

4. BUSINESS HEALTH



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Disclaimer:

While every effort has been made to ensure information provided in this handout was true and correct and the time of going to print, Owl Farm takes no responsibility for the use of data outside of the purpose to inform readers of the current situation at Owl Farm for the purpose of the Focus Day.

BUSINESS HEALTH



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PRIMARY KPI	OWL FARM TARGET	2020/21	2019/20	2018/19	2017/18	2016/17
Farm Working Expenses	\$4/kgMS - via DairyBase	\$4.60	\$4.96	\$4.66	\$4.20	\$4.13
Op profit/ha (eff dairy)	> top 20% - via DairyBase	\$3482 vs \$N/A	\$2405 vs \$4395	\$2147 vs \$3533	\$3096 vs \$4379	\$1925 vs \$3579
ROA	6% - via DairyBase	5.00%	3.40%	3.10%	4.40%	-

Summary points - Primary KPIs:

- \$4 Farm Working Expense/kg MS continues to elude us. Investment in some Wagon Wheel KPIs did not result in extra milk production but set us up to attract extra income or futureproof the system. We had similar expenses to the 2019/20 drought season but produced an extra 10,939 kg MS.
- Significant lift in Operating Profit, due to a combination of increased payout and exceeding production target. Top 20% BM unavailable at the time of going to print.
- Return on Assets (ROA) calculated on unchanged asset value of \$70k/ha was below target.

Summary points - Secondary KPIs:

- Continued focus on debt reduction (\$18.23/kg MS at the start of the 2021/22 season). This includes principal repayment of \$180,000 plus purchase of ProTrack auto-draft and a new silage wagon.
- Break-even milk price of \$7/kg MS reflects expenditure on Wagon Wheel KPIs and debt repayment in response to the increased payout received.
- Significant increase in the 2021/22 approved budget to invest in people, technology and environmental outcomes.

Graphic 4.1: Actual vs budget for year ending 31st May 2021

 YE 2021  OWL FARM Providing knowledge. ST PETER'S SCHOOL & LINCOLN UNIVERSITY DEMONSTRATION DAIRY FARM  St Peter's Cambridge NEW ZEALAND  LINCOLN UNIVERSITY TE WHARE WĒHAKA O AORAKI				
INCOME	2020-21 Total	Budget Year	Variance Year	2019-2020 Full Year
Milk Solids KG	178,123	175,000	3,123	167,184
Milk	1,308,495	1,210,382	98,113	1,204,316
Dividends	26,398	-	26,398	6,781
Cattle	92,406	70,770	21,636	61,152
Other Income	43,287	47,160	(3,873)	6,867
Total Income	1,470,586	1,328,312	142,274	1,279,117
EXPENSES	2020-21 Total	Budget Year	Variance Year	2019-20 Total
Wages	169,838	182,508	(12,670)	173,054
Animal Health	59,059	57,000	2,059	51,742
Breeding	43,734	39,851	3,884	45,747
Dairy Shed and Electricity	16,715	24,040	(7,325)	18,824
Purchased Feed	150,475	85,075	65,400	134,680
Grazing - Replacement Heifers & Calves	60,877	70,600	(9,723)	72,673
Fertiliser	65,720	65,053	667	65,585
Gibberellic Acid	-	-	-	-
Fertiliser Spreading	6,369	5,984	385	(87)
Freight	725	3,619	(2,894)	4,222
Cartage	5,442	8,855	(3,413)	6,471
Weeds and Pests	644	2,500	(1,856)	2,434
Consultancy	550	4,000	(3,450)	1,385
Silage	20,403	47,450	(27,047)	33,395
Cropping	16,879	10,750	6,129	20,953
Regrassing	24,748	22,800	1,948	20,893
R&M	112,073	103,850	8,223	95,524
Vehicle Expenses	25,197	12,708	12,489	25,683
General	37,615	50,359	(12,745)	39,784
Overheads	53,874	47,557	6,317	55,820
Total Farm Working Expenses	870,939	844,559	26,379	868,781
Net Surplus before Financial Charges	599,647	483,753	115,894	410,336
Financial Charges	2020-21 Total	Budget YTD	Variance YTD	2019-20 Total
Interest Cost	135,996	135,996	-	169,272
Lease Land	52,543	48,816	3,727	37,082
Depreciation	91,740	96,000	(4,260)	98,044
Total Financial Charges	280,279	280,812	(533)	304,398
Surplus (Deficit) after Financial Charges	319,368	202,941	116,427	105,938

