

2019-20 Season numbers at a glance

KPI's	Budget	Actual
Milk Production (kgMS/ha)	936	817
Milk Production (kgMS/cow)	349	309
Net Dairy Cash Income (\$/kgMS)	\$6.93	\$7.56
Total Farm Working Expenses (\$/kgMS)	\$3.87	\$4.56
Cash Operating Surplus/Deficit (\$/kgMS)	\$3.07	\$3.01
Gross Farm Revenue (\$/kgMS)	\$7.02	\$7.46
Operating Expenses (\$/kgMS)	\$4.05	\$4.78
Operating Profit (\$/ha)	\$2,782	\$2,193

* These KPI's are based on cash book actuals to the 31/5/2020 and estimated non-cash adjustments. The final financial performance based on financial statements may differ

Comments

The financial performance for the 19-20 season was dominated by the effects of the Waikato wide low rainfall from October to April. Production was 13% down on budget, net cash dairy income was down 5% and total farm working expenses were up 3%.

The milk price received was 8% up on budget, (\$0.54 per kg MS), and livestock sales were also up by the 8% which helped slightly to offset the impact of the lower milk production.

Repairs and maintenance are 28% up on budget as a considerable amount of time and money has been spent on development and improvement projects including

- fencing of 5 ha retired for riparian planting
- upgrading the water supply on the 65 ha added 2 years ago
- implementing recommendations from the farm environment plan
- extra work on tracks

Other points of interest

A mild winter and spring resulted in above average winter and spring growth rates. However, a less than ideal calving spread for 2019, below average pasture growth for October and lower stocking rate meant that production to the end of December was behind budget. Limited freezing works space due to the drought meant that not all culls could go early February as planned, so about 60 cows were on farm for another 4-5 weeks putting further pressure on feed demand.

85 t DM of early maize silage was imported to fill the gap until the farm grown crop was ready. This replaced 45 t PKE that had been in the budget.

The last of the herd was dried off mid-March as budgets for buying in PKE and milking longer showed a very small profit margin at current milk prices.

By May 31st pasture cover was at 2,450 kg DM per ha, and cow condition was 4.8 for the MA cows and 5.3 for the heifers, which is on track to meet the targets for planned start of calving.

Annual Cash Budget

Name: **Sth West Waikato Sys 2** Budget Period **1 / 6 / 2019** to **31 / 5 / 2020**

Farm Details: **191917 kgMS** **622 cows** **235.0 ha** **309 kgMS/cow** **817 kgMS/ha** **2.65 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received 100%							
Milk Solids advance	191,917	kgMS x \$	7.08	/kgMS	\$1,358,250	\$7.08	\$2,184	\$5,780
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)					\$93,444	\$0.49	\$150	\$398
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting						\$0.00	\$0	\$0
Net Dairy Cash Income					\$1,451,694	\$7.56	\$2,334	\$6,177
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages					\$326,649	\$1.70	\$525	\$1,390
Animal health					\$38,394	\$0.20	\$62	\$163
Breeding and herd improvement					\$47,015	\$0.24	\$76	\$200
Farm dairy					\$6,915	\$0.04	\$11	\$29
Electricity (farm dairy, water supply)					\$29,393	\$0.15	\$47	\$125
Supplements made (incl. Contractors)					\$58,724	\$0.31	\$94	\$250
Supplements purchased					\$35,295	\$0.18	\$57	\$150
Calf rearing					\$14,968	\$0.08	\$24	\$64
Young and dry stock grazing					\$85,749	\$0.45	\$138	\$365
Winter cow grazing						\$0.00	\$0	\$0
Run-off lease						\$0.00	\$0	\$0
Fertiliser (incl. N)					\$41,742	\$0.22	\$67	\$178
Irrigation						\$0.00	\$0	\$0
Regrassing and cropping					\$23,379	\$0.12	\$38	\$99
Weed and pest					\$8,712	\$0.05	\$14	\$37
Vehicles and fuel					\$20,624	\$0.11	\$33	\$88
R&M (land, buildings, plant, machinery)					\$64,261	\$0.33	\$103	\$273
Freight and general farm expenses					\$7,851	\$0.04	\$13	\$33
Administration e.g. accountant, consultant, phone					\$24,055	\$0.13	\$39	\$102
Insurance					\$14,215	\$0.07	\$23	\$60
ACC						\$0.00	\$0	\$0
Rates					\$26,458	\$0.14	\$43	\$113
Total Farm Working Expenses					\$874,399	\$4.56	\$1,406	\$3,721
Cash Surplus / Deficit					\$577,295	\$3.01	\$928	\$2,457
Non Cash adjustments								
Value of change in livestock numbers					-\$19,462	-\$0.10	-\$31	-\$83
Labour adjustment						\$0.00	\$0	\$0
Less Feed inventory Adjustment					-\$2,560	-\$0.01	-\$4	-\$11
Owned support block adjustment						\$0.00	\$0	\$0
Depreciation					\$40,000	\$0.21	\$64	\$170
Dairy Gross Farm Revenue					\$1,432,232	\$7.46	\$2,303	\$6,095
Dairy Operating Expenses					\$916,959	\$4.78	\$1,474	\$3,902
Dairy Operating Profit					\$515,273	\$2.68	\$828	\$2,193

