

# Annual Cash Budget

Name: **South Waikato, Owner with CM, Sys 5** Budget Period **1 / 6 / 2023** to **31 / 5 / 2024**

Farm Details: **134900 kgMS** **290 cows** **73.0 ha** **465 kgMS/cow** **1848 kgMS/ha** **3.97 cows/ha**

Income			\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received	100%				
Milk Solids advance	134,900 kgMS x \$ 7.89 /kgMS		\$1,064,170	\$7.89	\$3,670	\$14,578
Milk Solids retrospective	kgMS x \$ /kgMS					
Milk Solids dividend	129,000 shares x \$ 0.20 /share		\$25,800	\$0.19	\$89	\$353
Other Milk Income						
DairyNZ levy	enter as negative number		-\$4,860	-\$0.04	-\$17	-\$67
Net Dairy livestock sales (calves + culls + other - purchases)			\$49,600	\$0.37	\$171	\$679
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting			\$14,040	\$0.10	\$48	\$192
<b>Net Dairy Cash Income</b>			<b>\$1,148,750</b>	<b>\$8.52</b>	<b>\$3,961</b>	<b>\$15,736</b>
Expenses			\$ Total	\$/kgMs	\$/cow	\$/ha
Wages			\$204,750	\$1.52	\$706	\$2,805
Animal health			\$10,850	\$0.08	\$37	\$149
Breeding and herd improvement			\$18,630	\$0.14	\$64	\$255
Farm dairy			\$3,000	\$0.02	\$10	\$41
Electricity (farm dairy, water supply)						
Supplements made (incl. Contractors)			\$8,160	\$0.06	\$28	\$112
Supplements purchased			\$251,300	\$1.86	\$867	\$3,442
Calf rearing			\$7,000	\$0.05	\$24	\$96
Young and dry stock grazing			\$64,300	\$0.48	\$222	\$881
Winter cow grazing						
Run-off lease						
Fertiliser (incl. N)			\$73,450	\$0.54	\$253	\$1,006
Irrigation						
Regrassing and cropping						
Weed and pest						
Vehicles and fuel			\$4,650	\$0.03	\$16	\$64
R&M (land, buildings, plant, machinery)			\$14,400	\$0.11	\$50	\$197
Freight and general farm expenses			\$5,540	\$0.04	\$19	\$76
Administration e.g. accountant, consultant, phone			\$4,000	\$0.03	\$14	\$55
Insurance			\$7,000	\$0.05	\$24	\$96
ACC						
Rates			\$12,300	\$0.09	\$42	\$168
<b>Total Farm Working Expenses</b>			<b>\$689,330</b>	<b>\$5.11</b>	<b>\$2,377</b>	<b>\$9,443</b>
<b>Cash Surplus / Deficit</b>			<b>\$459,420</b>	<b>\$3.41</b>	<b>\$1,584</b>	<b>\$6,293</b>
Non Cash adjustments						
Value of change in livestock numbers			-\$600	\$0.00	-\$2	-\$8
Labour adjustment			\$3,500	\$0.03	\$12	\$48
Less Feed inventory Adjustment						
Owned support block adjustment						
Depreciation			\$65,000	\$0.48	\$224	\$890
<b>Dairy Gross Farm Revenue</b>			<b>\$1,148,150</b>	<b>\$8.51</b>	<b>\$3,959</b>	<b>\$15,728</b>
<b>Dairy Operating Expenses</b>			<b>\$757,830</b>	<b>\$5.62</b>	<b>\$2,613</b>	<b>\$10,381</b>
<b>Dairy Operating Profit</b>			<b>\$390,320</b>	<b>\$2.89</b>	<b>\$1,346</b>	<b>\$5,347</b>

## Notes for Budget

Net Milk Income	Based on milk production for the year of 134900 kg MS @ \$7.89per kgMS advance and deferred payments. Includes Fonterra dividend of \$0.90 per share on 129,000 shares. Milk revenue is net of the DairyNZ levy 3.6 cents 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)	54 MA cows/Surplus R 2 heifers @819 and 210 bobby calves @ \$26. Cow sales are a mix of culls and surplus in-calf heifers and in milk cows.
Other dairy income	Rent for surplus housing on the property.

