

## Season numbers at a glance

KPI's*	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	959	982
Milk Production (kgMS/cow)	458	488
Net Dairy Cash Income (\$/kgMS)	\$7.26	\$8.01
Total Farm Working Expenses (\$/kgMS)	\$4.52	\$4.21
Cash Operating Surplus/Deficit (\$/kgMS)	\$2.74	\$3.81
Gross Farm Revenue (\$/kgMS)	\$7.15	\$7.83
Operating Expenses (\$/kgMS)	\$6.10	\$5.64
Operating Profit (\$/ha)	\$1,009	\$2,147

\* 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

## Comments

Rainfall for the season has been more in line with average and has been well spread over the season with no more than 200 mm falling in any one month.

February and March were a little drier than average but the number of irrigation days needed for this summer was only 18 and never for longer than 3-4 days in a row.

Pasture and crop harvested for the season is estimated to be 12 t DM/ha which is similar to the 22-23 season, (12.2 t DM/ha). Imported supplements fed for the season (to cows and young stock) equates to 2.4 t DM/ha. This is 0.6 t DM/ha more than last season.

Production for the season should finish at about 72,700 kg MS, up 2% on budget.

Operating profit for the season is estimated to be about \$2,147/ha which is more than double the budget of \$1,009/ha. Along with the slightly higher milk production, an 8% increase in milk price compared with budget, plus a 4.6% decrease in farm working expenses have contributed to the increase in budgeted operating profit.

The farm is well set up for next season with pasture cover, cow condition and supplements on hand all at or above targets needed to ensure these targets at calving are met.

## Other points of interest

Farm working expenses are forecast to be about \$4.21/kg MS, (about \$15,000 or 5%, below budget) and operating expenses are expected to be about \$5.64/kg MS.

Savings have come from

- Cheaper feed prices, in particular PKE which was budgeted at \$430/t landed but then contracted for after June 2023 for \$334/t landed. Average cost of PKE fed for the season is \$352/t landed.

- Cheaper than budgeted baleage making costs. Budget was for \$60/bale and actual costs for baling and wrapping was \$33/bale.

- Dropping 2 herd test early in the season when the pay-out drop was announced and missing the final season herd test as unable to find suitable dates.

- A 30% saving in fertiliser costs after revising the fertiliser programme to provide a more cost effective use of fertiliser. Two thirds of the paddocks were at optimum Olsen P so the amount of fertiliser used was reduced.

- Not needing to use a \$6,000 contingency included under freight and general farm costs.

- Not having any unforeseen issues with vehicles so coming in well under budget.

Some cost overruns have occurred with

- The fertiliser spreader belt snapped which was an expensive repair job (\$8,000), so R & M costs were more than double the budget.

- Regrassing and cropping were up, with a change in the cropping plan. Instead of putting the grazed winter crop area into permanent pasture in the spring, a catch crop of oats was planted and harvested for baleage and then millet were used to give better weed control. This resulted in two more lots of cultivation and seed planting.

- Grass grub and porina infestations required control which increased weed and pest costs.

Nitrogen use for the year is 105 kg N per ha, just slightly down on the budget of 110kg/n/ha.

The reproductive performance for the herd was slightly improved on the previous year with a six week in calf rate estimated at 71% and an empty rate of 9%.

The herd went to 16 hour milking late January and the once a day mid-April while still producing 1.5 kgMS/cow/day. All culls were off the farm by late April

There are currently still 123 cows milking and the feed budget indicates that the herd will be all dry by the end of May. This could be brought forward if pasture growth slows significantly or it is likely to get wet, (to avoid having freshly dried off cows trying to lie down in mud).

The farm cover is currently 2,100 kgDM/ha and cow condition is good. There will be 84.5 t DM to take through to next season along with 4.0 ha of swedes for the winter.

