

# Annual Cash Budget

Name: **South Waikato Owner with CM System 3** Budget Period **1 / 7 / 2024** to **31 / 6 / 2025**

Farm Details: **90300 kgMS** **218 cows** **68.0 ha** **414 kgMS/cow** **1328 kgMS/ha** **3.21 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received	100%						
Milk Solids advance	90,300 kgMS x \$	8.13 /kgMS			\$734,162	\$8.13	\$3,368	\$10,797
Milk Solids retrospective	86,559 kgMS x \$	1.79 /kgMS			\$155,000	\$1.72	\$711	\$2,279
Milk Solids dividend	90,800 shares x \$	0.48 /share			\$43,959	\$0.49	\$202	\$646
Other Milk Income								
DairyNZ levy	enter as negative number				-\$3,251	-\$0.04	-\$15	-\$48
Net Dairy livestock sales (calves + culls + other - purchases)					\$48,023	\$0.53	\$220	\$706
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
<b>Net Dairy Cash Income</b>					<b>\$977,893</b>	<b>\$10.83</b>	<b>\$4,486</b>	<b>\$14,381</b>
Expenses					\$ Total	\$/kgMs	\$/cow	\$/ha
Wages/payment to contract milker					\$163,534	\$1.81	\$750	\$2,405
Animal health					\$26,300	\$0.29	\$121	\$387
Breeding and herd improvement					\$15,760	\$0.17	\$72	\$232
Farm dairy					\$5,050	\$0.06	\$23	\$74
Electricity (farm dairy, water supply)					\$11,600	\$0.13	\$53	\$171
Supplements made (incl. Contractors)					\$3,700	\$0.04	\$17	\$54
Supplements purchased					\$61,105	\$0.68	\$280	\$899
Calf rearing					\$5,080	\$0.06	\$23	\$75
Young and dry stock grazing					\$42,150	\$0.47	\$193	\$620
Winter cow grazing								
Run-off lease								
Fertiliser (incl. N)					\$55,676	\$0.62	\$255	\$819
Irrigation								
Regrassing and cropping					\$5,644	\$0.06	\$26	\$83
Weed and pest					\$2,000	\$0.02	\$9	\$29
Vehicles and fuel					\$25,300	\$0.28	\$116	\$372
R&M (land, buildings, plant, machinery)					\$25,900	\$0.29	\$119	\$381
Freight and general farm expenses					\$1,900	\$0.02	\$9	\$28
Administration e.g. accountant, consultant, phone					\$12,600	\$0.14	\$58	\$185
Insurance					\$8,500	\$0.09	\$39	\$125
ACC					\$2,500	\$0.03	\$11	\$37
Rates					\$11,588	\$0.13	\$53	\$170
<b>Total Farm Working Expenses</b>					<b>\$485,887</b>	<b>\$5.38</b>	<b>\$2,229</b>	<b>\$7,145</b>
<b>Cash Surplus / Deficit</b>					<b>\$492,006</b>	<b>\$5.45</b>	<b>\$2,257</b>	<b>\$7,235</b>
Non Cash adjustments								
Value of change in livestock numbers					-\$1,900	-\$0.02	-\$9	-\$28
Labour adjustment								
Less Feed inventory Adjustment					-\$37,620	-\$0.42	-\$173	-\$553
Owned support block adjustment					\$1,600	\$0.02	\$7	\$24
Depreciation					\$30,000	\$0.33	\$138	\$441
<b>Dairy Gross Farm Revenue</b>					<b>\$975,993</b>	<b>\$10.81</b>	<b>\$4,477</b>	<b>\$14,353</b>
<b>Dairy Operating Expenses</b>					<b>\$555,107</b>	<b>\$6.15</b>	<b>\$2,546</b>	<b>\$8,163</b>
<b>Dairy Operating Profit</b>					<b>\$420,886</b>	<b>\$4.66</b>	<b>\$1,931</b>	<b>\$6,190</b>

## Notes for Budget

Net Milk Income	Milk income has been revised in January 2025 with a 3,300 kgMS increase for the season and an increase in milk price of about \$1.68/kgMS. It is now based on deferred income for 86,559 kg MS @ \$1.79/kg MS, (received July to October 2024), and advanced income for 90,300 kg MS @ \$8.13/kg MS, (received July 2024 to June 2025). The Fonterra dividend is estimated at \$0.48/share of 90,800 shares. Milk income is net of the DairyNZ levy of \$0.036/kg MS. <b>** 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.</b>
Net Dairy livestock sales (calves + culls + other - purchases)	Originally the budget was for the sale of 45 MA and R 2 heifer culls @ \$670/head, 145, four day old calves @ \$35/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. Have revised stock income up as there have been fewer losses, so more cows to sell plus prices have been higher.
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 0.2 FTE work provided to the business. This covers on farm work, governance, administration and strategic planning and is down by 0.1 FTE from the original budget.
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 milkers get PKE all year and this is high in Cu. Drenching with zinc for facial eczema starts in late January. The herd SCC for 2023-24 was 144,000. 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. Herd testing 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 owners 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 17 t DM of baleage, which is 20 t DM less than budget so costs are down.
Supplements purchased	The budget is for 165 t PKE (already contracted) at \$about \$320/t landed. This is similar to the amount fed last season. PKE is fed in the paddock, in trailers, to the milkers at rates up to 4 kg/cow/day for most of the milking season. Have also purchased an extra 6 t DM of baleage and 3.6 t DM of hay that was not in the original budget.
Calf rearing	Only 33 replacement heifers reared plus 14 beef steers for the 2024-25 season. This is 9 fewer calves than budgeted as fewer heifers were born. 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	33 weaners from late November till May 1st at \$9.50/head/week and then May 1st to May 31st at \$12.00 plus 48 R 2 heifers from June 1st to May 1st at \$12.00/head/week. In addition, the cost of grazing for 2 bulls during the mating season is included. Does not include the costs of drenching as that is under animal health. Includes freight to and from grazing.
Winter cow grazing	
Run-off lease	

Fertiliser (incl. N)	This is net of fertiliser rebates of about \$1,500. 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.
Irrigation	
Regrassing and cropping	No maize grown this year as the good season and pasture growth meant little was fed to milkers this spring so there is plenty still on hand.
Weed and pest	Weeds and pests are not a problem. California thistles are the main problem.
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. Had to rebuild the head on the tractor which has added to costs this season.
R&M (land, buildings, plant, machinery)	Plan to do additional fencing and R & M in the autumn to get the farm ready for the 50-50 sharemilker. Also spent extra tidying up races and emptying the effluent pond.
Freight and general farm expenses	Includes bio security levy of \$700. 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	Based on latest invoice.
Rates	As per latest rates demands, includes district and regional rates.
Other farm working expenses (not included in any of the above)	
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	Expect to have no significant change in the number and classes of livestock on hand for the season.
Labour adjustment	All owner input is included under wages paid and is at market rates.
Less Feed inventory Adjustment	Could well have 99 t DM less on hand as started the season with extra maize silage and will not be replacing it all.
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.