

North Canterbury Owner Sys 4
2020-21 Season numbers at a glance

KPI's	Budget	Actual
Milk Production (kgMS/ha)	1,809	1,896
Milk Production (kgMS/cow)	472	491
Net Dairy Cash Income (\$/kgMS)	\$7.20	\$7.79
Total Farm Working Expenses (\$/kgMS)	\$4.07	\$5.98
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.12	\$1.80
Gross Farm Revenue (\$/kgMS)	\$7.20	\$7.91
Operating Expenses (\$/kgMS)	\$4.64	\$6.90
Operating Profit (\$/ha)	\$4,618	\$1,907

* These KPI's are based on cash book actuals to the 31/5/2021 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

The financial performance for the 2020-21 season is difficult to compare with the budget or previous seasons as a 195 effective ha dryland support block was purchased mid-season and the 90 effective ha irrigated leased support block was relinquished.

The new support block had a new stock water system, major upgrades to housing, improvements to fencing, yards and lanes plus significant capital lime, (about 4 t/ha), and fertiliser applied. Some of these costs are included in the farm working expenses shown but may be capitalised once the final financial statements are completed.

There has been increased spending on supplement harvesting, cropping and re-grassing to improve pasture and ensure there was sufficient feed on hand to winter the herd in 2021.

It is estimated that about \$1.80 per kg MS, (approximately \$3,500 per ha), of additional costs relate to bringing the new support block into the farm system.

Production for the season was 5% up on budget as the budget was conservatively based on the lowest of the previous 4 years milksolids. The 2020-21 seasons final milksolids was very similar to the 2019-20 season.

Other points of interest

Another mild winter and early spring, with no major rain or snow events, 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. November and December were wetter than usual.

No supplements were made on the milking platform which was down on the 2019-20 season where 7% of the farm was harvested for silage.

PKE fed for the season was on budget, and equated to 327 kg DM/cow. Total imported supplements fed including supplements imported from the support block was 748 kg DM/cow.

Pasture harvested for 2020-21 of 16.5 t DM/ha was 12% down on the previous season.

The 6-week in-calf rate of 66% (E), was disappointing, (2019-20 was 70%), and could be partly due to the low pasture quality resulting from lower sunlight hours during the wetter than average November and December.

N applied for the year was 191 kg N/ha. This is over 50% less than the previous year.

36 beef calves were reared which was not originally in the budget. This decision was made as extra stock was needed for the new support block.

Annual Cash Budget

Name: North Canterbury Owner Sys 4 Budget Period 1 / 6 / 2020 to 31 / 5 / 2021

Farm Details: 267313 kgMS 544 cows 141.0 ha 491 kgMS/cow 1896 kgMS/ha 3.86 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received		100%				
Milk Solids advance	kgMS x \$	/kgMS		\$1,997,169	\$7.47	\$3,671	\$14,164
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)				\$84,532	\$0.32	\$155	\$600
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting					\$0.00	\$0	\$0
Net Dairy Cash Income				\$2,081,701	\$7.79	\$3,827	\$14,764
Expenses				\$ Total	\$/kgMS	\$/cow	\$/ha
Wages				\$282,833	\$1.06	\$520	\$2,006
Animal health				\$83,575	\$0.31	\$154	\$593
Breeding and herd improvement				\$28,108	\$0.11	\$52	\$199
Farm dairy				\$7,773	\$0.03	\$14	\$55
Electricity (farm dairy, water supply)				\$23,287	\$0.09	\$43	\$165
Supplements made (incl. Contractors)				\$76,650	\$0.29	\$141	\$544
Supplements purchased				\$57,197	\$0.21	\$105	\$406
Calf rearing				\$17,166	\$0.06	\$32	\$122
Young and dry stock grazing					\$0.00	\$0	\$0
Winter cow grazing				\$7,167	\$0.03	\$13	\$51
Run-off lease				\$39,583	\$0.15	\$73	\$281
Fertiliser (incl. N)				\$173,484	\$0.65	\$319	\$1,230
Irrigation				\$45,106	\$0.17	\$83	\$320
Regrassing and cropping				\$184,302	\$0.69	\$339	\$1,307
Weed and pest				\$545	\$0.00	\$1	\$4
Vehicles and fuel				\$53,743	\$0.20	\$99	\$381
R&M (land, buildings, plant, machinery)				\$394,457	\$1.48	\$725	\$2,798
Freight and general farm expenses				\$11,522	\$0.04	\$21	\$82
Administration e.g. accountant, consultant, phone				\$69,743	\$0.26	\$128	\$495
Insurance				\$22,709	\$0.08	\$42	\$161
ACC				\$1,416	\$0.01	\$3	\$10
Rates				\$19,423	\$0.07	\$36	\$138
Total Farm Working Expenses				\$1,599,789	\$5.98	\$2,941	\$11,346
Cash Surplus / Deficit				\$481,912	\$1.80	\$886	\$3,418
Non Cash adjustments							
Value of change in livestock numbers				\$31,480	\$0.12	\$58	\$223
Labour adjustment				\$35,000	\$0.13	\$64	\$248
Less Feed inventory Adjustment				-\$28,300	-\$0.11	-\$52	-\$201
Owned support block adjustment				\$51,188	\$0.19	\$94	\$363
Depreciation				\$130,000	\$0.49	\$239	\$922
Dairy Gross Farm Revenue				\$2,113,181	\$7.91	\$3,885	\$14,987
Dairy Operating Expenses				\$1,844,277	\$6.90	\$3,390	\$13,080
Dairy Operating Profit				\$268,904	\$1.01	\$494	\$1,907