# Annual Cash Budget Updated 31/10/2023

Name: West Coast Owner System 4 Budget Period 1 / 4 / 2023 to 31 / 3 / 2024

Farm Details: 72703 kgMS 149 cows 74.0 ha 488 kgMS/cow 982 kgMS/ha 2.01 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received		100%				
Milk Solids advance	kgMS x \$	/kgMS		\$550,141	\$7.57	\$3,692	\$7,434
Milk Solids retrospective	kgMS x \$	/kgMS			\$0.00	\$0	\$0
Milk Solids dividend	shares x \$	/share			\$0.00	\$0	\$0
DairyNZ levy	enter as negative number				\$0.00	\$0	\$0
Net Dairy livestock sales (calves + culls + other - purchases)				\$32,318	\$0.44	\$217	\$437
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting					\$0.00	\$0	\$0
<b>Net Dairy Cash Income</b>				<b>\$582,459</b>	<b>\$8.01</b>	<b>\$3,909</b>	<b>\$7,871</b>
Expenses				\$ Total	\$/kgMS	\$/cow	\$/ha
Wages				\$18,333	\$0.25	\$123	\$248
Animal health				\$14,403	\$0.20	\$97	\$195
Breeding and herd improvement				\$7,884	\$0.11	\$53	\$107
Farm dairy				\$3,752	\$0.05	\$25	\$51
Electricity (farm dairy, water supply)				\$11,333	\$0.16	\$76	\$153
Supplements made (incl. Contractors)				\$11,000	\$0.15	\$74	\$149
Supplements purchased				\$76,194	\$1.05	\$511	\$1,030
Calf rearing				\$2,936	\$0.04	\$20	\$40
Young and dry stock grazing					\$0.00	\$0	\$0
Winter cow grazing					\$0.00	\$0	\$0
Run-off lease					\$0.00	\$0	\$0
Fertiliser (incl. N)				\$47,661	\$0.66	\$320	\$644
Irrigation				\$4,000	\$0.06	\$27	\$54
Regrassing and cropping				\$20,649	\$0.28	\$139	\$279
Weed and pest				\$4,469	\$0.06	\$30	\$60
Vehicles and fuel				\$23,883	\$0.33	\$160	\$323
R&M (land, buildings, plant, machinery)				\$15,639	\$0.22	\$105	\$211
Freight and general farm expenses				\$5,144	\$0.07	\$35	\$70
Administration e.g. accountant, consultant, phone				\$11,931	\$0.16	\$80	\$161
Insurance				\$16,429	\$0.23	\$110	\$222
ACC				\$3,713	\$0.05	\$25	\$50
Rates				\$6,458	\$0.09	\$43	\$87
Other Expenses					\$0.00	\$0	\$0
<b>Total Farm Working Expenses</b>				<b>\$305,811</b>	<b>\$4.21</b>	<b>\$2,052</b>	<b>\$4,133</b>
<b>Cash Surplus / Deficit</b>				<b>\$276,648</b>	<b>\$3.81</b>	<b>\$1,857</b>	<b>\$3,738</b>
Non Cash adjustments							
Value of change in livestock numbers				-\$13,500	-\$0.19	-\$91	-\$182
Labour adjustment				\$72,000	\$0.99	\$483	\$973
Less Feed inventory Adjustment				\$7,700	\$0.11	\$52	\$104
Owned support block adjustment					\$0.00	\$0	\$0
Depreciation				\$40,000	\$0.55	\$268	\$541
<b>Dairy Gross Farm Revenue</b>				<b>\$568,959</b>	<b>\$7.83</b>	<b>\$3,819</b>	<b>\$7,689</b>
<b>Dairy Operating Expenses</b>				<b>\$410,111</b>	<b>\$5.64</b>	<b>\$2,752</b>	<b>\$5,542</b>
<b>Dairy Operating Profit</b>				<b>\$158,848</b>	<b>\$2.18</b>	<b>\$1,066</b>	<b>\$2,147</b>

