

2016-17 Season numbers at a glance

Financial KPI's	Budget	Actual	Physical KPI's	2016/17
Net Dairy Cash Income (\$/kgMS)	\$4.67	\$6.29	Milk Production (kgMS/ha)	923
Total Farm Working Expenses (\$/kgMS)	\$2.69	\$2.95	Pasture and Crop Eaten (t DM/ha)	12.2
Cash Operating Surplus/Deficit (\$/kgMS)	\$1.98	\$3.34	Imported Supplements & Dry Cow Grazing (% of total feed eaten)	5%
Gross Farm Revenue (\$/kgMS)	\$4.69	\$6.33	Six Week In-Calf Rate	78% Actual
Operating Expenses (\$/kgMS) est	\$3.35	\$3.65	First Calvers on Farm End of Season (% of first calvers at start of season)	88%
Operating Profit (\$/ha) est	\$1,303	\$2,517	Milk Solids per Labour Unit (kgMS/FTE)	68,472

* These KPI's are based on cash book actuals to the 31/5/2017 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

The 16-17 season was one of two halves;

A cold wet August followed by a very dull, wet October with poorer pasture growth and quality due to less sunshine had an impact on production and costs for the first half of the season. Production was down 6,000 kg on budget by the end of December and more supplement had been purchased in early spring.

Better than average summer/autumn rainfall meant less supplement was needed and the decline in production was halted.

Below average pasture growth rates and very wet soil conditions in May 2017 has meant that the season has finished with cows in condition score 4.8 and pasture cover of 2,100 kg DM/ha, both of which are a little behind target. Continued slow pasture growth for the early winter and dull wet conditions are impacting our target pasture cover at calving.

A deliberate decision to carry out additional R & M in response to the increase in milk price accounted for \$0.10 /kg MS and unplanned repairs to farm vehicles accounted for another \$0.07/kg MS. This combined with production being down 3% on budget gave farm working expenses (FWE) for the year of \$2.95 per kg MS (\$0.26 /kg MS up on budget).

Keeping a close watch on the budget as the season unfolded meant that decisions could be made quickly as circumstances changed.

Annual Cash Budget

Name: South West Waikato Sys 2							Budget Period 1 / 6 / 2016 to 31 / 5 / 2017						
Farm Details:													
Budget	170,000 kgMS	515 Cows	175.0 ha	330 kgMS/cow	971 kgMS/ha	2.94 cows/ha							
Farm Details: Actual													
	164,334 kgMS	513 cows	175.0 ha	320 kgMS/cow	939 kgMS/ha	2.93 cows/ha							
Variance (Actual less Budget)													
	-5,666 kgMS	-2 cows	ha	kgMS/cow	kgMS/ha	cows/ha							
Income							Budget		Actual		Variance		
Net Milk Sales							\$722,017		\$963,164		\$241,147		
Net Dairy livestock sales (calves + culls + other - purchases)							\$72,277		\$70,762		-\$1,515		
Other dairy cash income													
Net Dairy Cash Income							\$794,294		\$1,033,926		\$239,632		
Expenses							Budget		Actual		Variance		
Wages							\$63,000		\$60,202		-\$2,798		
Animal health							\$28,000		\$21,221		-\$6,779		
Breeding and herd improvement							\$28,000		\$25,593		-\$2,407		
Farm dairy							\$9,000		\$7,840		-\$1,160		
Electricity (farm dairy, water supply)							\$22,000		\$25,050		\$3,050		
Supplements made (incl. Contractors)							\$32,500		\$26,306		-\$6,194		
Supplements purchased							\$24,775		\$48,334		\$23,559		
Calf rearing							\$7,650		\$7,101		-\$549		
Young and dry stock grazing							\$54,314		\$53,770		-\$544		
Winter cow grazing													
Run-off lease													
Fertiliser (incl. N)							\$60,360		\$39,716		-\$20,644		
Irrigation													
Regrassing and cropping							\$25,400		\$33,216		\$7,816		
Weed and pest							\$4,000		\$4,837		\$837		
Vehicles and fuel							\$18,000		\$29,124		\$11,124		
R&M (land, buildings, plant, machinery)							\$23,000		\$41,207		\$18,207		
Freight and general farm expenses							\$6,980		\$6,410		-\$570		
Administration e.g. accountant, consultant, phone							\$11,700		\$17,909		\$6,209		
Insurance							\$12,000		\$11,464		-\$536		
ACC							\$7,000		\$5,606		-\$1,394		
Rates							\$20,000		\$19,397		-\$603		
Other farm working expenses (not included in any of the above)													
Total Farm Working Expenses							\$457,679		\$484,303		\$26,624		
Cash Operating Surplus / Deficit							\$336,615		549,623		\$213,008		
Non Cash Adjustments							Budget		Actual		Variance		
Value of change in livestock numbers							\$3,560		6,189		2,629		
Labour adjustment							\$77,147		77,147				
Less Feed inventory Adjustment									-3,180		-3,180		
Owned support block adjustment													
Depreciation							\$35,000		35,000				
Dairy Gross Farm Revenue							\$797,854		\$1,040,115		\$242,261		
Dairy Operating Expenses							\$569,826		\$599,630		\$29,804		
Dairy Operating Profit							\$228,028		\$440,485		\$212,457		
Dairy Operating Profit/ha							\$1,303		\$2,517		\$1,214		

