

**South Waikato Owner with Contract milker Sys 5
2018-19 Season numbers at a glance**

KPI's	Budget	Actual
Milk Production (kgMS/ha)	1,704	1,624
Milk Production (kgMS/cow)	473	451
Net Dairy Cash Income (\$/kgMS)	\$7.01	\$6.92
Total Farm Working Expenses (\$/kgMS)	\$3.94	\$4.36
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.07	\$2.56
Gross Farm Revenue (\$/kgMS)	\$7.05	\$7.15
Operating Expenses (\$/kgMS)	\$4.65	\$4.98
Operating Profit (\$/ha)	\$4,090	\$3,531

* These KPI's are based on cash book actuals to the 31/5/2019 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

This was definitely as season of 2 halves. The early part of the season went well and by December the cash flow was on track as per the budget. Production was on budget with 13% less supplements fed.

The prolonged dry period from mid-January to late April had a big impact on the light volcanic soils and production finished 5,965 kg MS, (4.7%), behind budget, and feed costs were up.

The estimated operating profit for the 2018-19 season is \$3,531 which is 13.7% below budget.

Milk revenue was down due to the lower milksolids but this was offset slightly by a higher than budgeted milk price received - \$6.52 per kg MS actual was \$0.09 higher than budget.

Livestock revenue was lower than budgeted due to less cows being sold and a lower than budgeted price received. Closing MA cow numbers were up on budget as the plan is to milk 15 more cows in 2019-20 so the lower cash income is offset by a higher than budgeted value of change of livestock numbers on hand at the end of the season.

Total farm working expenses were \$28,160 up on budget, (5.6%), but when the lower milk production is taken into account costs per kg MS, (FWE), were \$4.36, (up 10.8%).

Most of the variation in costs from budget were due to additional feed purchased to fill a feed deficit due to the drought and to increase the feed on hand for next spring and the planned increase in cow numbers to be milked.

Operating costs for the year were 7.2% up on budget after taking into account the additional maize on hand for next spring.

Other points of interest

Mating went well, with improved heat detection and timing of mating through using heat detection patches. This has given more certainty to heat detection and better timing of insemination. The result was more cows mated to AB than budgeted.

Reproductive performance of the herd for 18-19 was still disappointing. There was a slight improvement in submission rate but a higher than expected return rate meant that the 6 week in-calf rate was only 58%. The non-return rate for the year is 13% which is marginally better than the previous year.

Supplements fed for the year were 237 t DM PKE and 378 t DM Maize. This equates to 2.28 t DM per cow which is 8% up on budget and 17.5% higher than the 17-18 season. An additional 50 T DM of Maize was carried forward for spring 2019.

Nitrogen applied was 138 kg N per ha average over the whole farm. This compares with 132 kg N per ha for 2017-18.

The last of the herd was dried off on 18th May which is a few days earlier than usual.

As at the end of June the average pasture cover is now 2,650 kg DM per ha and the herd is all in calving condition, (BCS of 5.0 for mature cows and 5.5 for R 2 heifers).

Annual Cash Budget

Name: South Waikato Owner with Contract Milker Sys 5 Budget Period 1 / 6 / 2018 to 31 / 5 / 2019

Farm Details: 121805 kgMS 270 cows 75.0 ha 451 kgMS/cow 1624 kgMS/ha 3.60 cows/ha

