

**East Waikato System 3 Owner with CM  
2023-24 Season Final Update July 2024  
Season numbers at a glance**

KPI's	Budget	Actuals
Milk Production (kgMS/ha)	1,186	1,141
Milk Production (kgMS/cow)	393	381
Net Dairy Cash Income (\$/kgMS)	\$7.88	\$7.94
Total Farm Working Expenses (\$/kgMS)	\$4.30	\$4.68
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.58	\$3.26
Gross Farm Revenue (\$/kgMS)	\$7.89	\$7.94
Operating Expenses (\$/kgMS)	\$5.11	\$5.45
Operating Profit (\$/ha)	\$3,298	\$2,850

\* These KPI's are based on cash book budget/actuals to the 31/05/2024 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

**Key points**

- Production for the season of 202,025 was 3.7% down on budget, impacted by a particularly wet winter and spring and a slower calving pattern, (from the bought in cows).
- A more normal summer and autumn helped offset production lost in the spring, and the last of the cows were dried off in early May.
- Pasture harvested for the season is estimated at 13.7 t DM/ha which is down on the previous season.
- The purchased N surplus for the season was 86 kgN/ha and greenhouse gas emissions 13.6 t CO<sub>2</sub>e equiv/ha.
- Cash operating surplus was down 12% due to lower milk income and a 4.7% increase in farm working expenses.
- Close monitoring and management of the budget has kept total farm working expenses close to the original budget but there is significant variation for some costs.
- The final operating profit for the season was reasonable considering it was the first season for the second farm, there was no deferred milk income or Fonterra dividends on 90,648 kg MS and there were higher than expected R & M costs.
- The farm ended the 2023-24 season well set up for the coming year with pasture cover, supplement on hand and cow condition all on target.

**Comments**

The wet winter and spring resulted in a revision of the farm plan in September to increase the amount of cropping for the year. The aim was to provide more maize to increase the stored feed taken into the next season and at the same time allow for a higher proportion of the farm to be regressed. This was achieved with supplements taken into the 2024-25 season 44 t DM up on the previous year and 21 ha of crop area were regressed.

Daily per cow peak was 2.1 kgMS/cow/day, being fed pasture, maize or grass silage, and PKE/DDG blend.

Total supplements fed for the season was 150 t DM, of maize and baleage from inventory, (283 kgDM/cow), plus 328.5 t DM PKE/DDG mix, (620 kgDM/cow), through the shed. This is as per budget.

The wetter than average winter and spring meant pasture growth rates were down and pasture cover was well under control all spring and early summer. Only 100 bales, (18.5 t DM), of baleage was made late spring which is 30% down on budget, (140 bales).

The maize and fodder beet were 3 weeks later than planned being planted because of the wet.

To fill the feed gap from the delayed fodder beet planting, an additional 2.5 ha of turnips were planted.

Reasonable summer and autumn rainfall meant crop yields were good and all areas were regressed by mid-April. The new grass was first grazed in May.

The herds were milked twice a day until January 20th when one herd went to a 10/7 milking regime. This was milking once a day on Sat, Sunday, Tuesday and Thursday and twice a day Monday, Wednesday and Friday. This took the pressure off the younger cows.

The latter half of the autumn saw average or above average rainfall for each month resulting in better pasture growth so the last of the herd was milked into May.

Fertiliser usage was down on budget and by the end of the season the average price paid had also dropped so fertiliser costs for the year were 20% below budget.

It was too wet on the peat so two nitrogen applications were missed in the spring, plus when the payout drop was announced in August, fertiliser applications were prioritised and most of the fertiliser used was been applied to the 30 ha purchased this season, which was in need of extra fertiliser.

Nitrogen usage for the season was 119 kgN/ha averaged over the whole farm.

When the payout drop was announced all farm expenditure was reviewed and a zero budget was operated, where all expenditure had to prove a return. This has gone a long way to ensuring that there has been minimal cost creep this year, (total farm working expenses are \$42,400 up on budget, and this is including paying for 2 years of maize harvest).

