

## BoP Owner Low input Numbers at a glance

KPI's	Budget	Actual
Milk Production (kgMS/ha)	1,500	1,384
Milk Production (kgMS/cow)	414	395
Net Dairy Cash Income (\$/kgMS)	\$7.74	\$8.95
Total Farm Working Expenses (\$/kgMS)	\$2.62	\$4.04
Cash Operating Surplus/Deficit (\$/kgMS)	\$5.12	\$4.91
Gross Farm Revenue (\$/kgMS)	\$7.74	\$9.01
Operating Expenses (\$/kgMS)	\$3.17	\$4.50
Operating Profit (\$/ha)	\$6,865	\$6,248

\* These KPI's are based on cash book actuals to the 31/5/2022 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

### Comments

The estimated operating profit for this season is \$6,250/ha which is slightly down on the budget of \$6,800.

Pasture harvested for the season was 16.7 t DM which is the third lowest since the 2017 floods, and 9% down on 2020-21 season. This contributed to milk production being more than 7% down on budget. The decrease in milksolids was offset by a 16% increase in milk price received, (\$8.47/kgMS compared with the budget of \$7.28/kgMS).

Farm working expenses were up 41%. A combination of increased prices, (fertiliser, fuel, contractors, feed), changing labour, increased animal health spending and increased discretionary R & M spending.

Despite considerable variation in actual spending compared with budget the cash operating surplus for the year of \$4.91/kgMS was only 11% lower than budget because of the higher payout.

As per the farm strategic plan, significant debt retirement was again undertaken. A new effluent storage facility was also funded out of cashflow.

### Other points of interest

560 cows were milked at the peak of the season which was 20 less than budget due to a high number of late empties.

Pasture growth and utilisation were about average for the spring and early summer, but significantly down on the 2020-21 season.

Supplements made on the milking area were less than the previous season, despite having less peak cows milked. The only supplementation used was during the spring which was hay to transition springers.

Summer and autumn had variable rainfall and 86 t PKE was fed from January till May. This was about 10 t more than budget, but the price was \$30/t higher than budgeted so total spend was up on budget.

Total N use for the season was 80 kgN/ha which was on budget.

The herd was dried off on May 10th. They are on track to be at target body condition score of 4.9 and pasture cover will 2,500 kgDM/ha by the planned start of calving.

The six week in calf rate is 67% which is similar to the 2020-21 mating results of 66%.

Somatic cell counts for the season is 153,000 which is similar to the previous season.

A last minute change in staff on one of the farms in July was an added challenge to the spring. More input was needed to help the new employee become familiar with the farm and standard operating procedures. They have settled in well but the process certainly tested the farms documented operational systems.

Better observation of stock, particularly over the calving and spring period, has resulted in lower herd wastage with 9 fewer deaths.

Animal health costs were 78% up on budget. A wetter spring contributed to more animal health challenges in the spring, including increased lameness. Money was invested in Vet run staff training sessions on mastitis detection and prevention, and lameness management. The costs of drugs and minerals were up on budget – in part due to price rises and in part due to the increased identification of issues.

In the spring there were several instances of haemorrhagic fractures in first calvers - a consequence of prolonged zinc supplementation causing copper deficiency. This resulted in the loss of these animals and required copper supplementation to correct this deficiency in the rest of this age group.

The improved pay out and better cash flow has allowed for increased discretionary spending on tracks and buildings. R & M costs are up about 50% on budget as a result, along with the need to further upgrade the effluent system. The farm now has 90 days effluent storage.

# Annual Cash Budget

Name: **BoP Owner Low input** Budget Period **1 / 6 / 2021 to 31 / 5 / 2022**

Farm Details: **221476 kgMS** **560 cows** **160.0 ha** **395 kgMS/cow** **1384 kgMS/ha** **3.50 cows/ha**

