

# Annual Cash Budget

Name: Canterbury herd owning SM Sys 2 Budget Period 1 / 6 / 2024 to 31 / 5 / 2025

Farm Details: 360000 kgMS 1060 cows 264.0 ha 340 kgMS/cow 1364 kgMS/ha 4.02 cows/ha

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received		50%					
Milk Solids advance	365,000	kgMS x \$	6.80	/kgMS	\$1,223,300	\$3.40	\$1,154	\$4,634
Milk Solids retrospective	382,448	kgMS x \$	1.28	/kgMS	\$244,000	\$0.68	\$230	\$924
Milk Solids dividend		shares x \$		/share				
Other Milk Income								
DairyNZ levy	enter as negative number				-\$6,500	-\$0.02	-\$6	-\$25
Net Dairy livestock sales (calves + culls + other - purchases)					\$267,000	\$0.74	\$252	\$1,011
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
<b>Net Dairy Cash Income</b>					<b>\$1,727,800</b>	<b>\$4.80</b>	<b>\$1,630</b>	<b>\$6,545</b>
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker					\$246,000	\$0.68	\$232	\$932
Animal health					\$65,500	\$0.18	\$62	\$248
Breeding and herd improvement					\$40,000	\$0.11	\$38	\$152
Farm dairy					\$21,000	\$0.06	\$20	\$80
Electricity (farm dairy, water supply)					\$36,500	\$0.10	\$34	\$138
Supplements made (incl. Contractors)								
Supplements purchased					\$35,000	\$0.10	\$33	\$133
Calf rearing								
Young and dry stock grazing					\$340,000	\$0.94	\$321	\$1,288
Winter cow grazing					\$125,000	\$0.35	\$118	\$473
Run-off lease								
Fertiliser (incl. N)					\$75,000	\$0.21	\$71	\$284
Irrigation					\$57,500	\$0.16	\$54	\$218
Regrassing and cropping					\$1,600	\$0.00	\$2	\$6
Weed and pest								
Vehicles and fuel					\$30,000	\$0.08	\$28	\$114
R&M (land, buildings, plant, machinery)					\$19,100	\$0.05	\$18	\$72
Freight and general farm expenses					\$5,400	\$0.02	\$5	\$20
Administration e.g. accountant, consultant, phone					\$34,000	\$0.09	\$32	\$129
Insurance					\$14,000	\$0.04	\$13	\$53
ACC					\$8,000	\$0.02	\$8	\$30
Rates								
<b>Total Farm Working Expenses</b>					<b>\$1,153,600</b>	<b>\$3.20</b>	<b>\$1,088</b>	<b>\$4,370</b>
<b>Cash Surplus / Deficit</b>					<b>\$574,200</b>	<b>\$1.60</b>	<b>\$542</b>	<b>\$2,175</b>
Non Cash adjustments								
Value of change in livestock numbers					-\$61,000	-\$0.17	-\$58	-\$231
Labour adjustment					\$80,000	\$0.22	\$75	\$303
Less Feed inventory Adjustment					-\$9,100	-\$0.03	-\$9	-\$34
Owned support block adjustment								
Depreciation					\$37,000	\$0.10	\$35	\$140
<b>Dairy Gross Farm Revenue</b>					<b>\$1,666,800</b>	<b>\$4.63</b>	<b>\$1,572</b>	<b>\$6,314</b>
<b>Dairy Operating Expenses</b>					<b>\$1,279,700</b>	<b>\$3.55</b>	<b>\$1,207</b>	<b>\$4,847</b>
<b>Dairy Operating Profit</b>					<b>\$387,100</b>	<b>\$1.08</b>	<b>\$365</b>	<b>\$1,466</b>

## Notes for Budget

Net Milk Income	Milk income is based on 50% of a conservative estimate of 360,000kg MS @ an advance milk price received to May 31, 2025, of \$6.80/kgMS and 50% of 382448 kgMS @ a deferred milk price of \$1.28/kgMS. Income is net of the 50% share of the DairyNZ levy of 3.6 c per 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)	Net livestock sales includes the sale of approximately 240 MA surplus or cull cows @ approximately \$620/head, 20 empty heifers @\$600/head, 70 surplus in calf heifers @ \$1200 and 730 bobby/heifer calves at an average of about \$30/head.
Other dairy income	