Annual Cash Budget

Name:		North Canterbury Owner Sys 4		Budget Period		1 / 6 / 2019 to 31 / 5 / 2020	
Farm Details:							
Budget	255,000 kgMS	540 Cows	141.0 ha	472 kgMS/cow	1809 kgMS/ha	3.83 cows/ha	
Farm Details: Actual							
	267,313 kgMS	544 cows	141.0 ha	491 kgMS/cow	1896 kgMS/ha	3.86 cows/ha	
Variance (Actual less Budget)							
	12,313 kgMS	4 cows	ha	19 kgMS/cow	87 kgMS/ha	0.03 cows/ha	
Income				Budget	Actual	Variance	
Net Milk Sales				\$1,732,520	\$1,997,169	\$264,649	
Net Dairy livestock sales (calves + culls + other - purchases)				\$100,590	\$84,532	-\$16,058	
Other dairy cash income				\$2,000		-\$2,000	
Net Dairy Cash Income				\$1,835,110	\$2,081,701	\$246,591	
Expenses							
				Budget	Actual	Variance	
Wages				\$233,600	\$282,833	\$49,233	
Animal health				\$71,920	\$83,575	\$11,655	
Breeding and herd improvement				\$23,840	\$28,108	\$4,268	
Farm dairy				\$6,410	\$7,773	\$1,363	
Electricity (farm dairy, water supply)				\$26,800	\$23,287	-\$3,513	
Supplements made (incl. Contractors)				\$48,600	\$76,650	\$28,050	
Supplements purchased				\$51,740	\$57,197	\$5,457	
Calf rearing				\$8,030	\$17,166	\$9,136	
Young and dry stock grazing							
Winter cow grazing					\$7,167	\$7,167	
Run-off lease				\$96,000	\$39,583	-\$56,417	
Fertiliser (incl. N)				\$142,000	\$173,484	\$31,484	
Irrigation				\$63,180	\$45,106	-\$18,074	
Regrassing and cropping				\$56,950	\$184,302	\$127,352	
Weed and pest				\$200	\$545	\$345	
Vehicles and fuel				\$63,500	\$53,743	-\$9,757	
R&M (land, buildings, plant, machinery)				\$69,360	\$394,457	\$325,097	
Freight and general farm expenses				\$5,820	\$11,522	\$5,702	
Administration e.g. accountant, consultant, phone				\$34,030	\$69,743	\$35,713	
Insurance				\$20,050	\$22,709	\$2,659	
ACC				\$6,000	\$1,416	-\$4,584	
Rates				\$10,980	\$19,423	\$8,443	
Other farm working expenses (not included in any of the above)							
Total Farm Working Expenses				\$1,039,010	\$1,599,789	\$560,779	
Cash Operating Surplus / Deficit				\$796,100	481,912	-\$314,188	
Non Cash Adjustments							
				Budget	Actual	Variance	
Value of change in livestock numbers					31,480	31,480	
Labour adjustment				\$15,000	35,000	20,000	
Less Feed inventory Adjustment					-28,300	-28,300	
Owned support block adjustment					51,188	51,188	
Depreciation				\$130,000	130,000		
Dairy Gross Farm Revenue				\$1,835,110	\$2,113,181	\$278,071	
Dairy Operating Expenses				\$1,184,010	\$1,844,277	\$660,267	
Dairy Operating Profit				\$651,100	\$268,905	-\$382,196	
Dairy Operating Profit/ha				\$4,618	\$1,907	-\$2,711	