Income		\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received 100%				
Milk Solids advance	kgMS x \$ /kgMS	\$1,874,835	\$8.47	\$3,348	\$11,718
Milk Solids retrospective	kgMS x \$ /kgMS		\$0.00	\$0	\$0
Milk Solids dividend	shares x \$ /share		\$0.00	\$0	\$0
DairyNZ levy	enter as negative number		\$0.00	\$0	\$0
Net Dairy livestock sales (calves + culls + other - purchases)		\$107,363	\$0.48	\$192	\$671
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting			\$0.00	\$0	\$0
<b>Net Dairy Cash Income</b>		<b>\$1,982,198</b>	<b>\$8.95</b>	<b>\$3,540</b>	<b>\$12,389</b>
Expenses		\$ Total	\$/kgMS	\$/cow	\$/ha
Wages		\$268,198	\$1.21	\$479	\$1,676
Animal health		\$68,164	\$0.31	\$122	\$426
Breeding and herd improvement		\$26,608	\$0.12	\$48	\$166
Farm dairy		\$20,200	\$0.09	\$36	\$126
Electricity (farm dairy, water supply)		\$22,708	\$0.10	\$41	\$142
Supplements made (incl. Contractors)		\$25,255	\$0.11	\$45	\$158
Supplements purchased		\$28,283	\$0.13	\$51	\$177
Calf rearing		\$4,988	\$0.02	\$9	\$31
Young and dry stock grazing		\$6,666	\$0.03	\$12	\$42
Winter cow grazing		\$47,370	\$0.21	\$85	\$296
Run-off lease		\$4,000	\$0.02	\$7	\$25
Fertiliser (incl. N)		\$78,250	\$0.35	\$140	\$489
Irrigation			\$0.00	\$0	\$0
Regrassing and cropping		\$12,467	\$0.06	\$22	\$78
Weed and pest		\$7,608	\$0.03	\$14	\$48
Vehicles and fuel		\$49,368	\$0.22	\$88	\$309
R&M (land, buildings, plant, machinery)		\$79,495	\$0.36	\$142	\$497
Freight and general farm expenses		\$5,089	\$0.02	\$9	\$32
Administration e.g. accountant, consultant, phone		\$20,326	\$0.09	\$36	\$127
Insurance		\$20,617	\$0.09	\$37	\$129
ACC		\$5,306	\$0.02	\$9	\$33
Rates		\$93,482	\$0.42	\$167	\$584
<b>Total Farm Working Expenses</b>		<b>\$894,448</b>	<b>\$4.04</b>	<b>\$1,597</b>	<b>\$5,590</b>
<b>Cash Surplus / Deficit</b>		<b>\$1,087,750</b>	<b>\$4.91</b>	<b>\$1,942</b>	<b>\$6,798</b>
Non Cash adjustments					
Value of change in livestock numbers		\$14,176	\$0.06	\$25	\$89
Labour adjustment		\$27,000	\$0.12	\$48	\$169
Less Feed inventory Adjustment			\$0.00	\$0	\$0
Owned support block adjustment		\$35,250	\$0.16	\$63	\$220
Depreciation		\$40,000	\$0.18	\$71	\$250
<b>Dairy Gross Farm Revenue</b>		<b>\$1,996,374</b>	<b>\$9.01</b>	<b>\$3,565</b>	<b>\$12,477</b>
<b>Dairy Operating Expenses</b>		<b>\$996,698</b>	<b>\$4.50</b>	<b>\$1,780</b>	<b>\$6,229</b>
<b>Dairy Operating Profit</b>		<b>\$999,676</b>	<b>\$4.51</b>	<b>\$1,785</b>	<b>\$6,248</b>

# Annual Cash Budget

Name:		BoP Owner Low input		Budget Period		1 / 6 / 2021 to 31 / 5 / 2022	
<b>Farm Details:</b>							
Budget	240,000 kgMS	580 Cows	160.0 ha	414 kgMS/cow	1500 kgMS/ha	3.63 cows/ha	
<b>Farm Details: Actual</b>							
	221,476 kgMS	560 cows	160.0 ha	395 kgMS/cow	1384 kgMS/ha	3.50 cows/ha	
<b>Variance (Actual less Budget)</b>							
	-18,524 kgMS	-20 cows	ha	-18 kgMS/cow	-116 kgMS/ha	-0.13 cows/ha	
<b>Income</b>				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
Net Milk Sales				\$1,746,600	\$1,874,835	\$128,235	
Net Dairy livestock sales (calves + culls + other - purchases)				\$110,000	\$107,363	-\$2,637	
Other dairy cash income							
<b>Net Dairy Cash Income</b>				<b>\$1,856,600</b>	<b>\$1,982,198</b>	<b>\$125,598</b>	
<b>Expenses</b>							
				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
Wages				\$192,000	\$268,198	\$76,198	
Animal health				\$38,300	\$68,164	\$29,864	
Breeding and herd improvement				\$32,500	\$26,608	-\$5,892	
Farm dairy				\$14,500	\$20,200	\$5,700	
Electricity (farm dairy, water supply)				\$14,700	\$22,708	\$8,008	
Supplements made (incl. Contractors)				\$23,900	\$25,255	\$1,355	
Supplements purchased				\$21,200	\$28,283	\$7,083	
Calf rearing				\$3,000	\$4,988	\$1,988	
Young and dry stock grazing					\$6,666	\$6,666	
Winter cow grazing				\$30,200	\$47,370	\$17,170	
Run-off lease				\$4,500	\$4,000	-\$500	
Fertiliser (incl. N)				\$32,300	\$78,250	\$45,950	
Irrigation							
Regrassing and cropping				\$1,800	\$12,467	\$10,667	
Weed and pest				\$2,100	\$7,608	\$5,508	
Vehicles and fuel				\$30,900	\$49,368	\$18,468	
R&M (land, buildings, plant, machinery)				\$49,600	\$79,495	\$29,895	
Freight and general farm expenses				\$6,200	\$5,089	-\$1,111	
Administration e.g. accountant, consultant, phone				\$16,800	\$20,326	\$3,526	
Insurance				\$15,600	\$20,617	\$5,017	
ACC				\$5,400	\$5,306	-\$94	
Rates				\$92,100	\$93,482	\$1,382	
Other farm working expenses (not included in any of the above)							
<b>Total Farm Working Expenses</b>				<b>\$627,600</b>	<b>\$894,448</b>	<b>\$266,848</b>	
<b>Cash Operating Surplus / Deficit</b>				<b>\$1,229,000</b>	<b>1,087,750</b>	<b>-\$141,250</b>	
<b>Non Cash Adjustments</b>							
				<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
Value of change in livestock numbers				\$1,600	14,176	12,576	
Labour adjustment				\$58,000	27,000	-31,000	
Less Feed inventory Adjustment							
Owned support block adjustment				\$35,250	35,250		
Depreciation				\$39,000	40,000	1,000	
<b>Dairy Gross Farm Revenue</b>				<b>\$1,858,200</b>	<b>\$1,996,374</b>	<b>\$138,174</b>	
<b>Dairy Operating Expenses</b>				<b>\$759,850</b>	<b>\$996,698</b>	<b>\$236,848</b>	
<b>Dairy Operating Profit</b>				<b>\$1,098,350</b>	<b>\$999,676</b>	<b>-\$98,674</b>	
<b>Dairy Operating Profit/ha</b>				<b>\$6,865</b>	<b>\$6,248</b>	<b>-\$617</b>	