**Calving and reproduction**

- The calving pattern for the 2023 spring was 85% in 3 weeks, 92% after 6 weeks and 100% by 9 weeks.
- Empty rate for the season was 11.5%.
- Herd testing for one herd was dropped following the payout and at the same time the decision was made to switch to cheaper heat detection methods.
- More AB heifers were born than expected so all 130 have been reared. The plan is to have a good cull of older and poorer producing cows in two years' time.
- A total of 16 bulls were purchased for the two herds and the yearlings at grazing. The difference between purchase and sale price cost about \$355/bull. Bulls were removed prior to Christmas.

**Other points of interest**

- High interest rates are hurting but at least they have not risen further and are now starting to ease.
- The PKE/DDG mix was able to be contracted at \$440 per ton landed which is about \$120 less than budgeted, again saving about 20% on purchased feed costs compared with budget.
- R & M is up with the increase relating to unforeseen breakage on the new farm and additional drainage being needed on the home farm as a result of the wet winter and spring.
- Regrassing and cropping costs are 70% up on budget in part due to the timing of payment for maize harvesting. The 2023-24 financial year now includes payments for two season of maize harvesting.
- Wages paid were up 20% as extra was spent employing contractors to help with the fencing and R & M required on the new farm.

# Annual Cash Budget

Name: East Waikato Owner/Owner with CM System 3 Budget Period 1 / 6 / 2023 to 31 / 5 / 2024  
 Farm Details: 202024 kgMS 530 cows 177.0 ha 381 kgMS/cow 1141 kgMS/ha 2.99 cows/ha

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received			100%				
Milk Solids advance	202,024 kgMS	x \$	6.87 /kgMS		\$1,388,684	\$6.87	\$2,620	\$7,846
Milk Solids retrospective	120,835 kgMS	x \$	0.81 /kgMS		\$98,334	\$0.49	\$186	\$556
Milk Solids dividend	99,900 shares	x \$	0.53 /share		\$52,990	\$0.26	\$100	\$299
Other Milk Income						\$0.00	\$0	\$0
DairyNZ levy	enter as negative number				-\$8,239	-\$0.04	-\$16	-\$47
Net Dairy livestock sales (calves + culls + other - purchases)					\$61,741	\$0.31	\$116	\$349
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting					\$10,000	\$0.05	\$19	\$56
<b>Net Dairy Cash Income</b>					<b>\$1,603,510</b>	<b>\$7.94</b>	<b>\$3,025</b>	<b>\$9,059</b>
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker					\$215,496	\$1.07	\$407	\$1,217
Animal health					\$31,412	\$0.16	\$59	\$177
Breeding and herd improvement					\$18,925	\$0.09	\$36	\$107
Farm dairy					\$10,174	\$0.05	\$19	\$57
Electricity (farm dairy, water supply)					\$17,218	\$0.09	\$32	\$97
Supplements made (incl. Contractors)					\$2,000	\$0.01	\$4	\$11
Supplements purchased					\$159,739	\$0.79	\$301	\$902
Calf rearing					\$14,004	\$0.07	\$26	\$79
Young and dry stock grazing					\$117,228	\$0.58	\$221	\$662
Winter cow grazing						\$0.00	\$0	\$0
Run-off lease						\$0.00	\$0	\$0
Fertiliser (incl. N)					\$96,214	\$0.48	\$182	\$544
Irrigation						\$0.00	\$0	\$0
Regrassing and cropping					\$85,860	\$0.42	\$162	\$485
Weed and pest					\$11,743	\$0.06	\$22	\$66
Vehicles and fuel					\$52,714	\$0.26	\$99	\$298
R&M (land, buildings, plant, machinery)					\$45,268	\$0.22	\$85	\$256
Freight and general farm expenses					\$11,560	\$0.06	\$22	\$65
Administration e.g. accountant, consultant, phone					\$17,216	\$0.09	\$32	\$97
Insurance					\$15,750	\$0.08	\$30	\$89
ACC					\$3,552	\$0.02	\$7	\$20
Rates					\$18,830	\$0.09	\$36	\$106
<b>Total Farm Working Expenses</b>					<b>\$944,903</b>	<b>\$4.68</b>	<b>\$1,783</b>	<b>\$5,338</b>
<b>Cash Surplus / Deficit</b>					<b>\$658,607</b>	<b>\$3.26</b>	<b>\$1,243</b>	<b>\$3,721</b>
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Non Cash adjustments								
Value of change in livestock numbers					\$1,231	\$0.01	\$2	\$7
Labour adjustment					\$120,000	\$0.59	\$226	\$678
Less Feed inventory Adjustment					\$16,700	\$0.08	\$32	\$94
Owned support block adjustment						\$0.00	\$0	\$0
Depreciation					\$52,000	\$0.26	\$98	\$294
<b>Dairy Gross Farm Revenue</b>					<b>\$1,604,741</b>	<b>\$7.94</b>	<b>\$3,028</b>	<b>\$9,066</b>
<b>Dairy Operating Expenses</b>					<b>\$1,100,203</b>	<b>\$5.45</b>	<b>\$2,076</b>	<b>\$6,216</b>
<b>Dairy Operating Profit</b>					<b>\$504,538</b>	<b>\$2.50</b>	<b>\$952</b>	<b>\$2,850</b>

