

Annual Cash Budget

Name: **BoP Owner Sys 2** Budget Period **1 / 6 / 2022** to **31 / 5 / 2023**
 Farm Details: **219800 kgMS** **580 cows** **160.0 ha** **379 kgMS/cow** **1374 kgMS/ha** **3.63 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received	100%						
Milk Solids advance	219,895 kgMS x \$	5.75 /kgMS			\$1,264,396	\$5.75	\$2,180	\$7,902
Milk Solids retrospective	221,476 kgMS x \$	1.77 /kgMS			\$392,710	\$1.79	\$677	\$2,454
Milk Solids dividend	240,000 shares x \$	0.07 /share			\$16,254	\$0.07	\$28	\$102
Other Milk Income								
DairyNZ levy	enter as negative number				-\$8,060	-\$0.04	-\$14	-\$50
Net Dairy livestock sales (calves + culls + other - purchases)					\$112,000	\$0.51	\$193	\$700
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
Net Dairy Cash Income					\$1,777,300	\$8.09	\$3,064	\$11,108
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages					\$256,600	\$1.17	\$442	\$1,604
Animal health					\$72,600	\$0.33	\$125	\$454
Breeding and herd improvement					\$29,100	\$0.13	\$50	\$182
Farm dairy					\$16,000	\$0.07	\$28	\$100
Electricity (farm dairy, water supply)					\$20,600	\$0.09	\$36	\$129
Supplements made (incl. Contractors)					\$25,500	\$0.12	\$44	\$159
Supplements purchased					\$26,600	\$0.12	\$46	\$166
Calf rearing					\$5,900	\$0.03	\$10	\$37
Young and dry stock grazing					\$8,300	\$0.04	\$14	\$52
Winter cow grazing					\$53,800	\$0.24	\$93	\$336
Run-off lease					\$4,000	\$0.02	\$7	\$25
Fertiliser (incl. N)					\$64,500	\$0.29	\$111	\$403
Irrigation								
Regrassing and cropping					\$5,500	\$0.03	\$9	\$34
Weed and pest					\$6,700	\$0.03	\$12	\$42
Vehicles and fuel					\$44,000	\$0.20	\$76	\$275
R&M (land, buildings, plant, machinery)					\$73,500	\$0.33	\$127	\$459
Freight and general farm expenses					\$9,000	\$0.04	\$16	\$56
Administration e.g. accountant, consultant, phone					\$8,700	\$0.04	\$15	\$54
Insurance					\$17,000	\$0.08	\$29	\$106
ACC					\$5,300	\$0.02	\$9	\$33
Rates					\$90,000	\$0.41	\$155	\$563
Total Farm Working Expenses					\$843,200	\$3.84	\$1,454	\$5,270
Cash Surplus / Deficit					\$934,100	\$4.25	\$1,611	\$5,838
Non Cash adjustments								
Value of change in livestock numbers					\$5,100	\$0.02	\$9	\$32
Labour adjustment					\$30,000	\$0.14	\$52	\$188
Less Feed inventory Adjustment								
Owned support block adjustment					\$35,250	\$0.16	\$61	\$220
Depreciation					\$40,000	\$0.18	\$69	\$250
Dairy Gross Farm Revenue					\$1,782,400	\$8.11	\$3,073	\$11,140
Dairy Operating Expenses					\$948,450	\$4.32	\$1,635	\$5,928
Dairy Operating Profit					\$833,950	\$3.79	\$1,438	\$5,212

Notes for Budget

Net Milk Income	Milk production for the season is budgeted at 219,800 kg MS. Budgeted income is conservatively based on an advance milk price total of \$5.75 per kg MS and a deferred milk price of \$1.77 on 221,476 kg MS. This is net of the DairyNZ, (3.6 c per kgMS total). A dividend of \$.07 /kgMS is included in the budget. <i>Milk income: 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)	This is based on selling 130 surplus/cull MA cows or R 2 heifers @ \$890, 25 R 2 beef animals @ \$1,200 and approximately 350 bobbies @ \$30. It is planned to purchase 25 R 2 heifers @ \$1,200 each. The budget also includes \$15,000 to purchase 10 bulls. The expected sale price for the bulls is about \$12,000.
Other dairy income	Rental for surplus farm cottage and Farmlands rebates.