Graphic 4.2: Commentary on variances to budget

Milksolids	Later start to calving due to delayed access to sexed semen was recovered with exceptional September/October production followed by excellent planning through summer and late lactation to exceed budget production without extra bought-in feed
Milk	Original budget was done at \$6.40 with final milk payout \$7.55 (\$5.75 paid up to May)
Dividends	Received from LIC and Fonterra (not budgeted for)
Cattle	Cull cow income was close to budget at \$600/head. Increase due to calf income
Wages	Managed through most of the season with 2 FTE and relief/part-timers
Breeding	Includes early season milk PD to see if we could extract value
Purchased Feed	Includes 30 t DM (\$11k for calf silage and PK), \$27k from the silage making budget for the 62 t DM not made on farm, calves on farm for an extra month in May (17 t DM or \$6.5k fed) and a load of PK purchased on the 26 th May and only 4 t DM used for the season (\$9.6k of feed for next season). Net result: \$96k spend vs \$85k budget. Silage made on farm cost 12c/kg DM vs purchased at 35c/kg DM which makes up the bulk of the increased feed cost. The bulk of the PK was contracted at \$306/t plus cartage.
Grazing replacements	Paid \$1886 in extra feed for calves on arrival at grazier. \$47.50/head for mating and yarding heifers for AI. Grazing cost was higher than budgeted.
Gibberellic Acid	Not budgeted for or needed this season
Cartage	Reduced due to no calves being transported
Consultancy	Not needed
Silage	Budgeted 180 t DM silage and 60 bales of hay made; only made 118 t DM silage and 52 bales of hay
Cropping	Extra 4.7ha of chicory for calves @ approx \$1200/ha.
Regrassing	Higher cost of new grass with plantain seed included
R&M	This includes \$25,969 for race work and \$5,770 for clearing the sidling in pdk 49 due to cycleway project (unbudgeted)
Vehicle Expenses	Includes \$1400/month for tractor lease that was omitted from the budget

Operating profit

Financial and physical data is entered into DairyBase every year to analyse trends and compare with top 20% of Waikato Owner/Operators for Operating Profit. Our goal is to continue reducing our environmental footprint while maintaining a healthy sustainable business. Current comparisons do not allow us to see the environmental footprint of the top 20% performers, but DairyNZ is working on incorporating this into their benchmark data.

Operating profit increased to \$3482/ha (compared to \$2405/ha in 2019/20).

Operating profit margin continues to increase to 35.7%. This represents the profit relative to income and is a measure of how well a business can cope with volatility of income and costs.

Graphic 4.3: DairyBase results for 2020/21 compared with DairyNZ estimate for the Waikato

