

Dairy Farming Group Averages



2009, 2010 and 2011 Dairy Seasons

Owner-Operators



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CooperAitken and Dairybase Report

To add more value this year we have combined our statistics with Dairybase. You may notice some changes in the format which will provide you with a better understanding of New Zealand dairy farm businesses. These reports provide a range of business performance averages for CooperAitken clients. They will assist you to identify areas of your business performance where you consider you might be able to make changes and increase your profitability.

Maximise the value from this report

To really benefit from these reports you need to request a personalised one. This will benchmark your farm against the groups average. Powerful information to allow you to easily see the areas of your business which are out performing others and those where you can make changes to increase your profitability. We can help to make sure the information is interpreted correctly.

A personalised report will help you with budgeting, business planning and discussions with your bank. To obtain a personalised report contact CooperAitken.

Disclaimer

This report is a compilation and is limited to the collection, classification and summarisation of financial information supplied by selected clients.

A compilation does not involve the verification of that information. We have not carried out an Audit or a Review Assignment on the Financial Statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the information from which the Financial Statements have been prepared. Further, the report has been prepared for the purpose of our clients only and neither we nor any of our employees accept any responsibility on any ground whatever, including liability in negligence, to any other person.

Farm business description

Benchmark name	Owner-Operators
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Season	2010-11
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Land (ha)	
Total Dairying area	101
Less un-grazable area	5
Effective Dairying area	96
Dairy Support block effective area	22

Labour	
FTE paid labour	1.0
FTE unpaid labour	0.3
FTE unpaid management	0.8
Total FTEs	2.2

Stock	
Peak cows milked	286
Predominant breed	Friesian
Cows per FTE	130


Production	Total milk solids (kg)
2010-11	101,601
2009-10	111,170
2008-09	119,545
2010-11	
Milksolids per hectare	1,057
Milksolids per cow	355
Milksolids per FTE	46,182

Financial	
Cash Farm Working Expenses (\$/kgMS)	3.88
Operating profit per hectare (\$/ha)	2998
Operating profit margin (%)	36.9%

Whilst this year's production figures show a drop in peak cows milked and total milk solids, this reflects more a change in our sample base than the industry trend.

Business Performance Summary - Overview

 Owner-Operators - without adjustments

 -with adjustments for unpaid labour, change in feed inventory and runoff owned added to expenses

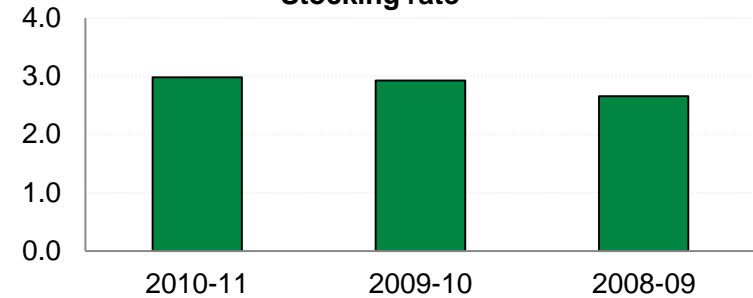
(only applies from 2009-10 onwards)

Time series Commentary

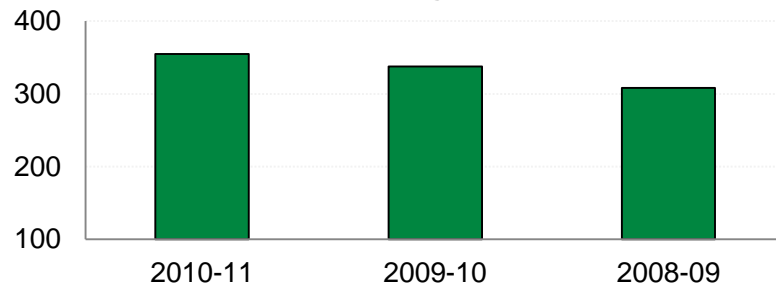
Milksolids production has steadily increased on a national level by marginal amounts, although with some regional variation due to the variable climatic conditions of 2009/10 and 2010/11. Following on from a relatively low \$5.20 payout in 2008/09, and a poor early forecast for 2009/10, payout rose to finish on \$6.10 in 2009/10 and \$7.50 in 2010/11. Consequently profitability trends show improvements over the three seasons.

