

**South Waikato Owner with Contract milker Sys 5
2019-20 Season numbers at a glance**

KPI's	Budget	Actual
Milk Production (kgMS/ha)	1,695	1,713
Milk Production (kgMS/cow)	446	442
Net Dairy Cash Income (\$/kgMS)	\$7.09	\$7.43
Total Farm Working Expenses (\$/kgMS)	\$3.93	\$4.13
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.16	\$3.29
Gross Farm Revenue (\$/kgMS)	\$7.09	\$7.38
Operating Expenses (\$/kgMS)	\$4.76	\$5.01
Operating Profit (\$/ha)	\$3,954	\$4,050

* These KPI's are based on cash book actuals to the 31/5/2020 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

Our farm system relies on frequent monitoring of feed budgets, pasture growth rates, cow condition and feed prices to ensure optimal use of pasture grown and efficient use of imported feed. This attention to detail means that there is usually very little variation between budgets and actual performance each year. The 2019-20 season was no different.

The 2019-20 season progressed pretty much as planned. Production was up 1% on budget and profit per - estimated to be \$4,050 per ha, is 2% up on budget.

Milk price received in the financial year was \$6.95 (\$0.32 up on forecast) and largely contributed to the net dairy cash income being \$53,000 up on budget. Farm working expenses finished at \$4.13 per kg MS which was \$31,507 up on budget. Most costs were close to budget, with the main variances coming from the purchased feed, fertiliser, R & M and vehicles categories.

Other points of interest

The good late winter and spring meant that 60 t DM of maize silage was carried over from the start of the season and 20t DM more grass silage was made on farm so supplements going into the summer was up 281 kg DM per cow.

The summer and autumn were drier than usual but not to a great extent. The extra feed taken into the summer went a long way to offsetting the reduced pasture growth rates caused by the dry weather.

The dry weather did impact the yield of the 14 ha of Maize purchased. As a result maize costs were down 12% but PKE costs were up 8%. The extra PKE had was contracted earlier in the season so rising spot prices did not impact the price per t.

Cow wastage was low this season (only 1 death in the spring), so the number of culls for sale was up on budget.

As a result of the lower wastage early in the season peak cows milked were up on budget so animal health costs were up by a corresponding amount.

The not in calf rate for 2019-20 was 11.1% (based on pregnancy test results). The 2018-19 rate was 13% so the improvement is pleasing.

Replacement heifer calves reared were 13 less than budget which meant that weaner grazing costs were below budget.

N applied was on budget with 90 kg N per ha applied to the effluent areas and 120 kg N per ha applied to the non-effluent areas.

R & M costs were up 40% as the budget had not factored in work done on farm houses to upgrade the insulation.

Vehicle costs were up 70% as a result of 2 larger tractor repairs that were not planned.

Annual Cash Budget

Name: South Waikato Owner with Contract Milker Sys 5 Budget Period 1 / 6 / 2019 to 31 / 5 / 2020

Farm Details: 128491 kgMS 291 cows 75.0 ha 442 kgMS/cow 1713 kgMS/ha 3.88 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received		100%				
Milk Solids advance	kgMS x \$	/kgMS		\$893,522	\$6.95	\$3,071	\$11,914
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)				\$51,937	\$0.40	\$178	\$692
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting				\$8,844	\$0.07	\$30	\$118
Net Dairy Cash Income				\$954,303	\$7.43	\$3,279	\$12,724
Expenses				\$ Total	\$/kgMS	\$/cow	\$/ha
Wages				\$167,038	\$1.30	\$574	\$2,227
Animal health				\$18,742	\$0.15	\$64	\$250
Breeding and herd improvement				\$13,711	\$0.11	\$47	\$183
Farm dairy				\$1,535	\$0.01	\$5	\$20
Electricity (farm dairy, water supply)					\$0.00	\$0	\$0
Supplements made (incl. Contractors)				\$5,000	\$0.04	\$17	\$67
Supplements purchased				\$181,032	\$1.41	\$622	\$2,414
Calf rearing				\$4,000	\$0.03	\$14	\$53
Young and dry stock grazing				\$44,054	\$0.34	\$151	\$587
Winter cow grazing					\$0.00	\$0	\$0
Run-off lease					\$0.00	\$0	\$0
Fertiliser (incl. N)				\$47,590	\$0.37	\$164	\$635
Irrigation					\$0.00	\$0	\$0
Regrassing and cropping					\$0.00	\$0	\$0
Weed and pest					\$0.00	\$0	\$0
Vehicles and fuel				\$5,646	\$0.04	\$19	\$75
R&M (land, buildings, plant, machinery)				\$22,918	\$0.18	\$79	\$306
Freight and general farm expenses				\$755	\$0.01	\$3	\$10
Administration e.g. accountant, consultant, phone				\$3,004	\$0.02	\$10	\$40
Insurance				\$5,852	\$0.05	\$20	\$78
ACC					\$0.00	\$0	\$0
Rates				\$10,325	\$0.08	\$35	\$138
Total Farm Working Expenses				\$531,202	\$4.13	\$1,825	\$7,083
Cash Surplus / Deficit				\$423,101	\$3.29	\$1,454	\$5,641
Non Cash adjustments							
Value of change in livestock numbers				-\$6,561	-\$0.05	-\$23	-\$87
Labour adjustment				\$10,000	\$0.08	\$34	\$133
Less Feed inventory Adjustment				-\$22,800	-\$0.18	-\$78	-\$304
Owned support block adjustment					\$0.00	\$0	\$0
Depreciation				\$80,000	\$0.62	\$275	\$1,067
Dairy Gross Farm Revenue				\$947,742	\$7.38	\$3,257	\$12,637
Dairy Operating Expenses				\$644,002	\$5.01	\$2,213	\$8,587
Dairy Operating Profit				\$303,740	\$2.36	\$1,044	\$4,050

