

Annual Cash Budget

Name: **South Waikato Owner with CM System 3** Budget Period **1 / 7 / 2023** to **31 / 6 / 2024**

Farm Details: **84500 kgMS** **215 cows** **68.0 ha** **393 kgMS/cow** **1243 kgMS/ha** **3.16 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received	100%						
Milk Solids advance	84,500 kgMS x \$	5.74 /kgMS			\$485,100	\$5.74	\$2,256	\$7,134
Milk Solids retrospective	79,524 kgMS x \$	1.34 /kgMS			\$114,900	\$1.36	\$534	\$1,690
Milk Solids dividend	90,800 shares x \$	0.45 /share			\$37,800	\$0.45	\$176	\$556
Other Milk Income								
DairyNZ levy	enter as negative number				-\$3,000	-\$0.04	-\$14	-\$44
Net Dairy livestock sales (calves + culls + other - purchases)					\$36,400	\$0.43	\$169	\$535
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
Net Dairy Cash Income					\$671,200	\$7.94	\$3,122	\$9,871
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker					\$168,200	\$1.99	\$782	\$2,474
Animal health					\$24,000	\$0.28	\$112	\$353
Breeding and herd improvement					\$14,000	\$0.17	\$65	\$206
Farm dairy					\$3,000	\$0.04	\$14	\$44
Electricity (farm dairy, water supply)					\$11,100	\$0.13	\$52	\$163
Supplements made (incl. Contractors)					\$11,100	\$0.13	\$52	\$163
Supplements purchased					\$52,200	\$0.62	\$243	\$768
Calf rearing					\$4,000	\$0.05	\$19	\$59
Young and dry stock grazing					\$43,000	\$0.51	\$200	\$632
Winter cow grazing								
Run-off lease								
Fertiliser (incl. N)					\$60,000	\$0.71	\$279	\$882
Irrigation								
Regrassing and cropping					\$9,000	\$0.11	\$42	\$132
Weed and pest					\$1,000	\$0.01	\$5	\$15
Vehicles and fuel					\$12,000	\$0.14	\$56	\$176
R&M (land, buildings, plant, machinery)					\$11,000	\$0.13	\$51	\$162
Freight and general farm expenses					\$3,000	\$0.04	\$14	\$44
Administration e.g. accountant, consultant, phone					\$11,000	\$0.13	\$51	\$162
Insurance					\$7,000	\$0.08	\$33	\$103
ACC					\$2,500	\$0.03	\$12	\$37
Rates					\$10,100	\$0.12	\$47	\$149
Total Farm Working Expenses					\$457,200	\$5.41	\$2,127	\$6,724
Cash Surplus / Deficit					\$214,000	\$2.53	\$995	\$3,147
Non Cash adjustments								
Value of change in livestock numbers					-\$9,700	-\$0.11	-\$45	-\$143
Labour adjustment								
Less Feed inventory Adjustment					-\$24,300	-\$0.29	-\$113	-\$357
Owned support block adjustment					\$1,600	\$0.02	\$7	\$24
Depreciation					\$30,000	\$0.36	\$140	\$441
Dairy Gross Farm Revenue					\$661,500	\$7.83	\$3,077	\$9,728
Dairy Operating Expenses					\$513,100	\$6.07	\$2,387	\$7,546
Dairy Operating Profit					\$148,400	\$1.76	\$690	\$2,182

Notes for Budget

Net Milk Income	The original budget had milk income based on deferred income for 82,230 kg MS @ \$1.34/kg MS, (received July to October 2023), and advanced income for 84,500 kg MS @ \$6.65/kg MS, (received July 2023 to June 2024). The Fonterra dividend is estimated at \$0.45/share of 90,800 shares. After the August revision the advance income is based on the on \$5.60/kg MS to the end of May, received June. Milk income is net of the DairyNZ levy of \$0.036/kg MS. <i>** This milk income is the farmers best estimate of their likely net milk sales. It may or may not be out of date based on new information from Dairy Companies. It does not necessarily reflect DairyNZ's milk price forecast.</i>
Net Dairy livestock sales (calves + culls + other - purchases)	Includes the sale of 45 MA and R 2 heifer culls @ \$640/head, 140 four day old calves @ \$30/head and 5 R 2 steers @ \$1400. Includes the purchase of one 2 year old Angus bull and the sale of one 3 year old Angus bull.
Other dairy income	