Source: MAF Farm Monitoring Dairy Sector Overview

Stocking rate



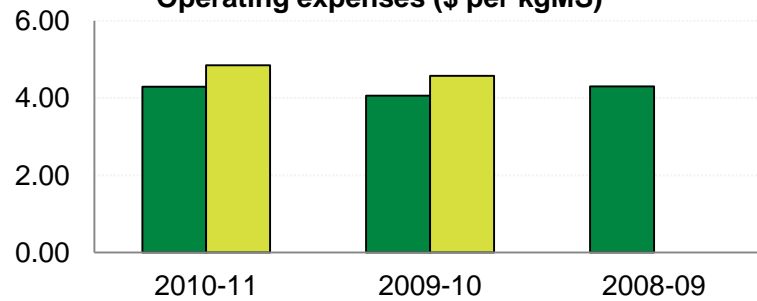
Milk production (kgMS per cow)



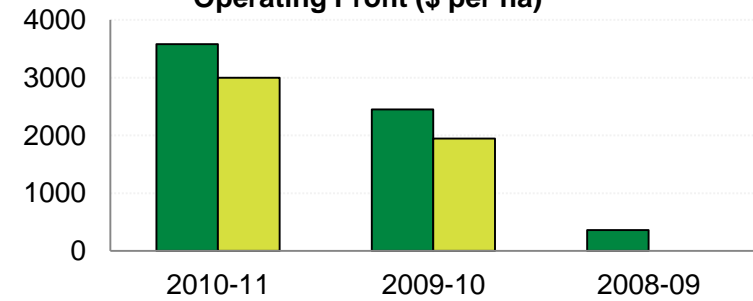
Milk production (kgMS per ha)



Operating expenses (\$ per kgMS)



Operating Profit (\$ per ha)



Business Performance Summary - major expense categories

■ Owner-Operators - without adjustments

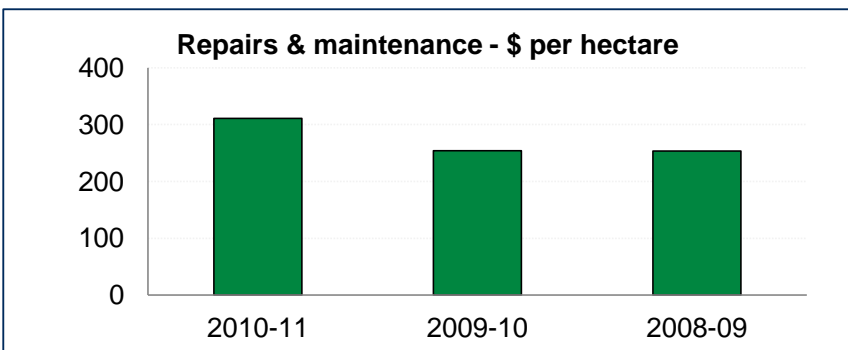
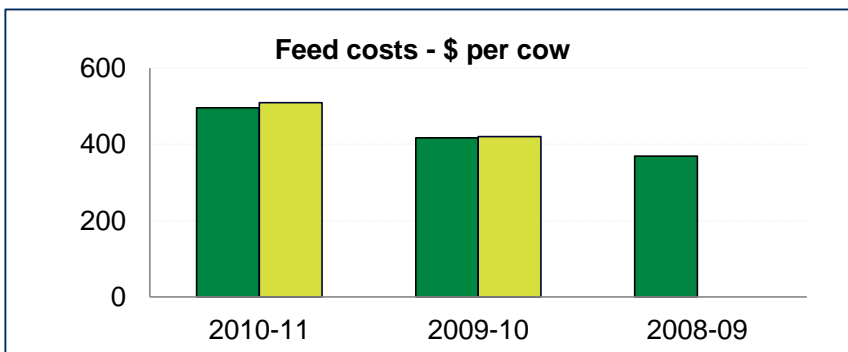
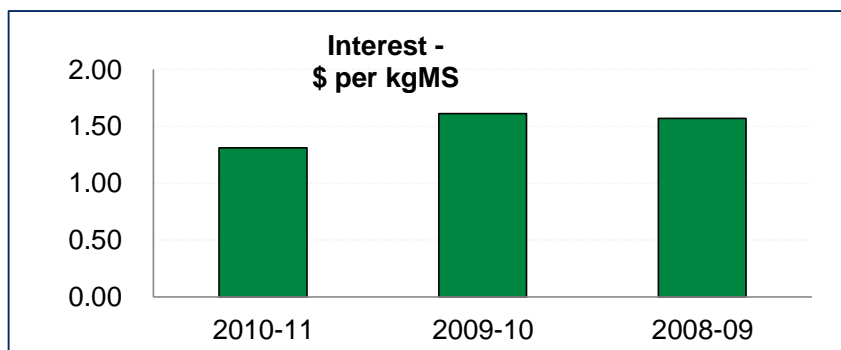
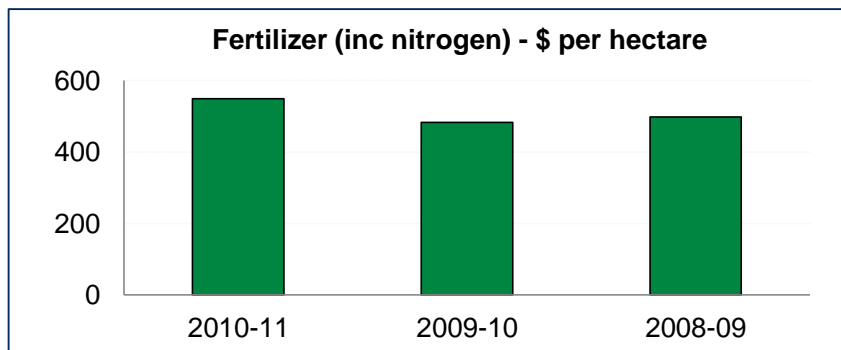
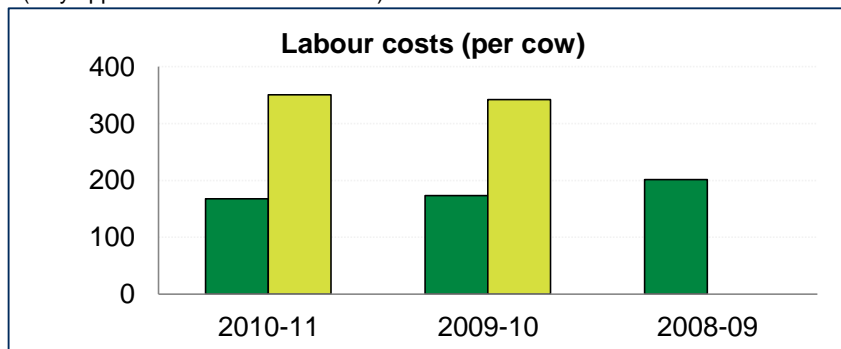
■ -with adjustments for unpaid labour, change in feed inventory and runoff owned added to expenses

