

Annual Cash Budget/Actuals November 2024

Name: **South Otago Owner (EP) System 4-5** Budget Period **1 / 6 / 2024** to **31 / 5 / 2025**
 Farm Details: **310000 kgMS** **626 cows** **210.0 ha** **495 kgMS/cow** **1476 kgMS/ha** **2.98 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received	100%						
Milk Solids advance	310,000 kgMS x \$	7.50 /kgMS			\$2,346,300	\$7.57	\$3,748	\$11,173
Milk Solids retrospective	297,215 kgMS x \$	1.93 /kgMS			\$572,500	\$1.85	\$915	\$2,726
Milk Solids dividend	295,000 shares x \$	0.35 /share			\$137,500	\$0.44	\$220	\$655
Other Milk Income								
DairyNZ levy	enter as negative number				-\$11,300	-\$0.04	-\$18	-\$54
Net Dairy livestock sales (calves + culls + other - purchases)					\$155,400	\$0.50	\$248	\$740
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting					\$38,600	\$0.12	\$62	\$184
Net Dairy Cash Income					\$3,239,000	\$10.45	\$5,174	\$15,424
Expenses					\$ Total	\$/kgMs	\$/cow	\$/ha
Wages/payment to contract milker					\$486,900	\$1.57	\$778	\$2,319
Animal health					\$146,000	\$0.47	\$233	\$695
Breeding and herd improvement					\$63,100	\$0.20	\$101	\$300
Farm dairy					\$12,800	\$0.04	\$20	\$61
Electricity (farm dairy, water supply)					\$20,500	\$0.07	\$33	\$98
Supplements made (incl. Contractors)								
Supplements purchased					\$395,000	\$1.27	\$631	\$1,881
Calf rearing					\$2,600	\$0.01	\$4	\$12
Young and dry stock grazing					\$172,600	\$0.56	\$276	\$822
Winter cow grazing					\$151,500	\$0.49	\$242	\$721
Run-off lease								
Fertiliser (incl. N)					\$119,300	\$0.38	\$191	\$568
Irrigation								
Regrassing and cropping					\$41,200	\$0.13	\$66	\$196
Weed and pest					\$9,400	\$0.03	\$15	\$45
Vehicles and fuel					\$34,200	\$0.11	\$55	\$163
R&M (land, buildings, plant, machinery)					\$185,000	\$0.60	\$296	\$881
Freight and general farm expenses					\$10,100	\$0.03	\$16	\$48
Administration e.g. accountant, consultant, phone					\$45,100	\$0.15	\$72	\$215
Insurance					\$44,800	\$0.14	\$72	\$213
ACC								
Rates					\$65,100	\$0.21	\$104	\$310
Total Farm Working Expenses					\$2,005,200	\$6.47	\$3,203	\$9,549
Cash Surplus / Deficit					\$1,233,800	\$3.98	\$1,971	\$5,875
Non Cash adjustments								
Value of change in livestock numbers					-\$28,500	-\$0.09	-\$46	-\$136
Labour adjustment								
Less Feed inventory Adjustment								
Owned support block adjustment								
Depreciation					\$115,000	\$0.37	\$184	\$548
Dairy Gross Farm Revenue					\$3,210,500	\$10.36	\$5,129	\$15,288
Dairy Operating Expenses					\$2,120,200	\$6.84	\$3,387	\$10,096
Dairy Operating Profit					\$1,090,300	\$3.52	\$1,742	\$5,192

