

Southern Demonstration and Research Farm Ltd - Financials - Period ending 30 November 2018

Year ending May 31	2018/19 Budget Original	2018/19 Actual YTD	2018/19 Budget YTD	Favourable / Unfavourable Variance	% Variance	Notes
				(Act—budg)		
Milk production (kgMS)	310,000	114,440	130,200	-15760	-12%	Production has been reforecasted from 310,000kgMS to 287,000kgMS to 31st May, 2019. However Budget YTD is based on original 310,000kgMS
Peak Cow Nos and Prod. Staff	260ha 740 5	440 /ha 716 5	500 /ha 740 5	-61 -24 0	-12% -3% 0%	
<b>Income</b>						
Milksolid Payout \$/kgMS	\$6.10	\$6.60	\$6.10	-0	-1%	In line with Fonterra's payout re-forecast down to \$6.15 per kgMS SDRF has updated the original and YTD budget to reflect this, less the discount for farms on a share up over time contract (\$6.15 - .5c = \$6.10 kgMS)
Dividend /share	\$0.00/share	\$0.00/share	\$0.00/share	0		Actual YTD Milk Income is \$6.06 per kgMS (this reflects the accrued income for 2017/18 being higher then actuals from June - November 2018. Can also be affected by fat and protein % differences and timing of supply in capacity adjustment months
Milksolid Revenue	\$1,891,000	\$693,759	\$794,220	(\$100,461)	-13%	Budget YTD was 130,200 kgMS @ \$6.10 YTD, Actual YTD was 114,440 kgMS which equates to \$6.06 per kgMS - This amount is full Accrued amount to date Unbudgeted Lifted fodderbeet sold off farm
Other Income	\$0	\$13,359	\$0	\$13,359	0	
Dividend/Rebates	\$0	\$4,394	\$0	\$4,394		
Surplus dairy stock	\$107,014	\$80,886	\$59,014	\$21,872	37%	Timing of 17/18 stock sold due to available culling space
DairyNZ Levy	(\$11,160)	(\$4,120)	(\$4,687)	\$567	-12%	Impact of actual lower production
Stock Purchases	\$13,600	\$13,600	\$0	\$13,600	-33,000	Breeding bulls purchased after a change in policy from original AB only
<b>Gross Farm Revenue</b>	<b>\$2,000,454</b>	<b>\$801,879</b>	<b>\$848,547</b>	<b>(\$46,668)</b>	<b>-5%</b>	
<b>Expenses</b>						
<b>Cow Costs</b>						
Animal Health	\$74,352	\$41,110	\$39,776	\$1,334	3%	
Breeding Expenses	\$61,752	\$38,362	\$41,301	(\$2,939)	-7%	Lower due to less AI / use of bulls at end of mating
Replacements	\$13,330	\$6,652	\$6,350	\$302	5%	\$7,000 Forecast Saving, rearing completed no further costs required
Winter grazing	\$77,400	\$62,996	\$59,800	\$3,196	5%	Cropping costs YTD and Balage made at run off more cultivation costs for 2nd yr crops / more balage / balage earlier than budgeted
<b>Feed</b>						
Feed/Concentrates Purchased	\$169,000	\$58,122	\$80,750	(\$22,628)	-28%	Baleage to be made at the Run Off and moved to dairy platform
Nitrogen	\$71,600	\$22,727	\$45,300	(\$22,573)	-50%	Urea use planned as per decision rules, last round of N delayed till end of ryegrass seeding period in January
Fertiliser, Lime & Spreading	\$73,500	\$46,712	\$33,700	\$13,012	39%	
Pasture Renewal	\$20,600	\$1,377	\$20,600	(\$19,223)	-93%	Work completed, timing of invoices
Freight	\$4,992	\$298	\$2,496	(\$2,198)	-88%	
Farm Working	\$17,395	\$16,083	\$11,237	\$4,846	43%	Rubbish bin hire and empty fees, baleage wrap to recycling centre over winter period, consumables tea, coffee etc. Protective equipment and health and Safety
<b>Staff</b>						
Employment (net of housing)	\$275,873	\$205,610	\$150,283	\$55,327	37%	High labour costs this season with temporary staff to cover replacement permanent positions as well as support the intensive periods and staff living off farm, travel and accommodation allowances. Forecast for season end is going to be higher than originally budgeted
<b>Land</b>						
Electricity Farm & Run Off	\$40,004	\$17,135	\$10,268	\$6,867	67%	Costs above budget due to higher electricity than budgeted - Longer shed running hours due to new farmlet systems
Administration	\$40,301	\$25,282	\$23,392	\$1,890	8%	
Rates & Insurance	\$39,254	\$5,537	\$9,313	(\$3,776)	-41%	
Repairs & Maintenance	\$49,856	\$27,846	\$16,536	\$11,310	68%	Repairs to calf shed at start of the season, R&M Fencing and yards, spreading effluent.
Shed Expenses	\$25,658	\$26,406	\$14,053	\$12,353	88%	Timing of shed Chemical and teat spray purchased
Vehicle Expenses	\$50,956	\$30,683	\$18,048	\$12,635	70%	Higher fuel costs YTD both Diesel and Petrol, and lease costs of Silage wagon (not budgeted)
Weed & Pest	\$1,600	\$343	\$1,000	(\$657)	-66%	
<b>Farm Working Expenses</b>	<b>\$1,107,423</b>	<b>\$633,283</b>	<b>\$584,203</b>	<b>\$49,080</b>	<b>8%</b>	
Depreciation	\$30,000	\$20,437	\$15,000	\$5,437	6%	
Total Operating Expenses	\$1,137,423	\$653,720	\$599,203	\$54,517	9%	Higher FWE than budgeted, mainly in due to labour, this has been underestimated due to the set up and operational management of the farmlets, temporary staff has been required to support the permanent team with day to day running of the farmlets.
<b>Dairy Operating Profit</b>	<b>\$863,031</b>	<b>\$148,159</b>	<b>\$249,344</b>	<b>(\$101,185)</b>	<b>-41%</b>	
<b>DOP/ha</b>	<b>\$3,319</b>	<b>\$569.84</b>	<b>\$959.10</b>	<b>(\$389)</b>	<b>-41%</b>	
<b>Operating Surplus</b>	<b>\$893,031</b>	<b>\$168,596</b>	<b>\$264,344</b>	<b>(\$95,748)</b>	<b>-36%</b>	
<b>Operating Surplus per ha</b>	<b>\$3,435</b>	<b>\$648</b>	<b>\$1,017</b>	<b>(\$368)</b>	<b>-36%</b>	