(only applies from 2009-10 onwards)

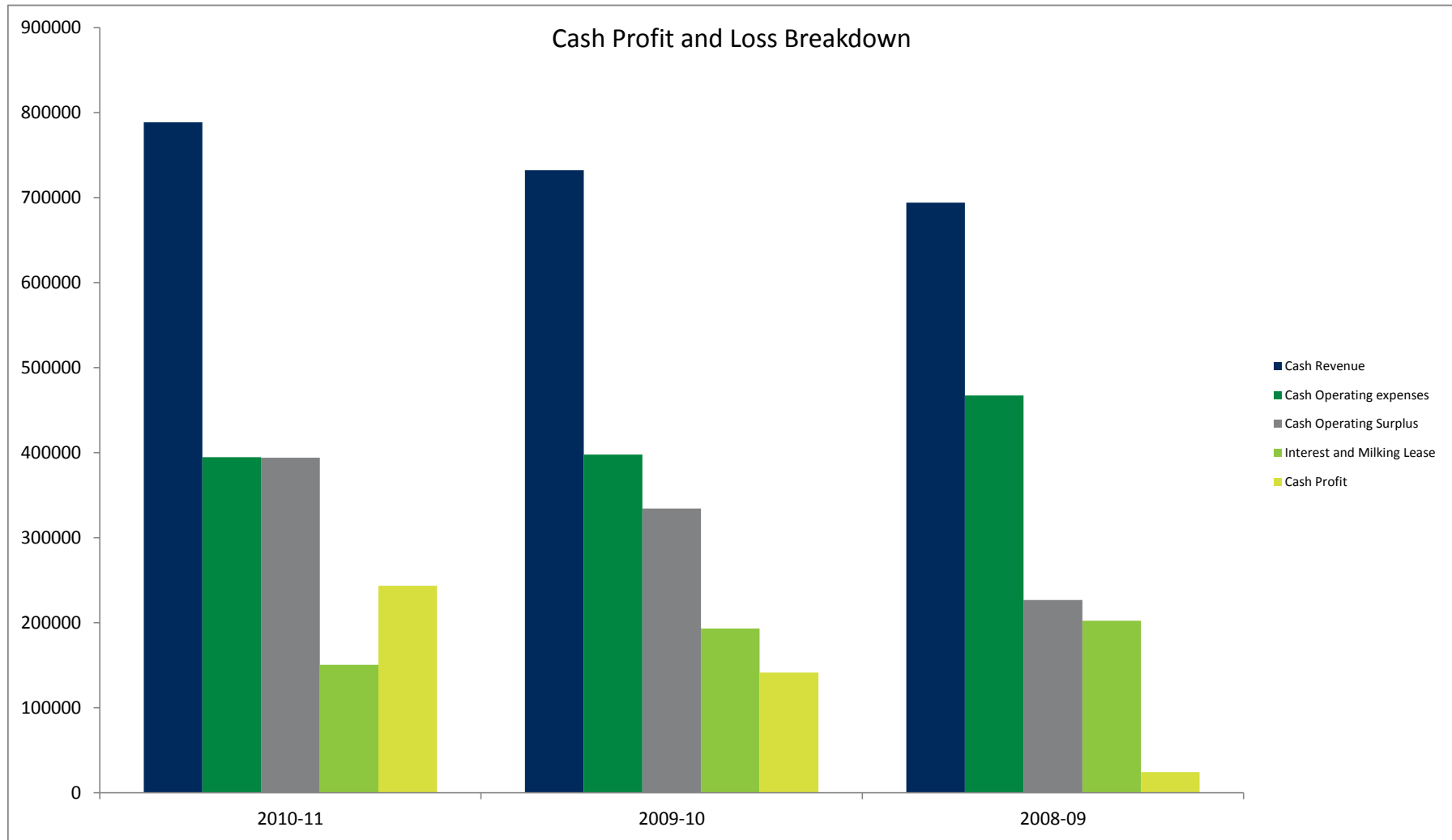
Time series Commentary

Overall expenses have been increasing, particularly in the feed category due to the weather conditions and high payouts. The exception was in 2009/10 where an initial low forecast drove tighter cost controls. The 