



South Island Dairying
Development Centre

Accelerating
Environmentally Responsible,
Profitable Dairy Farming.

www.siddc.org.nz

LUDF

2018/19 Actual

2019/20 Budget

Adjustments Made:

Standard Adjustments as Per Dairy Base Method:

- Change in feed on hand.
- Lease for calf block (Eastblock)

Extra ordinary Adjustments:

- Offset some wages to reflect the management involved in demonstration.
- Demonstration code, includes costs of nitrate testing, costs associated with Clear tech development (if any from now), extra condition scoring.

1. Summary – 2018/19 Actuals

Commentary:

The 2018/19 result settled down to be very respectable at \$3.86. The last calculation was on track to \$4.31. We identified \$0.35 / kgMS of demonstration costs. Feed on hand lifted by \$0.25 / kgMS. These 2 codes alone account for most of the change. The balance of costs are similar to the revised budget. Operating costs exclude depreciation.

Demonstration costs are extraordinary costs that farmers do not normally incur. They include, nitrate testing from lysimeters and wells, monthly condition scoring (normally 3), a proportion of Peters time. Typically 1.5 - 2 days per week spent with visitors etc.

The cost structure at \$3.86 / kgMS is very efficient. MRB client base if \$4.39 / kgMS, revised April 2019. The major saving is feed and grazing. This is very low. MRB client base average \$1.50 / kgMS.

Animal Health and Breeding is high at \$237 / cow (MRB \$180). The LUDF breeding program had 100% AB this season.

R&M at \$617 / HA (MRB \$365 / HA). Irrigation was very high. This gear is being replaced.



MRB - Profit Focus
LUDF - 2018/19 Actual to 31st May

FARM PHYSICAL KPI's	2018/19
Total Production (kgMS)	277,291
Effective Area	160
Cows in Milk	552
Kg Milksolids/ha	1,733
Kg Milksolids/cow	502
Stocking Rate	3.45

FINANCIAL INDICES	2018/19
Payout (Milk Price)	\$ 6.45
Gross Farm Revenue/ha	\$ 12,191
Operating Expenses/ha Excl Depn.	\$ 5,102
Operating Profit (EFS)/ha	\$ 7,089
Gross Farm Revenue/Kg MS	\$ 7.03
Operating Expenses/Kg MS - Excl Depn.	\$3.86
Operating Profit (EFS)/Kg MS	\$ 3.18
Where	
Demonstration Exp.	\$ 0.35

PROFITABILITY	2018/19
Gross Farm Revenue	1,788,524
Operating Expenditure - Excl Depn.	1,070,133
Operating Profit	718,392
Demonstration Exp.	-97,256
Net Farm Surplus	815,648
Dividend, Capital & Tax+introduced+Fonterra Div	0
Suplus / Deficit	815,648
+/- Change in Stock and Milk Income+Adjustments	1,788,524
=Cash Surplus/Deficit	-972,877

Feeding Levels		
Feed Harvested / Ha	15.20	TDM/Ha
Pasture+fodder Harvested /Cow	4,406	kgDM/cow
Supplement Use	234	kgDM/cow
Total Feed Intake	4,640	kgDM/cow
Response Rate	9.24	kgDM/kgMS

FINANCIAL KPI'S		
Labour (adjusted)		
kgMS per FTE		69,323
\$ / cow		429
\$ / kgMS		0.85
Animal Health + Breeding		
\$ / cow		241
\$ / kgMS		0.48
Feed + Grazing (incl lease)		
\$ / cow		519
\$ / kgMS		1.03
Fertiliser + Nitrogen		
\$ / Ha		552
\$ / kgMS		0.32
kgN/Ha		166
Repairs & Maintenance		
\$ / Ha		617
\$ / kgMS		0.36
Overheads (Admin, Rates, Ins)		
\$ / Ha		281
\$ / kgMS		0.16
Electricity (Shed + Irrigation)		
\$ / Ha		382
\$ / kgMS		0.22
Vehicles + Fuel		
\$ / Ha		196
\$ / kgMS		0.11

2. 2019/20 Budget

a. Milk Income

2018/19 Season

- 277,293 kgMS
- Peak Cows 552 cows
- 502 kgMS/cow
- 160 Ha = 1,733 kgMS/HA
- Milk Price 2018/19 \$6.45 / kgMS

2019/2020 Season

- 560 cows Peak cow
- Production 275,000 kgMS
- 491 kgMS/cow
- Milk price 2019/20 \$6.75 / kgMS

Operating Costs

- Farm operating costs are budgeted at \$3.71 / kgMS (excl depreciation). This is lower than the 2018/19 season. There will be no brought in feed this season. All consumed on farm. Brought in feed costs \$0.05 / kgMS more than feed made on farm.
- Animal health should have some savings with no staph cows. Breeding program will not have CIDR's for heifers. However will be using sexed semen which is more expensive.
- Repairs and Maintenance budgeted to be lower. Have replaced the problem irrigator and rebuilding wiring in the shed which will result in big savings. This is a key work on, but not easy to get down to commercial farmer levels with the farm profile.
- Power costs are reasonable for this farm. Shallow water, less pumping hours help.



**MRB - Profit Focus
LUDF - 2019/20 budget**

FARM PHYSICAL KPI's	2019/20
Total Production (kgMS)	274,358
Effective Area	160
Cows in Milk	560
Kg Milksolids/ha	1,715
Kg Milksolids/cow	490
Stocking Rate	3.50

FINANCIAL INDICES	2019/20
Payout (Milk Price)	\$ 6.75
Gross Farm Revenue/ha	\$ 12,381
Operating Expenses/ha	\$ 6,370
Operating Profit (EFS)/ha	\$ 6,011
Gross Farm Revenue/Kg MS	\$ 7.22
Operating Expenses/Kg MS - Excl. Depreciation	\$3.71
Operating Profit (EFS)/Kg MS	\$ 3.51
Where	
Demonstration Exp.	\$ 0.33

PROFITABILITY	2019/20
Gross Farm Revenue	1,851,919
Operating Expenditure	1,070,133
Operating Profit	781,787
Demonstration Exp.	-97,256
Net Farm Surplus	879,043
Dividend, Capital & Tax+introduced+Fonterra Div	0
Suplus / Deficit	879,043

+/- Change in Stock and Milk Income+Adjustments	1,851,919
=Cash Surplus/Deficit	-972,877

Feeding Levels		
Feed Harvested / Ha	15.20	TDM/Ha
Pasture+fodder Harvested /Cow	4,343	kgDM/cow
Supplement Use	234	kgDM/cow
Total Feed Intake	4,577	kgDM/cow
Response Rate	9.34	kgDM/kgMS

FINANCIAL KPI'S		
Labour (adjusted)		
kgMS per FTE		68,590
\$ / cow		436
\$ / kgMS		0.89
Animal Health + Breeding		
\$ / cow		224
\$ / kgMS		0.46
Feed + Grazing (incl lease)		
\$ / cow		484
\$ / kgMS		0.99
Fertiliser + Nitrogen		
\$ / Ha		609.38
\$ / kgMS		0.36
kgN/Ha		166
Repairs & Maintenance		
\$ / Ha		469
\$ / kgMS		0.27
Overheads (Admin, Rates, Ins)		
\$ / Ha		281
\$ / kgMS		0.16
Electricity (Shed + Irrigation)		
\$ / Ha		469
\$ / kgMS		0.27
Vehicles + Fuel		
\$ / Ha		196
\$ / kgMS		0.11

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