Expenses

Wages	Covers 2 full time herd managers - one for each farm. Provided with a 3 bedroom house each, each herd manager is on a 2 week roster, with 1 day off the first week and 2 days off the second week, plus all statutory holidays and 4 weeks a year annual leave. An additional full time staff member is employed and shared between both farms to provide relief milking, tractor work and any other support needed. They work 5 days on, 2 days off.
Animal health	This covers minerals via trough treatment, lepto vaccinations, annual blood tests, calf dehorning (with anesthetic), young stock drenches. BVD status is monitored through bulk milk sampling. Cows with low SCC are treated with teat seal at drying off and those with high SCC, (over 150,000), are treated with dry cow therapy. Pregnancy testing via milk sampling is included here.
Breeding and herd improvement	Includes cost of tail paint, 5 weeks of AB and 4 herd Tests per year. There is no reproductive intervention, (anoestrus treatments or metricheck). The breeding policy now is to use premiere sires for most of the herd with some lower BW cows being mated to Hereford semen.
Farm dairy	Follow recommended milk plant hygiene programme. Use the cheapest priced detergents. This covers two 20 a-side herringbone sheds.
Electricity (farm dairy, water supply)	Power is for two 20 a-side herringbone sheds.
Supplements made (incl. Contractors)	Between 40-50 ha of silage is made each year. The majority is on the support blocks with 2/3 of the silage made being in a stack and 1/3 made as baleage. Cost covers contractors for all turning, stacking or baling.
Supplements purchased	Approximately 86 t PKE @ \$ 330 per t landed. Equates to about 135 kg DM per cow. Mainly for summer and autumn use.
Calf rearing	Plan to rear about 140-150 replacement heifers. Includes 4-5 t calf meal and \$920 for bedding.
Young and dry stock grazing	All yearlings are grazed on the support blocks from July until early May, but may return to the milking platform in the late spring early summer to help control surplus feed. Calves go to the support block at 2 weeks old. (They are wintered on the milking area and got to the support block as yearlings in July when the cows come home). 20 Carry over cows are at a graziers for part of the year at a cost of \$8300.
Winter cow grazing	154 in-calf heifers will go to external winter grazing for about 9 weeks, from May 1st until just prior to calving in mid-July. Cost is about \$34 per head including freight. The MA cows are wintered on the support blocks until just prior to calving. Freight for these animals is about \$10,000.
Run-off lease	6 ha, (5 ha effective), of coastal land is leased.

Fertiliser (incl. N)	This is net of fertiliser rebates. Includes 75-80 kg N per ha for the milking area. One application of Phased N (20-30 kg N/ha) is used in the early spring to follow the herd. The non effluent area of 124 ha gets another application, (approx 25 kg N per ha), in the spring and one in the autumn. Milking area non effluent block gets 340 kg per ha spring and autumn of fertiliser mix as per Balance recommendations, (contains biophos, MoP and DAP). Support block gets spring and autumn fertiliser including N.
Irrigation	
Regrassing and cropping	Pasture renovation is a regular part of the farming plan, mainly to repair any damage done in the spring and from mobbing in the summer heat. Any paddocks that are under performing will be regrassed as well, so the area renovated each year can vary. Undersowing is done by farm owner. Seed used is what ever is the recommended rye/white clover mix at the time. No cropping is done as soils are too wet.
Weed and pest	Attention is given to keeping the farm weed free so as much area as possible is available for grass to grow. Covers annual weed spray to control docks, buttercup and thistles on both the milking area and the support block.
Vehicles and fuel	Have 2 tractors between the 2 farms and 2 two wheel motorbikes. No 4 wheelers used.
R&M (land, buildings, plant, machinery)	Policy is to keep up to date with R & M so that in low payout years spending can be cut to a minimum. Having herringbone sheds means very little R & M needed on milking shed and plant. Have own mower and undersower but very little other machinery. This budget includes \$15,000 for Plant R & M, including \$8,000 for cowshed plant.
Freight and general farm expenses	Protective clothing, health and safety costs and bio security levy are included here.
Administration e.g. accountant, consultant, phone	Do all own administration, budgets, and payroll. Use accountants for tax advice.
Insurance	Keep insurance cover to a minimum. Do not have business interruption cover.
ACC	
Rates	A large portion of rates is paid to Environment BoP for flood protection. Rates now include extra rates to cover repairs and improvements to flood control in the region after the 2017 floods.
Other farm working expenses (not included in any of the above)	

Non Cash adjustments

Value of change in livestock numbers	Closing livestock numbers will be similar to opening. 25 R 1 steers will be sold and a similar number of replacement heifers bought.
Labour adjustment	Covers owners unpaid input of 0.2 FTE. The owners no longer relief milk but do milk when staff are on holiday, for herd testing, tail painting and to cover sick leave. This labour adjustment also covers all administration, strategic planning and governance.
Less Feed inventory Adjustment	Expect to have similar amounts of supplements on hand at the end of the season.
Owned support block adjustment	47 ha of owned support land valued at a market rental equivalent of \$750 per ha per year.
Depreciation	Based on 2020-21 actuals, and adjusted to allow for additions/sales to fixed assets in 2022-23. There are no significant asset purchases planned for 22-23. Farm has a low cost infrastructure and minimal machinery.