

# Annual Cash Budget

Name: Lower North Island 50-50 SM System 3 Budget Period 1 / 6 / 2023 to 31 / 5 / 2024

Farm Details: 170000 kgMS 380 cows 165.0 ha 447 kgMS/cow 1030 kgMS/ha 2.30 cows/ha

Income			\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received	50%				
Milk Solids advance	170,000 kgMS x \$ 6.00 /kgMS		\$544,890	\$3.21	\$1,434	\$3,302
Milk Solids retrospective	170,000 kgMS x \$ 1.00 /kgMS		\$143,500	\$0.84	\$378	\$870
Milk Solids dividend	shares x \$ /share					
Other Milk Income						
DairyNZ levy	enter as negative number		-\$3,120	-\$0.02	-\$8	-\$19
Net Dairy livestock sales (calves + culls + other - purchases)			\$87,730	\$0.52	\$231	\$532
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting						
<b>Net Dairy Cash Income</b>			<b>\$773,000</b>	<b>\$4.55</b>	<b>\$2,034</b>	<b>\$4,685</b>
Expenses			\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker			\$100,900	\$0.59	\$266	\$612
Animal health			\$62,300	\$0.37	\$164	\$378
Breeding and herd improvement			\$24,200	\$0.14	\$64	\$147
Farm dairy			\$6,500	\$0.04	\$17	\$39
Electricity (farm dairy, water supply)			\$24,000	\$0.14	\$63	\$145
Supplements made (incl. Contractors)			\$2,100	\$0.01	\$6	\$13
Supplements purchased			\$34,000	\$0.20	\$89	\$206
Calf rearing			\$21,300	\$0.13	\$56	\$129
Young and dry stock grazing			\$25,700	\$0.15	\$68	\$156
Winter cow grazing						
Run-off lease			\$21,500	\$0.13	\$57	\$130
Fertiliser (incl. N)			\$43,800	\$0.26	\$115	\$265
Irrigation						
Regrassing and cropping			\$40,900	\$0.24	\$108	\$248
Weed and pest			\$50	\$0.00	\$0	\$0
Vehicles and fuel			\$29,200	\$0.17	\$77	\$177
R&M (land, buildings, plant, machinery)			\$17,200	\$0.10	\$45	\$104
Freight and general farm expenses			\$14,300	\$0.08	\$38	\$87
Administration e.g. accountant, consultant, phone			\$11,600	\$0.07	\$31	\$70
Insurance			\$8,000	\$0.05	\$21	\$48
ACC			\$2,900	\$0.02	\$8	\$18
Rates						
<b>Total Farm Working Expenses</b>			<b>\$490,450</b>	<b>\$2.89</b>	<b>\$1,291</b>	<b>\$2,972</b>
<b>Cash Surplus / Deficit</b>			<b>\$282,550</b>	<b>\$1.66</b>	<b>\$744</b>	<b>\$1,712</b>
Non Cash adjustments						
Value of change in livestock numbers			-\$15,000	-\$0.09	-\$39	-\$91
Labour adjustment			\$100,000	\$0.59	\$263	\$606
Less Feed inventory Adjustment			-\$30,000	-\$0.18	-\$79	-\$182
Owned support block adjustment						
Depreciation			\$40,000	\$0.24	\$105	\$242
<b>Dairy Gross Farm Revenue</b>			<b>\$758,000</b>	<b>\$4.46</b>	<b>\$1,995</b>	<b>\$4,594</b>
<b>Dairy Operating Expenses</b>			<b>\$660,450</b>	<b>\$3.89</b>	<b>\$1,738</b>	<b>\$4,003</b>
<b>Dairy Operating Profit</b>			<b>\$97,550</b>	<b>\$0.57</b>	<b>\$257</b>	<b>\$591</b>

## Notes for Budget

Net Milk Income	Milk revenue is based on a 50% share of 170,000 kg MS @ an advance rate of \$6.40/kgMS to April, (payment received in May), and a 50% share of the deferred payment of \$1.68/kg MS on 170,000 kgMS. This is net of the sharemilkers share of the DairyNZ levy of 3.6 cents. <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)	Typically 60-70 cows are culled or sold, 150 bobbies and 90 feeder calves to the farm owner. For 2023-24 there are 18 autumn born weaners for sale as well, which will probably be sold in winter for about \$500/head. Friesian bulls are purchased in August, BVD tested and vaccinated, then run on the lease block until required. They are sold in the summer and the sale price is typically at break even or slightly above purchase price.
Other dairy income	

