

Annual Cash Budget

Name: **Canterbury Owner System 3** Budget Period **1 / 6 / 2023** to **31 / 5 / 2024**

Farm Details: **485000 kgMS** **1045 cows** **304.8 ha** **464 kgMS/cow** **1591 kgMS/ha** **3.43 cows/ha**

Income			\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received	100%				
Milk Solids advance	485,000 kgMS x \$ 6.17 /kgMS		\$2,991,200	\$6.17	\$2,862	\$9,814
Milk Solids retrospective	430,499 kgMS x \$ 1.50 /kgMS		\$645,750	\$1.33	\$618	\$2,119
Milk Solids dividend	480,000 shares x \$ 0.30 /share		\$144,800	\$0.30	\$139	\$475
Other Milk Income - Co-operative difference	\$0.08/kgMS on 430899 kg		\$34,800	\$0.07	\$33	\$114
DairyNZ levy	enter as negative number		-\$17,400	-\$0.04	-\$17	-\$57
Net Dairy livestock sales (calves + culls + other - purchases)			\$96,400	\$0.20	\$92	\$316
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting			\$6,600	\$0.01	\$6	\$22
Net Dairy Cash Income			\$3,902,150	\$8.05	\$3,734	\$12,802
Expenses			\$ Total	\$/kgMs	\$/cow	\$/ha
Wages/payment to contract milker			\$526,600	\$1.09	\$504	\$1,728
Animal health			\$89,250	\$0.18	\$85	\$293
Breeding and herd improvement			\$110,100	\$0.23	\$105	\$361
Farm dairy			\$28,000	\$0.06	\$27	\$92
Electricity (farm dairy, water supply)			\$31,500	\$0.06	\$30	\$103
Supplements made (incl. Contractors)						
Supplements purchased			\$307,200	\$0.63	\$294	\$1,008
Calf rearing			\$36,000	\$0.07	\$34	\$118
Young and dry stock grazing			\$255,800	\$0.53	\$245	\$839
Winter cow grazing			\$325,500	\$0.67	\$311	\$1,068
Run-off lease						
Fertiliser (incl. N)			\$195,300	\$0.40	\$187	\$641
Irrigation			\$350,000	\$0.72	\$335	\$1,148
Regrassing and cropping			\$53,500	\$0.11	\$51	\$176
Weed and pest			\$5,250	\$0.01	\$5	\$17
Vehicles and fuel			\$37,000	\$0.08	\$35	\$121
R&M (land, buildings, plant, machinery)			\$90,000	\$0.19	\$86	\$295
Freight and general farm expenses			\$19,350	\$0.04	\$19	\$63
Administration e.g. accountant, consultant, phone			\$116,100	\$0.24	\$111	\$381
Insurance			\$28,000	\$0.06	\$27	\$92
ACC						
Rates			\$23,500	\$0.05	\$22	\$77
Total Farm Working Expenses			\$2,627,950	\$5.42	\$2,515	\$8,622
Cash Surplus / Deficit			\$1,274,200	\$2.63	\$1,219	\$4,180
Non Cash adjustments						
Value of change in livestock numbers			\$110,000	\$0.23	\$105	\$361
Labour adjustment						
Less Feed inventory Adjustment			-\$48,000	-\$0.10	-\$46	-\$157
Owned support block adjustment						
Depreciation			\$130,000	\$0.27	\$124	\$427
Dairy Gross Farm Revenue			\$4,012,150	\$8.27	\$3,839	\$13,163
Dairy Operating Expenses			\$2,805,950	\$5.79	\$2,685	\$9,206
Dairy Operating Profit			\$1,206,200	\$2.49	\$1,154	\$3,957

Notes for Budget

Net Milk Income	The milk revenue is based on 485,000 kg MS @ \$6.20/kgMS, advance and 430,499 kg MS @ \$1.30 deferred, plus the Fonterra dividend of \$0.30/kgMS on 480,000 shares and a Fonterra co-operative difference of \$0.08/kg MS. This is net of the DairyNZ levy of \$.036/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)	Net stock income is based on approximately 690-700 bobby calves @ \$25-30/hd, 178 MA cull cows and R 2 heifers @ \$700/hd. The plan is to purchase about 30 MA in calf cows from Camden Group, (CG),Support/dry stock enterprise, (were carry overs from previous year sold back to CGS), to build numbers back up to opening levels. The average price will be about \$1,600/head.
Other dairy income	Rental from related entity for shed on boundary.

