

South Waikato Owner with CM System 3
2023-24 Mid Season Update January 17th 2024
Season numbers at a glance

KPI's	Budget	Updated forecast Budget/Actuals
Milk Production (kgMS/ha)	1,243	1,272
Milk Production (kgMS/cow)	393	402
Net Dairy Cash Income (\$/kgMS)	\$7.94	\$8.59
Total Farm Working Expenses (\$/kgMS)	\$5.41	\$5.36
Cash Operating Surplus/Deficit (\$/kgMS)	\$2.53	\$3.23
Gross Farm Revenue (\$/kgMS)	\$7.83	\$8.50
Operating Expenses (\$/kgMS)	\$6.07	\$5.97
Operating Profit (\$/ha)	\$2,182	\$3,220

* 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

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- Forecast milk solids has been revised upwards by 2.3% after an average growing season and more supplements fed to date.
- The farm is in a good position going into the summer in terms of pasture cover and feed on hand.
- Gross farm income is expected to be up about 11% on the budget revised in August as forecast milk production and milk price have risen.
- Close monitoring of the cash flow has ensured farm working expenses and operating expenses have stayed close to budget.

Comments

Milk solids to 31-12-2022 is 55,967, which is 9% ahead of last season and budget. As a result the budget to the end of May has been revised upwards 2,000 kgMS and the cash flow has been reworked on 86,500 kgMS.

Cow milked during the peak was 215, (milking twice a day), which is on budget and similar to last year. Losses have been low, (3 cows), so peak cows milked is close to the number of cows wintered.

Rainfall to date has been just above average but reasonably well distributed. It was quite windy in December and although a bit drier, it was very cloudy which affected sugar content of pasture and growth rates of crops.

Pasture growth rates have been average for the season. The DM % has often been higher than last year and this has helped increase utilisation.

To date 1.69 t DM/ha has been fed to the herd, made up of 104 t DM of PKE and 34.4 t DM of baleage from inventory, (equates to 641 kgDM/cow). This is up on last season.

Baleage made for the season is half of what was budgeted, 20 t DM compared with 40 t DM in the budget.

The area of maize planted is 1.8 ha, (on budget). It was planted November 4th, about 7 days later than target. The cooler and cloudy weather through November and December slowed growth rates so the crop is behind in development compared with normal. With the recent hot sunny weather it has taken off, the awns are up and the aim is now to harvest in mid-March. Yield is still on target for about 19-20 t DM/ha.

Nitrogen applied to date is about 87 kg N per ha, in the form of Ammo 30N, Ammo 36, sustain and urea. The budget was for about 130 kgN/ha for the season and that is still on track for that. Spring fertiliser has been spread as per budgeted.

The first season with the contract milker is working well and has allowed the owner to spend less time in the shed which was one of the reasons for moving to this arrangement. Other farm work such as fertiliser spreading and maintenance are still done by the owner so there are still regular visits to the farm.

Current situation

There are currently 211 cows milking, producing 1.54 kgMS/cow/day, (twice a day), although the previous 10 day average was 1.6kgMS/c/day. They have dropped with the recent hot weather. This time last year they were on once a day milking and averaging 1.4 kgMS/c/day.

The herd is currently getting 18.5 kg DM/cow /day made up of 16 kgDM of pasture, and 2.5 kgDM of PKE. Body condition score is average for this time of year.

The pasture cover is 2300 kg DM/ha and the rotation length should be at 30 days within a couple of days. Current growth rates are around 50-55 kg DM/ha/day. At current pasture intake levels this is just enough to maintain pasture cover.

Another round of N at 23 kg N/ha is going on over the next couple of weeks, (sustain 25 K), to also help keep a feed wedge ahead of the cows with the longer rotation. This will bring applications to date up to about 107 kgN/ha.

Somatic Cell count has been a lower than last year but has just risen in the last couple of days. This Efforts are being made to identify the source before going to OAD later this week.

Zinc supplementation has just started at low rates.

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Looking forward

With current supplements still on hand from last season, PKE still left from contract and maize yet to harvest there is 114.6 t MD to feed out between now and the end of May, plus leave 69 t DM 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 around mid-February and will last until the end of the season. This equates to about 570-600 kgDM/c/d to the end of May. All the baleage on hand plus this season maize will be carried through to next year.

There is still one more application of N, (at about 23 kg N/ha), to come in the late autumn. Autumn maintenance fertiliser is also still to go on.

Four cull cows are going this week which bring numbers to 207 to milk through until mid-February which is when pregnancy testing is scheduled. Cow numbers will be reviewed then and depending on pasture growth and feed supply more culls may go to bring numbers down to about 190.

A further cull will probably happen early to mid-March to drop numbers to about 180 and a final cull will happen on April 20th. At this time all the first calvers will also be dried off. This will leave 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 2023 spring was 60% after 3 weeks, 86% after 6 weeks and 99% after 9 weeks. This is similar to last season.

The submission rate this spring is 79% from 3 weeks mating. This is up on last season (72%).

The estimated 6 week in calf rate is 66% which is up on last season, (64%).

The number of replacement calves born this season was down, (only 39), so an additional 9 calves were purchased from a neighbour to give 48 calves replacement calves reared. This means the number reared was actual 5 more than the 43 budgeted. All weaners went to grazing in late November as planned.

Other points of interest

Milk revenue for the season has been revised upward by 11% due to the higher milksolids now expected and a higher milk price compared the revised budget from August 2023, (post payout drop).

Total farm working expenses look to be on track, (currently showing about a 1% variance). With the revised milksolids of 86,500 kg, forecast FWE will drop slightly from \$5.41/kg MS on 84,500 kgMS to \$5.36/kgMS.

