

Taranaki Owner System 1 Organic
2023-24 Season review 5th June 2024
Season numbers at a glance

KPI's	Budget	Updated forecast Actuals
Milk Production (kgMS/ha)	685	622
Milk Production (kgMS/cow)	329	306
Net Dairy Cash Income (\$/kgMS)	\$10.97	\$13.00
Total Farm Working Expenses (\$/kgMS)	\$3.14	\$3.68
Cash Operating Surplus/Deficit (\$/kgMS)	\$7.83	\$9.33
Gross Farm Revenue (\$/kgMS)	\$11.02	\$13.04
Operating Expenses (\$/kgMS)	\$4.29	\$4.96
Operating Profit (\$/ha)	\$4,607	\$5,031

* These KPI's are based on cash book budget/actuals to the 30/06/2024 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Key points

- 2023-24 was the first season running the farm as two separate blocks; 113 ha with 340-360 milking cows and utilising 55 ha of the farm as a support block providing winter grazing for the herd, and grazing for the farms yearlings and weaners as well as an additional 50-55 yearlings from a second organic farm.
- Pasture and crop harvested for the season is 10.6 t DM/ha which is slightly less than the previous year, (10.8 t DM/ha).
- Well distributed average rainfall and plenty of sunshine days in the winter helped to set up a good start to the season, with production being up on budget by the end of December.
- A more normal dry weather pattern for the late summer and autumn resulted in a "green" drought with final milk solids for the season 9% behind budget.
- The last of the herd were dry by the end of April.
- Milk price received to the end of June will be \$11.99/kgMS, (including deferred income and dividends). This is 1.89/kgMS up on budget.
- Operating expenses, (opex), and Farm working expenses, (FWE), are estimated at \$4.95-\$5.00/kg MS for opex and \$3.65-\$3.70/kgMS for FWE.
- Operating Profit/ha is around \$5,031/ha, up 9% on budget.
- Higher interest rates have impacted cash flow so total cash surplus for the year, after interest, debt repayment, tax and drawings is down on last season.
- Halter continues to deliver savings in time involved with collecting information required for making stock and pasture management decisions.

Comments

Production for the season was 104,524 kg MS, 9% down on budget. Peak cows milked of 342 were 8 less than budget.
 Pasture growth from June to December was better than previous years and spring growth was on target. November had a higher than average rainfall but there were many windy and sunny days in between so conditions never got too wet.
 Supplements fed for the season is 44 t DM of hay from inventory, the majority of which was fed in the winter and spring.
 90 t DM of hay was made in the summer on the 55 ha support area, with 40 t DM still on hand.
 The herd peaked at 1.8 kg MS/cow/day which is well up on the previous year, (1.5 kgMS/cow/day).
 6.36 ha of multi species crops were planted in the spring as per budget and provided about 4 weeks grazing for the milking herd in February.
 The 8 ha of deferred grazing set aside for the heifers worked well for summer/autumn grazing. The area deferred was last year's summer multi species crop. The resulting big seed drop, germination and regrowth from this has been excellent and has helped consolidate the pasture.
 The herd went on to once a day milking on December 8th, (similar time to last season), for lifestyle reasons and to benefit the cows.
 The bulk of culling occurred in mid to late February after pregnancy testing. Herd numbers were down to 280 cows by the end of February.
 A drying off plan was developed with the help of the vets based on body condition score and calving date. With the continuing dry weather the plan was brought forward and the first cows were dried off 21st March and the last 180 by 26th April.
 Having information from Halter has made decision making so much easier. In August Pasture pro was released and this has now replaced other methods of pasture cover and growth rate assessment.
 The capital payment from Fonterra in August made a big difference to the cash flow and helped to mitigate the impact of the drop in the advance rate at that time.

Current Situation

Pasture cover is 2,440 kg DM/ha, and with current pasture growth rates of 35 kg DM/ha/day cover is holding. Cow condition was independently assessed at the end of May as being a BCS of 4.3, (excluding the in calf heifers).
 In addition to the 364 MA cows and in-calf heifers for the coming season, there are 4 empty heifers, (for meat), 133 rising 1 year old heifers and 9 rising 1 year old bulls on farm.
 Soil moisture levels are still reasonable for this time of year as rainfall for May was below average.

