

Season numbers at a glance

| KPI's | Budget | Updated forecast Budget/Actuals |
|--|---------|------------------------------------|
| Milk Production (kgMS/ha) | 1,848 | 1,718 |
| Milk Production (kgMS/cow) | 465 | 433 |
| Net Dairy Cash Income (\$/kgMS) | \$8.52 | \$9.14 |
| Total Farm Working Expenses (\$/kgMS) | \$5.11 | \$5.38 |
| Cash Operating Surplus/Deficit (\$/kgMS) | \$3.41 | \$3.76 |
| Gross Farm Revenue (\$/kgMS) | \$8.51 | \$9.14 |
| Operating Expenses (\$/kgMS) | \$5.62 | \$5.85 |
| Operating Profit (\$/ha) | \$5,347 | \$5,657 |

* These KPI's are based on cash book budget/actuals to the 31/12/2023 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Key Points

- Milk production for the season was marginally down on last season, (< 1%), but was 7% behind budget.
- BCS at calving was below target which impacted early season production and this deficit was not recovered despite good summer and autumn pasture growth.
- Total farm working expenses are slightly lower than budgeted, (2%), but over lower milk solids FWE/kgMS are \$5.38/kgMS which is up 5%.
- Pasture harvested for the 2023-24 season is about 14.1 t DM/ha, which is 3% down on the previous year.

Comments

Production for the season is 125,435 kg MS which is just 651 less than the previous year. Peak cows milked is 290 as per budget with losses for the season low at only 2. The herd peaked at 2.00 kgMS/cow/day for 11 days, in late September/early October.

All R 3 and any at risk cows went to once a day milking April 10th, and 25 culls went to the works in early April. The remaining 265 cows were milked through till drying off on May 16th. 18 empty cows were sold as in milk cows late May and 3 cows were sold as budget cows.

With hindsight the herd was probably milked for about 5 days too long last season, which reduced supplements carried into the winter and impacted pasture cover at the end of May 2023.

Winter grazing for 25 cows for 2 months was secured to help reduce feed demand on the farm over the winter, so that pasture cover could be increased more quickly. With cover still behind target as calving approached, feeding levels for the cows were restricted. This meant that they were not on a rising plane of nutrition and cow body condition score was lower than target at the start of calving.

This compromise impacted milk production in the early part of the season and this lost production was never regained.

Reproductive performance was also affected with the 3 week submission rate at 78%.

The calving rate for the first 3 weeks was slower than last season so fewer days in milk has also contributed to some of the lower milksolids to date.

Supplements fed for the season of 1,963 kgDM/cow is up on the previous season with most of the increase coming from the first half of the season.

The amount of supplements made on farm this year was 12 ha of silage, (30 t DM). This is nearly double last season when only 16 t DM was harvest. There were better harvest windows for making supplement and though the peak growth was a little later there was a good surplus.

Despite relatively low soil moisture levels there has been good summer and autumn growth, with small amounts of rain coming at just the right time to keep pasture growing. It was not as hot as the precious summer/autumn and there less wind so what rain did fall was more available for the pasture.

Milk income was on target with a higher milk price offsetting the lower than budgeted milksolids.

Current situation

There are 270 cows on farm with 25 again at winter grazing, (left farm early June).

Pasture cover is 2400 kg DM/ha. This is well on target for calving in 3 ½ weeks time.

Body condition score now, (mid-June) is 4.6-4.7, again much improved on this time last year.

Calving and reproduction

- The calving rate for 2023-24 was 62% of the herd calved in 3 weeks, 87% in 6 weeks and 99% in 9 weeks. This is behind last season which was 67%, 80% and 100% respectively.
- The 3 week submission rate for 2023-24 is 78% which much lower than last season, (80%).
- The six week in calf rate is 73% (Actual), this is up on last season (68% E).
- The not in calf rate is 12-13%.
- 69 replacement calves were reared which is as per budget.

