

Annual Cash Budget

Name: **Northland 50-50 SM System 3** Budget Period **1 / 6 / 2023** to **31 / 5 / 2024**

Farm Details: **160000 kgMS** **398 cows** **174.0 ha** **402 kgMS/cow** **920 kgMS/ha** **2.29 cows/ha**

Income			\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received	50%				
Milk Solids advance	160,000 kgMS x \$	/kgMS	\$704,000	\$4.40	\$1,769	\$4,046
Milk Solids retrospective	155,675 kgMS x \$	/kgMS				
Milk Solids dividend	shares x \$	/share				
Other Milk Income						
DairyNZ levy	enter as negative number		-\$2,900	-\$0.02	-\$7	-\$17
Net Dairy livestock sales (calves + culls + other - purchases)			\$111,800	\$0.70	\$281	\$643
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting						
Net Dairy Cash Income			\$812,900	\$5.08	\$2,042	\$4,672
Expenses			\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker			\$150,000	\$0.94	\$377	\$862
Animal health			\$29,000	\$0.18	\$73	\$167
Breeding and herd improvement			\$22,000	\$0.14	\$55	\$126
Farm dairy			\$6,500	\$0.04	\$16	\$37
Electricity (farm dairy, water supply)			\$24,000	\$0.15	\$60	\$138
Supplements made (incl. Contractors)			\$13,000	\$0.08	\$33	\$75
Supplements purchased			\$80,000	\$0.50	\$201	\$460
Calf rearing			\$4,000	\$0.03	\$10	\$23
Young and dry stock grazing						
Winter cow grazing						
Run-off lease			\$14,000	\$0.09	\$35	\$80
Fertiliser (incl. N)			\$46,000	\$0.29	\$116	\$264
Irrigation						
Regrassing and cropping			\$29,400	\$0.18	\$74	\$169
Weed and pest			\$100	\$0.00	\$0	\$1
Vehicles and fuel			\$40,000	\$0.25	\$101	\$230
R&M (land, buildings, plant, machinery)			\$12,000	\$0.08	\$30	\$69
Freight and general farm expenses			\$13,000	\$0.08	\$33	\$75
Administration e.g. accountant, consultant, phone			\$17,000	\$0.11	\$43	\$98
Insurance			\$10,000	\$0.06	\$25	\$57
ACC			\$2,200	\$0.01	\$6	\$13
Rates			\$3,400	\$0.02	\$9	\$20
Total Farm Working Expenses			\$515,600	\$3.22	\$1,295	\$2,963
Cash Surplus / Deficit			\$297,300	\$1.86	\$747	\$1,709
Non Cash adjustments						
Value of change in livestock numbers			-\$8,000	-\$0.05	-\$20	-\$46
Labour adjustment			\$70,000	\$0.44	\$176	\$402
Less Feed inventory Adjustment			\$20,000	\$0.13	\$50	\$115
Owned support block adjustment						
Depreciation			\$33,000	\$0.21	\$83	\$190
Dairy Gross Farm Revenue			\$804,900	\$5.03	\$2,022	\$4,626
Dairy Operating Expenses			\$598,600	\$3.74	\$1,504	\$3,440
Dairy Operating Profit			\$206,300	\$1.29	\$518	\$1,186

