

South Waikato Owner with CM System 3
2024-28 Mid Season Update January 9th 2024
Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	1,279	1,328
Milk Production (kgMS/cow)	405	414
Net Dairy Cash Income (\$/kgMS)	\$8.52	\$10.83
Total Farm Working Expenses (\$/kgMS)	\$5.17	\$5.38
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.35	\$5.45
Gross Farm Revenue (\$/kgMS)	\$8.51	\$10.81
Operating Expenses (\$/kgMS)	\$6.00	\$6.15
Operating Profit (\$/ha)	\$3,216	\$6,190

* These KPI's are based on cash book budget/actuals to the 31/12/2025 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Key Points

- Pasture grown/utilised is up this season due to better weather conditions.
- Milk solids to date is 1.5% ahead of budget and 7% up on last season.
- Supplements fed to date are 17% less than last season.
- The farm is in a good position going into the summer in terms of pasture cover, feed on hand and current daily production.
- Gross farm income is expected to be up about 30% on the budget as forecast milk production and milk price have risen significantly.
- Close monitoring of the cash flow has ensured farm working expenses and operating expenses have increased by less than 10%.
- Planning and provision have been made for a higher tax expense.
- A 50-50 sharemilker, (the current CM), has been employed for the 2025-26 season.

Comments

Milk solids to date is 62,700 kg MS which is 4,000 ahead of last season and 1,000 kg up on budget. As a result the budget to the end of May has been revised upwards 3,300 kgMS and the cash flow has been reworked on 90,300 kgMS.

Cow milked during the peak was 218, (milking twice a day), which is slightly up on budget and last year. Losses have been low, (2 cows), so peak cows milked is close to the number of cows wintered. More importantly this number has been milked through till January 9th when 9 cows were culled. Therefore cow milking days to the end of December are up on last season as numbers milking at the same time were down to 211.

The herd peaked in early October at 2.2 kgMS/cow/day and held at over 2.0 kgMS/c/day for most of October

To date 1.4 t DM/ha has been fed to the herd, made up of 107 t DM of PKE, (equates to 441 kgDM/cow). This is lower than last season by 200 kg DM /cow, and is a reflection of the much better pasture growing season this year compared with last year. Overall winter and spring have been drier so utilisation has been much better too.

Baleage made for the season is less than half of what was budgeted, 17 t DM compared with 37 t DM in the budget.

No maize has been planted this season as there is still 150 t DM of maize on hand from the start of the season, and there is plenty of maize silage for sale in the area should more be needed.

Nitrogen applied to date is about 101 kg N per ha (four applications of about 25 kg N/ha), in the form of Ammo 30N, sustain K and urea. The budget was for about 130 kgN/ha for the season so at that level applications are still on track for that. Spring fertiliser has been spread as per budgeted.

N applied early January to paddocks due for grazing around the 24th of January have shown a good response, so these paddocks should have sufficient cover by then to extend the grazing rotation to 30+ days without affecting residuals.

The second season with the contract milker is working well and has allowed the owner to spend even less time on farm.

Current situation

There are currently 218 cows milking, producing 1.65 kgMS/cow/day, (twice a day) which is up on last season. Herd numbers have been reduced to 209 as at 10th January.

The herd is currently getting 17 kg DM/cow /day made up of 14.5 kgDM of pasture, and 2.5 kgDM of PKE. Pasture appears to have high clover levels this year which is contributing to the current good per cow performance currently. Body condition score is average for this time of year.

The pasture cover is 2250 kg DM/ha and the rotation length is 21 days. Current growth rates are about 45 kg DM/ha/day which is less than this time last season. At current pasture intake levels this is barely enough to maintain pasture cover.

The aim is to introduce additional supplements if need be to enable the rotation length to be extended to 31 days by January 24th, by which time the herd will also go to once a day milking.

Somatic Cell count is 21% above last year for the season to date, but is currently below last season on a daily basis now which is good prior to going on once a day.

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Looking forward

With current supplements still on hand from last season, and PKE still left from contract, (58 t wet), there is about 160 t DM, to feed out between now and the end of May, plus leave 83 t DM, (380 kgDM/cow), to carry into the next season.