Annual Cash Budget

Name:		South West Waikato Owner Sys 2			Budget Period			1 / 6 / 2019 to 31 / 5 / 2020		
Farm Details:										
Budget	127,154 kgMS	285 Cows	75.0 ha	446 kgMS/cow	1695 kgMS/ha	3.80 cows/ha				
Farm Details: Actual										
	128,491 kgMS	291 cows	75.0 ha	442 kgMS/cow	1713 kgMS/ha	3.88 cows/ha				
Variance (Actual less Budget)										
	1,337 kgMS	6 cows	ha	-5 kgMS/cow	18 kgMS/ha	0.08 cows/ha				
Income				Budget		Actual		Variance		
Net Milk Sales				\$843,370	\$893,522	\$50,152				
Net Dairy livestock sales (calves + culls + other - purchases)				\$49,740	\$51,937	\$2,197				
Other dairy cash income				\$8,160	\$8,844	\$684				
Net Dairy Cash Income				\$901,270	\$954,303	\$53,033				
Expenses										
				Budget		Actual		Variance		
Wages				\$165,300	\$167,038	\$1,738				
Animal health				\$15,600	\$18,742	\$3,142				
Breeding and herd improvement				\$12,570	\$13,711	\$1,141				
Farm dairy				\$1,250	\$1,535	\$285				
Electricity (farm dairy, water supply)										
Supplements made (incl. Contractors)				\$4,000	\$5,000	\$1,000				
Supplements purchased				\$169,320	\$181,032	\$11,712				
Calf rearing				\$4,000	\$4,000					
Young and dry stock grazing				\$46,720	\$44,054	-\$2,666				
Winter cow grazing										
Run-off lease										
Fertiliser (incl. N)				\$41,725	\$47,590	\$5,865				
Irrigation										
Regrassing and cropping										
Weed and pest										
Vehicles and fuel				\$3,325	\$5,646	\$2,321				
R&M (land, buildings, plant, machinery)				\$16,500	\$22,918	\$6,418				
Freight and general farm expenses				\$800	\$755	-\$45				
Administration e.g. accountant, consultant, phone				\$2,650	\$3,004	\$354				
Insurance				\$5,610	\$5,852	\$242				
ACC										
Rates				\$10,325	\$10,325					
Other farm working expenses (not included in any of the above)										
Total Farm Working Expenses				\$499,695	\$531,202	\$31,507				
Cash Operating Surplus / Deficit				\$401,575	423,101	\$21,526				
Non Cash Adjustments										
				Budget		Actual		Variance		
Value of change in livestock numbers					-6,561	-6,561				
Labour adjustment				\$10,000	10,000					
Less Feed inventory Adjustment				-\$15,000	-22,800	-7,800				
Owned support block adjustment										
Depreciation				\$80,000	80,000					
Dairy Gross Farm Revenue				\$901,270	\$947,742	\$46,472				
Dairy Operating Expenses				\$604,695	\$644,002	\$39,307				
Dairy Operating Profit				\$296,575	\$303,740	\$7,165				
Dairy Operating Profit/ha				\$3,954	\$4,050	\$96				

Commentary re variance

	Actual to Budget Variance	
Milksolids	1,337	Milk production to mid-February was 5.2% up on the previous season, (and budget). More spring supplement was harvested so this helped with the feed shortage in late summer and autumn caused by the below average rainfall and pasture growth.
Cows	6	Losses were very low for the 2019 spring, (only 1 death) and wastage was also low.
Hectares	0	
Net Milk Income	50152	Milk price received is \$0.32 up on budget, combined with slightly more production.
Net Dairy livestock sales (calves + culls + other - purchases)	2197	Had more cows so cull wastage was low. Early prices were also up.
Other dairy income	684	

Net Dairy Cash Income

53033

Expenses

Wages	1738	
Animal health	3142	Had more 20 more cows for most of the season.
Breeding and herd improvement	1141	Used heat detection pads which was not in the budget.
Farm dairy	285	
Electricity (farm dairy, water supply)	0	
Supplements made (incl. Contractors)	1000	Made 20 t DM more silage in the spring.
Supplements purchased	11712	Purchased 50 t DM less maize, (dry weather affected the yield of the crop being purchased), but bought about 20 t DM more PKE. The PKE was contracted earlier in the season at \$251 per t), so the extra purchase was not affected by rising spot prices.
Calf rearing	0	
Young and dry stock grazing	-2666	Only got 47 heifer calf replacements so there were 13 less weaners to go to grazing.
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	5865	Fertiliser prices were higher than budgeted. N use was on budget at 90 kg N per ha for effluent areas and 120 kg N per ha for non effluent areas.
Irrigation	0	
Regrassing and cropping	0	

Weed and pest	0	
Vehicles and fuel	2321	Had a couple of larger tractor repairs that were not in the budget.
R&M (land, buildings, plant, machinery)	6418	Unbudgeted insulation of 2 houses.
Freight and general farm expenses	-45	
Administration e.g. accountant, consultant, phone	354	
Insurance	242	
ACC	0	
Rates	0	
Other farm working expenses (not included in any of the above)	0	

Total Farm Working Expenses	31507	
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Non Cash adjustments

Value of change in livestock numbers	-6561	Finished the season with 13 less R 1 heifers, 14 less R 2 heifers and 1 more MA cow than budgeted.
Labour adjustment	0	
Less Feed inventory Adjustment	-7800	Had budgeted on having 50 t DM less on hand but actually finished with 76 t DM less.
Owned support block adjustment	0	
Depreciation	0	