Expenses

Wages	The farm operation employs 6.5 FTE, made up of one farm manager, one 2IC, two senior farm staff, one intermediate farm staff and one junior farm staff. A calf rearer is employed from July to December and students are employed over the summer. This is net of employee accommodation allowances and includes employee ACC.
Animal health	The approach to animal health is to be vigilant, keep good records and be proactive. Metabolic diseases are not an issue as supplementation can be made easily through the metered in line water dispenser. The average bulk somatic cell count for the herd is below 130,000. The animal health budget includes dry cow therapy for the herd, and teat sealing, (including the in calf heifers). This accounts for about 1/4 to 1/3 of the total animal health budget. The incidence of lameness varies, (3-8% of the herd), but is mostly treated in house so is not a large direct cost. Laminitis can occur in December/January with the change in feed quality.
Breeding and herd improvement	Mating is for 10 weeks, AI is used for the first 5 weeks, made up of 3 weeks using 80% premier sires, 10% sexed semen and 10% beef semen, (for lower genetic merit cows). Week 4 is 90% premier sires and 10% beef semen, and week 5 is with compact calving "dairy" semen. 45 Jersey bulls are leased for \$500/hd plus grazing. Some, (about 12-15), are used with the heifers, and the balance are used with the herd for the last five weeks of mating and are withdrawn from the herd 4th January. Pregnancy testing is carried out at 35 days after mating has finished. A second pregnancy is done late April/early May to identify any final empties. The current reproduction plan is to treat non cycling cows with CIDRs in the second week of mating, (usually about 4-5% of the herd). Herd testing is carried out 4 times a year with 2 tests over two milking and two tests from one milking. Includes protrack subscription.
Farm dairy	Standard dairy plant cleaning and maintenance is followed.
Electricity (farm dairy, water supply)	The dairy shed is a 50 bail rotary shed turnstile, (built in 1999), with Read slide pulsation, Read automatic cup removers and a circular yard with capacity for 500 cows.
Supplements made (incl. Contractors)	Usually no supplement is made on the milking area. The plan is to have sufficient cow numbers to harvest all the pasture.
Supplements purchased	All hay and silage purchased are sourced "in house" from within the Camden Group at market rates. About 765 kg DM/cow will be purchased for the 2023-24 season; 550kgDM/cow of baleage @ \$0.40/kg DM, 150 kg DM/cow of proliq @ \$0.19/kg DM, 53 kg DM/cow of barley @ \$0.50/kg DM and 12 kg DM/cow of straw, (for feeding to the springers). \$15,000 is included in the budget for fodder beet which was fed in May 2023, (paid for in June 2023), on the dairy platform as a transitional supplement before the cows go to winter grazing.
Calf rearing	About 250-260 replacement heifer calves are reared each year, on whole milk, meal, pasture and hay. They are weaned off milk at 70 kg liveweight, (LW), and continue to get crushed barley and fresh pasture until they reach 100 kg LW. Up to 2 t of milk powder may be used each year to top up the fresh milk supply.
Young and dry stock grazing	250 heifers @ \$15.50/head/week for 52 Weeks and 261 weaners from December to May 1st @ \$9.50/week. Per head price includes freight and animal health costs.
Winter cow grazing	The herd is grazed off on average for 9 weeks @\$34/hd/week. Stock are able to be walked to the grazing so no freight costs are incurred. Cows return to the milking platform just prior to calving so are bought home in small mobs.
Run-off lease	

Fertiliser (incl. N)	Fertiliser applied each year are based on soil tests and nutrient budgets. Nutrients applied are: Phosphate 30-40 kg/ha Potash 0-5kg/ha and Sulphate Sulphur 55-65 kg/ha. Nitrogen use is 180 kg of N/ha usually applied at 22.5 kg/N/ha over 8 applications.
Irrigation	Moisture and evapotranspiration levels are monitored on farm, and water use is budgeted. This information is used in daily irrigation planning to ensure costs are kept down and the irrigation carried out is effective. Costs include CPWL water rates and some electricity.
Regrassing and cropping	This season the plan is for 3.5 ha of Kale for use in late winter and spring 2023 by the dry cows, and 3.5 ha of fodder beet for transitioning cows in May 2024 prior to going to winter grazing. The current regrassing plan is 7 ha of annuals planted in September, (to be regrassed in permanent pasture September 2024), 27 ha of perennial ryegrass/white clover mix, (grass to grass), also sown in September, plus returning last winters kale area, (7 ha), to permanent pasture. The permanent pasture is usually in the grazing rotation by late December.
Weed and pest	
Vehicles and fuel	The farm has minimal machinery, and a plant replacement policy that includes turnover of bikes at 15,000 km. This keeps R & M costs low but does have a higher capital cost. Includes \$27,000 for fuel.
R&M (land, buildings, plant, machinery)	Includes \$28,000 for irrigation equipment repairs and pivot rut remediation, \$18,000 dairy shed repairs, \$10,000 for fencing, drains and effluent, \$10,000 plant, \$7,000 shelter trees and \$3,000 for water supply.
Freight and general farm expenses	Includes bio security levy of \$10,600, dead cow disposal and waste disposal.
Administration e.g. accountant, consultant, phone	Includes environmental compliance and irrigation consent monitoring, plus \$111,000 for Willsdens share of Camden group services business overheads.
Insurance	As per last invoice plus allowance for additions.
ACC	
Rates	
Non Cash adjustments	
Value of change in livestock numbers	Anticipating that there will be 7 more R 1 heifers, 6 more R 2 heifers and 59 more MA cows on hand at the end of the seasons. Total stock income cash and non cash is \$0.20 + \$0.23 = \$0.43/kg MS which is slightly below the average for mid Canterbury owners, (\$0.45-\$0.51 for 2020, 2021 and 2022 financial years).
Labour adjustment	All owner input is covered by the share of Camden group service business fee.
Less Feed inventory Adjustment	Took more supplement into the 2023 winter so expect to have about 160 t DM less on hand at the end of the season. This is valued at \$400/ t DM.
Owned support block adjustment	
Depreciation	This is as per the financial statements for 21-22 season, plus allowance for 2 years of asset accumulation