

2023-24 season review May 8th 2024

Season numbers at a glance

KPI's	Budget	Updated
		forecast Budget/Actual
Milk Production (kgMS/ha)	1,272	1,398
Milk Production (kgMS/cow)	351	390
Net Dairy Cash Income (\$/kgMS)	\$8.36	\$8.01
Total Farm Working Expenses (\$/kgMS)	\$4.01	\$4.28
Cash Operating Surplus/Deficit (\$/kgMS)	\$4.35	\$3.72
Gross Farm Revenue (\$/kgMS)	\$8.36	\$8.06
Operating Expenses (\$/kgMS)	\$4.52	\$4.89
Operating Profit (\$/ha)	\$4,875	\$4,423

* These KPI's are based on cash book budget/actuals to the 31/05/2023 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Key Points

- The total milk solids for the year finished 16.7% up on last season and 10% up on budget. The last of the herd was dried off May 10th.
- Pasture harvested for year is 15.9 t DM/ha which is 8% up on last season, (14.7 t DM/ha), but still below the farm best 17-18 t DM/ha.
- An improved calving pattern meant that cow milking days to the end of December was up on last year despite a few less cows. This contributed significantly to the increase in production for the year.
- The first half of the season had normal rainfall season but peak growth rates in the spring were not been as high as usual. There was a short period in February/March when it got a bit hot and dry, but on the whole the summer and autumn went well.
- Higher production has come at a cost, with imported feed, (supplements and grazing), being more than double last season.
- Total operating expenses, (Opex), were 19% up on budget. With the additional milksolids produced Opex/kgMS of \$4.89 only 8% up on budget.
- Most of the increase in opex is due to additional feed, fertiliser, and one off rates payments.

Comments

Production for the season was 223,700 which was 16.7% on last season and 10% up on budget. This is from 573 cows, which was 7 less than budget.

It was an average winter and early spring with regard to rainfall and soil moisture, with dry cows only needing to be stood off pasture 5 times. Peak pasture growth rates in the spring were not as high as usual, which might be due to fewer than normal sunny days during this period. There was a short period in February/March when it got a bit hot and dry, but on the whole the summer and autumn went well.

Pasture cover and cow body condition score at the end of May 2023 were not on target. With the benefit of hindsight the herd was milked on a little too long. Additional winter grazing was secured for the herd at the last minute which allowed for 100 cows to be grazed off for an extra 6 weeks. This has added another \$30,000 to grazing costs, but helped to ensure cows gained adequate condition pre calving and pasture covers at calving were on target.

Nitrogen applied for the year is 86 kgN/ha which is up on the previous year of 74 kgN/ha. An extra one and a half rounds of nitrogen was applied in June and July as leaching had been higher in the autumn with all the summer/autumn rain that the region received. This helped to increase pasture cover at calving to near target, but has meant fertiliser costs are up on budget.

Imported feed this season, (supplements and off farm grazing), are double what was used last season. Two thirds of the supplements fed were baleage from inventory, fed in the late winter and spring. Last season no supplements were fed in the first half of the season.

There have been very few animal health issues so far this year. At drying off last season all cows over 150,000 SCC were treated with long acting antibiotic which definitely reduced the incidence of mastitis in the early part of the season. Somatic cell counts for the year finished under 130,000, which is significantly below the previous 3 years, (170,000 average).

Unscheduled repairs and upgrades were made to all the races in August to repair damage that resulted from the extremely wet summer and autumn. This has added \$25,000 to the repairs and maintenance costs. This has been offset by savings in all other areas of R & M so total R & M for the year is close to budget.

Rates rises and a change to the timing of payments has also significantly increased the costs of rates for the year.

Current situation

Grazing for 100 cows has been secured again this winter with an external grazer. These cows will leave the farm mid-May. The rest of the herd will go to the support block at the end of May as usual and the yearlings will return to the milking platform till early July.

The pasture cover is currently about 2,100 kgDM/ha. This is on target as the herd is off farm for 6-8 weeks prior to calving. Currently the herd is at an average body condition score, (BCS), of 4.3 which is about usual for this time of year.

Calving and reproduction

- The calving rate was 62% after 3 weeks, 78% after 6 weeks was 96% after 9 weeks. This is much improved on last season's figures of 53%, 75% and 94% respectively.
- Submission rate is 74% which is down on last year. This year used 2 rounds of "beacons" for heat detection which are more accurate and make identification easier. Last year's submission rate of 81% was probably in part due to some cows being incorrectly identified as in heat.
- 132 replacement calves were reared plus 55 beef animals. The beef calves were reared on milk powder at the support block and have now gone to the beef enterprise.
- The empty rate for the 23/24 season mating was 9.44%.

