

## Macalister Demonstration Farm

### Half Year Report: July – December 2016

Half Year (July-December) 2016		
Income	Budget \$	Actual \$
Milk sales	258,840	326,816
Livestock trading (net balance)	-	25,488
Dividends	8,820	2785
Rebates	1054	2854
<b>TOTAL INCOME</b>	<b>\$ 268,714</b>	<b>\$ 357,943</b>
<b>Expenses</b>		
Fertiliser (inc. urea)	19969	10,570
Irrigation	18659	10,638
Other Grown Feed Costs	13225	14043
Purchased Feed - Grain	58873	59213
Purchased Feed - Other	25070	19496
Rearing Replacements	41372	19296
Mating & Herd Health	28915	16362
Shed Costs	11642	13231
Labour Costs	95460	70802
Repairs & Maintenance	15210	9633
Other Overheads	13945	12923
Finance	28878	29730
<b>TOTAL EXPENSES</b>	<b>\$ 371,218</b>	<b>\$ 285,937</b>
<b>Surplus/Deficit</b>	<b>-\$ 102,504</b>	<b>\$ 72,006</b>

Half yearly results are now complete and show a pleasing picture given the challenges of this season, with a surplus as at December 31 2016 in the order of \$70,000.

Income is up significantly compared to budget due to a number of factors. Milk income is higher due to the change in policy that Murray Goulburn made in October regarding the removal of the 'Milk Supply Support Package (MSSP)' for the remainder of the season, along with the price increases paid in October and November, and the price increase announced for payment in July 2017. The resulting increase in milk income has been further augmented by slightly higher production. In addition, there has been income from stock sales that were not budgeted for.

Cost reduction has been achieved across a number of areas. Fertiliser is well down on budget, attributable to a lower and more strategic use of urea at a lower price. Rearing/growing replacements is significantly lower due to calves being moved to agistment at weaning at a good weight. Grass has been sufficient on the agistment property, with little supplementary feed required. Mating and herd

health has been reduced through a deliberate decision to reduce expenditure on AI per straw, and more herd health tasks being addressed using farm labour, therefore reducing the amount of veterinary involvement in the system. Savings in labour costs have been achieved primarily through close attention to efficient use of labour. This is a particularly significant achievement, and saving, as 100% of labour on the MDF is paid labour. Repairs and maintenance are somewhat lower due to preventative actions being put in place, and only addressing R & M matters that are essential.

All in all, this is an excellent first half of the season for the MDF, however it should be noted that cash flow on many farms remains tight.