

2024-25 Season update September 25th, 2024

Season numbers at a glance

KPI's*	Budget	Updated
		forecast Budget/Actuals
Milk Production (kgMS/ha)	982	982
Milk Production (kgMS/cow)	481	481
Net Dairy Cash Income (\$/kgMS)	\$8.63	\$9.23
Total Farm Working Expenses (\$/kgMS)	\$3.96	\$4.06
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.76	\$5.17
Gross Farm Revenue (\$/kgMS)	\$8.69	\$9.30
Operating Expenses (\$/kgMS)	\$5.72	\$5.83
Operating Profit (\$/ha)	\$2,909	\$3,415

* These KPI's are based on cash book budget/actuals to the 30/09/2024 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Summary

- The budget is on track to deliver an operating profit of over \$3,300/ha with the recent increase in advance rate offsetting a small increase in FWE.
- The autumn and winter were very favourable with good growth rates and minimal damage from wet weather.
- Cows came through the winter in very good condition and pasture covers at PSC were above target.
- Production is 5.2% up for the season and 13% up for the month to date.
- Late August and September have been wetter than the last 3 seasons. Mid-September has been cold with snow on the ranges around the area. Fortunately, good pasture cover and plenty of supplements on hand along with good cow condition at calving means the cows are milking well despite lower pasture utilisation.
- Available pasture supply is getting tight now with overcast weather and low soil temperatures contributing to low pasture growth, (sub 25 kgDM/ha/day).
- Higher levels of supplementation, (upto 6 kgDM of PKE and baleage offered), are ensuring the herd is still milking well at 2.3 kgMS/cow/day and rotation length can be held at 29 days until soil temperatures and pasture growth rates increase sufficiently.
- Cow condition will continue to be monitored and if need be the herd will continue to be fed PKE through mating if pasture growth rates and sunshine hours don't increase significantly.
- The wet weather has delayed the regrassing and cropping programme by at least 3 weeks.

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Commentary

There has been a very high incidence of milk fever in cows 5 years and older with 12 cows needing treatment. This is likely a result of higher than usual BCS. Next year all mature cows will be given Mg boluses prior to calving.

The first 10 days of September were relatively warm with soil temperatures above 10 Degrees C and growth rates of 46 kg DM/ha/day and pasture cover holding at 2300 kg DM/ha.

High winds in mid-September blew the roof of a hay barn which will increase the cost of R & M as insurance will not cover the full repairs.

Planned start of calving was 3 days later than last season so August production was slightly behind last year. However after 7.5 weeks from PSC 96% of the herd now calved, cow numbers in milk is ahead of last season. The current number of cows in milk is 146 and peak cow numbers should end up around 151, (close to the target of 150).

As at September 23rd soil temperatures had dropped below 10 degrees again, (currently 8 degrees C), and growth rates are below 25kg DM/ha/day. Pasture cover is dropping and pasture supply is a little tight. The round is being held at 29 days with cows being offered 4 kg DM/c/day of PKE in troughs plus 1.3-2.6 kg DM baleage/c/day in paddock. This will continue until soil temperatures are consistently above 10 degrees and rising which is needed to grow 40+ kgDM/ha/day.

Last year pasture growth exceeded demand by mid-September, so this spring is at least 2 weeks behind last year.

The level of PKE being fed is double what was being used this time last year. The total amount used to date is below budget as less supplement was needed for young stock use to the end of August was below budget. This means there is leeway to use more now while the soil conditions are so wet.

The experiment of having 3 paddocks for wintering of crop/pasture worked well in dry weather with regard to giving cows somewhere clean to lie down. However it has meant now that there are 3 paddocks out of the round and waiting to be regrassed rather than 2 and perhaps a sacrifice paddock, (which does still provide some feed).

Wet soil conditions mean that the regrassing and cropping programme is delayed. At least two to three weeks of drier sunnier and windy weather are needed to dry out the winter cropped areas before they can be regrassed.

With regrassing being delayed there could potentially be pressure on pasture cover in late December and early January so it is possible some millet may be planted to provide a bulk of feed through that period.

With the higher than normal rainfall now the likelihood of a drought is higher so some summer crop could also be a good insurance.

The number of calves reared is slightly up on budget as more heifer calves were born. To date 32 heifer calves have been reared, (budget was 30).

With the wetter conditions, SCC is 41% p on last year and the incidence of mastitis is also up. SCC season to date is 129,000 (91,000 for 23-24 to the same time).

The forecast budget is showing income is likely to be up 6-7%, largely due to a rise in the advance milk price, (now \$7.74/kgMS paid in May). Farm working expenses are up about 2-3% to about \$4.06/kgMS. Much of the increase is inflation driven although as per usual there are some unders and some overs compared with budget.

Wages paid will be up about \$7,000 as the opportunity arose to employ a previous staff member for regular relief work, providing milking's off every weekend once mating is finished.

