

# Annual Cash Budget *updated May 2025*

Name: **South Otago Owner (EP) System 4-5** Budget Period **1** / **6** / **2025** to **31** / **5** / **2026**

Farm Details: **310000 kgMS** **640 cows** **210.0 ha** **484 kgMS/cow** **1476 kgMS/ha** **3.05 cows/ha**

Income							\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b> Share of milk cheque received 100%										
Milk Solids	advance	310,000	kgMS	x	\$	6.91 /kgMS	\$2,141,270	\$6.91	\$3,346	\$10,197
Milk Solids retrospective		305,000	kgMS	x	\$	1.26 /kgMS	\$383,853	\$1.24	\$600	\$1,828
Milk Solids	dividend	295,000	shares	x	\$	0.40 /share	\$117,000	\$0.38	\$183	\$557
Other Milk Income										
DairyNZ levy enter as negative number							-\$13,020	-\$0.04	-\$20	-\$62
Net Dairy livestock sales (calves + culls + other - purchases)							\$159,500	\$0.51	\$249	\$760
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting							\$40,025	\$0.13	\$63	\$191
<b>Net Dairy Cash Income</b>							<b>\$2,828,628</b>	<b>\$9.12</b>	<b>\$4,420</b>	<b>\$13,470</b>

Expenses							\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker							\$487,500	\$1.57	\$762	\$2,321
Animal health							\$143,271	\$0.46	\$224	\$682
Breeding and herd improvement							\$64,589	\$0.21	\$101	\$308
Farm dairy							\$11,229	\$0.04	\$18	\$53
Electricity (farm dairy, water supply)							\$20,657	\$0.07	\$32	\$98
Supplements made (incl. Contractors)										
Supplements purchased							\$394,619	\$1.27	\$617	\$1,879
Calf rearing							\$8,922	\$0.03	\$14	\$42
Young and dry stock grazing							\$173,814	\$0.56	\$272	\$828
Winter cow grazing							\$142,387	\$0.46	\$222	\$678
Run-off lease										
Fertiliser (incl. N)							\$98,667	\$0.32	\$154	\$470
Irrigation										
Regrassing and cropping							\$29,079	\$0.09	\$45	\$138
Weed and pest							\$10,000	\$0.03	\$16	\$48
Vehicles and fuel							\$33,900	\$0.11	\$53	\$161
R&M (land, buildings, plant, machinery)							\$114,227	\$0.37	\$178	\$544
Freight and general farm expenses							\$9,583	\$0.03	\$15	\$46
Administration e.g. accountant, consultant, phone							\$33,217	\$0.11	\$52	\$158
Insurance							\$41,286	\$0.13	\$65	\$197
ACC										
Rates							\$73,992	\$0.24	\$116	\$352
<b>Total Farm Working Expenses</b>							<b>\$1,890,939</b>	<b>\$6.10</b>	<b>\$2,955</b>	<b>\$9,004</b>

<b>Cash Surplus / Deficit</b>	<b>\$937,689</b>	<b>\$3.02</b>	<b>\$1,465</b>	<b>\$4,465</b>
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<b>Non Cash adjustments</b>				
Value of change in livestock numbers	-\$36,520	-\$0.12	-\$57	-\$174
Labour adjustment				
Less Feed inventory Adjustment	-\$34,200	-\$0.11	-\$53	-\$163
Owned support block adjustment				
Depreciation	\$115,000	\$0.37	\$180	\$548
<b>Dairy Gross Farm Revenue</b>	<b>\$2,792,108</b>	<b>\$9.01</b>	<b>\$4,363</b>	<b>\$13,296</b>
<b>Dairy Operating Expenses</b>	<b>\$2,040,139</b>	<b>\$6.58</b>	<b>\$3,188</b>	<b>\$9,715</b>
<b>Dairy Operating Profit</b>	<b>\$751,969</b>	<b>\$2.43</b>	<b>\$1,175</b>	<b>\$3,581</b>

Notes for Budget

Net Milk Income	Forecast milk production for the season is 310,000 kgMS. Milk income is based on the Fonterra advance forecast as at May 20th 2025. The advance rate until April 2025, (received in May) is \$6.90. The 2024-25 final milk price was fixed for 50% of the production so the deferred milk income is a bit lower than average. It is based on 305,000 kgMS @ \$1.26/kgMS. A Fonterra dividend of \$0.40/share on 295,000 shares is included. Milk revenue is net of DairyNZ levy of 0.042c/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)	Stock sales are based on about 173 cull or surplus cows, and R 2 heifers @\$700/hd, and 440-460 bobby, dairy beef or surplus replacement heifer calves. This includes about 100 Hereford cross calves sold @ \$120, 70 bull calves @ \$100 and 270 bobbies @ \$40.
Other dairy income	Rent received for two surplus farm houses.