<b style="font-size: 1.2em; margin-left: 10px;">Physical Data Summary																																	
Owl Farm (Farm ID: 375316) Dairy Season ended: 2021		Printed: 26 July 2021																															
This information was collected in the level-1 questionnaire. It is used to generate adjustments and KPI's in both Financial and Physical Detail reports. Please check that it is correct.																																	
Dairy Co Supplied: Fonterra Production System: 2 Feed imported for dry cows 1-10% Business Type: Owner operator Calving Season: Spring only Winter Milk: No Region: Waikato % Milking Area Irrigated: Not Irrigated Farm Dairy Type: R36		Balance Month: May Milking Interval: Twice a day Organic: organic_status:null District: Waipa Season's rainfall (mm): NIWA 10 Yr Av Rainfall (mm): 986																															
Stock Predominant dairy breed: Crossbred Peak Cows Milked: 405 Stocking rate (Cows/ha): 2.8 Replacement Calves Reared: 96		Land Area (ha) Total Dairying area: 168.7 less Ungrazeable area: 23.7 Effective Dairying area: 145.0 Support block effective area: 6.0 Defined Young Stock area: 0 Non-dairy effective area: 10.4																															
Labour Full time paid labour equivalents: 2.5 Full time unpaid labour equivalents: 0.0 FTE unpaid management: 0.0 Total FTEs: 2.5 Milking Cups per FTE 14.4																																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Production</th> <th style="text-align: right; padding: 2px;">Total</th> <th style="text-align: right; padding: 2px;">Per ha</th> <th style="text-align: right; padding: 2px;">Per cow</th> <th style="text-align: right; padding: 2px;">Composition</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">Milk Litres:</td> <td style="text-align: right; padding: 2px;">1,890,744</td> <td style="text-align: right; padding: 2px;">13,040</td> <td style="text-align: right; padding: 2px;">4,669</td> <td></td> </tr> <tr> <td style="padding: 2px;">Fat kg:</td> <td style="text-align: right; padding: 2px;">102,235</td> <td style="text-align: right; padding: 2px;">705</td> <td style="text-align: right; padding: 2px;">252</td> <td style="text-align: right; padding: 2px;">5.4%</td> </tr> <tr> <td style="padding: 2px;">Protein kg:</td> <td style="text-align: right; padding: 2px;">75,800</td> <td style="text-align: right; padding: 2px;">523</td> <td style="text-align: right; padding: 2px;">187</td> <td style="text-align: right; padding: 2px;">4.0%</td> </tr> <tr> <td style="padding: 2px;">Financial year - Milksolids kg:</td> <td style="text-align: right; padding: 2px;">178,125</td> <td style="text-align: right; padding: 2px;">1,228</td> <td style="text-align: right; padding: 2px;">440</td> <td style="text-align: right; padding: 2px;">9.4%</td> </tr> <tr> <td style="padding: 2px;">Production year - Milksolids kg:</td> <td style="text-align: right; padding: 2px;">178,125</td> <td style="text-align: right; padding: 2px;">1,228</td> <td style="text-align: right; padding: 2px;">440</td> <td></td> </tr> </tbody> </table>				Production	Total	Per ha	Per cow	Composition	Milk Litres:	1,890,744	13,040	4,669		Fat kg:	102,235	705	252	5.4%	Protein kg:	75,800	523	187	4.0%	Financial year - Milksolids kg:	178,125	1,228	440	9.4%	Production year - Milksolids kg:	178,125	1,228	440	
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Number in Benchmark Group:	1 (DairyNZ Estimate)	
Benchmark Group Selected by:	Profitability analysis	Farm business type : 1- Owner operator
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FARM PHYSICAL KPI's	2020-21		2019-20		2018-19	
	Farm	Benchmark	Farm	Benchmark	Farm	Benchmark
Cows/ha	2.8	3.0	2.7	2.8	2.8	2.8
Kg Milksolids/ha	1,228	1,152	1,134	1,062	1,149	1,047
Kg Milksolids/cow	440	390	413	380	417	376
Cows/FTE	162	151	169	157	135	160
Kg MS/FTE	71,250	58,859	69,660	59,682	56,453	60,023

PROFITABILITY Dairy	2020-21		2019-20		2018-19	
	Farm	Benchmark	Farm	Benchmark	Farm	Benchmark
Gross Farm Revenue/ha	9,752	9,129	8,595	8,076	7,859	7,513
Operating Expenses/ha	6,270	6,400	6,190	5,850	5,712	5,658
Operating Profit (EFS)/ha	3,482	2,729	2,405	2,226	2,147	1,855
Gross Farm Revenue/kg MS	7.94	7.93	7.58	7.60	6.84	7.17
Operating Expenses/kg MS	5.10	5.56	5.46	5.51	4.97	5.40
Operating Profit (EFS)/kg MS	2.83	2.37	2.12	2.10	1.87	1.77
FWE/kg MS	4.60	4.75	4.96	4.76	4.66	4.69
Operating Profit Margin %	35.7%	29.9%	28.0%	27.6%	27.3%	24.7%

