

Annual Cash Budget January 2025

Name: **East Waikato Owner/Owner with CM System 3** Budget Period **1 / 6 / 24** to **31 / 5 / 25**
 Farm Details: **225000 kgMS** **510 cows** **177.0 ha** **441 kgMS/cow** **1271 kgMS/ha** **2.88 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received	100%						
Milk Solids advance	225,000 kgMS x \$	9.15 /kgMS			\$1,953,746	\$8.68	\$3,831	\$11,038
Milk Solids retrospective	202,024 kgMS x \$	1.06 /kgMS			\$236,675	\$1.05	\$464	\$1,337
Milk Solids dividend	99,900 shares x \$	0.50 /share			\$52,990	\$0.24	\$104	\$299
Other Milk Income								
DairyNZ levy	enter as negative number				-\$9,623	-\$0.04	-\$19	-\$54
Net Dairy livestock sales (calves + culls + other - purchases)					\$99,745	\$0.44	\$196	\$564
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting					\$590	\$0.00	\$1	\$3
Net Dairy Cash Income					\$2,334,123	\$10.37	\$4,577	\$13,187
Expenses					\$ Total	\$/kgMs	\$/cow	\$/ha
Wages/payment to contract milker					\$249,703	\$1.11	\$490	\$1,411
Animal health					\$46,145	\$0.21	\$90	\$261
Breeding and herd improvement					\$25,981	\$0.12	\$51	\$147
Farm dairy					\$9,693	\$0.04	\$19	\$55
Electricity (farm dairy, water supply)					\$17,500	\$0.08	\$34	\$99
Supplements made (incl. Contractors)					\$2,500	\$0.01	\$5	\$14
Supplements purchased					\$179,739	\$0.80	\$352	\$1,015
Calf rearing					\$9,386	\$0.04	\$18	\$53
Young and dry stock grazing					\$118,013	\$0.52	\$231	\$667
Winter cow grazing								
Run-off lease								
Fertiliser (incl. N)					\$123,690	\$0.55	\$243	\$699
Irrigation								
Regrassing and cropping					\$108,785	\$0.48	\$213	\$615
Weed and pest					\$7,178	\$0.03	\$14	\$41
Vehicles and fuel					\$40,143	\$0.18	\$79	\$227
R&M (land, buildings, plant, machinery)					\$65,880	\$0.29	\$129	\$372
Freight and general farm expenses					\$9,639	\$0.04	\$19	\$54
Administration e.g. accountant, consultant, phone					\$14,292	\$0.06	\$28	\$81
Insurance					\$15,863	\$0.07	\$31	\$90
ACC					\$1,381	\$0.01	\$3	\$8
Rates					\$23,979	\$0.11	\$47	\$135
Total Farm Working Expenses					\$1,069,490	\$4.75	\$2,097	\$6,042
Cash Surplus / Deficit					\$1,264,633	\$5.62	\$2,480	\$7,145
Non Cash adjustments								
Value of change in livestock numbers					\$11,100	\$0.05	\$22	\$63
Labour adjustment					\$120,000	\$0.53	\$235	\$678
Less Feed inventory Adjustment								
Owned support block adjustment								
Depreciation					\$50,000	\$0.22	\$98	\$282
Dairy Gross Farm Revenue					\$2,345,223	\$10.42	\$4,598	\$13,250
Dairy Operating Expenses					\$1,239,490	\$5.51	\$2,430	\$7,003
Dairy Operating Profit					\$1,105,733	\$4.91	\$2,168	\$6,247

Notes for Budget

Net Milk Income	This budget covers 2 supply numbers. Production is 7% up season to date (January 9, 2025) and 25% up on a daily basis compared with last season. This has given confidence to increase the budgeted milksolids for the season by 5%. The advance milk price received has lifted from \$7.83/kgMS to \$8.68 and the deferred milk price is \$1.17/kgMS, up about \$.09. Income includes a total Fonterra dividend of \$0.50/share on 99,900 shares. This is net of the DairyNZ levy of \$0.036 /kgMS. <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)	Based on sales of about 110 MA cull cows and empty R 2 heifers to sell @ \$700-\$750/head plus about 380 bobby calves @ \$30/head. Includes purchasing 24 R 2 Jersey bulls @ \$2,000/head. These will all be sold December/January for about \$1,600/head. More culls sent earlier so per head price is up. Culls bought and sold for a difference of about \$100/head.
Other dairy income	Trading rebates.