2010/11 season showed general price increases across most items, with on-farm spending and debt-repayment a priority for many farmers.

Source: MAF Farm Monitoring Dairy Sector Overview

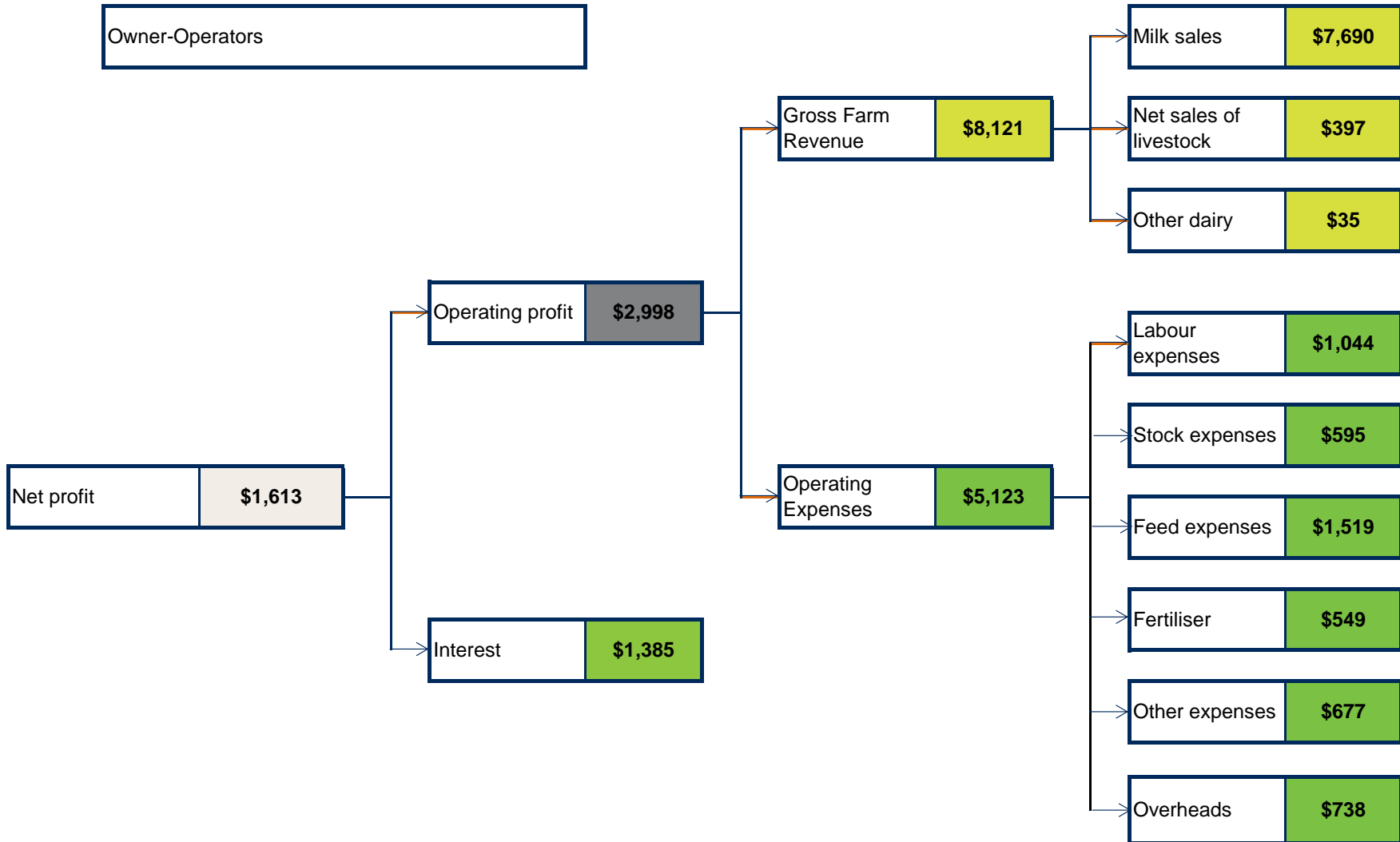


New Zealand Owner-Operators



What drives the operating profit? (\$ per ha)

