

Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	1,206	1,271
Milk Production (kgMS/cow)	399	441
Net Dairy Cash Income (\$/kgMS)	\$9.41	\$10.37
Total Farm Working Expenses (\$/kgMS)	\$4.67	\$4.75
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.73	\$5.62
Gross Farm Revenue (\$/kgMS)	\$9.46	\$10.42
Operating Expenses (\$/kgMS)	\$5.47	\$5.51
Operating Profit (\$/ha)	\$4,812	\$6,247

* 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

- Production for the season has been revised upwards from 213,000 to 225,000, (an increase of 5%), due to very good start to the season.
- Cash operating surplus for the season is forecast to be 25% up on budget as a result of higher milksolids, higher milk price, (\$0.91/kgMS extra is up 10% on the October budget) and better prices for livestock sold.
- Total farm working expenses, (FWE), will be up on budget but close monitoring and control should keep the increase to about 7%.
- A third of the increase in FWE is due to increased labour costs – payments are up to the CM with increased production, plus a full time apprentice has been employed from January to free up Justin's time for some development projects at the second dairy shed.

Comments

Rainfall for the last 12 months is about 10% down on average, but the distribution has been good so pasture growth has not been restricted from June through to early January.

Pasture growth has been above average particularly through the winter, and drier soil conditions through the winter and spring have contributed to much improved pasture utilisation.

Production to the 9th of January was 140,000 kgMS, (790/ha), which is 1.5% up on budget and 7% up on last season to date. This is from 510 cows peak milked, (25 less than budgeted). An early cull was done in October to remove some older unsound cows which had been kept to make up numbers. Selling in October did return higher per head prices. Cows still milking at the end of December was 500, (23 less than the same time last year).

The herds peaked at 2.2 kgMS/cow/day this season, well up on last year, (1.8-1.9 kgMS/cow/day). This was a reflection of much better feeding levels due to the drier weather.

Supplements fed to date are 20t DM of the maize that was on hand at the start of the season, (39 kgDM/cow), plus meal through the shed, (PKE/DDG mix, 174 t DM or 341 kgDM/cow). This is 270 t DM less than last season, (529 kgDM/cow), and well down on budget.

With fewer peak cow numbers there was a small surplus of pasture which was harvested in the late spring, (15.4 t DM). The original budget had been based on no baleage made on farm.

14.5 ha maize was planted late October. It is growing well and is on target for yields of 25 t DM/ha when harvested in March.

6 ha of fodder beet was planted in September. It has grown well and yields currently look to be between 15-20 t DM/ha. Grazing will start anytime from late January depending on grass growth and pasture supply, but final yields for the fodder beet should average in excess of 20 t DM/ha.

The herds have been on twice a day milking since calving and given the amount of supplement and crop on hand and the good pay out, will likely stay on twice a day until drying off in May.

Nitrogen applied to date, (excluding crops), is about 89 kg N/ha. More fertiliser has been applied this spring as fertility levels had dropped from previous soil tests, (likely a result in part from the very high rainfall in 2023). This is paying dividends as early January production is 25% ahead of the same time last season.

The PKE/DDG mix was able to be contracted at \$426 per ton landed which is about \$24 less than budgeted. However there was an opportunity to purchase 100 t DM of baleage for \$0.29/kg DM), so purchased feed costs are up but supplements on hand at present are well up on last season.

Animal health costs are up as the herd was treated with a spring drench to ensure optimal health prior to mating. Breeding costs are up as more was spent on anoestrous treatments to improve reproduction performance and bring the six week calving pattern up to industry targets.

Current position

Production is currently 1.8 kgMS/cow/day from 500 cows, milking twice a day. Daily total milksolids is 25% up on last season and 23% up month to date. BCS is good at 4.5 BCS which is a reflection of the good season so far. Feed intakes at present are 15kg DM/cow/day from pasture and 3 kg DM/day from meal.

Current pasture cover 2,200 kgDM/ha. The herd is on a 24 day grazing rotation.

With a total of 20.5 ha out in crops the current stocking on pasture effective area is 3.2 cows/ha. Current growth rates are 60 kgDM/ha/day, but there has been no significant rain since late December and it has been very windy so growth rates will be dropping. With daily pasture intakes of 15kgDM/cow/day and 3.2 c/ha this equates to 48-50 kg/ha /day, so cover is just holding.

Looking forward

Feed available to be feed out between now and the end of May is about 712 t DM, (more than double last season), which equates to about 1,400 kg DM/cow for 500 cows or 9 kgDM/cow/day. This includes the balance of contracted PKE blend, maize silage on hand and to be harvested, silage and baleage on hand plus the 6 ha of fodder beet. There will still be about 194 t DM maize/baleage to take through to next season.