Fertiliser costs will be down \$7,000 as applications have been tailored to each paddock and phosphate is only being applied to paddocks at OlsenP levels that are optimum or below. Nitrogen applications have been nil so far this season as pasture cover was high through June and July and soil conditions have been too wet since then.

Vehicle costs are up \$3,600 as there have been unforeseen repairs needed earlier this season.

Annual Cash Budget Updated September 25th 2024

Name: West Coast Owner System 4 Budget Period 1 / 6 / 2024 to 31 / 5 / 2025

Farm Details: 72700 kgMS 151 cows 74.0 ha 481 kgMS/cow 982 kgMS/ha 2.04 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha	
Net Milk Income	Share of milk cheque received		100%					
Milk Solids advance	72,700	kgMS x \$	7.74	/kgMS	\$569,803	\$7.84	\$3,774	\$7,700
Milk Solids retrospective	74,146	kgMS x \$	1.22	/kgMS	\$90,458	\$1.24	\$599	\$1,222
Milk Solids dividend		shares x \$		/share				
Other Milk Income								
DairyNZ levy	enter as negative number				-\$2,600	-\$0.04	-\$17	-\$35
Net Dairy livestock sales (calves + culls + other - purchases)					\$13,100	\$0.18	\$87	\$177
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
Net Dairy Cash Income					\$670,761	\$9.23	\$4,442	\$9,064
Expenses				\$ Total	\$/kgMS	\$/cow	\$/ha	
Wages/payment to contract milker					\$22,630	\$0.31	\$150	\$306
Animal health					\$15,032	\$0.21	\$100	\$203
Breeding and herd improvement					\$10,270	\$0.14	\$68	\$139
Farm dairy					\$4,100	\$0.06	\$27	\$55
Electricity (farm dairy, water supply)					\$13,425	\$0.18	\$89	\$181
Supplements made (incl. Contractors)					\$11,000	\$0.15	\$73	\$149
Supplements purchased					\$74,638	\$1.03	\$494	\$1,009
Calf rearing					\$2,400	\$0.03	\$16	\$32
Young and dry stock grazing								
Winter cow grazing								
Run-off lease								
Fertiliser (incl. N)					\$40,000	\$0.55	\$265	\$541
Irrigation					\$4,000	\$0.06	\$26	\$54
Regrassing and cropping					\$18,850	\$0.26	\$125	\$255
Weed and pest					\$1,900	\$0.03	\$13	\$26
Vehicles and fuel					\$24,000	\$0.33	\$159	\$324
R&M (land, buildings, plant, machinery)					\$14,000	\$0.19	\$93	\$189
Freight and general farm expenses					\$6,182	\$0.09	\$41	\$84
Administration e.g. accountant, consultant, phone					\$8,000	\$0.11	\$53	\$108
Insurance					\$13,500	\$0.19	\$89	\$182
ACC					\$4,000	\$0.06	\$26	\$54
Rates					\$7,200	\$0.10	\$48	\$97
Total Farm Working Expenses					\$295,127	\$4.06	\$1,954	\$3,988
Cash Surplus / Deficit					\$375,634	\$5.17	\$2,488	\$5,076
Non Cash adjustments								
Value of change in livestock numbers					\$5,602	\$0.08	\$37	\$76
Labour adjustment					\$91,500	\$1.26	\$606	\$1,236
Less Feed inventory Adjustment								
Owned support block adjustment								
Depreciation					\$37,000	\$0.51	\$245	\$500
Dairy Gross Farm Revenue					\$676,363	\$9.30	\$4,479	\$9,140
Dairy Operating Expenses					\$423,627	\$5.83	\$2,805	\$5,725
Dairy Operating Profit					\$252,736	\$3.48	\$1,674	\$3,415

Notes for Budget

Net Milk Income	The budget is prepared on an advance milk price of \$7.74 per kg MS for 72,700 kg MS, (being 85% of the updated forecast milk price as at late September 2024). Deferred income is the actual final payout announced September 2024 of \$7.93/kg MS over 74,146 kg MS. The assumption is that 85% of the seasons total milk price will be paid out by the end of May. ** This milk income is the farmers best estimate of their likely net milk sales. It may or may not be out of date based on new information from Dairy Companies. It does not necessarily reflect DairyNZ's milk price forecast.
Net Dairy livestock sales (calves + culls + other - purchases)	Based on the sale of 25 cull cows and R2 heifers @ \$590/head, 100 bobby calves @\$30/head, 6 bulls @ \$1,180-1,320/head less the purchase of 6 bulls @ \$1,700-1,900/head.
Other dairy income	