Other points of interest

- The average cost of PKE for the season finished \$10 below budget at \$320/t. Purchased more PKE so total feed costs was similar to budgeted.
- Maize costs of \$340/t DM were well down on the budget so even though 10 t DM more were purchased total cost for maize was down on budget.
- Finished the season with 26 t DM more supplement on hand so total net feed costs for the season are \$1.88/kgMS which is 35% of FWE of \$5.38/kgMS. Fencing costs are up this year as one third of the farms' fencing is being replaced due to its age. In addition, about 1 ha of steep land was fenced off for riparian planting.
- Calf rearing costs are up as this year the decision was made to rear calves on 50-50 mix of whole milk and milk powder. The cost to the owner was neutral, but it meant the contract milker was better off as more milk was sent to the factory.
- Payments to the contract milker are down 7% with the reduction in forecast milksolids.
- Dairy shed costs are up due to repairs needed to the chiller fan and the water cooler pump.
- Savings from reduced contract milker payments, (result of lower milksolids), lower feed costs and lower fertiliser costs, (cheaper prices and no helicopter used for autumn application), have offset increases from winter grazing and repairs and maintenance.

Annual Cash Actuals

Name: South Owner Waikato with CM System 5 Budget Period 1 / 6 / 2023 to 31 / 5 / 2024

Farm Details: 125434 kgMS 290 cows 73.0 ha 433 kgMS/cow 1718 kgMS/ha 3.97 cows/ha

| Income | | | | | \$ Total | \$/kgMS | \$/cow | \$/ha |
|--|-------------------------------|--------|------|--------|--------------------|---------------|----------------|-----------------|
| Net Milk Income | Share of milk cheque received | | | 100% | | | | |
| Milk Solids advance | 125,434 | kgMS | x \$ | /kgMS | \$1,012,821 | \$8.07 | \$3,492 | \$13,874 |
| Milk Solids retrospective | 126,085 | kgMS | x \$ | /kgMs | | \$0.00 | \$0 | \$0 |
| Milk Solids dividend | 129,000 | shares | x \$ | /share | \$70,806 | \$0.56 | \$244 | \$970 |
| DairyNZ levy | enter as negative number | | | | -\$4,515 | -\$0.04 | -\$16 | -\$62 |
| Net Dairy livestock sales (calves + culls + other - purchases) | | | | | \$53,529 | \$0.43 | \$185 | \$733 |
| Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting | | | | | \$14,310 | \$0.11 | \$49 | \$196 |
| Net Dairy Cash Income | | | | | \$1,146,951 | \$9.14 | \$3,955 | \$15,712 |
| Expenses | | | | | \$ Total | \$/kgMs | \$/cow | \$/ha |
| Wages | | | | | \$190,263 | \$1.52 | \$656 | \$2,606 |
| Animal health | | | | | \$9,095 | \$0.07 | \$31 | \$125 |
| Breeding and herd improvement | | | | | \$20,743 | \$0.17 | \$72 | \$284 |
| Farm dairy | | | | | \$5,316 | \$0.04 | \$18 | \$73 |
| Electricity (farm dairy, water supply) | | | | | | \$0.00 | \$0 | \$0 |
| Supplements made (incl. Contractors) | | | | | \$15,780 | \$0.13 | \$54 | \$216 |
| Supplements purchased | | | | | \$229,823 | \$1.83 | \$792 | \$3,148 |
| Calf rearing | | | | | \$10,951 | \$0.09 | \$38 | \$150 |
| Young and dry stock grazing | | | | | \$66,076 | \$0.53 | \$228 | \$905 |
| Winter cow grazing | | | | | \$7,625 | \$0.06 | \$26 | \$104 |
| Run-off lease | | | | | | \$0.00 | \$0 | \$0 |
| Fertiliser (incl. N) | | | | | \$65,673 | \$0.52 | \$226 | \$900 |
| Irrigation | | | | | | \$0.00 | \$0 | \$0 |
| Regrassing and cropping | | | | | | \$0.00 | \$0 | \$0 |
| Weed and pest | | | | | | \$0.00 | \$0 | \$0 |
| Vehicles and fuel | | | | | \$2,414 | \$0.02 | \$8 | \$33 |
| R&M (land, buildings, plant, machinery) | | | | | \$24,682 | \$0.20 | \$85 | \$338 |
| Freight and general farm expenses | | | | | \$4,730 | \$0.04 | \$16 | \$65 |
| Administration e.g. accountant, consultant, phone | | | | | \$4,094 | \$0.03 | \$14 | \$56 |
| Insurance | | | | | \$7,135 | \$0.06 | \$25 | \$98 |
| ACC | | | | | | \$0.00 | \$0 | \$0 |
| Rates | | | | | \$10,518 | \$0.08 | \$36 | \$144 |
| Other expenses | | | | | | \$0.00 | \$0 | \$0 |
| Total Farm Working Expenses | | | | | \$674,918 | \$5.38 | \$2,327 | \$9,245 |
| Cash Surplus / Deficit | | | | | \$472,033 | \$3.76 | \$1,628 | \$6,466 |
| Non Cash adjustments | | | | | | | | |
| Value of change in livestock numbers | | | | | \$70 | \$0.00 | \$0 | \$1 |
| Labour adjustment | | | | | \$3,500 | \$0.03 | \$12 | \$48 |
| Less Feed inventory Adjustment | | | | | \$9,360 | \$0.07 | \$32 | \$128 |
| Owned support block adjustment | | | | | | \$0.00 | \$0 | \$0 |
| Depreciation | | | | | \$65,000 | \$0.52 | \$224 | \$890 |
| Dairy Gross Farm Revenue | | | | | \$1,147,021 | \$9.14 | \$3,955 | \$15,713 |
| Dairy Operating Expenses | | | | | \$734,058 | \$5.85 | \$2,531 | \$10,056 |
| Dairy Operating Profit | | | | | \$412,963 | \$3.29 | \$1,424 | \$5,657 |

