

Taranaki Owner System 1 Organic
2024-25 Mid Season Update January 17th 2025
Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	685	685
Milk Production (kgMS/cow)	329	329
Net Dairy Cash Income (\$/kgMS)	\$11.05	\$13.56
Total Farm Working Expenses (\$/kgMS)	\$3.46	\$3.52
Cash Operating Surplus/Deficit (\$/kgMS)	\$7.59	\$10.04
Gross Farm Revenue (\$/kgMS)	\$11.09	\$13.63
Operating Expenses (\$/kgMS)	\$4.61	\$4.99
Operating Profit (\$/ha)	\$4,432	\$5,914

* These KPI's are based on cash book budget/actuals to the 31/12/2024 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Key points

- Well distributed average rainfall and a very mild winter, spring and early summer helped to set up a good start to the season.
- Production to the end of December is 3.5% up on last season with 8 more cows milked this season.
- Income is forecast to be up 22% on budget as the milk price, (advance and deferred), is up about \$2.50/kg MS up on budget.
- Operating expenses, (Opex) are up about 8% - mainly due to increases in Halter, animal health, AB and cropping spending.
- Lack of decent rain is becoming a concern.

Comments

The winter, spring and early summer have been good this year. Rain fall has been a good average and well distributed, with plenty of sunshine days in winter. Pasture growth from June to December has been in line with a good average for the farm.

Production to December 31st is 72,969 kg MS which is 3.5%, (2,500 kgMS), up on last season. Peak cows milked is 350 is on budget and 8 more than last season.

Supplements fed for the season is 35 t DM which is on target and leaves 10 t DM of hay still on hand. The herd peaked at 1.9 kg/cow per day on pasture which is similar to last season.

7 ha of a 22 multi species crop have been planted. Establishment has been very good and yields are looking great.

Planting practices differed from previous years with the aim of producing a better seed bed with improved soil to seed contact. Cultivation and seed preparation involved two passes with a speed disc, 3 passes with a shallow disc followed by broadcasting the seed, applying fertiliser, (Oceanbase/lime with trace minerals), and then rolling.

This has increased the cost of cropping as contractors were used for some of the discing but the results are worth it as the crop has established well and the yields are better than past years.

Hay harvested this year has yielded 325 bales, (15 bale equivalent), off 31 ha. This is 75 fewer bales than last season and budget, (400 bales).

The herd went on to once a day milking on December 6th, (similar time to last season). This is for lifestyle reasons and to benefit the cows.

Following milk testing for Johnes and Staphylococcal levels an early cull of cows was done with 5 cows going in Mid-November and 12 in Mid-December.

This took advantage of the higher cull cow schedule and brought cow numbers down to 333.

Fertiliser applied to date is on budget.

With current weather forecasts and dry soil conditions there could still be a tough summer and autumn ahead. Therefore, even though both production and payout forecasts are currently up on budget milk production for the season has been kept at 115,000 kg MS,

Income is forecast to be about \$280,000 up on budget due to better than expected milk price and better livestock prices. If the weather stays dry and milk production finishes 10,000 kgMS lower than the 115,000 budgeted, (ie the same as last season), milk income will still be above budget.

Halter costs are up nearly \$20,000 as at the 2 year contract review there was a slight per cow increase in prices which had not been factored into the original budget, but also the option was taken to subscribe to a more inclusive package which provides more information. The cost is now about \$0.47/kg MS instead of \$0.30/kg MS.

Insurance costs are 15% below budget as having a good no claims history kept the premiums down.

Current Situation

Current daily production is similar to last season, (and budget). The herd is producing 1.35 kg MS/cow/day, having been on once a day milking since December 6th. Cow intakes are about 16 kg DM/cow/day of mixed species pasture. Cow condition score is probably about 4.5 is a bit better than last season. They were scored by the vets 2 months ago and were at 4.79 BCS which was very good. There are currently 333 cows in the milking herd, down slightly on the same time last season.

Pasture cover, as at December 31st, was 2,300 kg DM per ha, and with pasture growth rates of 70 kg DM/ha/day cover was lifting. The grazing rotation is 30 days with the hay paddocks still to come in. This is similar to the same time last year but in the last 2 weeks growth rates will have dropped as there has been no rain since early January.

There are 132 rising 2 year old heifers, 86 replacement weaners and 11 weaner bulls on farm. This is about 15 fewer R 2 heifers than last year so grazing pressure is not quite as high this season. The weaners are run 10 days ahead of the milking herd and the R 2's are being break fed with a back fence.

Conditions have been drying out very quickly since early January. Rain forecast for next week will be crucial. Farming on the coast, late summer/autumn dry conditions are expected but hopefully not too severe.

