

Willsden, Canterbury Owner System 3
2023-24 Season review 31st May 2024
Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	1,591	1,596
Milk Production (kgMS/cow)	464	462
Net Dairy Cash Income (\$/kgMS)	\$8.05	\$8.80
Total Farm Working Expenses (\$/kgMS)	\$5.42	\$5.74
Cash Operating Surplus/Deficit (\$/kgMS)	\$2.63	\$3.06
Gross Farm Revenue (\$/kgMS)	\$8.27	\$8.88
Operating Expenses (\$/kgMS)	\$5.79	\$6.08
Operating Profit (\$/ha)	\$3,957	\$4,463

* 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

- Pasture growth has been similar to last year and good pasture management has seen pasture cover sit around 2,000 kgDM/ha since September, with average pasture quality for 12.23 MJME/kgDM for the whole season.
- Production for the season was similar to budget.
- Milk income 7% up on budget due to milk price received being higher than budgeted.
- Farm working expenses, (FWE), were \$0.32kgMS up on budget, but when offset with \$0.14/kgMS from supplement sales, the variance is only \$0.18/kgMS.
- The main increases in FWE were due to unplanned R & M, price increases in the cost of water and extra winter cow grazing due to surplus feed at grazing.
- Revision of the fertiliser policy and more targeted phosphate applications have delivered some savings for this year.
- Operating profit up 13% as the increase in income was more than double the increase in costs.

Comments

Production for the season is 486,383 just marginally up on budget. This is from 1053 cows milked at the peak, up 8 on budget. There has been less wastage and fewer losses this year as fewer unsound cows were taken into the 23-24 season, a result of better in calf rates from last season's mating.

The last 914 cows were dried of May 29th prior to going to winter grazing.

Total supplements fed for the season are 478 kg DM/cow, (220 of baleage and 258 of proliq). This is down on budget of 500-600 kgDM/cow, with most of the savings coming in the first half of the season.

Better than average winter growth rates and good crop yields on the support block resulted in cows staying at winter grazing for longer to clean up the crops. Therefore less supplement was needed on the milking platform in the early spring so surplus was sold to other Camden dairies. Winter grazing costs are up about \$73,000. This extra cost was in part offset by the sale of surplus supplement not needed in the spring.

The herd peaked at 2.02 kg/cow/day from 1053 cows getting up to 3.9 kgDM/c/day of baleage plus a little proliq in October and early November.

Pasture management has been very good this season and pasture cover during the spring and early summer did not varied significantly, sitting between 1950kgDM/ha and 2050 kg DM/ha.

Pasture quality has also been very consistent, with testing averaging 12.2MJME/kg DM for the first half of the season. Pasture quality information shows that the cows were able to be fully fed from pasture.

6.9 ha of fodder beet was planted in October. The original plan had been for 7.0 ha of crop, half fodder beet and half kale. However more of the off farm wintering will be done on fodder beet next season so more fodder beet is needed to transition cows prior to going to winter grazing.

39 ha of regrassing in the spring was done in the spring, 4 ha more than budget. The last of the regrassed paddocks are coming back into the grazing rotation now.

There was a small surplus of pasture in the spring on the milking platform, with 85 t DM (baleage), from 42 ha being made. The original budget was for no supplement harvested on the milking area.

Nitrogen applied for the season is on budget with 182 kgN/ha average over the whole area. Fertiliser applied is below budget with some late changes made to the Phosphate nutrient budget after a revision when the payout drop was announced in August. A reduction in P applied plus lower prices for product has resulted in a \$15,000 drop in fertiliser spend.

Olsen P levels from all the paddock testing was studied in the spring, and to make a saving, (this season only), it was decided not to apply Super phosphate to paddocks that had Olsen Ps over 37, and reduce the amount applied on paddocks with Olsen P of 25 to 37. Some Ammo31 may have to be applied to those paddocks in autumn if S levels are low. Ammo31 went on all the farm in September.

R & M costs are up nearly 60%, largely due to ongoing issues with the rotary platform and milk lift pump replacement that were not included as part of the Dairy shed capex. There has also been some additional R & M to the staff housing.