Annual Cash Budget and updated forecast June 2024

| | | | | | | |
|--|--------------------------------------|-------------|-----------|---|----------------------|------------------|
| Name: | South Owner Waikato with CM System 5 | | | Budget Period 1 / 6 / 2023 to 31 / 5 / 2024 | | |
| Farm Details: | | | | | | |
| Budget | 134,900 kgMS | 290 Cows | 73.0 ha | 465 kgMS/cow | 1848 kgMS/ha | 3.97 cows/ha |
| Farm Details: | | | | | | |
| Budget/Actual | 125,434 kgMS | 290 cows | 73.0 ha | 433 kgMS/cow | 1718 kgMS/ha | 3.97 cows/ha |
| Variance (Actual less Budget) | -9,466 kgMS | cows | ha | -33 kgMS/cow | -130 kgMS/ha | cows/ha |
| Income | | | | Budget | Budget/Actual | Variance |
| Net Milk Sales | | | | \$1,085,110 | \$1,079,112 | -\$5,998 |
| Net Dairy livestock sales (calves + culls + other - purchases) | | | | \$49,600 | \$53,529 | \$3,929 |
| Other dairy cash income | | | | \$14,040 | \$14,310 | \$270 |
| | | | | | | |
| Net Dairy Cash Income | | | | \$1,148,750 | \$1,146,951 | -\$1,799 |
| Expenses | | | | Budget | Budget/Actual | Variance |
| Wages | | | | \$204,750 | \$190,263 | -\$14,487 |
| Animal health | | | | \$10,850 | \$9,095 | -\$1,755 |
| Breeding and herd improvement | | | | \$18,630 | \$20,743 | \$2,113 |
| Farm dairy | | | | \$3,000 | \$5,316 | \$2,316 |
| Electricity (farm dairy, water supply) | | | | | | |
| Supplements made (incl. Contractors) | | | | \$8,160 | \$15,780 | \$7,620 |
| Supplements purchased | | | | \$251,300 | \$229,823 | -\$21,477 |
| Calf rearing | | | | \$7,000 | \$10,951 | \$3,951 |
| Young and dry stock grazing | | | | \$64,300 | \$66,076 | \$1,776 |
| Winter cow grazing | | | | | \$7,625 | \$7,625 |
| Run-off lease | | | | | | |
| Fertiliser (incl. N) | | | | \$73,450 | \$65,673 | -\$7,777 |
| Irrigation | | | | | | |
| Regrassing and cropping | | | | | | |
| Weed and pest | | | | | | |
| Vehicles and fuel | | | | \$4,650 | \$2,414 | -\$2,236 |
| R&M (land, buildings, plant, machinery) | | | | \$14,400 | \$24,682 | \$10,282 |
| Freight and general farm expenses | | | | \$5,540 | \$4,730 | -\$810 |
| Administration e.g. accountant, consultant, phone | | | | \$4,000 | \$4,094 | \$94 |
| Insurance | | | | \$7,000 | \$7,135 | \$135 |
| ACC | | | | | | |
| Rates | | | | \$12,300 | \$10,518 | -\$1,782 |
| Other expenses | | | | | | |
| Total Farm Working Expenses | | | | \$689,330 | \$674,918 | -\$14,412 |
| | | | | | | |
| Cash Operating Surplus / Deficit | | | | \$459,420 | 472,033 | \$12,613 |
| Non Cash Adjustments | | | | Budget | Actual | Variance |
| Value of change in livestock numbers | | | | -\$600 | 70 | 670 |
| Labour adjustment | | | | \$3,500 | 3,500 | |
| Less Feed inventory Adjustment | | | | | 9,360 | 9,360 |
| Owned support block adjustment | | | | | | |
| Depreciation | | | | \$65,000 | 65,000 | |
| | | | | | | |
| Dairy Gross Farm Revenue | | | | \$1,148,150 | \$1,147,021 | -\$1,129 |
| Dairy Operating Expenses | | | | \$757,830 | \$734,058 | -\$23,772 |
| Dairy Operating Profit | | | | \$390,320 | \$412,963 | \$22,643 |
| Dairy Operating Profit/ha | | | | \$5,347 | \$5,657 | \$310 |