Calving and reproduction

- The calving pattern for the 23-24 season was 52% after 3 weeks, 73% after 6 weeks and 91% after 9 weeks. This is similar to the previous season and is still slower than ideal.
- Relied solely on Halter information to identify cows in heat this season, which made for a stress free mating period.
- Submission rates for the first 3 weeks were 84%, (as per MINDA), which is up on last season, (80%).
- With heat detection for mating easier, the bulls were removed from the herd early and 10 days of AB with short gestation bulls was carried out. This meant mating finished 8 days earlier than planned on December 24th. It also means fewer bulls need to be reared as herd bulls in the future.
- Actual 6 week in calf rate as per MINDA is 65%, slightly better than last season (62%).
- Last season, only cows identified as possibly empty on Halter were pregnancy tested. There were no late empties identified in the winter and early spring so this process was followed again in February. This has significantly reduced the cost required for pregnancy testing.
- The not in calf rate, (as per MINDA) was 13%.
- Fewer bulls are needed now with lower yearling heifer numbers for next spring and the plan to use all AB for the herd.

Other points of interest

- As part of the Welfarm programme the herd body condition score was again assessed four times over the year. (Pre-calving, pre-mating, mid-February and at drying off).
 - In addition the whole herd undergoes an annual tail scoring and a locomotion assessment, (lameness). There have only been 7 lame cows all season with 5 of these occurring in one week. They all quickly recovered after being removed from the herd for a short time.
 - Somatic cell count for the season was 196,000 which is up on previous years. This is frustrating as there were fewer clinical cases of mastitis, particularly in the latter part of the season. Investigations as to the source have identified stray voltage coming into the shed but efforts to mitigate this have been unsuccessful so far.
 - An increase in wages paid for the year was the main cause of increases in farm working expenses. Total paid labour on the farm was up about 0.35 FTE. The budget was for the permanent staff member to work 0.6 FTE, but they actually were closer to 0.7 FTE. For 2023-24 have been employing son at part time so labour on the farm has increased by about 0.26 FTE.
 - Weed and pest expenditure was well above budget as a gorse mulcher and operator were hired to clear areas of gorse on inaccessible lahar slopes. This has been money well spent as this area can now be controlled with stock grazing and will be more productive.
 - Debt repayment has continued despite pressures on cash flow from higher interest rates.
- Environment
- There are no outstanding actions on the Fonterra Farm Environment plan.
 - The tree planting plan was put on hold when interest rates started to rise.
 - Continued maintenance of existing plantings will be done in the autumn.

Annual Cash Actuals

Name: **Taranaki Owner Organic System 1** Budget Period **1 / 7 / 2023** to **30 / 6 / 2024**

Farm Details: **104524 kgMS** **342 cows** **168.0 ha** **306 kgMS/cow** **622 kgMS/ha** **2.04 cows/ha**