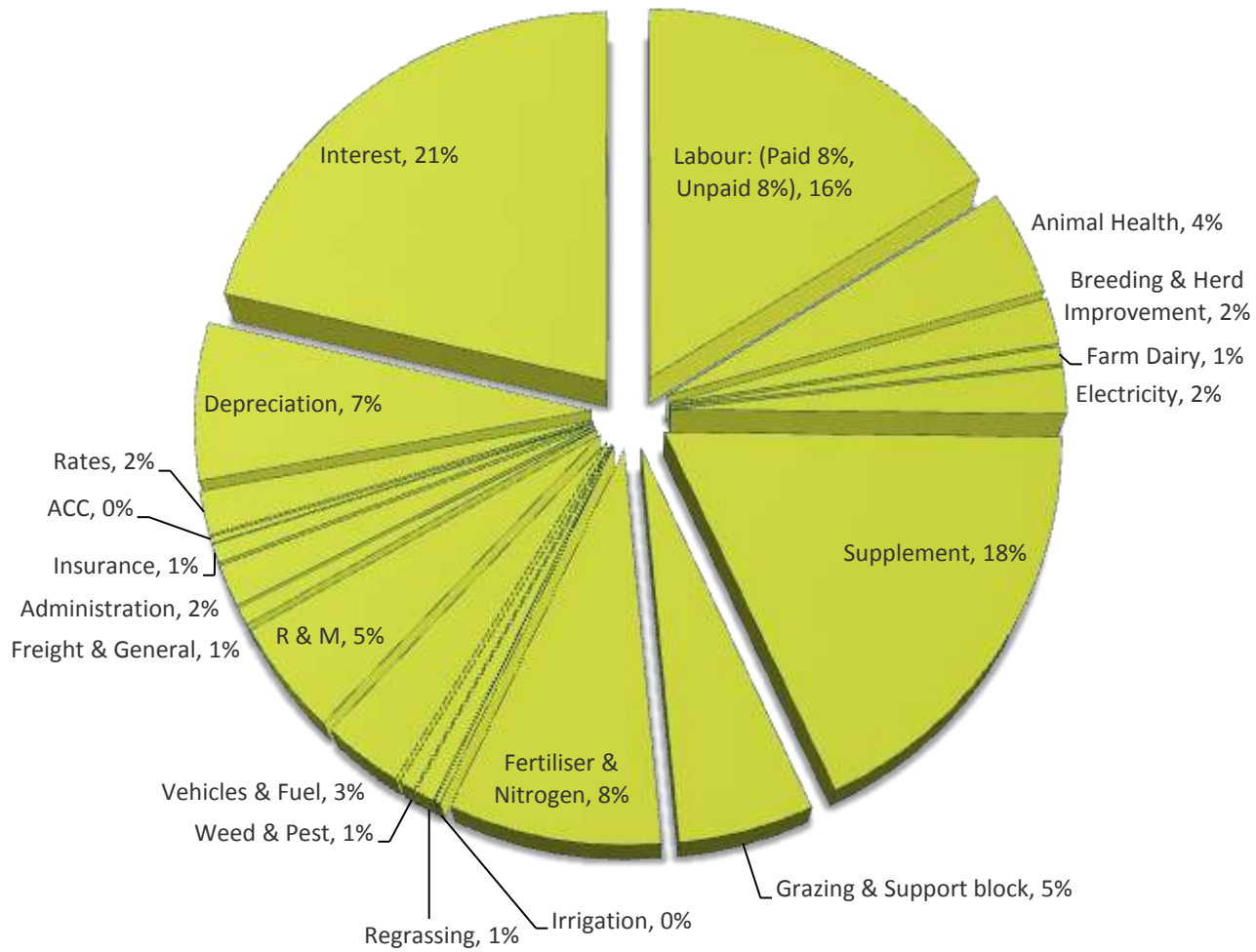
This page shows how the operating Profit is generated. Interest is then included to show a net profit



How do costs breakdown?