Annual Cash Budget

Name:		South West Waikato Owner Sys 2		Budget Period		1 / 6 / 2018 to 31 / 5 / 2019	
Farm Details:							
Budget	220,000 kgMS	630 Cows	235.0 ha	349 kgMS/cow	936 kgMS/ha	2.68 cows/ha	
Farm Details: Actual							
	191,917 kgMS	622 cows	235.0 ha	309 kgMS/cow	817 kgMS/ha	2.65 cows/ha	
Variance (Actual less Budget)							
	-28,083 kgMS	-8 cows	ha	-41 kgMS/cow	-120 kgMS/ha	-0.03 cows/ha	
Income				Budget	Actual	Variance	
Net Milk Sales				\$1,439,090	\$1,358,250	-\$80,840	
Net Dairy livestock sales (calves + culls + other - purchases)				\$86,550	\$93,444	\$6,894	
Other dairy cash income							
Net Dairy Cash Income				\$1,525,640	\$1,451,694	-\$73,946	
Expenses							
				Budget	Actual	Variance	
Wages				\$332,000	\$326,649	-\$5,351	
Animal health				\$30,000	\$38,394	\$8,394	
Breeding and herd improvement				\$42,000	\$47,015	\$5,015	
Farm dairy				\$7,000	\$6,915	-\$85	
Electricity (farm dairy, water supply)				\$32,000	\$29,393	-\$2,607	
Supplements made (incl. Contractors)				\$62,000	\$58,724	-\$3,276	
Supplements purchased				\$27,175	\$35,295	\$8,120	
Calf rearing				\$9,100	\$14,968	\$5,868	
Young and dry stock grazing				\$83,720	\$85,749	\$2,029	
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$59,280	\$41,742	-\$17,538	
Irrigation							
Regrassing and cropping				\$15,000	\$23,379	\$8,379	
Weed and pest				\$6,000	\$8,712	\$2,712	
Vehicles and fuel				\$25,000	\$20,624	-\$4,376	
R&M (land, buildings, plant, machinery)				\$50,000	\$64,261	\$14,261	
Freight and general farm expenses				\$8,000	\$7,851	-\$149	
Administration e.g. accountant, consultant, phone				\$17,000	\$24,055	\$7,055	
Insurance				\$12,000	\$14,215	\$2,215	
ACC							
Rates				\$34,000	\$26,458	-\$7,542	
Other farm working expenses (not included in any of the above)							
Total Farm Working Expenses				\$851,275	\$874,399	\$23,124	
Cash Operating Surplus / Deficit				\$674,365	577,295	-\$97,070	
Non Cash Adjustments							
				Budget	Actual	Variance	
Value of change in livestock numbers				\$19,500	-19,462	-38,962	
Labour adjustment							
Less Feed inventory Adjustment					-2,560	-2,560	
Owned support block adjustment							
Depreciation				\$40,000	40,000		
Dairy Gross Farm Revenue				\$1,545,140	\$1,432,232	-\$112,908	
Dairy Operating Expenses				\$891,275	\$916,959	\$25,684	
Dairy Operating Profit				\$653,865	\$515,273	-\$138,592	
Dairy Operating Profit/ha				\$2,782	\$2,193	-\$590	