Income						\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received 100%								
Milk Solids advance	104,524	kgMS	x \$	8.80	/kgMS	\$919,892	\$8.80	\$2,690	\$5,476
Milk Solids retrospective	119,428	kgMS	x \$	2.19	/kgMs	\$261,309	\$2.50	\$764	\$1,555
Milk Solids dividend	130,000	shares	x \$	0.58	/share	\$75,657	\$0.72	\$221	\$450
DairyNZ levy	enter as negative number					-\$3,763	-\$0.04	-\$11	-\$22
Net Dairy livestock sales (calves + culls + other - purchases)						\$63,962	\$0.61	\$187	\$381
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting						\$42,273	\$0.40	\$124	\$252
Net Dairy Cash Income						\$1,359,330	\$13.00	\$3,975	\$8,091
Expenses						\$ Total	\$/kgMs	\$/cow	\$/ha
Wages						\$85,436	\$0.82	\$250	\$509
Animal health						\$35,763	\$0.34	\$105	\$213
Breeding and herd improvement						\$26,746	\$0.26	\$78	\$159
Farm dairy						\$4,416	\$0.04	\$13	\$26
Electricity (farm dairy, water supply)						\$16,955	\$0.16	\$50	\$101
Supplements made (incl. Contractors)						\$5,510	\$0.05	\$16	\$33
Supplements purchased							\$0.00	\$0	\$0
Calf rearing						\$1,647	\$0.02	\$5	\$10
Young and dry stock grazing							\$0.00	\$0	\$0
Winter cow grazing							\$0.00	\$0	\$0
Run-off lease							\$0.00	\$0	\$0
Fertiliser (incl. N)						\$29,934	\$0.29	\$88	\$178
Irrigation							\$0.00	\$0	\$0
Regrassing and cropping						\$0	\$0.00	\$0	\$0
Weed and pest						\$10,565	\$0.10	\$31	\$63
Vehicles and fuel						\$25,930	\$0.25	\$76	\$154
R&M (land, buildings, plant, machinery)						\$45,591	\$0.44	\$133	\$271
Freight and general farm expenses						\$8,640	\$0.08	\$25	\$51
Administration e.g. accountant, consultant, phone						\$26,077	\$0.25	\$76	\$155
Insurance						\$17,151	\$0.16	\$50	\$102
ACC						\$0	\$0.00	\$0	\$0
Rates						\$16,661	\$0.16	\$49	\$99
Halter						\$27,220	\$0.26	\$80	\$162
Total Farm Working Expenses						\$384,242	\$3.68	\$1,124	\$2,287
Cash Surplus / Deficit						\$975,088	\$9.33	\$2,851	\$5,804
Non Cash adjustments									
Value of change in livestock numbers						\$3,952	\$0.04	\$12	\$24
Labour adjustment						\$103,000	\$0.99	\$301	\$613
Less Feed inventory Adjustment						-\$800	-\$0.01	-\$2	-\$5
Owned support block adjustment							\$0.00	\$0	\$0
Depreciation						\$30,000	\$0.29	\$88	\$179
Dairy Gross Farm Revenue						\$1,363,282	\$13.04	\$3,986	\$8,115
Dairy Operating Expenses						\$518,042	\$4.96	\$1,515	\$3,084
Dairy Operating Profit						\$845,240	\$8.09	\$2,471	\$5,031

Annual Cash updated forecast June 2024

Name: Taranaki Owner Organis System 1							Budget Period 1 / 4 / 2023 to 31 / 3 / 2024			
Farm Details:										
Budget	115,000 kgMS	350 Cows	168.0 ha	329 kgMS/cow	685 kgMS/ha	2.08 cows/ha				
Farm Details:										
Budget/Actual	104,524 kgMS	342 cows	168.0 ha	306 kgMS/cow	622 kgMS/ha	2.04 cows/ha				
Variance (Actual less Budget)										
	-10,476 kgMS	-8 cows	ha	-23 kgMS/cow	-62 kgMS/ha	-0.05 cows/ha				
Income							Budget	Budget/Actual	Variance	
Net Milk Sales							\$1,162,000	\$1,253,095	\$91,095	
Net Dairy livestock sales (calves + culls + other - purchases)							\$60,000	\$63,962	\$3,962	
Other dairy cash income							\$39,600	\$42,273	\$2,673	
Net Dairy Cash Income							\$1,261,600	\$1,359,330	\$97,730	
Expenses							Budget	Budget/Actual	Variance	
Wages							\$65,800	\$85,436	\$19,636	
Animal health							\$30,000	\$35,763	\$5,763	
Breeding and herd improvement							\$26,000	\$26,746	\$746	
Farm dairy							\$5,000	\$4,416	-\$584	
Electricity (farm dairy, water supply)							\$16,200	\$16,955	\$755	
Supplements made (incl. Contractors)							\$7,500	\$5,510	-\$1,990	
Supplements purchased										
Calf rearing							\$2,000	\$1,647	-\$353	
Young and dry stock grazing										
Winter cow grazing										
Run-off lease										
Fertiliser (incl. N)							\$26,200	\$29,934	\$3,734	
Irrigation										
Regrassing and cropping							\$1,000		-\$1,000	
Weed and pest							\$3,300	\$10,565	\$7,265	
Vehicles and fuel							\$30,000	\$25,930	-\$4,070	
R&M (land, buildings, plant, machinery)							\$46,000	\$45,591	-\$409	
Freight and general farm expenses							\$6,000	\$8,640	\$2,640	
Administration e.g. accountant, consultant, phone							\$24,600	\$26,077	\$1,477	
Insurance							\$16,000	\$17,151	\$1,151	
ACC										
Rates							\$15,100	\$16,661	\$1,561	
Other expenses							\$40,000	\$27,220	-\$12,780	
Total Farm Working Expenses							\$360,700	\$384,242	\$23,542	
Cash Operating Surplus / Deficit							\$900,900	975,089	\$74,189	
Non Cash Adjustments							Budget	Actual	Variance	
Value of change in livestock numbers							\$6,100	3,952	-2,148	
Labour adjustment							\$103,000	103,000		
Less Feed inventory Adjustment								-800	-800	
Owned support block adjustment										
Depreciation							\$30,000	30,000		
Dairy Gross Farm Revenue							\$1,267,700	\$1,363,282	\$95,582	
Dairy Operating Expenses							\$493,700	\$518,042	\$24,342	
Dairy Operating Profit							\$774,000	\$845,241	\$71,241	
Dairy Operating Profit/ha							\$4,607	\$5,031	\$424	