This chart shows how operating expenses breakdown, and the relationship to interest

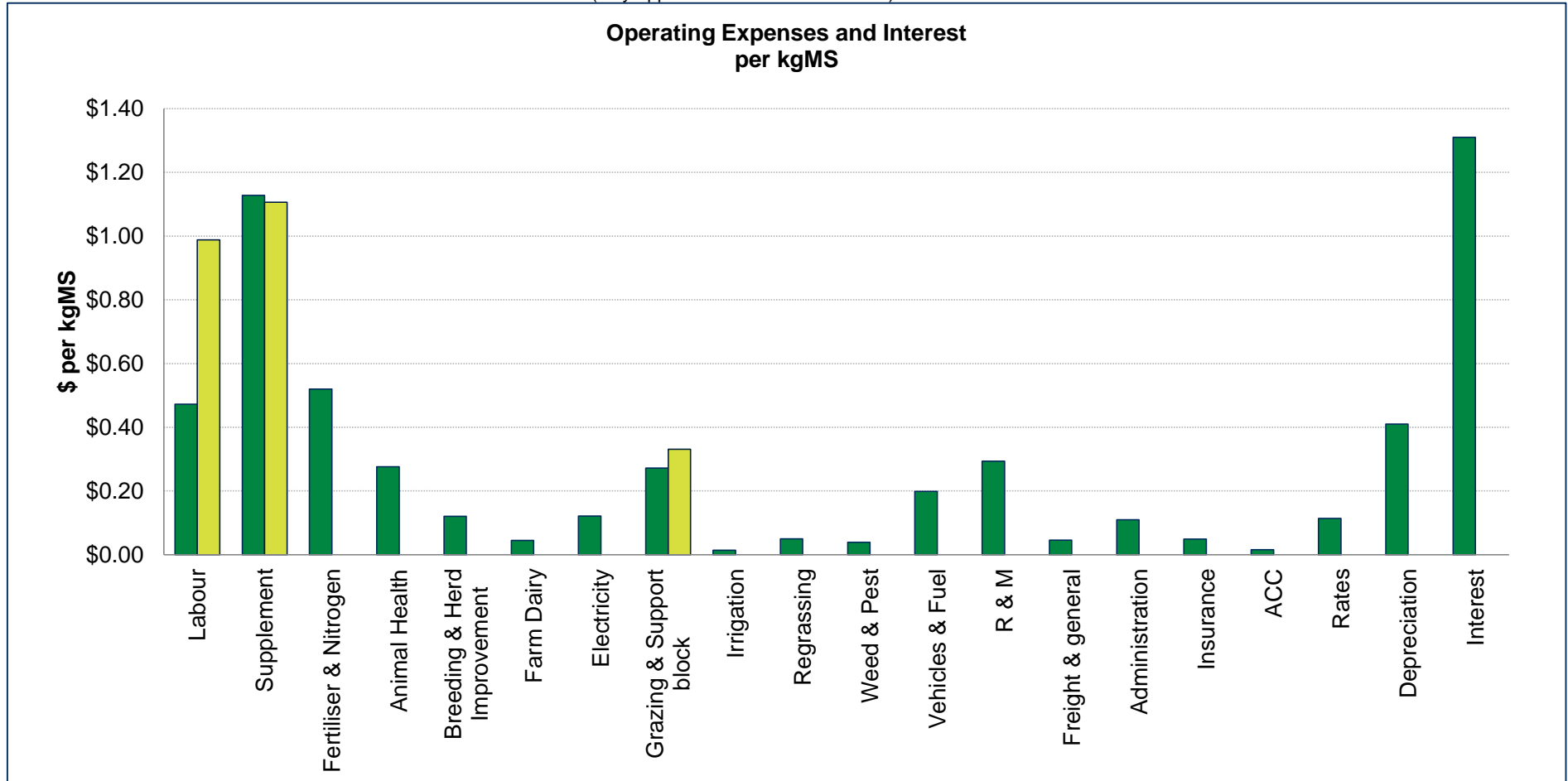
Operating Expenses and Interest per kgMS 2010-11



How do costs compare?

This chart shows how the operating expenses breakdown. Note - the costs plotted here include adjustments for non-cash costs like family labour and depreciation.

■ Owner-Operators 2010-11
 ■ -with adjustments for unpaid labour, change in feed inventory and runoff owned added to expenses (only applies from 2009-10 onwards)



Financial Detail: Owner-Operators

This page shows how Operating Profit is generated, based on the DairyBase format, for the current season only