Annual Cash Actuals

Name: **BoP Owner System 2** Budget Period **1 / 7 / 2023** to **30 / 6 / 2024**

Farm Details: **223700 kgMS** **573 cows** **160.0 ha** **390 kgMS/cow** **1398 kgMS/ha** **3.58 cows/ha**

Income						\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income									
Share of milk cheque received 100%									
Milk Solids	advance	223,700	kgMS x \$	6.00	/kgMS	\$1,341,870	\$6.00	\$2,342	\$8,387
Milk Solids	retrospective	191,600	kgMS x \$	1.20	/kgMs	\$229,348	\$1.03	\$400	\$1,433
Milk Solids	dividend	240,000	shares x \$	0.50	/share	\$119,684	\$0.54	\$209	\$748
DairyNZ levy <small>enter as negative number</small>						-\$7,216	-\$0.03	-\$13	-\$45
Net Dairy livestock sales (calves + culls + other - purchases)						\$107,288	\$0.48	\$187	\$671
Other dairy income <small>e.g. farm cottage rent, trading rebates, small amounts of contracting</small>						\$0.00	\$0	\$0	\$0
Net Dairy Cash Income						\$1,790,974	\$8.01	\$3,126	\$11,194
Expenses						\$ Total	\$/kgMs	\$/cow	\$/ha
Wages						\$252,196	\$1.13	\$440	\$1,576
Animal health						\$46,849	\$0.21	\$82	\$293
Breeding and herd improvement						\$41,103	\$0.18	\$72	\$257
Farm dairy						\$23,065	\$0.10	\$40	\$144
Electricity (farm dairy, water supply)						\$20,435	\$0.09	\$36	\$128
Supplements made (incl. Contractors)						\$19,978	\$0.09	\$35	\$125
Supplements purchased						\$43,833	\$0.20	\$76	\$274
Calf rearing						\$8,770	\$0.04	\$15	\$55
Young and dry stock grazing						\$8,000	\$0.04	\$14	\$50
Winter cow grazing						\$58,961	\$0.26	\$103	\$369
Run-off lease						\$0.00	\$0	\$0	\$0
Fertiliser (incl. N)						\$102,917	\$0.46	\$180	\$643
Irrigation						\$0.00	\$0	\$0	\$0
Regrassing and cropping						\$6,916	\$0.03	\$12	\$43
Weed and pest						\$7,743	\$0.03	\$14	\$48
Vehicles and fuel						\$39,554	\$0.18	\$69	\$247
R&M (land, buildings, plant, machinery)						\$64,615	\$0.29	\$113	\$404
Freight and general farm expenses						\$9,158	\$0.04	\$16	\$57
Administration e.g. accountant, consultant, phone						\$14,770	\$0.07	\$26	\$92
Insurance						\$19,824	\$0.09	\$35	\$124
ACC						\$6,373	\$0.03	\$11	\$40
Rates						\$163,273	\$0.73	\$285	\$1,020
						\$0.00	\$0	\$0	\$0
Total Farm Working Expenses						\$958,333	\$4.28	\$1,672	\$5,990
Cash Surplus / Deficit						\$832,641	\$3.72	\$1,453	\$5,204
Non Cash adjustments									
Value of change in livestock numbers						\$11,629	\$0.05	\$20	\$73
Labour adjustment						\$30,000	\$0.13	\$52	\$188
Less Feed inventory Adjustment						-\$26,843	-\$0.12	-\$47	-\$168
Owned support block adjustment						\$39,750	\$0.18	\$69	\$248
Depreciation						\$40,000	\$0.18	\$70	\$250
Dairy Gross Farm Revenue						\$1,802,603	\$8.06	\$3,146	\$11,266
Dairy Operating Expenses						\$1,094,926	\$4.89	\$1,911	\$6,843
Dairy Operating Profit						\$707,677	\$3.16	\$1,235	\$4,423

Annual Cash Actuals (updated May 2024)

Name:	BoP Owner System 2			Budget Period 1 / 6 / 2023 to 31 / 5 / 2024		
Farm Details:						
Budget	203,500 kgMS	580 Cows	160.0 ha	351 kgMS/cow	1272 kgMS/ha	3.63 cows/ha
Farm Details:						
Budget/Actual	223,700 kgMS	573 cows	160.0 ha	390 kgMS/cow	1398 kgMS/ha	3.58 cows/ha
Variance (Actual less Budget)						
	20,200 kgMS	-7 cows	ha	40 kgMS/cow	126 kgMS/ha	-0.04 cows/ha
Income				Budget	Budget/Actual	Variance
Net Milk Sales				\$1,604,800	\$1,683,686	\$78,886
Net Dairy livestock sales (calves + culls + other - purchases)				\$96,000	\$107,288	\$11,288
Other dairy cash income						
Net Dairy Cash Income				\$1,700,800	\$1,790,974	\$90,174
Expenses				Budget	Budget/Actual	Variance
Wages				\$225,000	\$252,196	\$27,196
Animal health				\$57,000	\$46,849	-\$10,151
Breeding and herd improvement				\$42,500	\$41,103	-\$1,397
Farm dairy				\$19,000	\$23,065	\$4,065
Electricity (farm dairy, water supply)				\$19,500	\$20,435	\$935
Supplements made (incl. Contractors)				\$29,000	\$19,978	-\$9,022
Supplements purchased				\$34,000	\$43,833	\$9,833
Calf rearing				\$10,800	\$8,770	-\$2,030
Young and dry stock grazing				\$8,000	\$8,000	
Winter cow grazing				\$62,000	\$58,961	-\$3,039
Run-off lease						
Fertiliser (incl. N)				\$65,000	\$102,917	\$37,917
Irrigation						
Regrassing and cropping				\$10,200	\$6,916	-\$3,284
Weed and pest				\$2,300	\$7,743	\$5,443
Vehicles and fuel				\$43,000	\$39,554	-\$3,446
R&M (land, buildings, plant, machinery)				\$61,500	\$64,615	\$3,115
Freight and general farm expenses				\$6,700	\$9,158	\$2,458
Administration e.g. accountant, consultant, phone				\$10,500	\$14,770	\$4,270
Insurance				\$18,000	\$19,824	\$1,824
ACC				\$1,500	\$6,373	\$4,873
Rates				\$90,000	\$163,273	\$73,273
Other expenses						
Total Farm Working Expenses				\$815,500	\$958,333	\$142,833
Cash Operating Surplus / Deficit				\$885,300	832,641	-\$52,659
Non Cash Adjustments				Budget	Actual	Variance
Value of change in livestock numbers				-\$500	11,629	12,129
Labour adjustment				\$30,000	30,000	
Less Feed inventory Adjustment				\$5,000	-26,843	-31,843
Owned support block adjustment				\$39,750	39,750	
Depreciation				\$40,000	40,000	
Dairy Gross Farm Revenue				\$1,700,300	\$1,802,603	\$102,303
Dairy Operating Expenses				\$920,250	\$1,094,926	\$174,676
Dairy Operating Profit				\$780,050	\$707,677	-\$72,373
Dairy Operating Profit/ha				\$4,875	\$4,423	-\$452