Commentary re variance

	Actual to Budget Variance	
Milksolids	-5,666	3 % down on budget. Above average summer/autumn rainfall meant that made up some of the production lost due to the difficult spring
Cows	-2	
Hectares	0	
Net Milk Income	241147	Milk price received was \$1.61 per kg MS above budget
Net Dairy livestock sales (calves + culls + other - purchases)	-1515	
Other dairy income	0	
Net Dairy Cash Income	239632	
Expenses		
Wages	-2798	
Animal health	-6779	The 2016 season was a good one from a metabolic point of view. Very little bloat treatment was needed.
Breeding and herd improvement	-2407	
Farm dairy	-1160	
Electricity (farm dairy, water supply)	3050	
Supplements made (incl. Contractors)	-6194	Made 75% less silage as there was next to no surplus spring pasture
Supplements purchased	23559	Purchased \$5,000 more silage in the early spring and an additional \$18000 of hay/silage in the autumn as pasture growth rates and the wet soil conditions were impacting the ability to reach target pasture cover.
Calf rearing	-549	
Young and dry stock grazing	-544	
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	-20644	Had budgeted to start putting more Phosphate fertiliser on after 2 years of none, however soils tests still indicate phospahte levels are well above target so the full amount budgeted was not needed.

Irrigation	0	
Regrassing and cropping	7816	Did more regrassing than budgeted due to Black beetle damage. Regrassed or undersowed a total of about 60 ha including 10 ha of crop paddocks.
Weed and pest	837	
Vehicles and fuel	11124	We have had to spend an extra \$8,000 on Repairs to our “new” tractor and another \$3,000 getting our old Fergie up to speed to replace the old Ford which died!
R&M (land, buildings, plant, machinery)	18207	An additional \$16,000 has been spent on cowshed plant, yards and water pumps. They weren’t budgeted for but they were all either jobs that were on the list to do should cash flow allow or unexpected breakdowns.
Freight and general farm expenses	-570	
Administration e.g. accountant, consultant, phone	6209	Additional legal fees relating to changing business structure, attended more continuing education/professional development courses and had to update 2 mobile phones.
Insurance	-536	
ACC	-1394	
Rates	-603	
Other farm working expenses (not included in any of the above)	0	

Total Farm Working Expenses	26624
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Non Cash adjustments

Value of change in livestock numbers	2629	Closed with 7 replacements than budgeted, and 2 less R 2 heifers and 2 more MA cows. NAMV Livestock values increased in 2017 which also contributed to the increase.
Labour adjustment	0	
Less Feed inventory Adjustment	-3180	Finished with 10.5 t DM less supplement on hand compared with budget as made less in the spring
Owned support block adjustment	0	
Depreciation	0	