## Expenses

Wages	One full time and one part time staff member are employed equating to 1.6 FTE. This is net of staff rent and includes employer ACC costs.
Animal health	Covers custom blended AgVance minerals for transtiona and early lactation, vet visits, metri checking prior to mating, BVD testing for any incoming animals, (herd bulls mainly), mastitis control, calf dehorning,drenches, and vaccinations. The SAMM plan is followed for drying off, and the SCC for the 2022-23 season is 110,000.
Breeding and herd improvement	Covers 3-4 weeks of AB using premier sires and some sexed semen. Friesian bulls are run with the herd for the rest of mating. Bulls are removed from the herd late December to give a 9 week mating period. Heifers are run with low birthweight Angus bulls, (the resulting calves are sold to the owners calf rearing operation).
Farm dairy	Covers detergents, rubberware, and other shed consumables. Rubberware is changed once a year in the autumn. Plant washing system has a metered detergent system.
Electricity (farm dairy, water supply)	Covers shed electricity to run the 50 bail rotary shed and the effluent irrigator, for 365 days, (milking is all year round).
Supplements made (incl. Contractors)	The amount of baleage made varies depending on the season. The budget is for a 50% share of 100 bales @\$42/bale.
Supplements purchased	Covers a 50% share of 200 t DM of grass silage imported from an external source at \$0.34/kgDM. There is no plan to purchase any PKE this season as there is more supplement on hand than normal going into the winter, (approximately 150 t DM). PKE is viewed as a backup feed when required and can range from 60-120 t, (wet), depending on the season.T
Calf rearing	Approximately 100 replacement calves are reared on colstrum, wholemilk and meal. Includes about 17 t meal at about \$1,100/t and \$4,000 for bedding and equipment.
Young and dry stock grazing	100 yearlings for 52 weeks @\$12/head/week, 50% share. Does not include freight.
Winter cow grazing	200 cows for 8 weeks, are wintered off on the leased support block.
Run-off lease	The cost shown in the budget is the net cost of leasing and operating the 38 ha adjacent support block. This covers the lease paid, rates, fertiliser, cropping and harvesting costs, offset by revenue from the owners share of grazing and feed costs, plus any external revenue if there is surplus feed not required for the farming operation. The support block provides winter grazing for 200 cows for 8 weeks and weaner grazing for 100 calves from mid-November until May. In addition about 120-150 t DM maize silage and 18-27 t DM of baleage is harvested and taken to the milking platform. Other feed grown on the support block includes 7.8 ha of winter oats, plus 54 t DM of baleage and some hay retained for use on the support block. The farm owner pays market rates for a 50% share of the winter grazing, weaner grazing and any supplements that are brought back to the milking area.
Fertiliser (incl. N)	This is for a 50% share of nitrogen on the milking area, (115 kg N/ha), plus 50% cartage and spreading for all other farm fertiliser. 50% for crop fertiliser is included here for crops grown on the milking area.

Irrigation	
Regrassing and cropping	4-5 ha of maize is grown on the milking area along with 13 ha of chicory. This cost covers the sharemilkers share for contractors for ground work/drilling, spraying and chemicals and seed.
Weed and pest	Have own gear to spray weeds, the owner provides the chemical.
Vehicles and fuel	About 600 hours a year is done on the tractor for feeding out, mowing, scraping the feed pad, race work etc. Covers \$18,000 for fuel, the balance is for servicing and maintenance on the tractor and bikes.
R&M (land, buildings, plant, machinery)	This cost is machinery services and breakdowns, general maintenance and loose tools.
Freight and general farm expenses	Includes freight for livestock plus protective clothing, dog expenses and biosecurity levy. Included here is also \$6,000 of general costs.
Administration e.g. accountant, consultant, phone	Do own GST and pay roll. Includes accounting, computer, communication and general administration costs.
Insurance	This is reviewed regularly to ensure it remains relevant.
ACC	As per last season.
Rates	
Other farm working expenses (not included in any of the above)	
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	Expect to have 2 less R 1 heifers, 4 less R 2 heifers, 2 less MA cows and 18 less autumn born weaner beef calves on hand at the end of the season. The value in change in numbers of livestock have been assessed using the IRD NAMV as at May 2022. Net livestock income, (cash and non-cash), is \$0.43/kg MS.
Labour adjustment	Unpaid farm business owner input is 1.4 FTE.
Less Feed inventory Adjustment	Expect to have about 150 t DM less on hand 31st May 2024 as the seasons opening feed is exceptionally high. The good 2023 summer and autumn meant more baleage was made and less maize and baleage was fed out in the autumn. This is based on a market value for the feed on hand of \$390/t DM, (50% share).
Owned support block adjustment	
Depreciation	As per 2021-22 financial statements plus adjustments for subsequent purchases and sales of fixed assets.