# Annual Cash Budget and updated forecast May 1 2024

Name:		West Coast Owner System 4		Budget Period		1 / 4 / 2023 to 31 / 3 / 2024	
<b>Farm Details:</b>							
Budget	70,970 kgMS	155 Cows	74.0 ha	458 kgMS/cow	959 kgMS/ha	2.09 cows/ha	
<b>Farm Details:</b>							
Budget/Actual	72,703 kgMS	149 cows	74.0 ha	488 kgMS/cow	982 kgMS/ha	2.01 cows/ha	
<b>Variance (Actual less Budget)</b>							
	1,733 kgMS	-6 cows	ha	30 kgMS/cow	23 kgMS/ha	-0.08 cows/ha	
<b>Income</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Net Milk Sales				\$500,500	\$550,141	\$49,641	
Net Dairy livestock sales (calves + culls + other - purchases)				\$14,450	\$32,318	\$17,868	
Other dairy cash income				\$400		-\$400	
<b>Net Dairy Cash Income</b>				<b>\$515,350</b>	<b>\$582,459</b>	<b>\$67,109</b>	
<b>Expenses</b>				<b>Budget</b>	<b>Budget/Actual</b>	<b>Variance</b>	
Wages				\$22,650	\$18,333	-\$4,317	
Animal health				\$13,750	\$14,403	\$653	
Breeding and herd improvement				\$9,900	\$7,884	-\$2,016	
Farm dairy				\$3,800	\$3,752	-\$48	
Electricity (farm dairy, water supply)				\$8,300	\$11,333	\$3,033	
Supplements made (incl. Contractors)				\$12,000	\$11,000	-\$1,000	
Supplements purchased				\$89,300	\$76,194	-\$13,106	
Calf rearing				\$2,000	\$2,936	\$936	
Young and dry stock grazing							
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$67,300	\$47,661	-\$19,639	
Irrigation				\$2,500	\$4,000	\$1,500	
Regrassing and cropping				\$12,000	\$20,649	\$8,649	
Weed and pest				\$2,000	\$4,469	\$2,469	
Vehicles and fuel				\$28,300	\$23,883	-\$4,417	
R&M (land, buildings, plant, machinery)				\$7,200	\$15,639	\$8,439	
Freight and general farm expenses				\$11,400	\$5,144	-\$6,256	
Administration e.g. accountant, consultant, phone				\$7,800	\$11,931	\$4,131	
Insurance				\$12,000	\$16,429	\$4,429	
ACC				\$3,400	\$3,713	\$313	
Rates				\$5,100	\$6,458	\$1,358	
Other expenses							
<b>Total Farm Working Expenses</b>				<b>\$320,700</b>	<b>\$305,811</b>	<b>-\$14,889</b>	
<b>Cash Operating Surplus / Deficit</b>				<b>\$194,650</b>	<b>276,648</b>	<b>\$81,998</b>	
<b>Non Cash Adjustments</b>				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
Value of change in livestock numbers				-\$8,000	-13,500	-5,500	
Labour adjustment				\$72,000	72,000		
Less Feed inventory Adjustment					7,700	7,700	
Owned support block adjustment							
Depreciation				\$40,000	40,000		
<b>Dairy Gross Farm Revenue</b>				<b>\$507,350</b>	<b>\$568,959</b>	<b>\$61,609</b>	
<b>Dairy Operating Expenses</b>				<b>\$432,700</b>	<b>\$410,111</b>	<b>-\$22,589</b>	
<b>Dairy Operating Profit</b>				<b>\$74,650</b>	<b>\$158,848</b>	<b>\$84,198</b>	
<b>Dairy Operating Profit/ha</b>				<b>\$1,009</b>	<b>\$2,147</b>	<b>\$1,138</b>	