Expenses

Wages	This is payment to the contract milker and covers remuneration for 1.0 FTE plus some relief milking and allowances for calves reared. The contract milker is responsible for the costs of dairy shed consumables and running their farm bike. Included under wages is remuneration to the farm owner for 0.30 FTE work provided to the business. This covers on farm work, governance, administration and strategic planning. A close review in August resulted revealed that the original budget had included GST, so this has dropped by \$17,000.
Animal health	This covers mineral supplementation via drenching from calving till late November, (Mg and a probiotic), Se via drench November and January, plus a Se injection in the winter. Heifers are given Cu when they return to the farm. No other Cu supplementation is given as the in milk cows get PKE all year and this is high in Cu. Drenching with zinc for facial eczema starts in late January. The herd SCC for 2022-23 was 121,000. High SCC cows are treated with longer acting dry cow at drying off. The rest of the herd is also blanket treated with dry cow antibiotic.
Breeding and herd improvement	AB is for 3 1/2 weeks using A2 semen. The majority of the herd is mated to dairy breeds although a few lower BW cows or likely culls are mated to beef semen. 2 bulls are run with the herd for another 6 weeks to give a 9 1/2 week mating period. This cost includes the lease of 3 bulls for the heifers. Herdtesting is 4 times a year - usually twice with 2 milkings and then 2 tests over 1 milking, (after January when the herd is on once a day). Includes the lease of 2 bulls to be used over the R 2 heifers.
Farm dairy	This covers milking machine testing, rubberware and other incidentals that are the owner's responsibility.
Electricity (farm dairy, water supply)	This is higher than average as the effluent system is driven by electric motors - for both the stirrers and pumping, (much of which is up hill).
Supplements made (incl. Contractors)	Approximately 40 t DM of baleage, (220 bales, 185 kg DM/bale), is made on farm using contractors for all the work. The expected cost is about \$240/t DM or \$44/bale.
Supplements purchased	The original budget was for 140 t PKE, (wet), @ \$380/t landed. This was less than previous years as there is more baleage and maize silage on hand than usual at the start of the season. Was able to secure 150 t PKE (wet) for \$347/t landed for a similar total spend. The original plan allowed for this to be fed in the paddock, in trailers, every day, to the milkers at rates of 2 kg/cow/day up to 4 kg/cow/day. The additional 10 t PKE gives a buffer of another 40-45 kg DM/cow.
Calf rearing	43 replacement heifers and 8 beef steers will be reared for the 2023-24 season. This cost is for about 3.0 t meal at \$1,150/t. The calves are reared on colostrum, milk and meal and are weaned at 90-100 kg liveweight. Bedding and equipment costs are included.
Young and dry stock grazing	43 weaners from late November till May 1st at \$9.00/head/week and then May 1st to May 31st at \$11.50 plus 43 R 2 heifers from June 1st to May 1st at \$11.50/head/week. There will also be 8 carry over cows at grazing for 52 weeks at \$12/head/week. Includes freight and the cost of grazing for 2 bulls during the mating season. Does not include the costs of drenching which is included with animal health. After the August revision this has gone up \$2,000 due to a higher per head cost for the 8 carry over cows and increases in the cost of freight.

Winter cow grazing	
Run-off lease	
Fertiliser (incl. N)	This is net of fertiliser rebates of about \$2,500. Fertiliser applied includes 130kg N/ha/year over 6 applications of 23kgN/ha each, from May to January. Depending on the time of year it is in the form of Ammo 30, (urea and Sulphate ammonia mix) in the early spring, SustaiNK mix, (23 kg N/ha and 25 kg K/ha), or urea. The autumn fertiliser applied is a mix of N, P, sulphur and Mg. As at August 2023, there has been a good reduction in fertiliser product prices which should result in about an \$8,800 saving on the original budget. No autumn fertiliser was applied last season so there will definitely be a spring application.
Irrigation	
Regrassing and cropping	The budget allows for about 7.5 ha of direct drilling into pasture for pasture renewal. At this stage the plan is to not plant any maize as there is 3 times as much maize silage on hand at the start of the season than usual, (75 t DM compared with about 20 t DM). However, the budget does include about \$7,000 for planting and harvesting about 1.8 ha of maize which is about half of what is usually grown. Whether this happens will depend on the season, pasture cover in the late spring and the milk price.
Weed and pest	Weeds and pests are not a problem. California thistles are the main problem. There is still plenty of chemical on hand from the 2022-23 season so costs should not be too high this year.
Vehicles and fuel	Fuel is quite high as the tractor is used every day to feed out, and the owner has to travel some distance when working on farm.
R&M (land, buildings, plant, machinery)	Infrastructure and buildings are in good order so no large R & M projects planned. The farm has its own rhyolite pit so tracks and races are maintained quite cheaply. At the August review have eliminated any non-essential R & M. Still includes some planned fencing for about \$6,000-\$7,000.
Freight and general farm expenses	Includes bio security levy of \$2000. Covers protective clothing and general freight.
Administration e.g. accountant, consultant, phone	Do own GST, have own payroll system. Covers accountant, computer/communication and general administration costs.
Insurance	
ACC	Updated in August with the actual ACC paid, (\$500 more than the original budget).
Rates	As per latest rates demands, includes district and regional rates. Updated in August based on the most recent rate demands.
Other farm working expenses (not included in any of the above)	
Non Cash adjustments	
Value of change in livestock numbers	Expect to finish the season with 12 fewer R 2 heifers, 4 more MA cows and 1 less R steers. This value of change in livestock numbers is at IRD NAMV for 2023.
Labour adjustment	All owner input is included under wages paid and is at market rates.
Less Feed inventory Adjustment	Expect to have about 62-63 t DM less on hand at the end of the season, as opening supplements on hand are significantly higher than usual because very little maize and silage was fed autumn 2023.
Owned support block adjustment	Allowance for about 2.7 ha of farm land that is used for 10-11 beefies which are included in calf rearing and stock sales.
Depreciation	Based on previous years financials plus allowing for additional purchases/sales and another years depreciation.