Commentary re variance

	Actual to Budget Variance	
Milksolids	-28,083	Finished season 13% below budget. A less than ideal calving spread for 2019, a lower stocking rate and lower than average October growth rates impacted early season production so by the end of December the forecast for the seasons production had been lowered by 3%. The very low rainfall and hot windy weather from early January until April resulted in the majority of culling being done in February and March and the herd dried off by mid-March.
Cows	-8	Had a few extra losses and wastage over calving so ended up with less cows at peak than budget.
Hectares	0	
Net Milk Income	-80840	Milk revenue was down largely due to the lower than budgeted production. Milk price was \$0.54 up on budget which offset some of the losses from the lower milksolids.
Net Dairy livestock sales (calves + culls + other - purchases)	6894	Reared 15 extra replacements for sale as weaners. This increase is offset by higher calf rearing costs.
Other dairy income	0	

Net Dairy Cash Income

-73946

Expenses

Wages	-5351	Used less casual staff in the autumn as the herd dried off in mid-March.
Animal health	8394	Purchased extra minerals to go in with the imported maize silage. Includes forward purchasing of teat spray. The cost of zinc treatment was higher than budgeted as used trough treatment rather than drenching.
Breeding and herd improvement	5015	Had to lease extra bulls as during mating it was decided to split both herds so there were 4 mobs on farm during mating. Also leased extra bulls for the R 2 heifers as there were more on hand than originally budgeted.
Farm dairy	-85	
Electricity (farm dairy, water supply)	-2607	Culled more cows earlier and dried off earlier.
Supplements made (incl. Contractors)	-3276	
Supplements purchased	8120	The budget had included 45 t PKE @ \$275 per t but the decision was made to purchase 85 t DM of early maize silage because of the drought instead, to fill the gap until the on farm maize was harvested. Also purchased some standing grass for silage and hay so didn't need to buy in hay as budgeted.
Calf rearing	5868	Reared 15 extra calves for sale as weaners. Used 3 t more meal at \$100 per t more than budget plus bedding costs were up a bit.
Young and dry stock grazing	2029	
Winter cow grazing	0	
Run-off lease	0	

Fertiliser (incl. N)	-17538	Spring N applications were below budget as pasture growth was above expectations. Less fertiliser purchased in the financial year as the dry weather meant autumn applications were delayed a month so will fall in the next financial year.
Irrigation	0	
Regrassing and cropping	8379	Planted 11.5 ha extra of crops-8.5 ha of chicory and 3 ha of clean crop turnips. This meant there was also more regrassing to be done.
Weed and pest	2712	More cropping so more weed control needed.
Vehicles and fuel	-4376	A good year for vehicle repairs!
R&M (land, buildings, plant, machinery)	14261	Plant and equipment was up about \$3,300. Did extra work on the tracks. The farm environment plan also indicated additional areas for improvement so some of this work was carried out. 5 ha of land was retired for riparian planting so additional fencing for this contributed to the extra R & M costs. The water supply on the new 65 ha also needed a complete upgrade due to ongoing leak problem. This was not in the original budget.
Freight and general farm expenses	-149	
Administration e.g. accountant, consultant, phone	7055	Includes \$5,700 of unbudgeted legal and bank charges relating to changing finance sources.
Insurance	2215	Insurance on farm cottages was up. This is related to insurance companies putting prices up as a result of on going costs of earthquake cover.
ACC	0	
Rates	-7542	The budgeted rates expense were very much an estimate as there was no clear figure to budget on with the addition of the new property.
Other farm working expenses (not included in any of the above)	0	

Total Farm Working Expenses	23124	
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Non Cash adjustments		
Value of change in livestock numbers	-38962	Had budgeted to increase numbers for the season but have decided to continue with wintering 625-630 cows to calve. This is 7 less MA cows/R 2 heifers than the start of the season and 29 less than the original budget.
Labour adjustment	0	
Less Feed inventory Adjustment	-2560	Went into winter 2020 with 8 t DM less hay than originally budgeted.
Owned support block adjustment	0	
Depreciation	0	