LIQUIDITY	2020-21		2019-20		2018-19	
	Farm	Benchmark	Farm	Benchmark	Farm	Benchmark
Net Cash Income	1,423,638		1,259,567		1,158,292	
Farm Working Expenses	819,768		829,494		789,005	
Cash Operating Surplus	603,870		430,073		369,287	

Profitability Cash Flow

CASH	\$/KG MS	\$	NON CASH ADJUSTMENTS	\$	CASH + NON CASH	\$
DAIRY SALES					DAIRY GFR	
Net Milk	7.47	1,331,232	+ Value of Change in Dairy Livestock	-9,580	Net Milk	1,331,232
Net Livestock	0.52	92,406			Net Livestock	82,826
Other Dairy	0.00	0			Other Dairy	0
NET CASH INCOME	7.99	1,423,638			DAIRY GFR	1,414,058

CASH FWE	\$/KG MS	\$	NON CASH ADJUSTMENTS	\$	OPERATING EXPENSES	\$
Wages	0.93	166,081	+ Labour Adj	0	Labour Expenses	166,081
Stock Expenses	0.64	113,913			Stock Expenses	113,913
Supplementary Feed	0.99	177,081	- Feed Inventory Adj	2,380	Total Supplement Expenses	174,701
Grazing and Support block	0.40	71,677	+Ownd Supp block Adj	0	Total Grazing and Support block	71,677
Other Working Expenses	1.31	234,038			Other Working Expenses	234,038
Overheads	0.32	56,978	+Depreciation	91,741	Total Overheads	148,719
FARM WORKING EXPENSES	4.60	819,768			OPERATING EXPENSES	909,129

CASH OPERATING SURPLUS	3.39	603,870	NET ADJUSTMENTS	-98,941	DAIRY OPERATING PROFIT (EFS)	504,929
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Number in Benchmark Group:	1 (DairyNZ Estimate)	
Benchmark Group Selected by:	Profitability analysis	Farm business type : 1- Owner operator
Benchmark Group Ranked by:	Region : Waikato	

