

Annual Cash Budget

Name: Canterbury herd owning SM Sys 2 Budget Period 1 / 6 / 2023 to 31 / 5 / 2024

Farm Details: 365000 kgMS 1060 cows 264.0 ha 344 kgMS/cow 1383 kgMS/ha 4.02 cows/ha

Income						\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income									
Share of milk cheque received 50%									
Milk Solids	advance	365,000	kgMS	x \$	5.90 /kgMS	\$1,076,650	\$2.95	\$1,016	\$4,078
Milk Solids retrospective		365,000	kgMS	x \$	1.48 /kgMS	\$270,720	\$0.74	\$255	\$1,025
Milk Solids	dividend		shares	x \$	/share				
Other Milk Income									
DairyNZ levy enter as negative number						-\$6,570	-\$0.02	-\$6	-\$25
Net Dairy livestock sales (calves + culls + other - purchases)						\$110,000	\$0.30	\$104	\$417
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting									
Net Dairy Cash Income						\$1,450,800	\$3.97	\$1,369	\$5,495

Expenses						\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker						\$233,000	\$0.64	\$220	\$883
Animal health						\$66,000	\$0.18	\$62	\$250
Breeding and herd improvement						\$37,000	\$0.10	\$35	\$140
Farm dairy						\$20,000	\$0.05	\$19	\$76
Electricity (farm dairy, water supply)						\$36,400	\$0.10	\$34	\$138
Supplements made (incl. Contractors)									
Supplements purchased						\$35,000	\$0.10	\$33	\$133
Calf rearing						\$2,500	\$0.01	\$2	\$9
Young and dry stock grazing						\$320,900	\$0.88	\$303	\$1,216
Winter cow grazing						\$125,000	\$0.34	\$118	\$473
Run-off lease									
Fertiliser (incl. N)						\$64,000	\$0.18	\$60	\$242
Irrigation						\$57,500	\$0.16	\$54	\$218
Regrassing and cropping						\$1,600	\$0.00	\$2	\$6
Weed and pest						\$50	\$0.00	\$0	\$0
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						\$6,380	\$0.02	\$6	\$24
Administration e.g. accountant, consultant, phone						\$18,400	\$0.05	\$17	\$70
Insurance						\$11,000	\$0.03	\$10	\$42
ACC						\$5,000	\$0.01	\$5	\$19
Rates									
Total Farm Working Expenses						\$1,088,830	\$2.98	\$1,027	\$4,124

Cash Surplus / Deficit	\$361,970	\$0.99	\$341	\$1,371
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Non Cash adjustments				
Value of change in livestock numbers	\$131,200	\$0.36	\$124	\$497
Labour adjustment	\$120,000	\$0.33	\$113	\$455
Less Feed inventory Adjustment				
Owned support block adjustment				
Depreciation	\$37,000	\$0.10	\$35	\$140
Dairy Gross Farm Revenue	\$1,582,000	\$4.33	\$1,492	\$5,992
Dairy Operating Expenses	\$1,245,830	\$3.41	\$1,175	\$4,719
Dairy Operating Profit	\$336,170	\$0.92	\$317	\$1,273

Notes for Budget

Net Milk Income	Milk income is based on 50% of 365,000kg MS @ an advance milk price received to May 31, 2024 of \$5.90/kgMS and 50% of 365,000 kgMS @ as deferred milk price of \$1.42/kgMS. Income is net of the 50% share of the DairyNZ levy of 3.6 c per kg MS. <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)	Net livestock sales includes the sale of approximately 160-180 MA surplus or cull cows and empty R 2 heifers @ approximately \$650/head and 610-620 bobby/heifer calves at an average of about \$30/head.
Other dairy income	

Expenses

Wages	This covers 4.25 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 is below 150,000. 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 for the 2023 calving is 80%, (actual). The not in calf rate for the 2022-23 season is 9%.
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 80 t DM of straw, (@\$320/t DM, 50% share), for use during the winter and at drying off, plus approximately 120 kg DM/cow of baleage, (126 t DM @ \$350/t DM, 50% share), to cover any short term feed deficits in the spring.
Calf rearing	The budget is for 330 replacement heifers to be reared. They are reared on milk and grass. The costs included here are for bedding and equipment.
Young and dry stock grazing	Young stock at grazing will be 336 2022 born heifers plus 330 2023 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 \$9.00/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.
Winter cow grazing	90% of the herd or about 950 cows, are grazed off for an average of 54 days. The first cows leave the farm from May 20th and the last are gone by June 1. They return to the milking area in batches based on calving date. Winter grazing costs this year are \$32/head including freight. This cost is a 50% share.
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	The sharemilker is responsible for the contracting costs for spraying out existing pasture. Approximately 10% of the farm, (25ha), is being regrassed each year - grass to grass in the spring. All sprays, seed and sowing is covered by the farm owner.
Weed and pest	Minimal costs, this is for rat bait.
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 \$4380, 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 about \$8,000 for staff and training costs.
Insurance	
ACC	Similar to previous year.
Rates	
Other farm working expenses (not included in any of the above)	
Non Cash adjustments	
Value of change in livestock numbers	This is based on having 6 fewer R 1 heifers, 74 more R 2 heifers and 16 more MA cows on hand at the end of the season. Stock income for the season, (cash and non-cash), is estimated to be \$0.66/kg MS. This is above the Canterbury 50-50 SM average of about \$0.55/kgMS.
Labour adjustment	This covers the 1.2 FTE of business owner, (sharemilker), unpaid input.
Less Feed inventory Adjustment	It is estimated that there will be no change in supplements on hand for the season.
Owned support block adjustment	
Depreciation	This is based on 2020-21 financial statements plus allowance for the additional purchase of plant and machinery in 21-22 and 22-23.