CPW irrigation prices set for the 23-24 season were higher than the original budget and have gone up 14%. Total water use for the season of 6,611 m3/ha is well up because of the very dry conditions from Early February 2024. This cost the business over \$1,300/ha including energy for a boost pump, (\$74) for the 2023-24 season.

Current situation

- All cows left the milking platform in early June and are now at winter grazing.
- As at May 31st the herd body condition score was 4.5 and closing pasture cover 1,943 kgDM/ha, both on target for that time of year.

Calving and reproduction

- The calving pattern for the 23-24 season was 69% after 3 weeks, 89% after 6 weeks and 98% after 9 weeks. This is similar to the previous season of 66%, 89% and 99%.
- Submission rates for the first 3 weeks were 92% which is up on last season, (80%).
- The 6 week in-calf rate is 70% (Actual), and the not in calf rate is 17%. These KPI's are based on information that does include 13 cows out of 1,053 that were not mated.
- There were 28 R 3 Jersey bulls leased for the herd and 17 R 2 Bulls leased to run with the yearlings.
- More replacement heifer calves were born than budgeted so 267 heifer calves were reared, 7 up on budget.

Other points of interest

- Baleage purchased from the associated support block, (harvested in November before any seed head production), tested at 12.91 MJME/kgDM. This will provide exceptional milking cow feed for the spring.
- Planned shed upgrades went well so there is now the capability for herds to be kept separate on the yards which makes prioritising feed allocation easier.
- Protract was installed in August and has improved drafting and stock management through the shed.
- The farm Dairy is now a one person shed so labour efficiencies have improved.
- Dry cow therapy has typically made up about one third of animal health costs. More focus on managing mastitis and somatic cell counts, (SCC) to reduce this in the long term has seen a nearly 20% improvement in SCC for the season. The average for the season 127,000 compared with 157,000 last season.
- This has come at a cost, with animal health costs up about \$7,000. Hopefully savings will come early next season with fewer cows needing dry cow therapy.

Annual Cash Budget

Name: Canterbury Owner System 3 Budget Period 1 / 6 / 2023 to 31 / 5 / 2024

Farm Details: 486383 kgMS 1053 cows 304.8 ha 462 kgMS/cow 1596 kgMS/ha 3.45 cows/ha

Income						\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received 100%								
Milk Solids advance	486,383	kgMS	x \$	6.60	/kgMS	\$3,203,544	\$6.59	\$3,042	\$10,510
Milk Solids retrospective	430,500	kgMS	x \$	1.40	/kgMs	\$601,404	\$1.24	\$571	\$1,973
Milk Solids dividend		shares	x \$	0.50	/share	\$264,444	\$0.54	\$251	\$868
Other milk income (co-operative difference)						\$38,800	\$0.08	\$37	\$127
DairyNZ levy <small>enter as negative number</small>						-\$17,403	-\$0.04	-\$17	-\$57
Net Dairy livestock sales (calves + culls + other - purchases)						\$108,628	\$0.22	\$103	\$356
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting						\$84,439	\$0.17	\$80	\$277
Net Dairy Cash Income						\$4,283,856	\$8.81	\$4,068	\$14,055
Expenses						\$ Total	\$/kgMs	\$/cow	\$/ha
Wages						\$541,884	\$1.11	\$515	\$1,778
Animal health						\$96,590	\$0.20	\$92	\$317
Breeding and herd improvement						\$114,325	\$0.24	\$109	\$375
Farm dairy						\$33,651	\$0.07	\$32	\$110
Electricity (farm dairy, water supply)						\$30,679	\$0.06	\$29	\$101
Supplements made (incl. Contractors)							\$0.00	\$0	\$0
Supplements purchased						\$272,525	\$0.56	\$259	\$894
Calf rearing						\$35,850	\$0.07	\$34	\$118
Young and dry stock grazing						\$265,068	\$0.54	\$252	\$870
Winter cow grazing						\$398,174	\$0.82	\$378	\$1,306
Run-off lease							\$0.00	\$0	\$0
Fertiliser (incl. N)						\$180,448	\$0.37	\$171	\$592
Irrigation						\$398,138	\$0.82	\$378	\$1,306
Regrassing and cropping						\$67,150	\$0.14	\$64	\$220
Weed and pest						\$1,093	\$0.00	\$1	\$4
Vehicles and fuel						\$39,458	\$0.08	\$37	\$129
R&M (land, buildings, plant, machinery)						\$143,058	\$0.29	\$136	\$469
Freight and general farm expenses						\$19,065	\$0.04	\$18	\$63
Administration e.g. accountant, consultant, phone						\$109,848	\$0.23	\$104	\$360
Insurance						\$28,740	\$0.06	\$27	\$94
ACC							\$0.00	\$0	\$0
Rates						\$16,678	\$0.03	\$16	\$55
Total Farm Working Expenses						\$2,792,422	\$5.74	\$2,652	\$9,161
Cash Surplus / Deficit						\$1,491,434	\$3.07	\$1,416	\$4,893
							#		
Non Cash adjustments									
Value of change in livestock numbers						\$36,521	\$0.08	\$35	\$120
Labour adjustment							\$0.00	\$0	\$0
Less Feed inventory Adjustment							\$0.00	\$0	\$0
Owned support block adjustment							\$0.00	\$0	\$0
Depreciation						\$39,000	\$0.08	\$37	\$128
Dairy Gross Farm Revenue						\$4,320,377	\$8.88	\$4,103	\$14,174
Dairy Operating Expenses						\$2,831,422	\$5.82	\$2,689	\$9,289
Dairy Operating Profit						\$1,488,955	\$3.06	\$1,414	\$4,885