## Commentary re variance

	Actual to Budget Variance	
Milksolids	-18,524	Pasture harvested for the season was down on previous years. Cow numbers were 20 less than budgeted.
Cows	-20	Peak numbers were 20 less than budgeted due to higher than expected number of late empties.
Hectares	0	
Net Milk Income	128235	Produced 7.5% less milksolids than budgeted but received 16% higher milk price.
Net Dairy livestock sales (calves + culls + other - purchases)	-2637	
Other dairy income	0	

### Net Dairy Cash Income

125598

### Expenses

Wages	76198	Gave staff pay rises plus employed an additional staff member full time on the dairy farms to allow for more time off for herd managers and reduced the need for owners to provide relief milking cover.
Animal health	29864	Cost of drugs and minerals well up on budget. Spent a lot more on mastitis detection and prevention and also more was spent on early intervention of lame animals. Have seen a decrease in SCC. Better observation of stock has resulted in lower wastage, with 9 less deaths in 2021-22.
Breeding and herd improvement	-5892	Used less nominated A2 semen and more Premiere sires. Had 20 fewer cows to AB and for herdttesting.
Farm dairy	5700	Forward purchased shed detergents in May 2022.
Electricity (farm dairy, water supply)	8008	Came off a lower contract. New power supply company contract had much higher prices.
Supplements made (incl. Contractors)	1355	Supplements made were on budget.
Supplements purchased	7083	Budget was for 78 t PKE @ \$271. Used 86 t PKE @ \$299/t as the autumn was drier than usual. Freight for feed was also up on budget
Calf rearing	1988	Reared 27 more calves.
Young and dry stock grazing	6666	Had not budgeted for grazing of carry over cows. 12 from June 2021 to May 2022 and 20 for May 2022.
Winter cow grazing	17170	Budgeted too low. Had not factored in additional R 2 purchased in July.
Run-off lease	-500	

Fertiliser (incl. N)	45950	Budget was based on the previous season which did not have very much autumn fertiliser applied. This season all areas received autumn fertiliser. Fertiliser price rises have also contributed to the variance from budget.
Irrigation	0	
Regrassing and cropping	10667	A lot more regrassing was done as the farm had an army worm problem in the autumn and some areas were undersown 3 times. Issue was not resolved until it got too cold for the army worm.
Weed and pest	5508	Cost of chemicals has nearly doubled. Variance includes some forward purchasing. The farm was treated for dock this year which wasn't in the budget.
Vehicles and fuel	18468	Fuel prices have more than doubled.
R&M (land, buildings, plant, machinery)	29895	Spent \$18,000 on tracks in the autumn after having a high incidence of lameness in the spring. Painted the house roof which was not in the budget. Increased spending on fencing as had the cashflow so have now all fences are well maintained and extra posts have been added to drainage fences for extra safeai.
Freight and general farm expenses	-1111	
Administration e.g. accountant, consultant, phone	3526	
Insurance	5017	Insurance premiums have risen.
ACC	-94	
Rates	1382	

<b>Total Farm Working Expenses</b>	<b>266848</b>
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### Non Cash adjustments

Value of change in livestock numbers	12576	Finished the season with 9 less R 1 heifers, 35 less R 2 heifers and 38 more MA cows compared with the budgeted change in numbers. Values used are the IRD NAMV for 2021.
Labour adjustment	-31000	Decrease in owner input offsets the increase in wages paid. Owner input was less than budgeted as the majority of relief milking is now done by the extra staff member.
Less Feed inventory Adjustment	0	
Owned support block adjustment	0	
Depreciation	1000	