With the amount of supplement available the plan is to continue to milk all 500 cows through to drying off in May. Pasture growth rates would need to average only 25 kgDM/ha every day till the end of May, (on the grass area, excluding crop paddocks), for all this supplement to be used.

Current conditions are very dry, with little moisture falling since the start of the year. If it gets extremely dry for an extended period of time then the options for destocking and once a day milking could be considered for later in the season for both herds if growth rates, cover and cow condition drop too much.

There are still 1 to 1 ½ more applications of N for the season depending on the weather, which will be used in the autumn to help increase growth rates and pasture cover.

All decisions from now on are based on feed budgets and ensuring pasture cover and cow BCS targets are met at the end of the season so that next season is not compromised.

Calving and reproduction

- The calving pattern for the 2024 spring was 65% in 3 weeks, 80% after 6 weeks and 97% by 9 weeks.
- Submission rate for the first 3 weeks was 87% which is much improved on the previous season and reflects the higher anoestrous intervention.
- The six week in calf rate is not available yet, pregnancy testing is planned for early February.
- 135 replacement heifers have been reared which is about 25% for the herd.
- Weaners went off farm in December which was about 2 weeks later than planned. This suited both graziers and us. Grazing costs for weaners are down slightly because of this.
- A total of 24 bulls were purchased for the two herds and the yearlings at grazing. The difference between purchase and sale price has been about \$100/bull for the majority of bulls. Bulls were removed prior to Christmas and have been sold.

Other points of interest.

- Operating profit for the season is likely to be up 20-30% so plans are in place for higher tax expenses later this year.
- With the cash surplus likely to be generated options for investment are being considered.
- The dropping interest rates are taking effect as loans have been set up with some on floating rates and some with staggered fixed terms
- There is development work planned to rebuild the AI race, improve the cow flow at the second dairy shed and to work through the "to do" list from the latest farm environment plan.
- Riparian planting plans have been reinstated and this will get underway again in the winter.
- Water meters have been installed on the second farm so water usage is now monitored on both farms.
- Staff have all had time off over the Christmas and New Year period.

Annual Cash Budget and updated forecast as at January 9, 2025

Name:	East Waikato Owner/Owner with CM System 3			Budget Period	1 / 6 / 2024	to	31 / 5 / 2025
Farm Details:							
Budget	213,500 kgMS	535 Cows	177.0 ha	399 kgMS/cow	1206 kgMS/ha	3.02 cows/ha	
Farm Details:							
Budget/Actual	225,000 kgMS	510 cows	177.0 ha	441 kgMS/cow	1271 kgMS/ha	2.88 cows/ha	
Variance (Actual less Budget)	11,500 kgMS	-25 cows	ha	42 kgMS/cow	65 kgMS/ha	-0.14 cows/ha	
Income				Budget	Budget/Actual	Variance	
Net Milk Sales				\$1,926,600	\$2,233,788	\$307,188	
Net Dairy livestock sales (calves + culls + other - purchases)				\$79,900	\$99,745	\$19,845	
Other dairy cash income				\$1,700	\$590	-\$1,110	
Net Dairy Cash Income				\$2,008,200	\$2,334,123	\$325,923	
Expenses				Budget	Budget/Actual	Variance	
Wages				\$221,900	\$249,703	\$27,803	
Animal health				\$37,000	\$46,145	\$9,145	
Breeding and herd improvement				\$20,000	\$25,981	\$5,981	
Farm dairy				\$6,900	\$9,693	\$2,793	
Electricity (farm dairy, water supply)				\$18,000	\$17,500	-\$500	
Supplements made (incl. Contractors)					\$2,500	\$2,500	
Supplements purchased				\$158,800	\$179,739	\$20,939	
Calf rearing				\$10,800	\$9,386	-\$1,414	
Young and dry stock grazing				\$124,100	\$118,013	-\$6,087	
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$120,000	\$123,690	\$3,690	
Irrigation							
Regrassing and cropping				\$105,100	\$108,785	\$3,685	
Weed and pest				\$7,800	\$7,178	-\$622	
Vehicles and fuel				\$36,900	\$40,143	\$3,243	
R&M (land, buildings, plant, machinery)				\$70,600	\$65,880	-\$4,720	
Freight and general farm expenses				\$10,200	\$9,639	-\$561	
Administration e.g. accountant, consultant, phone				\$12,100	\$14,292	\$2,192	
Insurance				\$14,300	\$15,863	\$1,563	
ACC				\$1,400	\$1,381	-\$19	
Rates				\$21,600	\$23,979	\$2,379	
Other expenses							
Total Farm Working Expenses				\$997,500	\$1,069,490	\$71,990	
Cash Operating Surplus / Deficit				\$1,010,700	1,264,633	\$253,933	
Non Cash Adjustments				Budget	Actual	Variance	
Value of change in livestock numbers				\$11,100	11,100		
Labour adjustment				\$120,000	120,000		
Less Feed inventory Adjustment							
Owned support block adjustment							
Depreciation				\$50,000	50,000		
Dairy Gross Farm Revenue				\$2,019,300	\$2,345,223	\$325,923	
Dairy Operating Expenses				\$1,167,500	\$1,239,490	\$71,990	
Dairy Operating Profit				\$851,800	\$1,105,733	\$253,933	
Dairy Operating Profit/ha				\$4,812	\$6,247	\$1,435	