Annual Cash Actuals

Name:	Canterbury Owner System 3			Budget Period 1 / 6 / 2023 to 31 / 5 / 2024		
Farm Details:	485,000 kgMS	1045 Cows	304.8 ha	464 kgMS/cow	1591 kgMS/ha	3.43 cows/ha
Farm Details:						
Budget/Actual	486,383 kgMS	1053 cows	304.8 ha	462 kgMS/cow	1596 kgMS/ha	3.45 cows/ha
Variance (Actual less Budget)	1,383 kgMS	8 cows	ha	-2 kgMS/cow	5 kgMS/ha	0.03 cows/ha
Income				Budget	Budget/Actual	Variance
Net Milk Sales				\$3,799,150	\$4,089,467	\$290,317
Net Dairy livestock sales (calves + culls + other - purchases)				\$96,400	\$108,628	\$12,228
Other dairy cash income				\$6,600	\$84,439	\$77,839
Net Dairy Cash Income				\$3,902,150	\$4,282,534	\$380,384
Expenses				Budget	Budget/Actual	Variance
Wages				\$526,600	\$541,884	\$15,284
Animal health				\$89,250	\$96,590	\$7,340
Breeding and herd improvement				\$110,100	\$114,325	\$4,225
Farm dairy				\$28,000	\$33,651	\$5,651
Electricity (farm dairy, water supply)				\$31,500	\$30,679	-\$821
Supplements made (incl. Contractors)						
Supplements purchased				\$307,200	\$272,525	-\$34,675
Calf rearing				\$36,000	\$35,850	-\$150
Young and dry stock grazing				\$255,800	\$265,068	\$9,268
Winter cow grazing				\$325,500	\$398,174	\$72,674
Run-off lease						
Fertiliser (incl. N)				\$195,300	\$180,448	-\$14,852
Irrigation				\$350,000	\$398,138	\$48,138
Regrassing and cropping				\$53,500	\$67,150	\$13,650
Weed and pest				\$5,250	\$1,093	-\$4,157
Vehicles and fuel				\$37,000	\$39,458	\$2,458
R&M (land, buildings, plant, machinery)				\$90,000	\$143,058	\$53,058
Freight and general farm expenses				\$19,350	\$19,065	-\$285
Administration e.g. accountant, consultant, phone				\$116,100	\$109,848	-\$6,252
Insurance				\$28,000	\$28,740	\$740
ACC						
Rates				\$23,500	\$16,678	-\$6,822
Other expenses						
Total Farm Working Expenses				\$2,627,950	\$2,792,422	\$164,472
Cash Operating Surplus / Deficit				\$1,274,200	1,490,112	\$215,912
Non Cash Adjustments				Budget	Actual	Variance
Value of change in livestock numbers				\$110,000	36,521	-73,479
Labour adjustment						
Less Feed inventory Adjustment				-\$48,000	-27,286	20,714
Owned support block adjustment						
Depreciation				\$130,000	139,000	9,000
Dairy Gross Farm Revenue				\$4,012,150	\$4,319,055	\$306,905
Dairy Operating Expenses				\$2,805,950	\$2,958,708	\$152,758
Dairy Operating Profit				\$1,206,200	\$1,360,347	\$154,147
Dairy Operating Profit/ha				\$3,957	\$4,463	\$506