PKE will continue to be fed at 2.0-2.5 kgDM/c/day. At this rate it should last till early April. The maize still on hand from last season will be started early February and will last until the end of the season. This equates to about 840 kgDM/c/d to the end of May.

There is still one more application of N, (at about 23 kg N/ha), to come in the late autumn in the form of PhaSed N

Pregnancy testing is scheduled for the 18th of February with 20 cows booked to be culled soon after that. This will bring cow numbers down to about 190.

A further cull will probably happen early to mid-March to drop numbers to about 180.

Drying off of young/thinner cows will start in late April depending on feed supply and body condition score. This will leave about 120 MA cows to milk through until drying off on May 20th.

This destocking regime is standard practice for the farm and in conjunction with once a day milking from late January, plus the supplementary feeding programme, works well to enable key targets for cow condition, and pasture cover at the end of the season to be met while still protecting later season production.

Calving and mating

The calving rate for the 2024 spring was 60% after 3 weeks, 86% after 6 weeks and 97% after 9 weeks. This is similar to last season.

The submission rate this spring is 85% from 3 weeks mating. This is up on last season (79%).

The estimated 6 week in calf rate is 69 % which is up on last season, (64%).

The number of replacement calves born this season was down, with 33 heifer calves reared plus 14 beef animals. This means the number reared was 9 less than budgeted. All weaners went to grazing in late November as planned.

Bulls were purchased rather than leased. The difference between purchase and sale prices was about \$400 per bull, - significantly less than the \$700 per head leasing cost.

Other points of interest

Milk revenue for the season has been revised upward by 33 % due to the higher milksolids now expected and a higher milk price compared the original May budget

Total farm working expenses are likely to be up about about 8%.

When non cash costs are accounted for, including the 99 t DM decrease in feed on hand, operating expenses are now \$6.15/kgMS.

The main contributors to increases in costs are vehicles, (unforeseen rebuild of tractor head) and additional R & M, (fencing and extra maintenance to get the farm ready for the incoming 50-50 sharemilker).

The increase in cash surplus will enable further debt repayment and cover the provision for higher taxes.

Annual Cash Budget and updated forecast January 2025

Name:		South Waikato owner with CM System 3		Budget Period		1 / 7 / 2024 to 30 / 6 / 2025	
Farm Details:							
Budget	87,000 kgMS	215 Cows	68.0 ha	405 kgMS/cow	1279 kgMS/ha	3.16 cows/ha	
Farm Details:							
Budget/Actual	90,300 kgMS	218 cows	68.0 ha	414 kgMS/cow	1328 kgMS/ha	3.21 cows/ha	
Variance (Actual less Budget)							
	3,300 kgMS	3 cows	ha	10 kgMS/cow	49 kgMS/ha	0.04 cows/ha	
Income				Budget	Budget/Actual	Variance	
Net Milk Sales				\$698,500	\$929,870	\$231,370	
Net Dairy livestock sales (calves + culls + other - purchases)				\$42,700	\$48,023	\$5,323	
Other dairy cash income							
Net Dairy Cash Income				\$741,200	\$977,893	\$236,693	
Expenses							
				Budget	Budget/Actual	Variance	
Wages				\$160,500	\$163,534	\$3,034	
Animal health				\$21,600	\$26,300	\$4,700	
Breeding and herd improvement				\$13,000	\$15,760	\$2,760	
Farm dairy				\$4,200	\$5,050	\$850	
Electricity (farm dairy, water supply)				\$11,900	\$11,600	-\$300	
Supplements made (incl. Contractors)				\$6,800	\$3,700	-\$3,100	
Supplements purchased				\$51,200	\$61,105	\$9,905	
Calf rearing				\$6,100	\$5,080	-\$1,020	
Young and dry stock grazing				\$44,300	\$42,150	-\$2,150	
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$57,500	\$55,676	-\$1,824	
Irrigation							
Regrassing and cropping				\$9,000	\$5,644	-\$3,356	
Weed and pest				\$1,500	\$2,000	\$500	
Vehicles and fuel				\$11,800	\$25,300	\$13,500	
R&M (land, buildings, plant, machinery)				\$15,200	\$25,900	\$10,700	
Freight and general farm expenses				\$1,900	\$1,900		
Administration e.g. accountant, consultant, phone				\$12,300	\$12,600	\$300	
Insurance				\$7,500	\$8,500	\$1,000	
ACC				\$2,500	\$2,500		
Rates				\$11,000	\$11,588	\$588	
Other expenses							
Total Farm Working Expenses				\$449,800	\$485,887	\$36,087	
Cash Operating Surplus / Deficit				\$291,400	492,006	\$200,606	
Non Cash Adjustments							
				Budget	Actual	Variance	
Value of change in livestock numbers				-\$500	-\$1,900	-1,400	
Labour adjustment							
Less Feed inventory Adjustment				-\$40,622	-\$37,620	3,002	
Owned support block adjustment				\$1,600	1,600		
Depreciation				\$30,000	30,000		
Dairy Gross Farm Revenue				\$740,700	\$975,993	\$235,293	
Dairy Operating Expenses				\$522,022	\$555,107	\$33,085	
Dairy Operating Profit				\$218,678	\$420,886	\$202,208	
Dairy Operating Profit/ha				\$3,216	\$6,190	\$2,974	