GROSS FARM REVENUE (GFR)	Total \$	% of GFR	\$ Per kg MS	\$ Per Ha	\$ Per Cow
Net Milk Sales	739,058	94.7%	7.27	7,690	2,580
Net Dairy Livestock Sales	46,107	5.9%	0.45	480	161
Value of Change in Dairy Livestock	-7,963	-1.0%	-0.08	-83	-28
Other Dairy Revenue	3,331	0.4%	0.03	35	12
Dairy Gross Farm Revenue	780,534	100.0%	7.68	8,121	2,725
OPERATING EXPENSES					
Labour Expenses					
Wages	47,986	6.1%	0.47	499	168
Labour Adjustment - Unpaid	11,048	1.4%	0.11	115	39
Labour Adjustment - Management	41,351	5.3%	0.41	430	144
Total Labour Expenses	100,384	12.9%	0.99	1,044	350
Stock Expenses					
Animal Health	28,038	3.6%	0.28	292	98
Breeding & Herd Improvement	12,251	1.6%	0.12	127	43
Farm Dairy	4,579	0.6%	0.05	48	16
Electricity (Farm Dairy, Water Supply)	12,313	1.6%	0.12	128	43
Total Stock Expenses	57,181	7.3%	0.56	595	200
Feed Expenses					
<u>Supplement Expenses.</u>					
Crops and supplements made	10,794	1.4%	0.11	112	38
Crops and supplements purchased	99,735	12.8%	0.98	1038	348
Less Feed Inventory Adjustment	2,244	0.3%	0.02	23	8
Calf Feed	4,073	0.5%	0.04	42	14
Total Supplement Expenses	112,357	14.4%	1.11	1169	392
<u>Grazing & Support block Expenses</u>					
Young & Dry Stock Grazing	18,642	2.4%	0.18	194	65
Winter Cow Grazing	0	0.0%	0.00	0	0
Support block Lease	8,978	1.2%	0.09	93	31
Owned Support block Adjustment	6,026	0.8%	0.06	63	21
Total Grazing & Support block Expenses	33,646	4.3%	0.33	350	117
Total Feed Expenses	146,004	18.7%	1.44	1,519	510
Other Working Expenses					
Fertiliser	34,109	4.4%	0.34	355	119
Nitrogen	18,663	2.4%	0.18	194	65
Irrigation	1,384	0.2%	0.01	14	5
Regrassing	5,065	0.6%	0.05	53	18
Weed & Pest	3,984	0.5%	0.04	41	14
Vehicles	17,945	2.3%	0.18	187	63
Fuel	2,247	0.3%	0.02	23	8
R & M - land & buildings	21,975	2.8%	0.22	229	77
R & M - plant and equipment	7,882	1.0%	0.08	82	28
Freight and General	4,622	0.6%	0.05	48	16
Total Other Working Expenses	117,877	15.1%	1.16	1227	411
Overheads					
Administration	11,122	1.4%	0.11	116	39
Insurance	4,992	0.6%	0.05	52	17
ACC	1,568	0.2%	0.02	16	5
Rates	11,591	1.5%	0.11	121	40
Depreciation	41,663	5.3%	0.41	433	145
Total Overheads	70,936	9.1%	0.70	738	248
Total Dairy Operating Expenses	492,382	63.1%	4.85	5,123	1,719
DAIRY OPERATING PROFIT	288,152	36.9%	2.84	2,998	1,006
Other Items					
Other leases (excl Run off)	17,344	2.2%	0.17	180	61
Interest	133,093	17.1%	1.31	1,385	465
Drawings	91,543	11.7%	0.90	952	320

Financial Detail: Owner-Operators: Last 3 Years

Some information has been updated and therefore previous seasons figures may differ slightly from those previously published.

This time series shows the labour and run-off adjustments at the end, as this data is missing for 2008-09 in the Cooper Aitken time series. Other differences include:

- 2009-10 and 2010-11 private portions have been removed from operating expenses in the following: * Car expenses, Insurance, House power

- 2008-09 profit figures were skewed when clients change between NSC and Herd values for valuing livestock. This year we have adopted DairyBase methods and have used the Herd Values to calculate the "Value change in livestock" to avoid skewed profit data.

	2010-11				2009-10				2008-09			
	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow
Net Milk Sales	739,058	7.27	7,690	2,580	680,801	6.12	6,060	2,068	632,519	5.29	4,332	1,630
Net Dairy Livestock Sales	46,107	0.45	480	161	39,120	0.35	348	119	43,870	0.37	300	113
Value of Change in Dairy Livestock	-7,963	-0.08	-83	-28	-4,765	-0.04	-42	-14	-127,756	-1.07	-874	-329
Other Dairy Revenue	3,331	0.03	35	12	12,082	0.11	108	37	17,502	0.15	120	45
Dairy Gross Farm Revenue	780,534	7.68	8,121	2,725	727,238	6.54	6,473	2,209	566,135	4.74	3,878	1,459
Labour (excl adjustments)												
Wages	47,986	0.47	499	168	57,073	0.51	508	173	78,150	0.65	535	201
Stock Expenses												
Animal Health	28,038	0.28	292	98	26,447	0.24	235	80	29,793	0.25	204	77
Breeding & Herd Improvement	12,251	0.12	127	43	13,002	0.12	116	39	11,749	0.10	80	30
Farm Dairy	4,579	0.05	48	16	3,692	0.03	33	11	4,401	0.04	30	11
*Electricity (Farm Dairy, Water Supply)	12,313	0.12	128	43	10,962	0.10	98	33	12,419	0.10	85	32
Feed Expenses (excl adjustments)												
Maize	17,205	0.17	179	60	15,263	0.14	136	46	0	0.00	0	0
Crops and supplements made	10,794	0.11	112	38	2,951	0.03	26	9	14,415	0.12	99	37
Crops and supplements purchased	82,529	0.81	859	288	82,227	0.74	732	250	102,257	0.86	700	264
Calf Feed	4,073	0.04	42	14	3,180	0.03	28	10	6,533	0.05	45	17
Young & Dry Stock Grazing	18,642	0.18	194	65	24,879	0.22	221	76	19,987	0.17	137	52
Winter Cow Grazing	0	0.00	0	0	0	0.00	0	0	0	0.00	0	0
Support block Lease	8,978	0.09	93	31	8,897	0.08	79	27	0	0.00	0	0
Other Working Expenses												
Fertiliser	34,109	0.34	355	119	36,150	0.33	322	110	43,317	0.36	297	112
Nitrogen	18,663	0.18	194	65	18,081	0.16	161	55	29,375	0.25	201	76
Irrigation	1,384	0.01	14	5	2,160	0.02	19	7	0	0.00	0	0
Regrassing	5,065	0.05	53	18	5,398	0.05	48	16	5,618	0.05	38	14
Weed & Pest	3,984	0.04	41	14	3,144	0.03	28	10	4,662	0.04	32	12
Freight and General	4,622	0.05	48	16	4,169	0.04	37	13	6,882	0.06	47	18