Expenses	
Wages	All hours worked on the farm by the owners is paid as wages rather than drawings. There is a total of 5.5 full time equivalent (FTE) labour units which is up 1 FTE on last season. Duncan is full time on the farm, but less hands on this year and doing more oversight work. Anne-Marie manages the office work and provides back-up for on farm work. Four full time staff are employed, one staff member works mornings from 4.40am to 12.30 pm and one works days from 9.30 am to 5.30 pm. Two other full time staff members work 35 hours per week varying between morning and day shift. From November to January a university student is employed 7 hours per day. All staff work 10 or 11 days per fortnight, and no more than 3 or 4 days in a row before having a one day off. Every second weekend is taken off. In addition a calf rearer is employed during the spring, (for about 2.5 months, 4-6 hours per day), and a weekend relief milker, (milkings only), is employed during the milking season.
Animal health	There's a focus on prevention and attention to detail with animal health which has keep costs for animal health and breeding typically below the DairyBase benchmark, (\$0.28/kgMS average for last 3 years excluding Smaxtec health monitoring costs of \$0.18-\$0.19/kgMS). Teat seal is used in preference to dry cow therapy and a well-structured plan for minerals and BCS targets is refined with regular testing. The cost for BCS to be assessed is included. Includes \$28,000 for minerals and \$10,000 for teat spray. Health monitoring of \$58,000 includes Smaxtec boluses for the in calf heifers and the monitoring cost of \$5/cow/month.
Breeding and herd improvement	This covers anoestrous treatment, breeding, bull leases, (\$5,400), genetic testing of replacement calves, herdttesting, MINDA and Protrack licence costs. Mating this season will be for 8 weeks and 4 days. AB is used for the whole of mating for the herd, (4.5 weeks dairy semen for replacement calves and 4 weeks using beef semen). Heat detection with digital monitoring of cows makes it much easier to identify cows in season so AB is used for the whole of the mating. The heifers are run with 9 Jersey bulls. Young, high BW cows that have calved in the latter half of the calving period are synchronised to ensure they have plenty of opportunity to get back in calf. This would equate to about 10% of the total herd. Replacement calves are DNA tested at dis-budding time. Herd testing is 3 times a year, (two milkings per test).
Farm dairy	Covers shed inspections and plant checks, detergents, rubberware and consumables like filter socks and milking gloves.
Electricity (farm dairy, water supply)	The shed is a 54 bail rotary with automatic cup removers. Milking takes are about 2.5 hours in the morning and 2 hours at night. The herd is milked twice a day for most of the year. The herd is usually dried off in late May.
Supplements made (incl. Contractors)	Very little supplement, if any is made on farm usually. Last season 60 t DM was made but that was on the back of lower stock numbers and a slower calving rate.
Supplements purchased	A total of 884 kg DM/cow is imported, made up of; 270 t DM whole grain (mainly wheat with some barley) which equates to 415 kgDM/cow, 300 t DM silage and baleage which equates to 450 kgDM/cow and about 30 t DM of molasses and hay, which is about 45 kg DM/cow. The majority of silage and baleage is bought as standing feed and then transferred to the milking area. Costs include purchasing the feed plus the contracting costs associated with harvesting and storage and equates to \$100/bale. The budget has been based on about \$450/t landed for grain.
Calf rearing	About 165 replacement calves were reared each year. Costs cover \$2,000 for health and vet costs including debudding, and \$1800 for equipment. Grain for calves is included under purchased feed - they get some of the crushed grain that is purchased for the cows. Bedding is replaced each year for a cost of about \$5,000.

Young and dry stock grazing	This covers; 165 weaners from early December to May 1st (about 24 weeks) @ \$9.50/hd/week, then @ \$14.50 for 4 weeks to the end May; 165 Yearlings from June 1st to April 30th @ \$14.50 /hd/week, (48weeks).
Winter cow grazing	Winter grazing is for about 400 cows off up to 6 weeks, with staggered exit and entry over a couple of weeks in June and July/Aug. Winter grazing this year is nearby, so there is no freight, and the cost is based on feed supplied. All stock work and feed allocation is done by the farm team, not the grazier. The budget works out at about \$206/cow which equates to an average of about 6 weeks @ \$34/hd/week. This cost also includes winter grazing for 150-160 in-calf heifers for about 13 weeks @ \$36/hd/week, from early May to the end of July.
Run-off lease	
Fertiliser (incl. N)	Fertiliser applied is based on soil tests and fertiliser is applied strategically according to need. Application is either with own gear to get the best timing (monitored via GPS) or external contractors are used. Nitrogen applied is about 75 -90 kg/N/ha/year. Sulphate of ammonia or similar is mainly used. Lime is applied as required. Crop fertiliser is included in total fertiliser costs.
Irrigation	
Regrassing and cropping	This covers the cost of regrassing 14-15 ha of pasture each spring (cultivation, seed and planting), and the ploughing and seed costs for 11 ha of fodder beet and 9 ha of whole crop barley. Planting and some cultivation is done by the farm team.
Weed and pest	This includes all farm maintenance weed and pest control as well as weed and pest control in the new grass and fodder beet crop.
Vehicles and fuel	Includes about \$17,500 for fuel and oil. The farm has a vehicle replacement policy that ensures vehicles are replaced before they are too old and costly to maintain. Within the farm team there is the capability to carry out a lot of the vehicle maintenance which keeps costs down.
R&M (land, buildings, plant, machinery)	R and M costs this season are more in line with business as usual. Budgeting always includes about \$15,000 for "general expenses".
Freight and general farm expenses	This is made up of \$2,500 bio-security levy and \$7,500 for waste disposal and sundry general farm expenses.
Administration e.g. accountant, consultant, phone	This covers accountancy including software subscription, subscription for SPACE, buyers group, office internet and general office costs. All payroll and GST is done in house. Includes \$1,000 for annual fees for effluent consents.
Insurance	This includes directors liability and "key person" cover so is higher than average.
ACC	
Rates	Regional rates are high as the farm is part of the Taieri flood plain.
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	There will be about 20 fewer R 2 heifers on hand at the end of the season as opening number of R 1 heifers is lower than previous years.
Labour adjustment	All owners input is paid at market rates and included in wages paid.
Less Feed inventory Adjustment	Had extra silage on hand at the end of the 2024-25 season. Not expecting to replace this feed so will have about 90 t DM less on hand at the end of 2025-26 season.
Owned support block adjustment	
Depreciation	Based on the 2023-24 financial statements plus allowances for two more years depreciation and sale and purchase of fixed assets in 2024-25 and 2025-26.