Commentary re variance

	Actual to Budget Variance	
Milksolids	3,300	Good winter weather and a reasonable spring contributed to better pasture growth and utilisation. Less supplement has been fed, (only PKE and a little baleage - no maize). Current daily milk production is up 6% on last season.
Cows	3	Only 2 deaths this winter/spring and no other wastage. Peak cows milked is 218 and this number are still in milk now in early January. Numbers drop to 209 on January 10th 2025.
Hectares	0	
Net Milk Income	231370	Had budgeted conservatively back in May 2024 so the lift in milk price has had a big impact in conjunction with higher milk production in addition to 1.5% more milksolids.
Net Dairy livestock sales (calves + culls + other - purchases)	5323	Low losses, so more stock to sell, plus stock prices have been higher.
Other dairy income	0	

Net Dairy Cash Income

236693

Expenses

Wages	3034	Payments to contract milker are up due to increase in milksolids, but this is offset by lower wages paid to the farm owner as time spent on farm is only about .2 FTE rather than .3 FTE.
Animal health	4700	Spent more on minerals than budgeted, plus prices are up across the board.
Breeding and herd improvement	2760	Milked more cows through November and December than last year so number of cows submitted to AB and herd tested is up on budget.
Farm dairy	850	
Electricity (farm dairy, water supply)	-300	
Supplements made (incl. Contractors)	-3100	Made 17 t DM of baleage compared with the budget of 37 t DM.
Supplements purchased	9905	Purchased a bit less PKE than originally budgeted but the price was higher than budgeted. Also purchased an extra 6 t DM of baleage (\$0.25/kgDM), and 3.6 t DM of hay for next season, (the hay expense was split 50-50 with the incoming sharemilker).
Calf rearing	-1020	Reared 9 fewer calves than budgeted.
Young and dry stock grazing	-2150	Fewer weaners at grazing - 33 compared with 48 originally budgeted.
Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	-1824	No cropping.

Irrigation	0	
Regrassing and cropping	-3356	No maize planted as still have plenty on hand, plus there is surplus maize in the area still for sale at reasonable prices if there is a shortfall, so some can be purchased to take into next season if need be.
Weed and pest	500	
Vehicles and fuel	13500	Had to rebuild the "head" on one tractor.
R&M (land, buildings, plant, machinery)	10700	Plan to do additional fencing and R & M in the autumn ot get the farm ready for the 50-50 sharemilker. Also spent extra tidying up races and emptying the effluent pond.
Freight and general farm expenses	0	
Administration e.g. accountant, consultant, phone	300	
Insurance	1000	
ACC	0	
Rates	588	
Other Expenses	0	

Total Farm Working Expenses	36087	
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Non Cash adjustments

Value of change in livestock numbers	-1400	
Labour adjustment	0	
Less Feed inventory Adjustment	3002	Plan to take a minimum of about 80 t DM into next season. This leaves 100 t DM of maize carried over from last season available to be fed out from mid-January until the end of May.
Owned support block adjustment	0	
Depreciation	0	