

Annual Cash Budget

Name: Taranaki Organic System 1 Budget Period 1 / 6 / 2024 to 31 / 5 / 2025

Farm Details: 115000 kgMS 350 cows 168.0 ha 329 kgMS/cow 685 kgMS/ha 2.08 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received		100%				
Milk Solids advance	115,000 kgMS x \$ 8.30 /kgMS			\$1,190,260	\$10.35	\$3,401	\$7,085
Milk Solids retrospective	104,524 kgMS x \$ 1.70 /kgMS			\$192,486	\$1.67	\$550	\$1,146
Milk Solids dividend	130,000 shares x \$ 0.30 /share			\$74,521	\$0.65	\$213	\$444
Other Milk Income							
DairyNZ levy	enter as negative number			-\$4,934	-\$0.04	-\$14	-\$29
Net Dairy livestock sales (calves + culls + other - purchases)				\$69,349	\$0.60	\$198	\$413
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting				\$38,088	\$0.33	\$109	\$227
Net Dairy Cash Income				\$1,559,770	\$13.56	\$4,456	\$9,284
Expenses				\$ Total	\$/kgMS	\$/cow	\$/ha
Wages				\$56,537	\$0.49	\$162	\$337
Animal health				\$44,569	\$0.39	\$127	\$265
Breeding and herd improvement				\$32,341	\$0.28	\$92	\$193
Farm dairy				\$4,302	\$0.04	\$12	\$26
Electricity (farm dairy, water supply)				\$17,520	\$0.15	\$50	\$104
Supplements made (incl. Contractors)				\$7,000	\$0.06	\$20	\$42
Supplements purchased							
Calf rearing				\$1,467	\$0.01	\$4	\$9
Young and dry stock grazing							
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$31,797	\$0.28	\$91	\$189
Irrigation							
Regrassing and cropping				\$8,199	\$0.07	\$23	\$49
Weed and pest				\$6,513	\$0.06	\$19	\$39
Vehicles and fuel				\$27,217	\$0.24	\$78	\$162
R&M (land, buildings, plant, machinery)				\$41,460	\$0.36	\$118	\$247
Freight and general farm expenses				\$7,348	\$0.06	\$21	\$44
Administration e.g. accountant, consultant, phone				\$27,814	\$0.24	\$79	\$166
Insurance				\$18,836	\$0.16	\$54	\$112
ACC							
Rates				\$17,645	\$0.15	\$50	\$105
Halter				\$54,598	\$0.47	\$156	\$325
Total Farm Working Expenses				\$405,163	\$3.52	\$1,158	\$2,412
Cash Surplus / Deficit				\$1,154,607	\$10.04	\$3,299	\$6,873
Non Cash adjustments							
Value of change in livestock numbers				\$8,000	\$0.07	\$23	\$48
Labour adjustment				\$139,000	\$1.21	\$397	\$827
Less Feed inventory Adjustment							
Owned support block adjustment							
Depreciation				\$30,000	\$0.26	\$86	\$179
Dairy Gross Farm Revenue				\$1,567,770	\$13.63	\$4,479	\$9,332
Dairy Operating Expenses				\$574,163	\$4.99	\$1,640	\$3,418
Dairy Operating Profit				\$993,607	\$8.64	\$2,839	\$5,914

Notes for Budget

Net Milk Income	<p>Milk revenue is based on 115000 kg MS @ an advance price of \$8.30/kg MS, 104,524 kg MS @ a deferred price of \$1.70/kg MS and a Fonterra dividend of \$0.30/share on 130,000 shares. The milk prices used are as per Fonterra notification late May 2024 of \$10.00/kgMS for Organic farm supply and are May paid June prices, (this farms financial year is 1 July to 30 June). This is net of the DairyNZ levy, (3.6 c/kg MS). Had budgeted conservatively for milk price. The advance rate paid to the end of June is now \$1.40/kgMS up on budget, and the final milk price and dividend payments for last season were also well up on budget. Now part of the Co-operative difference so there is an additional 5-8 c/kgMS.</p> <p><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></p>
Net Dairy livestock sales (calves + culls + other - purchases)	Based on approx 66 MA Jersey cows and empty R 2 heifers @ \$560, 9 R 2 bulls @ \$1000, and 260 Bobbies at \$20. Any animals born after 2020 are sold as organic meat so receive a premium of \$100/head at slaughter. The updated budget is now based on higher per cow prices and factors in more animals sold qualifying for organic premiums.
Other dairy income	Rent from staff for housing is only for 3 1/2 months. Includes grazing for 52 yearlings, from second organic farm near the coast, for 52 weeks.
Expenses	
Wages	This is the gross wages including employee house allowance for .2 FTE permanent staff member, (25-30 hours per week, most weekends off), left for new job in October. In addition there is 0.45 FTE for one employee from June till mid December. Additional casual labour employed October to the end of the year to help cover vacant permanent employee position. From January to the end of May the business owners will provide all labour. This is reflected in higher labour adjustments under non cash costs.
Animal health	Focus is on prevention rather than cure. The approach to animal health is kept simple and is based on good observation. The farm has good infrastructure so things like lameness are not an issue. SCC for 2023-24 was 192,000. Calving is Jersey on Jersey so there are fewer calving related difficulties/vet visits. Standard minerals are used and required vaccinations are carried out, (Lepto). BVD not a problem - milk test is used. Calf horn de-budding is included in animal health costs. Johnes testing is done annually from herd test milk samples. Incidence is low now and there are no clinical signs of the disease. As part of being fully organic certified and as a participant in the Well Farm programme, the herd will be independently condition scored, (by vets), four times a year. BCS at end of May 2024 was 4.3. Have spent more on milk testing to identify cows with staphylococcal infections. Price of products and minerals has gone up.
Breeding and herd improvement	Includes the cost of DNA testing calves 90-95 calves and herd testing. Mating is AB for 10 weeks. 9 R 1 bulls are used on the heifers. With information for heat detection now supplied by Halter AB is used for the herd for the whole of mating. The not in calf rate for the herd for 2023-24 was 13%. Also included in this expense is registration of about 80-85 heifer calves with the breed society Jersey NZ.
Farm dairy	Includes detergent, rubberware, (replaced once per year), and miscellaneous shed expenses. Standard cleaning procedures and recommendations for detergent use are followed.
Electricity (farm dairy, water supply)	Focused on efficient processes so good cow flow and efficient routines have decreased milking costs. Have varivac fitted to machines so electricity usage is more efficient. This includes the cost of access to the water scheme that provides all the farm water via gravity feed. Shed/farm Power is \$10,000 and water supply is \$6,300.
Supplements made (incl. Contractors)	Only genuine surpluses harvested off the 168 ha. For 2024-25 the budget is based on 400 bales of hay, (15 bale equivalents) @\$15/bale for an external contractor doing the baling plus about \$1,000 for raking.
Supplements purchased	No supplements purchased.
Calf rearing	This is for the costs for bedding and sundry equipment. The plan is to rear 80-85 replacement heifer calves and 9 bull calves. Calves are reared on colostrum, whole milk, pasture and hay. This has been the practice for the last 4 years and it has worked well.
Young and dry stock grazing	Not required as all young stock - approx 90 weaner heifers and bulls, 81 R 2 heifers and 9 R 2 bulls, (until summer), are grazed on 55 ha of the farm. This area also will provide winter grazing for the herd, grazing for 52 yearlings from a second organic farm for 52 weeks, plus all the hay, (400 bales 15 bale equivalents), for the herd and young stock. The 55 ha are not quite adjacent to the milking area so having additional young stock there greatly reduces the need to move milking cows along a public road.
Winter cow grazing	
Run-off lease	