Notes for Budget

Net Milk Income	Forecast milk production for the season is 310,000 kgMS. Milk income is based on the Fonterra advance forecast as at November 20th 2023. The advance rate until April 2024, (received in May) is \$7.50. The final milk price has been fixed for 50% of the production. Deferred milk income is based on 307,296 kgMS @ \$1.93/kgMS. A Fonterra dividend of \$0.44/share on 310,000 shares is included. Milk revenue is net of DairyNZ levy of 3.6c/kgMS. ** 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.
Net Dairy livestock sales (calves + culls + other - purchases)	Stock sales are based on about 160-170 cull or surplus cows, and R 2 heifers @\$700/hd, and 440-460 bobby, dairy beef or surplus replacement heifer calves. This includes about 100 Hereford cross calves sold at 4 days old. This year there about 15 surplus replacement in-calf heifers to be sold later in the season for \$1,500/head.
Other dairy income	Rent received for two surplus farm houses.
Expenses	
Wages	All hours worked on the farm by the owners is paid as wages rather than drawings. There is a total of 4.5 full time equivalent (FTE) labour units. Duncan is full time on the farm, Anne-Marie manages the office work and provides back-up for on farm work. Three full time staff are employed, one staff member works mornings from 4.40am to 12.30 pm and one works days from 9.30 am to 5.30 pm. The third full time staff member works 35 hours per week varying between morning and day shift. From November to January a university student is employed 7 hours per day. All staff work 10 or 11 days per fortnight, and no more than 3 or 4 days in a row before having a one day off. Every second weekend is taken off. In addition a calf rearer is employed during the spring, (for about 2.5 months, 4-6 hours per day), and a weekend relief milker, (milkings only), is employed during the milking season.
Animal health	There's a focus on prevention and attention to detail with animal health which has kept costs for animal health and breeding typically below the DairyBase benchmark, (\$0.28/kgMS average for last 2 years). Teat seal is used in preference to dry cow therapy and a well-structured plan for minerals and BCS targets is refined with regular testing. The cost for BCS to be assessed is included. Includes \$17,500 for minerals and \$13,000 for teat spray. The last of the herd (heifers), were herd were fitted with Smaxtec boluses early in the season, (\$7500), and the monitoring cost of \$57,810 is included under animal health, (\$5/cow/month).
Breeding and herd improvement	This covers anoestrous treatment, breeding, bull leases, (\$5,000), genetic testing of replacement calves, herdstesting, MINDA and Protrack licence costs. Mating is for 9.5 weeks, with 4.5 weeks of AB and 5 weeks with 14 Hereford bulls. The heifers are run with 6 Jersey bulls. About 10-12% of the herd are treated for anoestrous each year, prioritising young, high BW cows. Replacement calves are DNA tested at dis-budding time. Herd testing is 3 times a year, (two milkings per test).
Farm dairy	Covers shed inspections and plant checks, detergents, rubberware and consumables like filter socks and milking gloves.
Electricity (farm dairy, water supply)	The shed is a 54 bail rotary with automatic cup removers. Milking takes are about 2.5 hours in the morning and 2 hours at night. The herd is milked twice a day for most of the year. The herd is usually dried off in late May.
Supplements made (incl. Contractors)	Very little supplement, if any is made on farm.
Supplements purchased	A total of 884 kg DM/cow is imported, made up of; 270 t DM whole grain (mainly barley with some wheat) which equates to 415 kgDM/cow, 300 t DM silage and baleage which equates to 450 kgDM/cow and about 30 t DM of molasses and hay, which is about 45 kg DM/cow. The majority of silage and baleage is bought as standing feed and then transferred to the milking area. Costs include purchasing the feed plus the contracting costs associated with harvesting and storage and equates to \$100/bale. The budget has been based on about \$450/t landed for grain.
Calf rearing	166 replacement calves were reared this year. Costs cover \$1,600 for health and vet costs including debudding, and \$1,000 for equipment. Grain for calves is included under purchased feed - they get some of the crushed grain that is purchased for the cows. There have been no health issues so far this spring, (to end of October), despite not replacing the bedding this year. In hindsight though, this was not ideal, so the plan in future is to replace the bedding each year.
Young and dry stock grazing	This covers; 165 weaners from early December to May 1st (about 24 weeks) @ \$9.50/hd/week, then @ \$14.50 for 4 weeks to the end May; 181 Yearlings from June 1st to April 30th @ \$14.50 /hd/week, (48weeks).

Winter cow grazing	Winter grazing was for about 400 cows off up to 6 weeks, with staggered exit and entry over a couple of weeks in June and July/Aug. Winter grazing this year is nearby, so there is no freight, and the cost is based on feed supplied. All stock work and feed allocation is done by the farm team, not the grazier. The budget works out at about \$206/cow which equates to an average of about 6 weeks @ \$34/hd/week. This cost also includes winter grazing for 150-160 in-calf heifers for about 13 weeks @ \$36/hd/week, from May to the end of July.
Run-off lease	
Fertiliser (incl. N)	Fertiliser applied is based on soil tests and fertiliser is applied strategically according to need. Application is either with own gear to get the best timing (monitored via GPS) or external contractors are used. Nitrogen applied is about 75 -90 kg/N/ha/year. Sulphate of ammonia or similar is used in late winter, spring and early summer and Sustain Green is used in March when the weather is hotter. Lime is applied as required. Crop fertiliser is included in total fertiliser costs.
Irrigation	
Regrassing and cropping	This covers the cost of regrassing 14-15 ha of pasture each spring (cultivation, seed and planting), and the ploughing and seed costs for 14-15 ha of Fodder beet. Planting and some cultivation is done by the farm team.
Weed and pest	This includes all farm maintenance weed and pest control as well as weed and pest control in the new grass and fodder beet crop.
Vehicles and fuel	Includes about \$18,000 for fuel and oil. The farm has a vehicle replacement policy that ensures vehicles are replaced before they are too old and costly to maintain. Within the farm team there is the capability to carry out a lot of the vehicle maintenance which keeps costs down.
R&M (land, buildings, plant, machinery)	R & M this year is high as it includes significant upgrades, (about \$60,000), to the main house. About \$23,500 was spent in September on repairs to the rotary platform that were not expected.
Freight and general farm expenses	This is made up of \$2,500 bio-security levy and \$7,500 for waste disposal and sundry general farm expenses.
Administration e.g. accountant, consultant, phone	This covers accountancy including software subscription, subscription for SPACE, buyers group, office internet and general office costs. All payroll and GST is done in house. Includes \$13,400 for compliance costs for consents for the replacement barn that blew over, a new water bore, building work on the main house and annual fees for effluent consents.
Insurance	This includes directors liability and "key Person" cover so is higher than average.
ACC	
Rates	Regional rates are high as the farm is part of the Taieri flood plain.
Non Cash adjustments	
Value of change in livestock numbers	There is likely to be 16 fewer R 1 heifers, 9 more R 2 heifers and 19 fewer MA cows than at the start of the season. The plan going forward is to peak milk fewer cows but at higher per cow milk production, hence a drop in closing numbers.
Labour adjustment	All owners input is paid at market rates and included in wages paid.
Less Feed inventory Adjustment	The plan is for no change in supplements on hand.
Owned support block adjustment	
Depreciation	Based on the 2023-24 financial statements plus allowances for one more years depreciation and sale and purchase of fixed assets in 2023-24.