Income		\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received 100%				
Milk Solids advance	kgMS x \$ /kgMS	\$798,156	\$6.55	\$2,956	\$10,642
Milk Solids retrospective	kgMS x \$ /kgMs		\$0.00	\$0	\$0
Milk Solids dividend	shares x \$ /share		\$0.00	\$0	\$0
DairyNZ levy	<small>enter as negative number</small>	-\$3,907	-\$0.03	-\$14	-\$52
Net Dairy livestock sales (calves + culls + other - purchases)		\$40,096	\$0.33	\$149	\$535
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting		\$8,640	\$0.07	\$32	\$115
Net Dairy Cash Income		\$842,985	\$6.92	\$3,122	\$11,240
Expenses		\$ Total	\$/kgMS	\$/cow	\$/ha
Wages		\$156,746	\$1.29	\$581	\$2,090
Animal health		\$17,155	\$0.14	\$64	\$229
Breeding and herd improvement		\$14,283	\$0.12	\$53	\$190
Farm dairy		\$980	\$0.01	\$4	\$13
Electricity (farm dairy, water supply)			\$0.00	\$0	\$0
Supplements made (incl. Contractors)		\$2,632	\$0.02	\$10	\$35
Supplements purchased		\$205,904	\$1.69	\$763	\$2,745
Calf rearing		\$3,900	\$0.03	\$14	\$52
Young and dry stock grazing		\$46,521	\$0.38	\$172	\$620
Winter cow grazing			\$0.00	\$0	\$0
Run-off lease			\$0.00	\$0	\$0
Fertiliser (incl. N)		\$39,949	\$0.33	\$148	\$533
Irrigation			\$0.00	\$0	\$0
Regrassing and cropping			\$0.00	\$0	\$0
Weed and pest		\$716	\$0.01	\$3	\$10
Vehicles and fuel		\$3,010	\$0.02	\$11	\$40
R&M (land, buildings, plant, machinery)		\$15,090	\$0.12	\$56	\$201
Freight and general farm expenses		\$443	\$0.00	\$2	\$6
Administration e.g. accountant, consultant, phone		\$8,410	\$0.07	\$31	\$112
Insurance		\$5,609	\$0.05	\$21	\$75
ACC			\$0.00	\$0	\$0
Rates		\$10,317	\$0.08	\$38	\$138
Total Farm Working Expenses		\$531,665	\$4.36	\$1,969	\$7,089
Cash Surplus / Deficit		\$311,320	\$2.56	\$1,153	\$4,151
Non Cash adjustments					
Value of change in livestock numbers		\$28,476	\$0.23	\$105	\$380
Labour adjustment		\$10,000	\$0.08	\$37	\$133
Less Feed inventory Adjustment		\$15,000	\$0.12	\$56	\$200
Owned support block adjustment			\$0.00	\$0	\$0
Depreciation		\$80,000	\$0.66	\$296	\$1,067
Dairy Gross Farm Revenue		\$871,461	\$7.15	\$3,228	\$11,619
Dairy Operating Expenses		\$606,665	\$4.98	\$2,247	\$8,089
Dairy Operating Profit		\$264,796	\$2.17	\$981	\$3,531

Annual Cash Budget

Name:	South West Waikato Owner Sys 2			Budget Period	1 / 6 / 2018	to	31 / 5 / 2019
Farm Details:							
Budget	127,770 kgMS	270 Cows	75.0 ha	473 kgMS/cow	1704 kgMS/ha	3.60 cows/ha	
Farm Details: Actual							
	121,805 kgMS	270 cows	75.0 ha	451 kgMS/cow	1624 kgMS/ha	3.60 cows/ha	
Variance (Actual less Budget)	-5,965 kgMS	cows	ha	-22 kgMS/cow	-80 kgMS/ha	cows/ha	
Income				Budget	Actual	Variance	
Net Milk Sales				\$819,040	\$794,249	-\$24,791	
Net Dairy livestock sales (calves + culls + other - purchases)				\$67,550	\$40,096	-\$27,454	
Other dairy cash income				\$8,640	\$8,640		
Net Dairy Cash Income				\$895,230	\$842,985	-\$52,245	
Expenses				Budget	Actual	Variance	
Wages				\$166,900	\$156,746	-\$10,154	
Animal health				\$17,600	\$17,155	-\$445	
Breeding and herd improvement				\$12,500	\$14,283	\$1,783	
Farm dairy				\$1,250	\$980	-\$270	
Electricity (farm dairy, water supply)							
Supplements made (incl. Contractors)				\$3,850	\$2,632	-\$1,218	
Supplements purchased				\$171,380	\$205,904	\$34,524	
Calf rearing				\$4,050	\$3,900	-\$150	
Young and dry stock grazing				\$48,250	\$46,521	-\$1,729	
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$35,695	\$39,949	\$4,254	
Irrigation							
Regrassing and cropping							
Weed and pest				\$400	\$716	\$316	
Vehicles and fuel				\$3,965	\$3,010	-\$955	
R&M (land, buildings, plant, machinery)				\$19,550	\$15,090	-\$4,460	
Freight and general farm expenses				\$730	\$443	-\$287	
Administration e.g. accountant, consultant, phone				\$3,165	\$8,410	\$5,245	
Insurance				\$4,370	\$5,609	\$1,239	
ACC							
Rates				\$9,850	\$10,317	\$467	
Other farm working expenses (not included in any of the above)							
Total Farm Working Expenses				\$503,505	\$531,665	\$28,160	
Cash Operating Surplus / Deficit				\$391,725	311,320	-\$80,405	
Non Cash Adjustments				Budget	Actual	Variance	
Value of change in livestock numbers				\$5,000	28,476	23,476	
Labour adjustment				\$10,000	10,000		
Less Feed inventory Adjustment					15,000	15,000	
Owned support block adjustment							
Depreciation				\$80,000	80,000		
Dairy Gross Farm Revenue				\$900,230	\$871,461	-\$28,769	
Dairy Operating Expenses				\$593,505	\$606,665	\$13,160	
Dairy Operating Profit				\$306,725	\$264,796	-\$41,929	
Dairy Operating Profit/ha				\$4,090	\$3,531	-\$559	