Fertiliser (incl. N)	Fertiliser for the farm is based on organic fish, seaweed and humates. A fit for purpose spreader is owned so spreading is all done in house. Cost includes 8,154 for soil microbial, pasture and soil testing. This testing allowance is quite high as there is always something new to investigate in an endeavor to learn more about the organic soil system and to help evaluate actions taken.
Irrigation	
Regrassing and cropping	Much of the farm has now been planted with multi species pastures and a small area continues to be cropped each year. The 2024-25 plan is to plant another 6 ha of multispecies summer crop, which will morph into permanent pasture. The budget also allows for some seed for a bit of remedial reseeding should there be damage during periods of very wet weather. Planting practices differed from previous years with the aim of producing a better seed bed with improved soil to seed contact. Cultivation and seed be preparation involved two passes with a speed disc, 3 passes with a shallow disc followed by broadcasting the seed, applying fertiliser, (Oceanbase/lime with trace minerals), and then rolling. Establishment has been great and yields look good, but costs are up due to getting contractors in.
Weed and pest	Weeds and pests are not usually a problem. Weed control is a combination of manual control or an organic spray. The spray is mainly used for gorse on the river boundary. This cost also includes equipment and supplies for organic pest trapping and control. Included is an allowance for more gorse mulching.
Vehicles and fuel	Do most of the harvesting and tractor work so includes the fuel costs associated with that. Includes \$16,700 for fuel.
R&M (land, buildings, plant, machinery)	The farm has been well maintained over the past years and buildings and infrastructure are in good condition. Very little maintenance is planned but have included \$5,100 for buildings, \$4,800 for fencing and \$1,000 for tracks and drains. A lot R & M is done in house, so reliance on contractors is minimal. This cost includes the maintenance of the harvesting machinery owned and cowshed plant maintenance of about \$3,500. An allowance of \$5,800 is in the budget to cover maintenance of existing riparian plantings, and for the purchase of about \$1,800 worth of trees and plants. Spending on riparian areas has been scaled back while interest rates are high.
Freight and general farm expenses	Includes costs for protective clothing, bio-security supplies, (disinfectant, brushes etc), rubbish disposal, dead cow removal and bio-security levy, (now \$0.008/kgMS).
Administration e.g. accountant, consultant, phone	Do own GST, PAYE and budgeting. Includes administration and accounting fees for two financial entities, \$2,000 for Organic auditing fees which is an annual requirement for Organic certification, plus travel costs relating to visiting other organic farms and organisations as part of continued learning about organic farming.
Insurance	Includes: milk losses, loss of cows, public liability, property. This is something that is reviewed annually to make sure it is still relevant. Includes discounts for a good history of no claims.
ACC	All cover is with a private insurer and is not included in the farm budget.
Rates	As per rates demand.
Halter	Halter subscription costs for 350 cows, paid in advance in one lump sum so don't have to pay a premium. Includes upgrade to a more inclusive package.
Non Cash adjustments	
Value of change in livestock numbers	Expect to end the season with 5 more R 1 heifers, and 2 more R 1 bulls. IRD NMAV, (National Average Market Values), for 2024 are used to estimate the value of change in dairy livestock numbers. Net livestock income , (cash and non-cash), equates to \$0.67/ kg MS.
Labour adjustment	This is for 1.9 FTE, (4,560 hours) of unpaid labour input from the business owners and family.
Less Feed inventory Adjustment	Expect to have no significant difference in opening and closing feed on hand for the season, (40 t DM of hay opening and closing).
Owned support block adjustment	
Depreciation	As per financial statements for 2022-23 year, with allowance made for two more years depreciation. There are no significant asset purchases planned for the 2024-25 season.