Expenses

Wages	Permanent relief staff for 400 hours per year equating to 0.17 FTE.
Animal health	Animal health philosophy is to be very observant, keep good records and be pro-active, with much of the costs being for preventative rather than remedial treatments. Mineral supplements are provided via inline water supplementation. At risk cows are monitored post calving, (difficult calving or retained membranes), these cows are metrichecked once or twice prior to mating and treated as appropriate, (no cows have needed treatment for the last 2 years). The average SCC average is under 150,000. In-calf heifers are teat sealed in June.
Breeding and herd improvement	This covers 3 weeks of AB using Premiere sires forward pack for the majority of the herd and yearling heifers. Lower PW/BW cows will be mated to short gestation beef semen in the first week of AB and then short gestation dairy semen for the remaining 2 weeks. 6 Jersey bulls will be purchased to run with the herd and the heifers for 6 weeks. The bulls will be removed on January 1st and 2 weeks of AB using short gestation length semen will follow. No anoestous treatments are planned for the 2024-25 season. Herd testing is done 4 times a year. Includes pregnancy testing with the vet.
Farm dairy	Covers all rubberware, detergents and consumables and milking machine testing for the 20 a-side herringbone shed. Standard recommended cleaning procedures are used.
Electricity (farm dairy, water supply)	The plan is to go to 3 milkings in 2 days when the cows get to 1.8 MS/cow/day in late January and then OAD at 1.5 MS/cow/day in April, but the timing is weather dependent.
Supplements made (incl. Contractors)	The budget is for contractors make about 300-350 bales of silage, (50 t DM), baling and wrapping only, (about \$35/bale).
Supplements purchased	Includes \$60,800 for PKE, (160 t @ \$373/t landed), this now contracted. \$12,600 has been allocated for 130-140 large bales of hay for use during the winter at \$90/ bale landed. If less baleage is made on farm more hay will be purchased.
Calf rearing	32 replacement heifers have been reared this season. Calves are reared on colostrum, whole milk, meal/starter muesli while in pens then pasture only. Calves are weaned off milk at 85-90 kg for small framed crossbred animals and 95-100 kg for larger framed cross bred calves. Costs include about 10 bags of meal plus equipment.
Young and dry stock grazing	All young stock are carried on farm. For 2024-25 this will be 30 yearlings and 32 weaners.
Winter cow grazing	Cows and in calf heifers are all wintered on the 74 ha platform.
Run-off lease	

Fertiliser (incl. N)	This is net of fertiliser rebates. Fertiliser is applied as per fertiliser company recommendations and are in line with best practice guidelines for the region and soil types. Paddocks with Olsen P levels above the optimum range will not receive any phosphate. All fertiliser is spread with own gear. Products used are Ammo31/36, Ureammopot, and a mix of Cropmaster DAP/Pot Chloride/Ammonium Sulphate. Farm fertility is high, (Olsen P are in the range of 34-50).
Irrigation	Irrigation is used on 27 ha, over a 6 weeks period each year, between January and March. For the last 3 years the average number of days irrigation is used is about 25. Cost is for electricity for pumping water from the nearby creek and running the centre pivot irrigation. Daily running costs are about \$150 per day, plus overheads.
Regrassing and cropping	The plan is for a 4.0 ha winter crop, (swedes) to be planted late spring. Regrassing of the previous winter crop area, (4.0 ha swedes + 2 ha pasture used in conjunction with feeding off the swedes), will also be done in spring. This area will be planted in a short rotation ryegrass (SRR), clover, plantain and chicory mix. May substitute some of this seed mix for millet to provide a bulk of feed in early January. This depends on current soil conditions and also the summer long range forecast. The cropping cost also allows for some repair of SRR pasture that may not be performing but aren't in line for cropping. This cost includes weed and pest control.
Weed and pest	Pasture weed control is mainly spot spraying scotch thistles and ragwort.
Vehicles and fuel	Vehicles and machinery are kept clean and maintained regularly. Includes \$10,600 for fuel. Care is taken to minimise damage, tractor hours per year are medium to low. Feeding PKE takes 5-10 minutes per day.
R&M (land, buildings, plant, machinery)	Farm buildings and infrastructure are in very good order so very little maintenance is planned for 2024-25. Includes about \$3,000 for upgrading the race near the cowshed entrance and exit.
Freight and general farm expenses	Includes dog related expenses, protective clothing, general freight and bio-security levy.
Administration e.g. accountant, consultant, phone	Do all own GST, pay roll and budgeting. Includes accountant's fees, computer consumables, subscriptions and communications costs.
Insurance	This has increased on the previous year. The farms insurance cover is reviewed regularly to ensure it continues to be relevant.
ACC	Similar to last year.
Rates	As per rates demand. Up 30+% on previous season.
Other farm working expenses (not included in any of the above)	
Non Cash adjustments	
Value of change in livestock numbers	Expect to have 2 more R 1 heifers, 5 fewer R 2 heifers and 7 more MA cows. 2024 IRD NAMV used to value the change in livestock numbers.
Labour adjustment	This is for 1.4 Full time equivalent unpaid shareholder input.
Less Feed inventory Adjustment	Expect to have no significant change in feed on hand for the year.
Owned support block adjustment	
Depreciation	Based on the previous year's depreciation and adjusted for subsequent planned asset purchases and sales.