Commentary re variance

	Actual to Budget Variance	
Milksolids	12,313	The budget was prepared conservatively based on the lower of the previous 4 years milksolids. Production was 5% up on budget at the end of December and this margin was maintained throughout the rest of the season. The 2020-21 seasons final milksolids was 811 kg MS, (0.3%), less than the 2019-20 season.
Cows	4	
Hectares	0	
Net Milk Income	264649	Milk revenue was up on budget due to the higher than budgeted milksolids and higher than budgeted milk price, (\$7.47 received compared with budgeted \$6.79).
Net Dairy livestock sales (calves + culls + other - purchases)	-16058	Reared 36 beef calves which have been kept on the new support block and will be sold as R 2 animals. This has reduced bull calf sales. 28 fewer cows were culled although average prices were about \$120 per head higher.
Other dairy income	-2000	
Net Dairy Cash Income	246591	
Expenses		
Wages	49233	Employed an additional staff member from September when new support block purchase was imminent.
Animal health	11655	Probably under budgeted. Have increased the budget for the coming year.
Breeding and herd improvement	4268	
Farm dairy	1363	
Electricity (farm dairy, water supply)	-3513	
Supplements made (incl. Contractors)	28050	Made more supplements than budgeted as took some off Culverden support block before relinquishing the lease in early November, then made supplements on the new support block from November till January. No supplements were made on the milking area. 135 Large bales of hay were sold which off-set some of the increased supplement making costs.
Supplements purchased	5457	Fed 178 t of PKE which was very close to budget. The prices paid were higher than budgeted, partly increased feed price but there have also been increases in freight costs.
Calf rearing	9136	Reared 36 beef calves which weren't in the original budget.
Young and dry stock grazing	0	
Winter cow grazing	7167	This is cartage for cows to winter grazing on the new support block in the late autumn.
Run-off lease	-56417	Relinquished the nearby leased support block in early November when the new support block was purchased, so only had 5 months of lease payments.
Fertiliser (incl. N)	31484	More fertiliser was applied on the new support block plus there was additional soil and foliage testing required on new support block.

Irrigation	-18074	From early November only had irrigation in the milking area as the newly purchased support block is dry land.
Regrassing and cropping	127352	Had \$12,000 of cropping costs on the leased support block before the lease ended. Spent \$160,000 on cropping, crop fertiliser and re-grassing on the new support block. The quantity of fodder beet planted on the new support block was double what was in the budget, (23 ha compared with 11-12 ha in the budget), but the area of kale is similar, (15 ha compared with 11-13 in the budget). Most of the support block has been either cropped, re-grassed or undersown.
Weed and pest	345	
Vehicles and fuel	-9757	No unplanned repairs needed.
R&M (land, buildings, plant, machinery)	325097	Majority of this overspend relates to the new support block and may well end up being capitalised when the financial statements are prepared. The new support block has had a new stock water system, major upgrades to housing, improvements to fencing, yards and lanes.
Freight and general farm expenses	5702	
Administration e.g. accountant, consultant, phone	35713	Increases over budget relate to legal fees for the support land purchase, and consultancy fees relating to farm plans and environmental considerations for the new support block.
Insurance	2659	
ACC	-4584	Over paid in the previous year so got a refund. Working less on the farm so have reduced ACC cost.
Rates	8443	The extra is 7 months for the new support block.

Total Farm Working Expenses	560779	
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Non Cash adjustments

Value of change in livestock numbers	31480	Finished the season with 3 more R 1 heifers, 5 more R 2 heifers, 40 more R 1 beef and 9 more R 2 beef than had been budgeted.
Labour adjustment	20000	With purchase of new support block in November the owner was involved more with maintenance work and upgrade of infrastructure.
Less Feed inventory Adjustment	-28300	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	51188	This is 7 months @ an estimated \$450/ha estimated market rental. This off-sets the reduction in support lease paid when the lease block was relinquished at the time the newly purchased block was taken over.
Depreciation	0	