

North Canterbury Owner Sys 4
2019-20 Season numbers at a glance

KPI's	Budget	Actual
Milk Production (kgMS/ha)	1,833	1,902
Milk Production (kgMS/cow)	479	497
Net Dairy Cash Income (\$/kgMS)	\$7.00	\$7.37
Total Farm Working Expenses (\$/kgMS)	\$4.23	\$3.83
Cash Operating Surplus/Deficit (\$/kgMS)	\$2.77	\$3.54
Gross Farm Revenue (\$/kgMS)	\$6.88	\$7.44
Operating Expenses (\$/kgMS)	\$4.75	\$4.53
Operating Profit (\$/ha)	\$3,895	\$5,534

* 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

2019-20 was the first full season being self contained for wintering on the support block and milking area and so is more indicative of a status quo financial performance.

The operating profit per ha for the year is estimated to be \$5,534. This is 42% up on budget and is due to income being 12% above budget and operating expenses being 1% below budget.

Farm working expenses, (FWE), of \$3.83 per kg MS or 9.3% below budget and are more in line with the status quo costs for implementing the current farm plan of \$3.80-\$4.00.

Operating expenses of \$4.53 per kg MS are 4.7% down on budget. They include \$0.15 per kg MS of non-cash adjustments to allow for the decrease in the feed inventory.

Other points of interest

The season started with another mild winter early spring with no major rain or snow events which made for a good start to the season. A cold snap in late September/early October meant growth rates were slower than previous years and were 10 days later reaching the point where growth rates exceeded demand.

Spring and early summer pasture surpluses were not as great as expected so supplements made for the year are less than budgeted. The shortfall was covered by having more supplements left over from the start of the season.

Irrigation this year started in mid October and there were 108 irrigation days with 569 mm water applied for the year. Hot dry conditions in January and February put some pressure on the irrigation scheme resulting in some water restrictions but the overall impact was minimal.

Pasture and crop eaten on the milking platform is 18.7 t DM per ha. This is up 0.8 t DM per ha on last season which had been the highest for the farm. The increase is likely due to several factors including increased focus on efficient use of supplements and appropriate post grazing residuals, more efficient water use now the farm is on the Amuri Irrigation scheme and the growing of 2-3 ha of fodder beet for autumn use.

The last of the herd was dried off on 29th May. Cow condition is on target for BCS of 5.0, (heifers 5.5), by calving. Pasture cover was 2,200 kg DM/ha at drying off, (100-150 kg DM/ha above target), and is well on track for 2,650 kg DM/ha by the planned start of calving in early August.

Annual Cash Budget

Name: **North Canterbury Owner Sys 4** Budget Period **1 / 6 / 2019** to **31 / 5 / 2020**