Notes for Budget

Net Milk Income	Milk income is based and receiving 50% of \$8.80/kg MS on 160,000 kg MS. This covers the deferred, advance and winter milk premium for the financial year April 2023 to March 2024. This is net of the DairyNZ levy. Nearly 3 months in to the milking season production is already 4,000 kg MS up on the previous year and the herd is still up on a daily basis at the middle of June. ** 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.
Net Dairy livestock sales (calves + culls + other - purchases)	Includes the sale of 80 MA cows and empty heifers @ \$850/head, 300 feeder calves @ \$120/head and 8 R 2 bulls @ \$2,000/head. Being autumn calving means that cull cows are sold in the late spring and early summer so usually return a premium, calves are sold in the yards and also attract a premium. About 10 cows are sold as in calf for a spring calving so they also are sold at higher than standard cull cow price. Each year 4-5 low birth weight, R 1 Angus bulls are purchased for the heifers and 9-10 Hereford bulls are purchased for the herd. The average price is \$2,300-\$2,500/head. The bulls are sold in November/December for about \$2,000-\$2,100/head.
Other dairy income	
Expenses	
Wages	Currently employing 1 full time permanent staff member, 1 milking assistant and 1 part time employee, (about 30 hours per week). This is likely to increase later in the season and the owners will have less hands on input on this farm as they have just purchased a new spring calving farm and will be more involved in setting that up. This includes employers ACC levies but is net of employee accommodation allowance.
Animal health	The animal health focus is on good observation, prevention and early treatment if required. Includes about \$10,000 for mastitis control, teat spray and dry cow therapy and \$6,000 for vet call outs. Have installed an automatic teat sprayer this season so still working out the best concentration of teat spray to use - it does use more than hand spraying. All minerals and zinc are delivered to the animals on the feed.
Breeding and herd improvement	Mating is 10 weeks, 5 1/2 weeks of AB and 4 1/2 weeks with bulls. Bulls are returned to the herd again in October to give any empty cows another chance to get in calf. These will be sold as spring calving cows at the end of the season. Heifers are mated to low birth weight Angus bulls. The policy is to use half Friesian semen and half crossbreed semen, with the aim of achieving an F12 herd. Jersey looking cows are mated to Friesians and Friesian looking cows are mated to crossbred. The bulls used over the herd for the tail end of mating are Hereford. Half the herd will be milked once a day during mating to reduce stress on the younger and vulnerable animals and so help improve reproductive performance. The empty rate last season was 12%, if the cows sold as in calf spring calvers are included as not in calf, (otherwise it is 9%, but from a much longer mating period). Herd testing is carried out 4 times a year with one milking per test.
Farm dairy	Covers dairy shed consumables including detergents and rubber ware.
Electricity (farm dairy, water supply)	Covers power on the milking platform, for shed, farm water and effluent pump. The shed is a 36 bail herringbone and milking takes about 2 hours. One herd is milked once a day.
Supplements made (incl. Contractors)	Usually make about 70 t DM of grass silage, (in the stack), on the milking platform, plus some baleage and hay on the support block.
Supplements purchased	Feed costs are shared 50-50 with the owner. Feed for the year is all now contracted. 270 t PKE @ an average price of \$366/t landed, (the early contract was \$389 landed the most recent one mid June was \$320/t landed). In addition 77 t DDG has been contracted @ \$750 landed. More supplement has been contracted than usual as stock grazing pressure is temporarily higher with over 50 ha of pasture currently ungrazeable due to the impacts from the 3 floods in 10 days that affected the farm in May.

Calf rearing	87 replacement heifer calves have been reared this autumn. Calves are reared on colostrum, milk and baleage/hay. This cost covers bedding. Some is still stock piled so may not be used until next autumn.
Young and dry stock grazing	All young stock are grazed on the support block from weaning.
Winter cow grazing	All cows are on the milking area over winter and during the dry period.
Run-off lease	Part of the support block area is leased in conjunction with the farm owner.
Fertiliser (incl. N)	Nitrogen is applied through the winter at rates of 18-30 kg N/ha. N use is about 100 kg N/ha/year. Product used is Ammo36, (for 1 ½ rounds in the winter) and urea or SustaiN for the balance of the spring and early summer if needed. This cost also includes phosphate and sulphur for the leased support block, as well as some crop fertiliser.
Irrigation	
Regrassing and cropping	15 ha of maize will be grown, about 10 ha on the milking platform and 5 ha on the support block, the sharemilkers share of these costs is \$14,000. The share of pasture renovation costs is 15,400 and covers seed and cultivation costs.
Weed and pest	Pest control.
Vehicles and fuel	Over 50% of this cost is fuel.
R&M (land, buildings, plant, machinery)	Covers plant and machinery repairs and maintenance and effluent disposal.
Freight and general farm expenses	Includes freight, waste disposal, bio-security levy and general farm expenses not coded elsewhere.
Administration e.g. accountant, consultant, phone	Do own pay roll, GST and budgeting. Includes subscription for payroll software, SPACE pasture monitoring and online farm accounting package.
Insurance	This includes farm and liability insurance as well as key person business cover.
ACC	As per last year, this is business owners ACC only.
Rates	Rates on the leased support block.

Non Cash adjustments

Value of change in livestock numbers	Expect to have 8 less R 2 bulls on hand at the end of the season. All other stock numbers will be similar.
Labour adjustment	This is for 0.6 FTE of unpaid shareholder input. Equates to wages of management of \$115,000/FTE.
Less Feed inventory Adjustment	Expect to have 100 t DM of maize silage on hand at the end of the season. Less maize was carried in to the the 2023-24 season as yields were affected by the floods. This is 50% of 100 t DM valued \$400/t DM.
Owned support block adjustment	
Depreciation	Based on 2021-22 financial statements plus allowances for 2 more years of additional depreciation and asset purchases and sales.