2024-25 Mid Season Update January 17th 2025

Calving and reproduction

- The calving pattern for the 24-25 season was 64% after 3 weeks, 85% after 6 weeks and 100% after 9 weeks. This is well up on the previous season, (52%, 74%, 91% respectively), and more in line with industry targets
- Only Halter information was used to identify cows in heat again this season. Submission rates from MINDA for the first 3 weeks were 85%, which is similar to last season. This includes about 10 cull cows withheld from mating.
- With heat detection for mating easier, AB was used for the full mating period. This meant mating finished 8 days earlier than planned on December 24th as short gestation bull semen was used for the last 2 weeks. It also means fewer bull calves need to be reared as only bulls for yearling mating are needed.
- Estimated 6 week in calf rate as per MINDA is 68%, slightly better than last season (65%).
- This year as per the previous 2 years, only cows identified as possibly empty on Halter will be pregnancy tested. This has worked well and there have been no late empties identified in the winter and early spring. This has significantly reduced the cost and time required for pregnancy testing.
- As part of the Welfarm project the herd will again be assessed in mid-February for condition score and tail damage. They will also get their Lepto vaccination at the same time.
- The herd will condition score will be independently assessed again in early May, (in paddock this time).
- 86 replacement heifers and 11 replacement bulls were reared this year. This is similar to budget (80-85 heifers and 9 bulls).

Other points of interest

- Earthing issues and stray voltage at the shed for the first week of milk supply has contributed to a higher than usual SCC for the season. Once these issues were resolved and the pulsators were serviced cell counts dropped.
 - This season there has been a focus on identifying cows with Staphylococcal infections. Within 3 days after each herd test, 25 cows are identified, (clinical mastitis, previous high SCC or Farm medics testing) and LIC is advised so that their milk from the latest herd test can be tested for the presence of staphylococcal. This testing has increased the cost of animal health.
 - SCC is now 120,000 on a daily basis – about 30,000 down on the same time last year which is satisfying.
 - Wages paid is down nearly \$36,000 as the permanent staff member moved to a new job in October. This cash saving has been offset by the increase in the labour adjustment for additional work done by the shareholders.
 - No extended time off will be taken this summer/autumn as there is no staff. However farming at this time of year is easy and with once a day milking and Halter taking short breaks off farm are not a problem.
 - A contract milker has been employed for the 2025-26 season.
 - The shareholders will still be responsible for calf rearing, fertiliser applications, cropping, hay making, maintenance etc.
 - Not having to organise staff to the same degree will free up more time for administration and for industry involvement and roles. It will also mean they can be available as a relief milker for both farms if needed.
 - Halter continues to deliver savings in time involved with collecting information required for making stock and pasture management decisions. This means more time can be spent observing the animals and making better timed decisions.
 - Apart from a couple of bad days during a “bloat outbreak” when cows died very suddenly on the way to the shed to be treated, there has only been one cow death “in paddock” in the last 2 ½ years, since Halter has been in use. All other deaths have been sick or injured animals that were identified early via Halter and then had to be euthanized. From an animal welfare perspective this is a much better outcome.
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- The forecast from Fonterra Organics is still looking strong. However a dry autumn is always a possibility in Coastal Taranaki so the current plan to dry off based on autumn/winter feed budgets and cow condition will not change.
 - Interest rates are heading in the right directions which is helping cash flow.
 - Additional cash is being directed to debt repayment