	Total \$		\$ Per kg MS		\$ Per Ha		\$ Per Cow	
	Farm	% of GFR	Farm	Benchmark	Farm	Benchmark	Farm	Benchmark
GROSS FARM REVENUE (GFR)								
Net Milk Sales	1,331,232	94.1%	7.47	7.35	9,181	8,464	3,287	2,863
Net Dairy Livestock Sales	92,406	6.5%	0.52	0.48	637	553	228	187
Value of Change in Dairy Livestock	-9,580	-0.7%	-0.05	0.04	-66	46	-24	15
Other Dairy Revenue	0	0.0%	0.00	0.06	0	66	0	22
DAIRY GROSS FARM REVENUE	1,414,058	100.0%	7.94	7.93	9,752	9,129	3,492	3,088
Non-Dairy Cash Income								
Value of Change in Non-dairy livestock								
Total Gross Farm Revenue								
OPERATING EXPENSES								
Labour Expenses								
Wages	166,081	11.7%	0.93	0.74	1,145	852	410	288
Labour Adjustment - Unpaid	0	0.0%	0.00	0.00	0	5	0	2
Labour Adjustment - Management	0	0.0%	0.00	0.36	0	414	0	140
Total Labour Expenses	166,081	11.7%	0.93	1.10	1,145	1,271	410	430
Stock Expenses								
Animal Health	55,844	3.9%	0.31	0.27	385	311	138	105
Breeding & Herd Improvement	43,734	3.1%	0.25	0.15	302	178	108	60
Farm Dairy	2,434	0.2%	0.01	0.07	17	81	6	27
Electricity (Farm Dairy, Water Supply)	11,901	0.8%	0.07	0.12	82	138	29	47
Total Stock Expenses	113,913	8.1%	0.64	0.62	786	709	281	240
Feed Expenses								
Supplement Expenses								
Net Made,Purchased,Cropped	171,165	12.1%	0.96	1.44	1,180	1,653	423	559
Less Feed Inventory Adjustment	2,380	0.2%	0.01	0.00	16	2	6	1
Calf Feed	5,916	0.4%	0.03	0.05	41	61	15	20
Total Supplement Expenses	174,701	12.4%	0.98	1.49	1,205	1,712	431	579
Grazing & Run Off Expenses								
Young & Dry Stock Grazing	60,877	4.3%	0.34	0.32	420	365	150	123
Winter Cow Grazing	0	0.0%	0.00	0.03	0	30	0	10
Support block Lease	10,800	0.8%	0.06	0.04	74	48	27	16
Owned Support block Adjustment	0	0.0%	0.00	0.05	0	59	0	20
Total Grazing & Support block expenses	71,677	5.1%	0.40	0.44	494	502	177	170
Total Feed Expenses	246,378	17.4%	1.38	1.92	1,699	2,214	608	749
Other Working Expenses								
Fertiliser	42,580	3.0%	0.24	0.35	294	407	105	138
Nitrogen	29,508	2.1%	0.17	0.06	204	74	73	25
Irrigation	0	0.0%	0.00	0.00	0	5	0	2
Regrassing	24,748	1.8%	0.14	0.08	171	91	61	31
Weed & Pest	644	0.0%	0.00	0.04	4	41	2	14
Vehicles	12,567	0.9%	0.07	0.16	87	184	31	62
Fuel	2,571	0.2%	0.01	0.05	18	52	6	18
R & M - land & buildings	89,723	6.3%	0.50	0.26	619	300	222	101
R & M - plant and equipment	16,207	1.1%	0.09	0.12	112	138	40	47
Freight and General	15,490	1.1%	0.09	0.05	107	62	38	21
Total Other Working Expenses	234,038	16.6%	1.31	1.18	1,614	1,355	578	458
Overheads								
Administration	4,449	0.3%	0.02	0.14	31	161	11	54
Insurance	435	0.0%	0.00	0.07	3	79	1	27
ACC	10,308	0.7%	0.06	0.02	71	26	25	9
Rates	41,786	3.0%	0.23	0.12	288	135	103	46
Depreciation	91,741	6.5%	0.52	0.39	633	451	227	153
Total Overheads	148,719	10.5%	0.83	0.74	1,026	852	367	288
TOTAL DAIRY OPERATING EXPENSES	909,129	64.3%	5.10	5.56	6,270	6,400	2,245	2,165
Non-Dairy Operating Expenses								
Total Operating Expenses								
OPERATING PROFIT								
DAIRY OPERATING PROFIT	504,929	35.7%	2.83	2.37	3,482	2,729	1,247	923
Non-Dairy Operating Profit								
Total Operating Profit								

Multiyear Financial Detail (total \$)

Owl Farm (Farm ID: 375316)
Dairy Season ended: 2021

Printed: 26 July 2021

	2020-21	2019-20	2018-19	2017-18
Business Type : Region	OO:Waikato	OO:Waikato	OO:Waikato	OO:Waikato
Milking Area (ha)	145.0	147.4	147.4	148.0
Peak Cows	405	405	406	418
Milksolids Kg	178,125	167,184	169,359	168,169