Commentary re variance

	Actual to Budget Variance	
Milksolids	11,500	A drier winter and spring and better pasture growth and pasture utilisation have contributed to a much better start to the season. Production is 7% up season to date (January 9, 2025) and 25% up on a daily basis compared with last season. This has given confidence to increase the budgeted milksolids for the season by 5%.
Cows	-25	Opted to cull some cows early in October based on cow quality.
Hectares	0	
Net Milk Income	307188	Milk production is up 1.5% on budget and milk price advance rate is \$0.90/kgMS up on earlier budgets.
Net Dairy livestock sales (calves + culls + other - purchases)	19845	Stock prices are well up on budget. Have sold the majority of the breeding bulls purchased for a net cost of \$100/head.
Other dairy income	-1110	
Net Dairy Cash Income	325923	

Expenses

Wages	27803	Over half the increase is due to higher payments to the contract milker as milk production is up on budget. From January have taken on a permanent apprentice to free up Justin's time for some development projects on the second farm.
Animal health	9145	Some of the increase is due to treating the herd with a pre-mating drench to ensure optimum health. Included treatment for parasites as well as delivered minerals and vitamins.
Breeding and herd improvement	5981	Spent more on anoestrous treatments to improve the reproduction performance - the calving pattern was just below the industry targets for 3,6 and 9 weeks at 65,80,and 97% respectively.
Farm dairy	2793	Have a had on going machine issues which have increased costs.
Electricity (farm dairy, water supply)	-500	
Supplements made (incl. Contractors)	2500	Made 70 bales, (15.4 t DM), of baleage not in the original budget. Pasture surplus was related to having 25 fewer cows than originally planned.
Supplements purchased	20939	The PKE/DDG mix was able to be contracted for \$426/t landed which is about \$24/t less than the budget so costs are down about \$8,400 for the PKE blend. Had the opportunity to purchase 100 t standing silage which costs \$28,640 including making and cartage costs, (ie about \$0.29/kgDM). This was not in the budget so net increase in feed costs is about \$21,000.
Calf rearing	-1414	Calves stayed on farm for about 2 weeks longer than normal before going to grazing but used less meal over all as there was plenty of pasture.
Young and dry stock grazing	-6087	Weaners were 2 weeks later going to grazing. This timing was what suited both grazier and farmer.
Winter cow grazing	0	

Run-off lease	0	
Fertiliser (incl. N)	3690	More fertiliser has been applied as fertility levels had dropped from previous soil tests. Likely a result in part from the very high rainfall in 2023.
Irrigation	0	
Regrassing and cropping	3685	14.5 ha of maize and 6 ha of fodder beet have been planted as per budget.
Weed and pest	-622	
Vehicles and fuel	3243	
R&M (land, buildings, plant, machinery)	-4720	Had to rebuild the fertiliser spreader. R & M could go up in conjunction with development projects to improve the cow flow in the second shed.
Freight and general farm expenses	-561	
Administration e.g. accountant, consultant, phone	2192	
Insurance	1563	
ACC	-19	
Rates	2379	Higher than expected increases in rates.
Other Expenses	0	

Total Farm Working Expenses	71990
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Non Cash adjustments

Value of change in livestock numbers	0	Do not expect stock numbers to vary much from the original budget.
Labour adjustment	0	
Less Feed inventory Adjustment	0	There is a lot of feed currently on farm (1.4 t DM/cow including fodder beet crop), so feed on hand could potentially be higher at the end of the season than budgeted, but this is very weather dependent!
Owned support block adjustment	0	
Depreciation	0	