## Expenses

Wages	This covers 4.5 FTE external staff and is net of staff accommodation. Employer ACC is included here.
Animal health	The philosophy for animal health is to be observant and proactive. The SCC for the herd was below 130,000 for the 2023-24 season. The herd is blanket treated with short acting dry cow therapy at drying off. Lameness is not a problem with the incidence of lameness under 6%. Included in the animal health costs are Lepto vaccinations for the herd, selenium injections prior to calving and magnesium and mineral supplementation via in trough dosatron. Also included are calf 10 in 1 vaccinations, a turbo drench which covers coccidiosis plus a pre wean drench and horn de-budding. Unplanned vet visits are rare. The cost of testing for BVD as required is included under animal health.
Breeding and herd improvement	This cost covers AB and herd testing and includes the allowance for 1.2 straws of nominated Jersey high BW, high fertility semen and three herd tests per year, (one milking). No anoestrous intervention products are used, although, prior to and during mating an extra herd, milked once a day is run for non-cycling cows. Once a heat has been recorded they are returned to a twice a day herd. After 3 weeks of mating any cow not mated is transferred to the OAD herd. Mating is for 10 weeks with AB used for 5 1/2 weeks, followed by Jersey bulls for 4 1/2 weeks. The Jersey bulls are supplied by DHL as part of their closed herd policy. 29 bulls are provided and rotated between the 3 herds. Heifers are mated with Jersey bulls, (provided by the grazier - DHL, at a rate of 1 bull to 15 heifers), with a mating start date 5 days earlier than the main herd. The six week in calf rate from the 2024 mating is 80%, (actual). The not in calf rate for the 2023-24 season is 12%.
Farm dairy	Covers all rubberware, detergents and milking plant consumables like filter socks.
Electricity (farm dairy, water supply)	This covers the cost of running a 54 bale rotary cowshed plus power to the farm for stock water supply, effluent irrigation and electric fencing. A heat recovery system was installed in 2022 which has resulted in a reduction in power used.
Supplements made (incl. Contractors)	There is not usually sufficient surplus pasture to justify harvesting for silage/baleage. Early surpluses are managed by taking paddocks out for regrassing.
Supplements purchased	Purchased supplements are about 100 t DM of baleage @ \$350/tDM. This is down on previous years as an extra 45.6 t DM has been carried forward this year, (baleage made on farm from surplus pasture grown last season).
Calf rearing	The budget is for 290-300 replacement heifers to be reared. They are reared on milk and grass. The costs for bedding and equipment are included under R & M.
Young and dry stock grazing	Young stock at grazing will be 347, 2023 born heifers plus 290, 2024 born calves. All young stock are grazed on DHL support blocks at commercial grazing rates which include most animal health costs, provision of bulls for mating and freight. Rates are about \$9.50/head/week for weaners and \$14.25/head/week for R 2 heifers. Weaned calves have all left the milking platform by December 15th. In-calf heifers transition to winter grazing on June 1 and return to the milking platform mid-July. The contract has the sharemilker covering 100% of the grazing cost. This budget includes a one-off payment of \$50,000 for young stock weight gain above contract for the 23-24 season

Winter cow grazing	Covers all rubberware, detergents and milking plant consumables like filter socks.
Run-off lease	
Fertiliser (incl. N)	This cost covers the sharemilkers share of the nitrogen plus all the spreading costs of the nitrogen. The plan is to apply 167 kg N/ha for the year over 6 applications to the non-effluent areas and 3 applications to the effluent areas, with 3-4 applications up to December then 2 in February and March. All N is applied as urea. Budgeted price for urea is about \$1100/t. The farm is soil tested every year and fertiliser applied is as per recommendations. Potassium is applied in September with the September N. The farm has soil moisture monitors so phosphate is able to be applied in the winter in June and July when soil moisture levels are suitable.
Irrigation	This is a 50% share of irrigation electricity. The farm has 2 centre pivot irrigators plus K lines.
Regrassing and cropping	Minimal regrassing will be is planned for the coming season.
Weed and pest	
Vehicles and fuel	This cost covers the running and maintenance costs for a tractor, sundry farm bikes and farm vehicles. The tractor does less than 300 hours per year. The other farm vehicles are used for towing irrigation K lines, calf feeders etc. Fuel costs make up about 50-60% of the total cost.
Repairs and Maintenance	Being low input and not making any supplements, there is very little plant to be maintained.
Freight and general farm expenses	Includes bio security levy of \$1,440, plus protective clothing, waste disposal and a small amount of general freight.
Administration e.g. accountant, consultant, phone	Do own GST and payroll so includes subscriptions for packages that support that. Also includes \$5,000-6,000 for staff and training costs.
Insurance	
ACC	As per latest assessment.
Rates	
Other farm working expenses (not included in any of the above)	
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	This is based on having 57 fewer R 1 heifers, 10 fewer R 2 heifers and 5 fewer MA cows on hand at the end of the season. Net stock income, (cash and non-cash), is estimated at about \$0.57/kg MS which is similar to the benchmark for Canterbury 50-50 sharemilkers of \$0.55/kgMS.
Labour adjustment	This covers the 0.66 FTE of business owner, (sharemilker), unpaid input.
Less Feed inventory Adjustment	It is estimated that there will be a decrease of 45.6 tDM of supplements on hand for the season. This is the extra baleage carried into the 24-25 season that was made on farm in the spring of 2023.
Owned support block adjustment	
Depreciation	This is based on 2022-23 financial statements plus allowance for the additional purchase of plant and machinery in 23-24 and 24-25.