Annual Cash Budget and updated forecast January 2025

Name:	Taranaki Owner Organisis System 1			Budget Period	1 / 7 / 2024	to	30 / 6 / 2025
Farm Details:							
Budget	115,000 kgMS	350 Cows	168.0 ha	329 kgMS/cow	685 kgMS/ha	2.08 cows/ha	
Farm Details:							
Budget/Actual	115,000 kgMS	350 cows	168.0 ha	329 kgMS/cow	685 kgMS/ha	2.08 cows/ha	
Variance (Actual less Budget)							
	kgMS	cows	ha	kgMS/cow	kgMS/ha	cows/ha	
Income				Budget	Budget/Actual	Variance	
Net Milk Sales				\$1,164,400	\$1,452,333	\$287,933	
Net Dairy livestock sales (calves + culls + other - purchases)				\$56,700	\$69,349	\$12,649	
Other dairy cash income				\$49,300	\$38,088	-\$11,212	
Net Dairy Cash Income				\$1,270,400	\$1,559,770	\$289,370	
Expenses				Budget	Budget/Actual	Variance	
Wages				\$92,400	\$56,537	-\$35,863	
Animal health				\$37,100	\$44,569	\$7,469	
Breeding and herd improvement				\$26,700	\$32,341	\$5,641	
Farm dairy				\$4,400	\$4,302	-\$98	
Electricity (farm dairy, water supply)				\$16,800	\$17,520	\$720	
Supplements made (incl. Contractors)				\$7,000	\$7,000		
Supplements purchased							
Calf rearing				\$1,600	\$1,467	-\$133	
Young and dry stock grazing							
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$28,200	\$31,797	\$3,597	
Irrigation							
Regrassing and cropping				\$4,000	\$8,199	\$4,199	
Weed and pest				\$5,800	\$6,513	\$713	
Vehicles and fuel				\$26,200	\$27,217	\$1,017	
R&M (land, buildings, plant, machinery)				\$41,100	\$41,460	\$360	
Freight and general farm expenses				\$5,700	\$7,348	\$1,648	
Administration e.g. accountant, consultant, phone				\$26,700	\$27,814	\$1,114	
Insurance				\$22,300	\$18,836	-\$3,464	
ACC							
Rates				\$16,700	\$17,645	\$945	
Halter				\$35,000	\$54,598	\$19,598	
Total Farm Working Expenses				\$397,700	\$405,163	\$7,463	
Cash Operating Surplus / Deficit				\$872,700	1,154,607	\$281,907	
Non Cash Adjustments				Budget	Actual	Variance	
Value of change in livestock numbers				\$4,900	8,000	3,100	
Labour adjustment				\$103,000	139,000	36,000	
Less Feed inventory Adjustment							
Owned support block adjustment							
Depreciation				\$30,000	30,000		
Dairy Gross Farm Revenue				\$1,275,300	\$1,567,770	\$292,470	
Dairy Operating Expenses				\$530,700	\$574,163	\$43,463	
Dairy Operating Profit				\$744,600	\$993,607	\$249,007	
Dairy Operating Profit/ha				\$4,432	\$5,914	\$1,482	

Commentary re variance

	Actual to Budget Variance	
Milksolids	0	
Cows	0	
Hectares	0	
Net Milk Income	287933	Had budgeted conservatively for milk price. The advance rate paid to the end of June is now \$1.40/kgMS up on budget, and the final milk price and dividend payments for last season were also well up on budget. Now part of the Co-operative difference so there is an additional 5-8 c/kgMS.
Net Dairy livestock sales (calves + culls + other - purchases)	12649	Culled 17 cows in November and December when prices were still high. Also more of the culls are now eligible for the organic premium which had not been factored into the original budget. A contract milker has been employed for the 2025-26 season.
Other dairy income	-11212	The permanent employer moved to a new job in October, the staff house has not been re let as

Net Dairy Cash Income

289370

Expenses

Wages	-35863	Permanent employee moved to a new job in October and has not been replaced. Some casual labour was employed from October to December otherwise this staff member was not replaced. The labour adjustment has been increased to reflect the additional work done by the shareholders.
Animal health	7469	Have spent more on milk testing to identify cows with staphylococcal infections. Price of products and minerals has gone up.
Breeding and herd improvement	5641	Had not fully factored in using AB for the full season so this includes at least another 3 weeks of AB.
Farm dairy	-98	
Electricity (farm dairy, water supply)	720	
Supplements made (incl. Contractors)	0	
Supplements purchased	0	
Calf rearing	-133	
Young and dry stock grazing	0	
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	3597	Product price rises.
Irrigation	0	

Regrassing and cropping	4199	Planting practices differed from previous years with the aim of producing a better seed bed with improved soil to seed contact. Cultivation and seed be preparation involved two passes with a speed disc, 3 passes with a shallow disc followed by broadcasting the seed, applying fertiliser, (Oceanbase/lime with trace minerals), and then rolling. Establishment has been great and yields look good.
Weed and pest	713	
Vehicles and fuel	1017	
R&M (land, buildings, plant, machinery)	360	
Freight and general farm expenses	1648	
Administration e.g. accountant, consultant, phone	1114	
Insurance	-3464	Had factored in another price rise which did not happen. A good history of no claims meant the premiums did not rise significantly.
ACC	0	
Rates	945	
Halter	19598	First 2 years had been on a fixed price contract. Had not factored in the review of the contract and inherent price increases. At the same time opted for a more inclusive package with increased information which has also added to the increase.

Total Farm Working Expenses	7463	
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Non Cash adjustments		
Value of change in livestock numbers	3100	Will have 5 more yearling heifers and 2 more bulls.
Labour adjustment	36000	Shareholders have increased their unpaid input to cover the staff member who left in October and has not been replaced
Less Feed inventory Adjustment	0	
Owned support block adjustment	0	
Depreciation	0	