When non cash costs are accounted for, including the 54 t DM decrease in feed on hand, operating expenses are now just under \$6.00/kgMS.

Farm working expenses have stayed close to budget for most categories, which is not surprising as the budget was revised in mid-August and more purchases had been committed to by then so there was more certainty about price.

Despite the drop in expected cash flow there is still sufficient surplus to enable further debt repayment and capital investment

Other work on farm is limited to essential jobs only to ensure there is no cost creep.

Annual Cash Budget and updated forecast *December 2023*

Name:	South Waikato owner with CM System 3			Budget Period 1 / 7 / 2023 to 30 / 6 / 2024		
Farm Details:						
Budget	84,500 kgMS	215 Cows	68.0 ha	393 kgMS/cow	1243 kgMS/ha	3.16 cows/ha
Farm Details:						
Budget/Actual	86,500 kgMS	215 cows	68.0 ha	402 kgMS/cow	1272 kgMS/ha	3.16 cows/ha
Variance (Actual less Budget)	2,000 kgMS	cows	ha	9 kgMS/cow	29 kgMS/ha	cows/ha
Income				Budget	Budget/Actual	Variance
Net Milk Sales				\$634,800	\$705,500	\$70,700
Net Dairy livestock sales (calves + culls + other - purchases)				\$36,400	\$37,200	\$800
Other dairy cash income						
Net Dairy Cash Income				\$671,200	\$742,700	\$71,500
Expenses				Budget	Budget/Actual	Variance
Wages				\$168,200	\$168,350	\$150
Animal health				\$24,000	\$19,800	-\$4,200
Breeding and herd improvement				\$14,000	\$11,690	-\$2,310
Farm dairy				\$3,000	\$2,950	-\$50
Electricity (farm dairy, water supply)				\$11,100	\$11,400	\$300
Supplements made (incl. Contractors)				\$11,100	\$8,990	-\$2,110
Supplements purchased				\$52,200	\$54,701	\$2,501
Calf rearing				\$4,000	\$6,100	\$2,100
Young and dry stock grazing				\$43,000	\$44,050	\$1,050
Winter cow grazing						
Run-off lease						
Fertiliser (incl. N)				\$60,000	\$64,960	\$4,960
Irrigation						
Regrassing and cropping				\$9,000	\$9,000	
Weed and pest				\$1,000	\$1,000	
Vehicles and fuel				\$12,000	\$11,800	-\$200
R&M (land, buildings, plant, machinery)				\$11,000	\$13,000	\$2,000
Freight and general farm expenses				\$3,000	\$3,076	\$76
Administration e.g. accountant, consultant, phone				\$11,000	\$12,306	\$1,306
Insurance				\$7,000	\$7,500	\$500
ACC				\$2,500	\$2,500	
Rates				\$10,100	\$10,080	-\$20
Other expenses						
Total Farm Working Expenses				\$457,200	\$463,253	\$6,053
Cash Operating Surplus / Deficit				\$214,000	279,447	\$65,447
Non Cash Adjustments				Budget	Actual	Variance
Value of change in livestock numbers				-\$9,700	-7,700	2,000
Labour adjustment						
Less Feed inventory Adjustment				-\$24,300	-21,200	3,100
Owned support block adjustment				\$1,600	1,600	
Depreciation				\$30,000	30,000	
Dairy Gross Farm Revenue				\$661,500	\$735,000	\$73,500
Dairy Operating Expenses				\$513,100	\$516,053	\$2,953
Dairy Operating Profit				\$148,400	\$218,947	\$70,547
Dairy Operating Profit/ha				\$2,182	\$3,220	\$1,037

Commentary re variance

	Actual to Budget Variance	
Milksolids	2,000	A good average spring plus more supplement fed has contributed to more milksolids to the end of December so the forecast for the season has been lifted.
Cows	0	
Hectares	0	
Net Milk Income	70700	Budget was revised in August post payout drop. The milk price has since lifted again so forecast income is up due to higher payout and more milk solids
Net Dairy livestock sales (calves + culls + other - purchases)	800	Stock income is on budget despite purchasing 9 heifer calves, (\$2250). Fewer losses so more cows to cull has offset this purchase.
Other dairy income	0	

Net Dairy Cash Income

71500

Expenses

Wages	150	
Animal health	-4200	Has been a good season with lower mastitis and metabolic issues.
Breeding and herd improvement	-2310	
Farm dairy	-50	
Electricity (farm dairy, water supply)	300	
Supplements made (incl. Contractors)	-2110	Made less baleage.
Supplements purchased	2501	Purchased a bit more PKE than originally budgeted but the price was significantly lower.
Calf rearing	2100	Reared 5 more calves and fed a bit more meal.
Young and dry stock grazing	1050	More weaners at grazing.
Winter cow grazing	0	
Run-off lease	0	

Fertiliser (incl. N)	4960	Prices up a bit on budget.
Irrigation	0	
Regrassing and cropping	0	
Weed and pest	0	
Vehicles and fuel	-200	
R&M (land, buildings, plant, machinery)	2000	Have kept maintenance to essential jobs only. Been doing more work in house as now have more time out of the shed.
Freight and general farm expenses	76	
Administration e.g. accountant, consultant, phone	1306	
Insurance	500	
ACC	0	
Rates	-20	
Other Expenses	0	

Total Farm Working Expenses	6053	
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Non Cash adjustments

Value of change in livestock numbers	2000	5 more R 1 heifers will be on hand at the end of the year compared with budget.
Labour adjustment	0	
Less Feed inventory Adjustment	3100	
Owned support block adjustment	0	
Depreciation	0	