# Annual Cash Budget and updated forecast July 2024

Name:	East Waikato Owner/Owner with CM System 3			Budget Period 1 / 6 / 2023 to 31 / 5 / 2024		
<b>Farm Details:</b>						
Budget	210,000 kgMS	535 Cows	177.0 ha	393 kgMS/cow	1186 kgMS/ha	3.02 cows/ha
<b>Farm Details:</b>						
Budget/Actual	202,025 kgMS	530 cows	177.0 ha	381 kgMS/cow	1141 kgMS/ha	2.99 cows/ha
<b>Variance (Actual less Budget)</b>	<b>-7,975 kgMS</b>	<b>-5 cows</b>	<b>ha</b>	<b>-11 kgMS/cow</b>	<b>-45 kgMS/ha</b>	<b>-0.03 cows/ha</b>
<b>Income</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>
Net Milk Sales				\$1,583,500	\$1,531,769	-\$51,731
Net Dairy livestock sales (calves + culls + other - purchases)				\$71,000	\$61,741	-\$9,259
Other dairy cash income					\$10,000	\$10,000
<b>Net Dairy Cash Income</b>				<b>\$1,654,500</b>	<b>\$1,603,510</b>	<b>-\$50,990</b>
<b>Expenses</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>
Wages				\$180,000	\$215,496	\$35,496
Animal health				\$30,500	\$31,412	\$912
Breeding and herd improvement				\$27,900	\$18,925	-\$8,975
Farm dairy				\$21,100	\$10,174	-\$10,926
Electricity (farm dairy, water supply)				\$17,600	\$17,218	-\$382
Supplements made (incl. Contractors)				\$3,500	\$2,000	-\$1,500
Supplements purchased				\$207,700	\$159,739	-\$47,961
Calf rearing				\$5,400	\$14,004	\$8,604
Young and dry stock grazing				\$113,500	\$117,228	\$3,728
Winter cow grazing						
Run-off lease						
Fertiliser (incl. N)				\$120,000	\$96,214	-\$23,786
Irrigation						
Regrassing and cropping				\$50,000	\$85,860	\$35,860
Weed and pest				\$1,000	\$11,743	\$10,743
Vehicles and fuel				\$35,100	\$52,714	\$17,614
R&M (land, buildings, plant, machinery)				\$22,800	\$45,268	\$22,468
Freight and general farm expenses				\$12,500	\$11,560	-\$940
Administration e.g. accountant, consultant, phone				\$11,900	\$17,216	\$5,316
Insurance				\$15,500	\$15,750	\$250
ACC				\$4,700	\$3,552	-\$1,148
Rates				\$21,400	\$18,830	-\$2,570
Other expenses						
<b>Total Farm Working Expenses</b>				<b>\$902,100</b>	<b>\$944,903</b>	<b>\$42,803</b>
<b>Cash Operating Surplus / Deficit</b>				<b>\$752,400</b>	<b>658,607</b>	<b>-\$93,793</b>
<b>Non Cash Adjustments</b>				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
Value of change in livestock numbers				\$1,350	1,231	-119
Labour adjustment				\$120,000	120,000	
Less Feed inventory Adjustment					16,700	16,700
Owned support block adjustment						
Depreciation				\$50,000	52,000	2,000
<b>Dairy Gross Farm Revenue</b>				<b>\$1,655,850</b>	<b>\$1,604,741</b>	<b>-\$51,109</b>
<b>Dairy Operating Expenses</b>				<b>\$1,072,100</b>	<b>\$1,100,203</b>	<b>\$28,103</b>
<b>Dairy Operating Profit</b>				<b>\$583,750</b>	<b>\$504,538</b>	<b>-\$79,212</b>
<b>Dairy Operating Profit/ha</b>				<b>\$3,298</b>	<b>\$2,850</b>	<b>-\$448</b>