Commentary re variance

	Actual to Budget Variance	
Milksolids	-10,476	Production was on budget until mid-January but dropped behind through the late summer and autumn. Rainfall for February through to mid-May was well below average. The latter part of the season could be described as a green drought, with enough moisture to keep pastures green but not enough for sufficient pasture growth rates.
Cows	-8	Had a few more deaths than expected.
Hectares	0	
Net Milk Income	91095	Had budgeted conservatively for milk price and dividend payment. Both are now above budget, equating to another \$1.89/kgMS. These increases more than offset the 9% drop in budgeted milk production.
Net Dairy livestock sales (calves + culls + other - purchases)	3962	
Other dairy income	2673	
Net Dairy Cash Income	97730	
Expenses		
Wages	19636	Total paid labour on the farm was up about 0.35 FTE. The budget was for permanent staff member to work 0.6 FTE, but they actually were closer to 0.7 FTE. For 2023-24 have been employing son part time so labour on the farm has increased by about 0.26 FTE.
Animal health	5763	Had a few extra vet callouts. Have lost 6 cows this year, 2 after difficult calvings, 1 twisted gut, 1 mastitis, 1 paralysis, 1 unknown.
Breeding and herd improvement	746	
Farm dairy	-584	
Electricity (farm dairy, water supply)	755	
Supplements made (incl. Contractors)	-1990	Budget was for 500 bales of hay, only made 400.
Supplements purchased	0	
Calf rearing	-353	
Young and dry stock grazing	0	

Winter cow grazing	0	
Run-off lease	0	
Fertiliser (incl. N)	3734	Did additional soil testing including looking at soil carbon levels at a depth of 1 metre.
Irrigation	0	
Regrassing and cropping	-1000	
Weed and pest	7265	Includes \$5,800 for gorse mulcher with operator to control gorse on inaccessible lahar areas. This was not in the budget but was money well spent!
Vehicles and fuel	-4070	
R&M (land, buildings, plant, machinery)	-409	Plant and machinery R & M was nearly double the budget. Had a transformer blow in the spring which "fried" a few things including the milking machine pulsators and the Halter mains power supply. Most were covered by insurance but there has been some additional cost. Rest of the R & M has come in under budget.
Freight and general farm expenses	2640	
Administration e.g. accountant, consultant, phone	1477	
Insurance	1151	Insurance costs have risen considerably due to price rises.
ACC	0	
Rates	1561	
Halter	-12780	Costs were down on budget as got a refund from the 2022-23 season. This was due to having fewer cows in the herd compared with what had been paid for earlier in the season.

Total Farm Working Expenses	23542	
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Non Cash adjustments

Value of change in livestock numbers	-2148	Have kept 25 fewer replacement R 1 heifers and bulls. Had fewer heifer replacement born and need fewer bulls now with fewer yearlings for next spring and also plan to use all AB next season for the cows.
Labour adjustment	0	
Less Feed inventory Adjustment	-800	
Owned support block adjustment	0	
Depreciation	0	