Farm Details: **268124 kgMS** **540 cows** **141.0 ha** **497 kgMS/cow** **1902 kgMS/ha** **3.83 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received 100%							
Milk Solids advance	266,000	kgMS x \$	5.13	/kgMS	\$1,874,940	\$6.99	\$3,472	\$13,297
Milk Solids retrospective	264,237	kgMS x \$	1.21	/kgMS		\$0.00	\$0	\$0
Milk Solids dividend		shares x \$		/share		\$0.00	\$0	\$0
DairyNZ levy	enter as negative number				-\$16,558	-\$0.06	-\$31	-\$117
Net Dairy livestock sales (calves + culls + other - purchases)					\$118,003	\$0.44	\$219	\$837
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting						\$0.00	\$0	\$0
Net Dairy Cash Income					\$1,976,385	\$7.37	\$3,660	\$14,017
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages					\$228,992	\$0.85	\$424	\$1,624
Animal health					\$73,941	\$0.28	\$137	\$524
Breeding and herd improvement					\$21,547	\$0.08	\$40	\$153
Farm dairy					\$5,342	\$0.02	\$10	\$38
Electricity (farm dairy, water supply)					\$26,618	\$0.10	\$49	\$189
Supplements made (incl. Contractors)					\$52,017	\$0.19	\$96	\$369
Supplements purchased					\$48,930	\$0.18	\$91	\$347
Calf rearing					\$9,317	\$0.03	\$17	\$66
Young and dry stock grazing						\$0.00	\$0	\$0
Winter cow grazing						\$0.00	\$0	\$0
Run-off lease					\$95,000	\$0.35	\$176	\$674
Fertiliser (incl. N)					\$142,249	\$0.53	\$263	\$1,009
Irrigation					\$63,833	\$0.24	\$118	\$453
Regrassing and cropping					\$62,084	\$0.23	\$115	\$440
Weed and pest					\$607	\$0.00	\$1	\$4
Vehicles and fuel					\$61,796	\$0.23	\$114	\$438
R&M (land, buildings, plant, machinery)					\$67,489	\$0.25	\$125	\$479
Freight and general farm expenses					\$4,894	\$0.02	\$9	\$35
Administration e.g. accountant, consultant, phone					\$32,454	\$0.12	\$60	\$230
Insurance					\$20,764	\$0.08	\$38	\$147
ACC					-\$90	\$0.00	\$0	-\$1
Rates					\$10,318	\$0.04	\$19	\$73
Total Farm Working Expenses					\$1,028,102	\$3.83	\$1,904	\$7,292
Cash Surplus / Deficit					\$948,283	\$3.54	\$1,756	\$6,725
Non Cash adjustments								
Value of change in livestock numbers					\$17,339	\$0.06	\$32	\$123
Labour adjustment					\$15,000	\$0.06	\$28	\$106
Less Feed inventory Adjustment					-\$40,350	-\$0.15	-\$75	-\$286
Owned support block adjustment						\$0.00	\$0	\$0
Depreciation					\$130,000	\$0.48	\$241	\$922
Dairy Gross Farm Revenue					\$1,993,724	\$7.44	\$3,692	\$14,140
Dairy Operating Expenses					\$1,213,452	\$4.53	\$2,247	\$8,606
Dairy Operating Profit					\$780,272	\$2.91	\$1,445	\$5,534

Annual Cash Budget

Name:		North Canterbury Owner Sys 4		Budget Period		1 / 6 / 2019 to 31 / 5 / 2020	
Farm Details:							
Budget	258,390 kgMS	540 Cows	141.0 ha	479 kgMS/cow	1833 kgMS/ha	3.83 cows/ha	
Farm Details: Actual							
	268,124 kgMS	540 cows	141.0 ha	497 kgMS/cow	1902 kgMS/ha	3.83 cows/ha	
Variance (Actual less Budget)							
	9,734 kgMS	cows	ha	18 kgMS/cow	69 kgMS/ha	cows/ha	
Income				Budget	Actual	Variance	
Net Milk Sales				\$1,695,750	\$1,858,382	\$162,632	
Net Dairy livestock sales (calves + culls + other - purchases)				\$111,990	\$118,003	\$6,013	
Other dairy cash income							
Net Dairy Cash Income				\$1,807,740	\$1,976,385	\$168,645	
Expenses				Budget	Actual	Variance	
Wages				\$210,000	\$228,992	\$18,992	
Animal health				\$69,660	\$73,941	\$4,281	
Breeding and herd improvement				\$23,910	\$21,547	-\$2,363	
Farm dairy				\$8,000	\$5,342	-\$2,658	
Electricity (farm dairy, water supply)				\$27,320	\$26,618	-\$702	
Supplements made (incl. Contractors)				\$65,500	\$52,017	-\$13,483	
Supplements purchased				\$73,690	\$48,930	-\$24,760	
Calf rearing				\$10,000	\$9,317	-\$683	
Young and dry stock grazing							
Winter cow grazing							
Run-off lease				\$90,000	\$95,000	\$5,000	
Fertiliser (incl. N)				\$177,470	\$142,249	-\$35,221	
Irrigation				\$61,140	\$63,833	\$2,693	
Regrassing and cropping				\$67,800	\$62,084	-\$5,716	
Weed and pest				\$1,000	\$607	-\$393	
Vehicles and fuel				\$54,940	\$61,796	\$6,856	
R&M (land, buildings, plant, machinery)				\$74,300	\$67,489	-\$6,811	
Freight and general farm expenses				\$9,700	\$4,894	-\$4,806	
Administration e.g. accountant, consultant, phone				\$33,000	\$32,454	-\$546	
Insurance				\$20,350	\$20,764	\$414	
ACC				\$5,000	-\$90	-\$5,090	
Rates				\$9,780	\$10,318	\$538	
Other farm working expenses (not included in any of the above)							
Total Farm Working Expenses				\$1,092,560	\$1,028,102	-\$64,458	
Cash Operating Surplus / Deficit				\$715,180	948,283	\$233,103	
Non Cash Adjustments				Budget	Actual	Variance	
Value of change in livestock numbers				-\$31,000	17,339	48,339	
Labour adjustment				\$15,000	15,000		
Less Feed inventory Adjustment					-40,350	-40,350	
Owned support block adjustment							
Depreciation				\$120,000	130,000	10,000	
Dairy Gross Farm Revenue				\$1,776,740	\$1,993,724	\$216,984	
Dairy Operating Expenses				\$1,227,560	\$1,213,452	-\$14,108	
Dairy Operating Profit				\$549,180	\$780,272	\$231,092	
Dairy Operating Profit/ha				\$3,895	\$5,534	\$1,639	