Commentary re variance

| | Actual to Budget Variance | |
|--|------------------------------|--|
| Milksolids | -9,466 | Cows BCS at calving was below target which impacted early season performance. |
| Cows | 0 | |
| Hectares | 0 | |
| Net Milk Income | -5998 | Production is forecast to be down 7% on budget. Loss due to lower milksolids offset at bit by the increase in Fonterra dividends paid. |
| Net Dairy livestock sales (calves + culls + other - purchases) | 3929 | Had fewer losses so had more cows to sell but had budgeted on \$819 per cull cow and it is now more likely to be about \$780. |
| Other dairy income | 270 | |

Net Dairy Cash Income

-1799

Expenses

| | | |
|--|--------|---|
| Wages | -14487 | Milk solids are down 7% so payments to CM is down. |
| Animal health | -1755 | Has been a good season with regards to animal health. Losses have been very low, with only 2 deaths. |
| Breeding and herd improvement | 2113 | |
| Farm dairy | 2316 | |
| Electricity (farm dairy, water supply) | 0 | |
| Supplements made (incl. Contractors) | 7620 | Made double the amount of silage compared with budget, (30T DM instead of 16 t DM), plus purchased 21 T DM standing silage which was not in the budget. The cost to make the silage this year is about \$019/kgDM. (The budget was for \$0.17/kgDM). |
| Supplements purchased | -21477 | Purchased about 10 t more of PKE than budgeted, (318 t compared with 308 in the budget), but the price averaged about \$10/t less than budgeted. 10 More Maize was purchased (325 t DM instead of 315 budgeted), buet again the price at \$340/t DM was down on budget. |
| Calf rearing | 3951 | Calves were reared on 50-50 mix of whole milk and milk powder, instead of just whole milk. The cost to the owner was neutral, but it meant more milk was sent to the factory so the contract milker was better off. |
| Young and dry stock grazing | 1776 | |
| Winter cow grazing | 7625 | 25 cows were sent to winter grazing for 2 months at \$35/head/week as pasture cover on farm at the start of the season was below target. This was not in the original budget. |

| | | |
|---|-------|---|
| Run-off lease | 0 | |
| Fertiliser (incl. N) | -7777 | Did not use the helicopter for autumn fert on the non-effluent areas this season, plus fertiliser prices were a little cheaper than budgeted. |
| Irrigation | 0 | |
| Regrassing and cropping | 0 | |
| Weed and pest | 0 | |
| Vehicles and fuel | -2236 | |
| R&M (land, buildings, plant, machinery) | 10282 | Have spent more on fencing this year as 1/3 of the farms' fences needed replacing due to age. In addition one ha of steep land has been fenced off for riparian planting. |
| Freight and general farm expenses | -810 | |
| Administration e.g. accountant, consultant, phone | 94 | |
| Insurance | 135 | |
| ACC | 0 | |
| Rates | -1782 | |
| Other Expenses | 0 | |

| | | |
|------------------------------------|---------------|--|
| Total Farm Working Expenses | -14412 | |
|------------------------------------|---------------|--|

Non Cash adjustments

| | | |
|--------------------------------------|------|---|
| Value of change in livestock numbers | 670 | |
| Labour adjustment | 0 | |
| Less Feed inventory Adjustment | 9360 | May end up with 20 t DM less on hand than at the start of the season. |
| Owned support block adjustment | 0 | |
| Depreciation | 0 | |