Expenses

Wages	This covers paid wages for one full time staff member to assist owners on one farm, (300 cows), and remuneration for one contract milker with some owner support over calving and at key times, on the second farm, (235 cows). This is net of staff housing, and includes employer contributions to Kiwisaver. The contract milker is responsible for shed and electricity costs for the 235 cow farm, plus the provision and running of a farm bike. There is also allowance here for contract labour for fencing, R & M and relief milking. Increase in milk production has increased payment to contract milker, plus a full time apprentice has been employed from the beginning of January
Animal health	The approach to animal health is to be proactive and vigilant. Animal health costs include mineral supplements as required. This is mainly Mg in winter and late spring. Cu levels as per liver tests are normal so supplementation here is not required at present. Zinc supplementation is carried out summer and autumn based on spore count levels published by the vets. Lameness is not an issue on the farm. Mastitis management is based on industry recommended guidelines. Wastage is about 3% deaths and around 10% empties. An additional pre-mating drench for the herd was carried out to ensure optimal health going into mating.
Breeding and herd improvement	This covers 4 weeks of AB with premier sires followed by 8 weeks with bulls. 24 Jersey bulls will be purchased, 6 R 2 bulls to run with 127 replacement heifers and 19 R 2 bulls to run with the cows. As there are 2 herds, the bulls will be split into 4 teams, and 2 teams rotated with each herd. Herd testing is included with 4 tests, (over 2 milkings unless on once a day). This cost is net of Sire proving Scheme rebates for the R 2 heifers milked this season. This is the last year for these rebates. Anoestrous treatments are included.
Farm dairy	This is for the farm dairy consumable costs for the 28 a side herringbone shed. The contract milker remunerations covers their share of the shed costs for the 22 a side shed.
Electricity (farm dairy, water supply)	This is the shed and farm electricity for the 300 cow farm, 28 bail herringbone shed.
Supplements made (incl. Contractors)	Made 70 bales, (15.4 t DM), of baleage not in the original budget. Pasture surplus was related to having 25 fewer cows than originally planned.
Supplements purchased	The budget is for about 350 t (wet), 315 t DM of PKE blend, (with soybean hull), @ about \$450/t landed. Both sheds have in shed feeding systems so wastage is low. This equates to about 590 kg DM/cow. The PKE/DDG mix was able to be contracted for \$426/t landed which is about \$24/t less than the budget so costs are down about \$8,400 for the PKE blend. Had the opportunity to purchase 100 t standing silage which costs \$28,640 including making and cartage costs, (ie about \$0.29/kgDM). This was not in the budget so net increase in feed costs is about \$21,000.
Calf rearing	135 replacement calves are being reared. Calves are reared on colostrum/whole milk twice a day plus meal and hay. They are weaned off meal at 100 kg at about 10 weeks old. Includes bedding and equipment.
Young and dry stock grazing	The yearlings are off farm for 52 weeks and weaners for 26 weeks. This does not include freight.
Winter cow grazing	All cows are wintered on.

Run-off lease	
Fertiliser (incl. N)	Focus is on increasing clover performance so that nitrogen application can be reduced. Nitrogen applications will likely be under 120 kg N/ha/year over 5 applications, but are dependent on soil moisture and pasture cover. Product used varies depending on the time of year and expected rainfall. Last year some fertility was mined to save costs. Soil tests indicate that more phosphate and lime needs to be applied this season. All fertiliser is applied with own gear.
Irrigation	
Regrassing and cropping	This covers the cultivation, seed, planting, weed and pest control and harvesting of 14.5 ha of Maize for silage, along with the cultivation, seed, planting and weed and pest control of 6.0 ha of fodder beet. The amount of fodder beet is up this season so cropping costs are about \$10,000 more than previous seasons. In addition this cost includes the regrassing of these areas in the autumn plus an allowance for some remedial regrassing or patching if needed. An undersower is now owned so all undersowing is done in house.
Weed and pest	This covers some weed spray and some pest control.
Vehicles and fuel	The aim is to keep vehicles well maintained and try to be efficient with vehicle use.
R&M (land, buildings, plant, machinery)	Maintenance for this year includes \$14,000 already spent this year on house repairs. There is continued maintenance of roads and races, fencing and water supply planned for this season.
Freight and general farm expenses	This includes freight, (on stock sold/purchased and young stock to grazing), protective clothing and bio security levies.
Administration e.g. accountant, consultant, phone	Do own financial management, (budgeting and GST), and administration. Accounting costs are low as one shareholder is a qualified accountant. Includes subscription for payroll management package.
Insurance	Have a higher excess than standard to save premiums and self-insure the small stuff where appropriate. Have a \$1000 excess on most things. Included under insurance is "key person insurance", which has a 13 week stand down to reduce premiums but is good cover if something major happens.
ACC	Includes ACC for 1 FTE of owners cover cover plus Xtra.
Rates	Council and regional rates for both farms.
Other farm working expenses (not included in any of the above)	
Non Cash adjustments	
Value of change in livestock numbers	Expect to have about 8 more R 1 heifers, 5 fewer R 2 heifers and 8 more cows on hand at the end of the season, (valued at 2024 NAMV).
Labour adjustment	This covers 1.25 FTE of unpaid owner input, including all on farm work, administration, strategic planning and governance.
Less Feed inventory Adjustment	Feed on hand should not change significantly.
Owned support block adjustment	
Depreciation	Based on 2023-24 financial statements depreciation with allowance for another years depreciation charge and asset purchases and sales during the year.