## Expenses

Wages	This is payment to the contract milker and covers remuneration for 1.6 FTE plus some relief milking and allowances for calves reared. This also covers the contract milkers share of shed, power, farm bike and communication costs.
Animal health	Covers teat spray, mastitis treatment, dry cow, teat seal, antibiotics, vaccinations , lameness, metabolic treatments and general vet costs.
Breeding and herd improvement	Heifers mated to start calving a week earlier than mature cows. AB for 5.5 weeks. Budget covers 360 inseminations @ \$14 /straw and \$6.00 per insemination fee. Herd test 4 times per year one milking only. Six bulls will be leased, to use with the heifers and with the herd after AB is finished. Mating goes for 12 weeks.
Farm dairy	Contract milker pays for farm dairy costs such as rubberware and detergent. This cost is for milking machine testing and sundry items that are the owners responsibility.
Electricity (farm dairy, water supply)	Contract milker pays for the farm and shed electricity.
Supplements made (incl. Contractors)	This is pit silage made on the milking platform. The amount varies each year depending on the spring growth. The budget is for 48 t DM pit silage, (12 ha at 4 t DM/ha) at \$0.17 c/kg DM in the stack.
Supplements purchased	The budget is for 308 t PKE at \$330/t landed, and approximately 315 t DM of maize silage at \$458/ t DM in the stack. Also included is \$12,500 for minerals which are added to the feed. The PKE is not contracted yet but the hope is that the landed price should actually come in around \$310-315/t. There is high expectations that there will be some good deals regarding PKE contracts around fielddays time.
Calf rearing	This covers 3-4 t of meal, shavings for bedding, de-horning and young calf animal health costs. Plan is to rear about 67 replacement heifer calves.
Young and dry stock grazing	Calves leave the farm December 1st as weaners and return to the farm May 1st as in calf heifers. Prices are now \$10.00 per head per week for 67 calves for 22 weeks and \$14.00 per head per week for 67 yearling heifers for 52 weeks, (grazing for bulls during mating are included). This includes freight and all animal health including zinc and PKE fed at no extra charge.
Winter cow grazing	
Run-off lease	
Fertiliser (incl. N)	TTThis is net of \$1,320 fertiliser rebates. 65% of the farm is irrigated with effluent. The cost of diesel for running the effluent pump is included here. Over the whole year the effluent area gets an additional 90 kg N per ha applied and the non-effluent area gets 120 kg N per ha. Fertiliser applied is urea, PhasedN and sulphur depending on the time of year and the soil conditions. August and September fertiliser and nitrogen for the whole farm is now applied by helicopter, as is the autumn fertiliser for the non-effluent area. This costs about \$6,500. Contour and soil conditions in the late winter and early spring mean that a much better coverage can be achieved with the helicopter. The contour of the non- effluent area is difficult to evenly spread fertiliser using land based spreaders so using a helicopter on this land gives more efficient use of fertiliser.
Irrigation	

Regrassing and cropping	No regrassing planned for the 2023-24 season.
Weed and pest	Weeds are not a problem.
Vehicles and fuel	Vehicle costs are low as only have to pay for the maintenance and running of one tractor, which was replaced in 2020-21. Feed pad and stacks are near the dairy shed so the tractor is not running very much. The contract milker supplies and pays the running costs for farm bikes.
R&M (land, buildings, plant, machinery)	The dairy shed, feed pad and effluent system are only eight years old and other infrastructure is in good order so R & M is relatively low.
Freight and general farm expenses	Includes bio security levy of \$0.024/kg MS, and some freight.
Administration e.g. accountant, consultant, phone	Covers accountancy, bank charges, and general office costs. This is lower than for an owner operator as the contract milker does a lot of the day to day organising so communication costs for the farm owner are low. Do own GST returns which keeps costs down.
Insurance	This is significantly higher than last season due to insurance company premium price increases. The insurance on just the two farm houses has increased 20%.
ACC	No owner ACC paid.
Rates	As per current rates demand.
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 on hand 31/5/2024, 3 more R 2 heifers, and 3 fewer MA cows. The value of the change in livestock on hand is based on the 2023 IRD NAMV. The total livestock income, (cash and non-cash), of \$0.37/kgMS.
Labour adjustment	This covers about 2 part days per month on farm as well as governance and administration for the business. It equates to 0.1 FTE for the year of unpaid owner input.
Less Feed inventory Adjustment	The amount of supplement taken in to the 2024 winter is likely to be similar to the start of the season, (280 t DM of maize).
Owned support block adjustment	
Depreciation	This is quite high as cowshed, feed pad and effluent systems are only 8 years old. It has been based on 2021-22 Financial statements plus some allowance for additional year's depreciation. No major fixed asset purchase/sales are planned for the 2023-24 season.