Commentary re variance

	Actual to Budget Variance	
Milksolids	20,200	Production was 13% up on budget to the end of December, largely due to a quicker calving pattern and more cow milking days before Christmas. There was a short period in February/March when it got a bit hot and dry, but on the whole the summer and autumn have gone well. This increase in production has come at a cost though with imported feed, (supplements and grazing), being more than double last season.
Cows	-7	
Hectares	0	
Net Milk Income	78886	Production for the season is 10% up on budget which has more than offset the lower milk price compared with budget (\$7.53/kgMS cf \$7.89 budgeted). Dividends received were \$0.20 up on budget as well.
Net Dairy livestock sales (calves + culls + other - purchases)	11288	Average price received was \$174/head higher than budgeted.
Other dairy income	0	
Net Dairy Cash Income	90174	
Expenses		
Wages	27196	Up due to pay rises and extra hours worked.
Animal health	-10151	There have been very few animal health issues so far this year. At drying off last season all cows over 150000 SCC were treated with long acting antibiotic which definitely reduced the incidence of mastitis early in the season. Somatic cell counts have been good during the early part of the season and incidences of mastitis in the early season have been lower than previous years.
Breeding and herd improvement	-1397	
Farm dairy	4065	Includes \$2,400 for rubber mats for one cowshed that was not in the budget.
Electricity (farm dairy, water supply)	935	
Supplements made (incl. Contractors)	-9022	Made 407 bales of baleage across the milking area and the support blocks. This is about 100 bales less than budgeted and the average price per bale was about \$10/bale cheaper than expected. This supplement is still all on hand.
Supplements purchased	9833	It started to get a bit dry in February and early March, so ended up feeding 120 t PKE instead of 100 budgeted. Nearly 40 t was from the previous seasons contract, that hadn't been uplifted which was at a higher price, so the final average price was \$347/t landed not the budgeted \$310.
Calf rearing	-2030	
Young and dry stock grazing	0	
Winter cow grazing	-3039	
Run-off lease	0	

Fertiliser (incl. N)	37917	Total N applied for the season will be 86 kg N/ha on the milking area, which is about 5-10 kg N/ha above budget. The main reason for this was due to an extra one and a half rounds of N applied in June and July as leaching had been higher in the autumn with all the summer/autumn rain that the region received, so lack of nitrogen was limiting pasture growth and pasture covers were also below target. Fertiliser prices have also been higher than originally budgeted.
Irrigation	0	
Regrassing and cropping	-3284	
Weed and pest	5443	Weed infestations were worse than expected after the previous wet autumn and early winter. Bought extra weed control product.
Vehicles and fuel	-3446	
R&M (land, buildings, plant, machinery)	3115	Spent \$25,000 on upgrading races in August - remedial work to repair damage resulting from the extremely wet summer and autumn, but other R & M was below budget.
Freight and general farm expenses	2458	
Administration e.g. accountant, consultant, phone	4270	Had under budgeted.
Insurance	1824	
ACC	4873	ACC was up as net profit was higher than expected last season.
Rates	73273	Regional rates went to annual payments part way through the year so this includes 15 months of payments. There were also incredibly large increases in rates, +13% for regional rates, and in excess of 10% for district council rates.
Other Expenses	0	

Total Farm Working Expenses	142833	
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Non Cash adjustments

Value of change in livestock numbers	12129	
Labour adjustment	0	
Less Feed inventory Adjustment	-31843	Finished the season with 70 t DM less on hand than at the start of the season.
Owned support block adjustment	0	
Depreciation	0	