Commentary re variance

	Actual to Budget Variance	
Milksolids	9,734	The budget was prepared conservatively based on the lower of the previous 3 years milksolids. Production was ahead of budget all season and finished about 1.5% up on the 2018-19 season's milksolids and 3.8% up on budget.
Cows	0	
Hectares	0	
Net Milk Income	162632	Milk revenue was up on budget due to the higher than budgeted milksolids and higher than budgeted milk price, (\$6.96 received compared with budgeted \$6.56).
Net Dairy livestock sales (calves + culls + other - purchases)	6013	Cull cow prices were about \$50 per head up on budget and about 20 more bobby calves were sold than budgeted.
Other dairy income	0	

Net Dairy Cash Income	168645
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Expenses

Wages	18992	The increase is due to staff pay rises in recognition of increased experience and responsibility plus a little more part time and casual labour now that the owners live off farm and do less on farm work.
Animal health	4281	
Breeding and herd improvement	-2363	
Farm dairy	-2658	
Electricity (farm dairy, water supply)	-702	
Supplements made (incl. Contractors)	-13483	Harvested 80 t DM less supplement than budgeted for. Feed inventory decreased for the year by 134 t so this offset some of the reduced costs of supplements made.
Supplements purchased	-24760	Fed about 40 t less of PKE. There has been an increased focus on efficient use of imported feed so that the quantities of imported feed can be reduced. More home grown feed was used from inventory made up some of the shortfall in imported feed.
Calf rearing	-683	
Young and dry stock grazing	0	
Winter cow grazing	0	
Run-off lease	5000	Lease price went up after the 19-20 budget was prepared.
Fertiliser (incl. N)	-35221	Used less fertiliser. The budget had been based on the previous season's costs which essentially had 2 year's worth of winter crop costs. Also working with fertiliser companies to be more efficient with fertiliser applied. Use specific paddock testing so can have more strategic approach to applications.
Irrigation	2693	
Regrassing and cropping	-5716	Planted 7 ha less of oats for cereal silage so also lower cropping costs and less land to re-grass in early January.

Weed and pest	-393	
Vehicles and fuel	6856	Fuel usage and costs were up a bit. Service and & R M costs on some of the vehicles was a bit higher than budgeted.
R&M (land, buildings, plant, machinery)	-6811	Infrastructure is in good order as priority has always been to keep up to date with maintenance, especially in good pay-out years. Didn't need to use the contingency part of the budget.
Freight and general farm expenses	-4806	Better coding with most of freight charges now coded to the expense category that the freight applied to.
Administration e.g. accountant, consultant, phone	-546	
Insurance	414	
ACC	-5090	Over paid in the previous year so got a refund. Working less on the farm so have reduced ACC cost.
Rates	538	

Total Farm Working Expenses	-64458	
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Non Cash adjustments

Value of change in livestock numbers	48339	Had planned to reduce numbers for the season but have finished with more stock on hand - 7 More R 1 heifers, and 6 more MA cows and R 2 heifers.
Labour adjustment	0	
Less Feed inventory Adjustment	-40350	Finished the season with 134.5 t DM less of supplement on hand. This adjustment offsets the reduction in costs of supplements made and purchased feed.
Owned support block adjustment	0	
Depreciation	10000	Had under budgeted. The 2018-19 financial statements depreciation was up on previous years due to the addition of some plant and machinery relating to the upgrade of irrigation on the support block.