## Commentary re variance

	Actual to Budget Variance	
Milksolids	-7,975	Milk production is down due to the wet winter and spring and slower grass growth, a slower calving pattern for the bought in cows and a very dry summer through late January to early March.
Cows	-5	Losses at calving were a bit higher than budgeted due to metabolic issues in older less sound cows kept to make up numbers.
Hectares	0	
Net Milk Income	-51731	Milk solids was down just under 4%. The Fonterra dividend was up on budget which has helped to offset losses due to lower production.
Net Dairy livestock sales (calves + culls + other - purchases)	-9259	Culled fewer cows than planned.
Other dairy income	10000	Rent from surplus farm house not included in budget.

### Net Dairy Cash Income

-50990

### Expenses

Wages	35496	Employed contractor labour to assist with fencing and and other maintenance jobs. Plus payments to the contract milker were higher.
Animal health	912	
Breeding and herd improvement	-8975	Dropped herd testing from one herd and switched to cheaper heat detection devices. Had not factored in SPS rebates for heifers milked.
Farm dairy	-10926	Budget was a bit of guess with the addition of the second farm
Electricity (farm dairy, water supply)	-382	
Supplements made (incl. Contractors)	-1500	Only made about 100 bales due to the lower spring pasture growth rates. The original budget was for 140 bales.
Supplements purchased	-47961	The PKE/DDG mix was able to be contracted for just under \$440/t landed which is about \$120/t less than the budget. Actual supplement purchased was 365 t (wet) as per budget.
Calf rearing	8604	Used more meal for the calves due to slow spring grass growth. Plus reared 10-15 more calves than budget as more heifer calves were born.
Young and dry stock grazing	3728	Had more weaners at grazing than budgeted.
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	-23786	Fertiliser is down on budget. It was too wet on the peat in the spring so two nitrogen applications were missed, plus when the payout drop was announced, fertiliser applications were prioritised and most of what has gone on has been applied to the 30 ha purchased this season. As the season progressed the price of fertiliser also dropped so savings occurred there too.
Irrigation	0	

Regrassing and cropping	35860	Includes harvest of 2024 maize crop which was originally budgeted to be paid June 2024. Also planted an extra 2.5 ha of turnips to fill the gap until the fodder beet was ready to graze. The fodder beet was planted 3 weeks later than planned due to the wet soil conditions. Regrassed 22 ha of crop area plus significant areas undersown to repair damage from wet winter/spring.
Weed and pest	10743	Weeds have been more of a problem due to the wet spring and resulting pasture damage.
Vehicles and fuel	17614	Includes two years of vehicle insurance due to timing change of payments, which accounts for about \$6,500 of the increase. Also had unforeseen tractor repairs which added to the extra spent.
R&M (land, buildings, plant, machinery)	22468	Spent an extra \$12,000 on drainage on the home farm because of the very wet spring. The balance of the increase is due to extra R & M needed on the new farm due to unforeseen breakages and additional race work needed to connect the two farms.
Freight and general farm expenses	-940	
Administration e.g. accountant, consultant, phone	5316	Part of this increase is about \$2,300 of travel to the South Island to collect second hand machinery purchases.
Insurance	250	
ACC	-1148	
Rates	-2570	Timing - invoice received late.

<b>Total Farm Working Expenses</b>	<b>42803</b>	
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<b>Non Cash adjustments</b>		
Value of change in livestock numbers	-119	
Labour adjustment	0	
Less Feed inventory Adjustment	16700	After the wet start to the season the farm plan was changed to increase the level of cropping and increase the amount of supplement carried through to the next season so there would be less pressure on the farm in the spring. 44 t DM more of maize silage was taken into the 2024-25 season.
Owned support block adjustment	0	
Depreciation	2000	