Commentary re variance

	Actual to Budget Variance	
Milksolids	1,383	
Cows	8	Less wastage as fewer unsound cows kept due to better in calf rates last season.
Hectares	0	
Net Milk Income	290317	Milk price and dividend received were higher than budgeted, and production for the season was on budget.
Net Dairy livestock sales (calves + culls + other - purchases)	12228	Delayed payments for stock sold last season that have come into this year's budget.
Other dairy income	77839	Had some surplus barley grain which was sold for seed to the support block to grow barley. Plus had surplus supplements going into the winter which wasn't needed so some of this was sold to the other dairy units in the Camden group.

Net Dairy Cash Income

380384

Expenses

Wages	15284	Difference from budget is due to end of season bonuses paid to team members who were employed for the majority of the season.
Animal health	7340	Spent more on udder health and mastitis control. Nearly a 20% improvement in SCC year to date. 127,000 compared with 157,000 last season. This is part of a long term plan to reduce the cost of dry cow therapy on farm which is typically 1/3 of animal health costs.
Breeding and herd improvement	4225	
Farm dairy	5651	
Electricity (farm dairy, water supply)	-821	
Supplements made (incl. Contractors)	0	
Supplements purchased	-34675	Offered free proliq in October/early November by Fonterra which saved about \$5,000. Needed less supplements in the spring as cows stayed at winter grazing longer. Includes the cost of making 329 bales (320 kgDM) on the milking area.
Calf rearing	-150	
Young and dry stock grazing	9268	
Winter cow grazing	72674	There was more feed on the support blocks due to better than average winter growth and good crop yields, so cows were wintered off for longer. Higher costs offset in part by lower purchased feed costs.
Run-off lease	0	

Fertiliser (incl. N)	-14852	Made late changes to the phosphate nutrient budget and put no P on addocks with Olsen P over 37 and reduced P on paddocks that were 25-37 which reduced the amount of P applied. This plus lower than expected fertiliser prices contributed to the savings. N applied was on budget at 182 kgN/ha.
Irrigation	48138	Original budget was prepared before the CPW rates were released. The cost of water has gone up for 2023-24.
Regrassing and cropping	13650	Planted 6.8 ha of all fodder beet rather than half kale and half fodder beet as more the off farm wintering is being done on fodder beet so need more fodder beet to transition the cows before going to grazing. Also did an extra 4 ha of regrassing.
Weed and pest	-4157	
Vehicles and fuel	2458	
R&M (land, buildings, plant, machinery)	53058	Largely due to ongoing issues with the rotary platform and milk lift pump replacement that were not included as part of the Dairy shed capex. Also includes some additional R & M to the manager's house.
Freight and general farm expenses	-285	
Administration e.g. accountant, consultant, phone	-6252	
Insurance	740	
ACC	0	
Rates	-6822	Had been paying rates on land that is used by the separate support block. This has now been on charged. Also paid one installment early so it came in to the 2022-23 financial year.
Other Expenses	0	

Total Farm Working Expenses	164472	
------------------------------------	---------------	--

Non Cash adjustments		
Value of change in livestock numbers	-73479	Had planned on having 65 more MA cows/R 2 heifers on hand at the end of the season, but ended with only 13 more.
Labour adjustment	0	
Less Feed inventory Adjustment	20714	Had under estimated how much supplement would be carried through to next season. Will take about 106 t DM of baleage, and 90 t DM of Barley.
Owned support block adjustment	0	
Depreciation	9000	Had under estimated depreciation. The accountants estimate for 2023-24 is \$139,000.