	2020-21		2019-20		2018-19		2017-18	
	Total \$	% of GFR	Total \$	% of GFR	Total \$	% of GFR	Total \$	% of GFR
GROSS FARM REVENUE (GFR)								
Net Milk Sales	1,331,232	94.1%	1,188,991	93.9%	1,086,293	93.8%	1,135,370	94.3%
Net Dairy Livestock Sales	92,406	6.5%	61,152	4.8%	65,279	5.6%	91,601	7.6%
Value of Change in Dairy Livestock	-9,580	-0.7%	7,296	0.6%	126	0.0%	-22,364	-1.9%
Other Dairy Revenue	0	0.0%	9,424	0.7%	6,720	0.6%	0	0.0%
DAIRY GROSS FARM REVENUE	1,414,058	100.0%	1,266,863	100.0%	1,158,418	100.0%	1,204,607	100.0%
Non-Dairy Cash Income								
Value of Change in Non-dairy livestock								
Total Gross Farm Revenue								
OPERATING EXPENSES								
Labour Expenses								
Wages	166,081	11.7%	169,367	13.4%	178,362	15.4%	148,858	12.4%
Labour Adjustment - Non-paid	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Labour Adjustment - Management	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Labour Expenses	166,081	11.7%	169,367	13.4%	178,362	15.4%	148,858	12.4%
Stock Expenses								
Animal Health	55,844	3.9%	45,175	3.6%	48,310	4.2%	47,098	3.9%
Breeding & Herd Improvement	43,734	3.1%	49,451	3.9%	42,474	3.7%	38,692	3.2%
Farm Dairy	2,434	0.2%	4,253	0.3%	9,644	0.8%	8,185	0.7%
Electricity (Farm Dairy, Water Supply)	11,901	0.8%	12,142	1.0%	13,484	1.2%	13,711	1.1%
Total Stock Expenses	113,913	8.1%	111,021	8.8%	113,912	9.8%	107,686	8.9%
Feed Expenses								
Supplement Expenses								
Net Made,Purchased, Cropped	171,165	12.1%	170,522	13.5%	144,337	12.5%	131,784	10.9%
Less Feed Inventory Adjustment	2,380	0.2%	-23,030	-1.8%	0	0.0%	12,800	1.1%
Calf Feed	5,916	0.4%	7,449	0.6%	9,874	0.9%	5,839	0.5%
Total Supplement Expenses	174,701	12.4%	201,001	15.9%	154,211	13.3%	124,823	10.4%
Grazing & Support block Expenses								
Young & Dry Stock Grazing	60,877	4.3%	65,245	5.2%	62,745	5.4%	66,678	5.5%
Winter Cow Grazing	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Support block Lease	10,800	0.8%	10,800	0.9%	18,965	1.6%	9,625	0.8%
Owned Support block Adjustment	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Grazing & Support block expenses	71,677	5.1%	76,045	6.0%	81,710	7.1%	76,303	6.3%
Total Feed Expenses	246,378	17.4%	277,046	21.9%	235,921	20.4%	201,126	16.7%
Other Working Expenses								
Fertiliser	42,580	3.0%	45,084	3.6%	58,820	5.1%	35,643	3.0%
Nitrogen	29,508	2.1%	20,415	1.6%	45,999	4.0%	41,112	3.4%
Irrigation	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Regrassing	24,748	1.8%	24,676	1.9%	23,309	2.0%	31,541	2.6%
Weed & Pest	644	0.0%	2,434	0.2%	4,532	0.4%	956	0.1%
Vehicles	12,567	0.9%	9,250	0.7%	8,212	0.7%	5,084	0.4%
Fuel	2,571	0.2%	4,621	0.4%	7,601	0.7%	7,620	0.6%
R & M - land & buildings	89,723	6.3%	81,144	6.4%	19,887	1.7%	25,786	2.1%
R & M - plant and equipment	16,207	1.1%	15,681	1.2%	32,592	2.8%	20,367	1.7%
Freight and General	15,490	1.1%	13,829	1.1%	1,819	0.2%	3,275	0.3%
Total Other Working Expenses	234,038	16.6%	217,134	17.1%	202,771	17.5%	171,384	14.2%
Overheads								
Administration	4,449	0.3%	21,878	1.7%	4,177	0.4%	5,849	0.5%
Insurance	435	0.0%	0	0.0%	20,628	1.8%	21,790	1.8%
ACC	10,308	0.7%	12,227	1.0%	7,029	0.6%	6,561	0.5%
Rates	41,786	3.0%	43,851	3.5%	26,205	2.3%	30,175	2.5%
Depreciation	91,741	6.5%	59,828	4.7%	52,987	4.6%	52,979	4.4%
Total Overheads	148,719	10.5%	137,784	10.9%	111,026	9.6%	117,354	9.7%
DAIRY OPERATING EXPENSES	909,129	64.3%	912,352	72.0%	841,992	72.7%	746,408	62.0%
Non-Dairy Operating Expenses								
Total Operating Expenses								
OPERATING PROFIT								
DAIRY OPERATING PROFIT	504,929	35.7%	354,511	28.0%	316,426	27.3%	458,199	38.0%
Non-Dairy Operating Profit								
Total Operating Profit								

