, consultant, phone				\$4,000	\$4,027	\$27
Insurance				\$7,000	\$7,135	\$135
ACC						
Rates				\$12,300	\$10,423	-\$1,877
Other expenses						
Total Farm Working Expenses				\$689,330	\$712,516	\$23,186
Cash Operating Surplus / Deficit				\$459,420	404,752	-\$54,668
Non Cash Adjustments				Budget	Actual	Variance
Value of change in livestock numbers				-\$600	-600	
Labour adjustment				\$3,500	3,500	
Less Feed inventory Adjustment					-7,200	-7,200
Owned support block adjustment						
Depreciation				\$65,000	65,000	
Dairy Gross Farm Revenue				\$1,148,150	\$1,116,668	-\$31,482
Dairy Operating Expenses				\$757,830	\$788,216	\$30,386
Dairy Operating Profit				\$390,320	\$328,452	-\$61,868
Dairy Operating Profit/ha				\$5,347	\$4,499	-\$848

Commentary re variance

	Actual to Budget Variance	
Milksolids	-7,905	Cows BCS at calving was below target which impacted early season performance.
Cows	0	
Hectares	0	
Net Milk Income	-35682	Production is forecast to be down 6% on budget. Loss due to lower milksolids offset at bit by the increase in Fonterra dividends paid.
Net Dairy livestock sales (calves + culls + other - purchases)	4200	Stock income is likely to be up a little on budget. Have had fewer losses so have more cows to sell but had budgeted on \$819 per cull cow and it is now more likely to be about \$780.
Other dairy income	0	

Net Dairy Cash Income

-31482

Expenses

Wages	-12822	Milk solids are down 6% so payments to CM is down.
Animal health	-2182	Has been a good season with regards to animal health. Losses have been very low, with only 2 deaths.
Breeding and herd improvement	1859	
Farm dairy	-1247	
Electricity (farm dairy, water supply)	0	
Supplements made (incl. Contractors)	7620	Made double the amount of silage compared with budget, (30T DM instead of 16 t DM), plus purchased 21 T DM standing silage which was not in the budget. The cost to make the silage this year is about \$019/kgDM. (The budget was for \$0.17/kgDM).
Supplements purchased	16370	Will purchase about 14t more of PKE than budgeted, (322 t compared with 308 in the budget), plus the price is likely to average about \$15/t more than budgeted.
Calf rearing	3951	Calves were reared on 50-50 mix of whole milk and milk powder, instead of just whole milk. The cost to the owner was neutral, but it meant more milk was sent to the factory so the contract milker was better off.
Young and dry stock grazing	2226	
Winter cow grazing	7625	25 cows were sent to winter grazing for 2 months at \$35/head/week as pasture cover on farm at the start of the season was below target. This was not in the original budget.
Run-off lease	0	

Fertiliser (incl. N)	1743
Irrigation	0
Regrassing and cropping	0
Weed and pest	0
Vehicles and fuel	-1401
R&M (land, buildings, plant, machinery)	1931
Freight and general farm expenses	-772
Administration e.g. accountant, consultant, phone	27
Insurance	135
ACC	0
Rates	-1877
Other Expenses	0

Have spent more on fencing this year as 1/3 of the farms' fences needed replacing due to age. In addition one ha of steep land has been fenced off for riparian planting.

Total Farm Working Expenses	23186
------------------------------------	--------------

Non Cash adjustments

Value of change in livestock numbers	0
Labour adjustment	0
Less Feed inventory Adjustment	-7200
Owned support block adjustment	0
Depreciation	0

May end up with 20 t DM less on hand than at the start of the season.