## Commentary re variance

	Actual to Budget Variance	
Milksolids	1,733	The 0.5% advantage at the start of January increased on the back of a better than average summer and autumn. Production for the season should finish 2 % up on budget.
Cows	-6	Had some cows show up empty in late August/September. Had issues with PD from milk samples and opted not to retest. In hindsight it was costly taking those empties through the winter. Have pregnancy scanned with vet this year.
Hectares	0	
Net Milk Income	49641	Had budgeted conservatively for milk price and had used \$7.05 /kgMS for the combined advance/deferred. Production is 2% above budget and the advance milk payments to the end of May are now \$7.50.
Net Dairy livestock sales (calves + culls + other - purchases)	17868	Revised the number of bulls needed to 6 instead of 8 when the payout dropped, as yearlings were run with the herd. This saved \$4,800 in purchases. Identified some empties in late August so had some culls go earlier than budgeted which meant the price was higher. All culls were gone by the end of April this year ie no May sales that would show in June 24 cashflow, so cash received this season includes some culls from last season, (payment received in June 23).
Other dairy income	-400	
<b>Net Dairy Cash Income</b>	<b>67109</b>	
<b>Expenses</b>		
Wages	-4317	Had based budget on previous season when there was a permanent part time employee and wages paid were higher.
Animal health	653	Have had no animal health issues so far this season.
Breeding and herd improvement	-2016	Dropped 2 herd tests early in season when pay out forecast dropped. Missed the final season herd test as unable to find suitable date.
Farm dairy	-48	
Electricity (farm dairy, water supply)	3033	Power prices rises.
Supplements made (incl. Contractors)	-1000	Made 326 baleas of baleage, the majority with contractors only doing baling and wrapping. Cost was about \$33/bale whereas budget was for \$60/bales for 200 bales.
Supplements purchased	-13106	Contracted PKE @ \$334 landed compared with the budget of \$430/t landed. The average cost of PKE fed over the season about \$352/t landed. With 13 more t having been purchased, the total saving is about \$9,000 compared with budget. Purchased 59 large bales of straw in July as it was available at \$93/bale landed, so it was a good price and worked well as part of a conservative approach to winter and early spring management. The purchase meant better quality supplement could be saved for milkers. The cost of this was about \$5,500. Purchased an additional 70 large bales of meadow hay in the Autumn for \$5880, (\$84/bale landed). Total cost of straw and hay is about \$4,000 below the original budget.
Calf rearing	936	
Young and dry stock grazing	0	
Winter cow grazing	0	
Run-off lease	0	

Fertiliser (incl. N)	-19639	When the payout dropped in August the fertiliser programme was reviewed to provide a more cost effective use of fertiliser. Two thirds of the paddocks were at optimum Olsen P so the fertiliser programme was adjusted. Less nitrogen has also been used will likely be about 10-15 kgN/ha less for the year. With a bit less N used and less fertiliser applied, about \$20,000 or \$0.27/kg MS was saved.
Irrigation	1500	Cost of electricity is up. This year irrigation was only needed for for 18 days, (at about \$150 per day for electricity), plus standing charges and fees.
Regrassing and cropping	8649	The cropping programme had some changes but the overall areas cropped are similar. Oats , followed by millet were planted once the winter swedes were finished, rather than putting the straight into permanent pasture. This allowed for better weed control. The cost of planting the oats and millet were more expensive than the original budget which was for brassicas and summer multi graze mix.
Weed and pest	2469	Have had to treat pastures for porina and grass grub this autumn which was not in the original budget.
Vehicles and fuel	-4417	Have not had any unforeseen issues with vehicles (the old tractor in particular), long may it last!
R&M (land, buildings, plant, machinery)	8439	Had to replace the bore pump so there are related installation costs, plus the fertiliser spreader belt snapped which was an expensive repair job (\$8,000).
Freight and general farm expenses	-6256	Had included a \$6,000 contingency here which has not been needed.
Administration e.g. accountant, consultant, phone	4131	
Insurance	4429	Budget was done in April so hadn't factored in such a large increase in insurance costs this year.
ACC	313	
Rates	1358	As with insurance, had not anticipated such a big increase in rates.
Other Expenses	0	

<b>Total Farm Working Expenses</b>	<b>-14889</b>	
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**Non Cash adjustments**

Value of change in livestock numbers	-5500	The original budget had more stock on hand at opening.
Labour adjustment	0	
Less Feed inventory Adjustment	7700	The revised budget should finish with about 20 t DM more on hand at the end of the season than at the start. Will have about 85 t DM to take into the winter plus winter swedes. Last year used about 97 t DM with 13 more animals on farm.
Owned support block adjustment	0	
Depreciation	0	