Debt over time – principal repaid and capex

Below is the historical change in working capital associated with Owl Farm. The change in opening debt is shown which highlights the trend of paying down debt over time and reducing interest rate liability. The farm is targeting debt repayment of \$180,000 in a \$6.50 payout year, with a minimum of \$100,000 every year.

Graphic 4.4: Opening debt changes over time

	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	2020-21	2021-22
Fonterra Shareholding	186165	186165	186165	186165	186165	186165	
kgMS	176197	178294	168169	169359	167185	178123	
Opening Debt	\$ 3,700,000.00	\$ 4,056,553.44	\$ 3,785,055.80	\$ 3,871,250.38	\$ 3,659,847.99	\$ 3,487,590.13	\$ 3,247,675.32
Opening Debt/kgMS	\$ 20.00	\$ 23.02	\$ 21.23	\$ 23.02	\$ 21.61	\$ 20.86	\$ 18.23
Interest Rate	5.64%	4.50%	4.90%	5.30%	5.00%	3.50%	3.50%
Interest Payable	\$ 208,604.91	\$ 177,802.80	\$ 182,555.00	\$ 190,113.96	\$ 169,272.00	\$ 122,065.65	\$ 113,668.64
Income					\$ 1,307,671	\$ 1,470,586	
Expenses					\$ 866,982	\$ 870,939	
Lease milking land					\$ 48,573	\$ 52,543	
Interest					\$ 169,272	\$ 122,066	
Depreciation					\$ 56,782	\$ 91,740	
Taxable Income					\$ 166,062	\$ 333,298	
Tax payable					\$ 46,497	\$ 93,324	
Capital Expenses					\$ 4,089	\$ 91,800	
Principal repaid					\$ 172,258	\$ 239,915	
					Calf trailer \$4k	Protrack \$40k	
						Silage Wagon \$39.8k	
						DNA herd \$12k	

Breakeven milk price

Breakeven milk price is a calculation of the milk price required to cover our business needs (debt repayment, interest, drawings etc) and includes income generated from livestock sales. Our break-even milk price in 2020-21 was \$7/kg MS.

Graphic 4.5: Breakeven milk price for 2020/21 season

Breakeven milk price calculator

Fill in the white boxes below and read the notes for further information

Disclaimer: This is a guide only. Please seek professional advice for your individual situation.

Milksolids (kg)	178,123	
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Income	\$/kgMS	Total
Net milk (includes dividends)	\$7.49	\$1,334,893
Net livestock	\$0.52	\$92,406
Other dairy income	\$0.00	\$0
Net cash income	\$8.01	\$1,427,299

Expenses	\$/kgMS	Total
Farm working expenses	\$4.89	\$870,939
Interest and rent	\$0.82	\$145,252
Tax	\$0.52	\$92,560
Asset replacement allowance*	\$0.28	\$50,000
Drawings	\$0.00	\$0
Principal repayments*	\$1.01	\$180,000
Total expenses	\$7.52	\$1,338,751

Surplus/deficit	\$0.50	\$88,548
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Breakeven milk price (net milk less surplus/deficit)	\$7.00
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