Commentary re variance

	Actual to Budget Variance	
Milksolids	-5,965	Milk production to early December was 3% behind budget - a combination of slightly later mean calving date and feeding 13% less PKE than budget. Finished the season 8% behind budget due to the extended dry summer from mid-January to late April.
Cows	0	
Hectares	0	
Net Milk Income	-24791	Milk production was 8% below budget but the milk price received of \$6.77 was \$0.37 per kg MS higher than budgeted.
Net Dairy livestock sales (calves + culls + other - purchases)	-27454	
Other dairy income	0	

Net Dairy Cash Income

-52245

Expenses

Wages	-10154	Milk production were down 8% so payments to the contract milker were less than budgeted.
Animal health	-445	
Breeding and herd improvement	1783	Purchased heat detection patches which had not been budgeted for.
Farm dairy	-270	
Electricity (farm dairy, water supply)	0	
Supplements made (incl. Contractors)	-1218	Only made 33 t DM of silage instead of the budgeted 40 t DM.
Supplements purchased	34524	Spent about \$8000 less on PKE but \$34,000 more on Maize silage, (another 108 t DM), so total feed imported feed costs were up \$22,000. Some of the extra maize is for use in the 2019 spring and so some of the increase in cost is offset by the change in feed inventory. Included in the 2018-19 feed cost is \$8,000 for minerals which are added to the feed. This had been omitted from the original budget, (an oversight).
Calf rearing	-150	
Young and dry stock grazing	-1729	
Winter cow grazing	0	
Run-off lease	0	

Fertiliser (incl. N)	4254	Fertiliser prices were higher than budgeted and slightly more N was used than budgeted.
Irrigation	0	
Regrassing and cropping	0	
Weed and pest	316	
Vehicles and fuel	-955	
R&M (land, buildings, plant, machinery)	-4460	
Freight and general farm expenses	-287	
Administration e.g. accountant, consultant, phone	5245	Administration costs were up largely due to the decision to engage a farm consultant during the year, which was not budgeted for.
Insurance	1239	Some additional insurance cover but mainly just price rises.
ACC	0	
Rates	467	
Other farm working expenses (not included in any of the above)	0	

Total Farm Working Expenses	28160	
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Non Cash adjustments

Value of change in livestock numbers	23476	Kept 20 more R 2 heifers/mixed age cows than budgeted. Plan to milk 15 more cows in 2019-20.
Labour adjustment	0	
Less Feed inventory Adjustment	15000	Had 50 t DM more of Maize silage on hand at the end of the year as plan to milk more 15 more cows in 2019-20 so need more spring supplement.
Owned support block adjustment	0	
Depreciation	0	