

# Annual Cash Budget

Name: **South Otago Owner (EP) System 4-5** Budget Period **1 / 6 / 2023** to **31 / 5 / 2024**  
 Farm Details: **310000 kgMS** **650 cows** **210.0 ha** **477 kgMS/cow** **1476 kgMS/ha** **3.10 cows/ha**

Income			\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received	100%				
Milk Solids advance	310,000 kgMS x \$ 5.70 /kgMS		\$1,769,694	\$5.71	\$2,723	\$8,427
Milk Solids retrospective	307,296 kgMS x \$ 2.14 /kgMS		\$663,901	\$2.14	\$1,021	\$3,161
Milk Solids dividend	310,000 shares x \$ 0.29 /share		\$90,000	\$0.29	\$138	\$429
Other Milk Income						
DairyNZ levy	enter as negative number		-\$11,595	-\$0.04	-\$18	-\$55
Net Dairy livestock sales (calves + culls + other - purchases)			\$96,900	\$0.31	\$149	\$461
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting			\$17,200	\$0.06	\$26	\$82
<b>Net Dairy Cash Income</b>			<b>\$2,626,100</b>	<b>\$8.47</b>	<b>\$4,040</b>	<b>\$12,505</b>
Expenses			\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker			\$377,600	\$1.22	\$581	\$1,798
Animal health			\$66,500	\$0.21	\$102	\$317
Breeding and herd improvement			\$68,400	\$0.22	\$105	\$326
Farm dairy			\$12,700	\$0.04	\$20	\$60
Electricity (farm dairy, water supply)			\$23,400	\$0.08	\$36	\$111
Supplements made (incl. Contractors)						
Supplements purchased			\$453,400	\$1.46	\$698	\$2,159
Calf rearing			\$9,000	\$0.03	\$14	\$43
Young and dry stock grazing			\$173,600	\$0.56	\$267	\$827
Winter cow grazing			\$127,800	\$0.41	\$197	\$609
Run-off lease						
Fertiliser (incl. N)			\$129,800	\$0.42	\$200	\$618
Irrigation						
Regrassing and cropping			\$31,500	\$0.10	\$48	\$150
Weed and pest			\$15,000	\$0.05	\$23	\$71
Vehicles and fuel			\$28,700	\$0.09	\$44	\$137
R&M (land, buildings, plant, machinery)			\$89,600	\$0.29	\$138	\$427
Freight and general farm expenses			\$10,400	\$0.03	\$16	\$50
Administration e.g. accountant, consultant, phone			\$30,800	\$0.10	\$47	\$147
Insurance			\$36,900	\$0.12	\$57	\$176
ACC						
Rates			\$46,700	\$0.15	\$72	\$222
<b>Total Farm Working Expenses</b>			<b>\$1,731,800</b>	<b>\$5.59</b>	<b>\$2,664</b>	<b>\$8,247</b>
<b>Cash Surplus / Deficit</b>			<b>\$894,300</b>	<b>\$2.88</b>	<b>\$1,376</b>	<b>\$4,259</b>
Non Cash adjustments						
Value of change in livestock numbers						
Labour adjustment						
Less Feed inventory Adjustment						
Owned support block adjustment						
Depreciation			\$115,000	\$0.37	\$177	\$548
<b>Dairy Gross Farm Revenue</b>			<b>\$2,626,100</b>	<b>\$8.47</b>	<b>\$4,040</b>	<b>\$12,505</b>
<b>Dairy Operating Expenses</b>			<b>\$1,846,800</b>	<b>\$5.96</b>	<b>\$2,841</b>	<b>\$8,794</b>
<b>Dairy Operating Profit</b>			<b>\$779,300</b>	<b>\$2.51</b>	<b>\$1,199</b>	<b>\$3,711</b>

## 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 August 20th 2023. The advance rate until April 2024, (received in May) is \$5.50. Deferred milk income is based on 307,296 kgMS @ \$2.14/kgMS. A Fonterra dividend of \$0.29/share on 310,000 shares is included. Milk revenue is net of DairyNZ levy of 3.6c/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)	Stock sales are based on about 150-160 cull or surplus cows and empty heifers @\$500/hd, and 460-490 bobby, dairy beef or surplus replacement heifer calves. This includes about 100 Hereford cross calves sold at 4 days old. This year about 30 surplus replacement heifer calves have been reared and will be sold in November after weaning.
Other dairy income	Rent received for surplus farm housing, plus trading rebates.

## 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. An assistant farm manager is employed (95 hours/fortnight), two staff members job share for a combined 80 hours per week and work 11 days on and 3 days off over two weeks. An additional staff member is employed in an introduction to farming role for 35 hours/week (Monday to Friday, 9am-5 pm). A calf rearer is also employed for about 2.5 months, 4-6 hours per day.
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.
Breeding and herd improvement	This covers anoestrous treatment, breeding, bull leases, 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, with the focus on 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. The grain has not been contracted yet as it is hoped the prices will drop during the season from a high of \$580/t last season. The budget has been based on about \$580-\$600/t landed.
Calf rearing	165 replacement calves will be reared this year. Costs cover \$6,000 for sawdust, \$2,000 for vet costs, and \$1,000 for equipment. Grain for calves is included in purchased feed - they get some of the crushed grain that is purchased for the cows.
Young and dry stock grazing	This covers;165 weaners from early December to May 1st (about 24 weeks) @ \$9.50/hd/week, 165 Yearlings from May 1st to April 30th @ \$14.50 /hd/week, and 150-160 in-calf heifers for 4 weeks @ \$36/hd/week, (May 1st to May 31st).
Winter cow grazing	About 380 cows were wintered off farm this season and 150 kept at home. The cows go to grazing in batches and the return home is staggered based on calving date. 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 \$336/cow which equates to an average of about 10 weeks @ \$34/hd/week.

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 \$14,000 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)	Repairs, maintenance and capital improvement on farm has always been carried out to a high level so the budget is very much status quo. Includes about \$7,000 for loafing pad maintenance, \$7,000 for employee dwelling repairs and \$6,000 for effluent disposal. Track maintenance is carried out every year to ensure they remain in good order.
Freight and general farm expenses	This is made up of \$7,900 bio-security levy and \$2500 for 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.
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 should be minimal change in number of livestock for the year.
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 2022-23 financial statements plus allowances for one more years depreciation and sale and purchase of fixed assets in 2023-24.