continued overleaf

Financial Detail: Owner-Operators: Last 3 Years

	2010-11				2009-10				2008-09			
	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow	Total \$	\$/kgMS	\$/Ha	\$/cow
Vehicles												
*Car expenses	1,960	0.02	20	7	1,914	0.02	17	6	4,008	0.03	27	10
Tractor	8,763	0.09	91	31	7,657	0.07	68	23	9,211	0.08	63	24
Truck	3,003	0.03	31	10	3,049	0.03	27	9	3,982	0.03	27	10
Farm bike	3,164	0.03	33	11	3,994	0.04	36	12	4,382	0.04	30	11
Ute	0	0.00	0	0	255	0.00	2	1	0	0.00	0	0
Other vehicle expenses	1,056	0.01	11	4	512	0.00	5	2	1,931	0.02	13	5
Fuel	2,247	0.02	23	8	1,948	0.02	17	6	0	0.00	0	0
R & M												
Private buildings	250	0.00	3	1	547	0.00	5	2	3,825	0.03	26	10
Other buildings	5,314	0.05	55	19	4,226	0.04	38	13	2,801	0.02	19	7
Drains & Races, Tracks & Bridges	5,885	0.06	61	21	5,371	0.05	48	16	7,217	0.06	49	19
Yards & loafing platforms	832	0.01	9	3	1,406	0.01	13	4	0	0.00	0	0
Fences & Hedges	4,310	0.04	45	15	3,530	0.03	31	11	7,736	0.06	53	20
Water Supply	2,615	0.03	27	9	2,948	0.03	28	9	4,259	0.04	29	11
Other land & buildings	2,769	0.03	29	10	1,714	0.02	15	5	1,061	0.01	7	3
Plant and Equipment	7,882	0.08	82	28	8,825	0.08	79	27	10,067	0.08	69	26
Overheads												
Administration	11,122	0.11	116	39	12,912	0.12	115	39	15,575	0.13	107	40
*Insurance	4,992	0.05	52	17	5,660	0.05	50	17	6,096	0.05	42	16
ACC	1,568	0.02	16	5	2,577	0.02	23	8	2,917	0.02	20	8
Rates	11,591	0.11	121	40	10,860	0.10	97	33	12,685	0.11	87	33
Depreciation	41,663	0.41	433	145	54,347	0.49	484	165	46,560	0.39	319	120
Other Leases (excl Run off)	17,344	0.17	180	61	14,017	0.13	125	43	14,541	0.12	100	37
Interest	133,093	1.31	1385	465	179,132	1.61	1594	544	187,748	1.57	1286	484
Total expenses	586,638	5.77	6104	2048	645,075	5.80	5743	1960	716,160	5.99	4905	1846
Net profit	193,896	1.91	2017	677	82,163	0.74	730	249	-150,025	-1.25	-1027	-386
Profit reconciliation to DairyBase (includes labour, run-off and change in feed inventory adjustments, excludes interest and other leases)												
Feed Inventory Adjustment	-2,244	-0.02	-23	-8	-3,152	-0.03	-28	-10				
Owned Support block Adjustment	6,026	0.06	63	21	4,270	0.04	38	13				
Labour Adjustment	52,398	0.52	545	183	55,535	0.50	494	169				
Dairy Operating Profit	288,152	2.84	2,998	1,006	218,659	1.97	1,946	664				
Drawings	91,543	0.90	952	320	73,795	0.66	657	224	62,400	0.52	427	161

* Refer to previous page for description

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