

Annual Cash Budget

Name: **South Waikato Owner with CM System 3** Budget Period **1 / 6 / 2023** to **31 / 5 / 2024**

Farm Details: **84500 kgMS** **215 cows** **68.0 ha** **393 kgMS/cow** **1243 kgMS/ha** **3.16 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received	100%						
Milk Solids advance	84,500 kgMS x \$	6.65 /kgMS			\$561,900	\$6.65	\$2,613	\$8,263
Milk Solids retrospective	79,524 kgMS x \$	1.34 /kgMs			\$106,600	\$1.26	\$496	\$1,568
Milk Solids dividend	90,800 shares x \$	0.45 /share			\$40,900	\$0.48	\$190	\$601
Other Milk Income								
DairyNZ levy	enter as negative number				-\$3,000	-\$0.04	-\$14	-\$44
Net Dairy livestock sales (calves + culls + other - purchases)					\$45,400	\$0.54	\$211	\$668
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
Net Dairy Cash Income					\$751,800	\$8.90	\$3,497	\$11,056
Expenses					\$ Total	\$/kgMs	\$/cow	\$/ha
Wages/payment to contract milker					\$184,800	\$2.19	\$860	\$2,718
Animal health					\$24,000	\$0.28	\$112	\$353
Breeding and herd improvement					\$15,600	\$0.18	\$73	\$229
Farm dairy					\$3,000	\$0.04	\$14	\$44
Electricity (farm dairy, water supply)					\$11,100	\$0.13	\$52	\$163
Supplements made (incl. Contractors)					\$9,700	\$0.11	\$45	\$143
Supplements purchased					\$53,200	\$0.63	\$247	\$782
Calf rearing					\$4,000	\$0.05	\$19	\$59
Young and dry stock grazing					\$41,000	\$0.49	\$191	\$603
Winter cow grazing								
Run-off lease								
Fertiliser (incl. N)					\$68,800	\$0.81	\$320	\$1,012
Irrigation								
Regrassing and cropping					\$8,750	\$0.10	\$41	\$129
Weed and pest					\$1,000	\$0.01	\$5	\$15
Vehicles and fuel					\$13,000	\$0.15	\$60	\$191
R&M (land, buildings, plant, machinery)					\$34,500	\$0.41	\$160	\$507
Freight and general farm expenses					\$3,000	\$0.04	\$14	\$44
Administration e.g. accountant, consultant, phone					\$10,000	\$0.12	\$47	\$147
Insurance					\$7,000	\$0.08	\$33	\$103
ACC					\$2,000	\$0.02	\$9	\$29
Rates					\$11,780	\$0.14	\$55	\$173
Total Farm Working Expenses					\$506,230	\$5.99	\$2,355	\$7,445
Cash Surplus / Deficit					\$245,570	\$2.91	\$1,142	\$3,611
Non Cash adjustments								
Value of change in livestock numbers					-\$9,700	-\$0.11	-\$45	-\$143
Labour adjustment								
Less Feed inventory Adjustment					-\$24,300	-\$0.29	-\$113	-\$357
Owned support block adjustment					\$1,600	\$0.02	\$7	\$24
Depreciation					\$30,000	\$0.36	\$140	\$441
Dairy Gross Farm Revenue					\$742,100	\$8.78	\$3,452	\$10,913
Dairy Operating Expenses					\$562,130	\$6.65	\$2,615	\$8,267
Dairy Operating Profit					\$179,970	\$2.13	\$837	\$2,647

Notes for Budget

Net Milk Income	Milk income is based on deferred income for 82,230 kg MS @ \$1.34/kg MS, (received July to October 2023), and advanced income for 84,500 kg MS @ \$6.65/kg MS, (received July 2023 to June 2024). The Fonterra dividend is estimated at \$0.45/share of 90,800 shares. Milk income is net of the DairyNZ levy of \$0.036/kg MS. ** 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 48 MA and R 2 heifer culls @ \$650/head, 140, four day old calves @ \$35/head and 5 R 2 steers @ \$1400. Includes the purchase of one 2 year old Angus bull and the sale of one 3 year old Angus bull.
Other dairy income	

Expenses

Wages	This is payment to the contract milker and covers remuneration for 1.0 FTE plus some relief milking and allowances for calves reared. The contract milkers is responsible for the costs of dairy shed consumables and running their farm bike. Included under wages is remuneration to the farm owner for 0.30 FTE work provided to the business. This covers on farm work, governance, administration and strategic planning.
Animal health	This covers mineral supplementation via drenching from calving till late November, (Mg and a probiotic), Se via drench November and January, plus a Se injection in the winter. Heifers are given Cu when they return to the farm. No other Cu supplementation is given as the milkers get PKE all year and this is high in Cu. Drenching with zinc for facial eczema starts in late January. The herd SCC for 2022-23 was 121,000. High SCC cows are treated with longer acting dry cow at drying off. The rest of the herd is also blanket treated with dry cow antibiotic.
Breeding and herd improvement	AB is for 3 1/2 weeks using A2 semen. The majority of the herd is mated to dairy breeds although a few lower BW cows or likely culls are mated to beef semen. 2 bulls are run with the herd for another 6 weeks to give a 9 1/2 week mating period. This cost includes the lease of 3 bulls for the heifers. Herdtesting is 4 times a year - usually twice with 2 milkings and then 2 tests over 1 milking, (after January when the herd is on once a day). Includes the lease of 2 bulls to be used over the R 2 heifers.
Farm dairy	This covers milking machine testing, rubberware and other incidentals that are the owners responsibility.
Electricity (farm dairy, water supply)	This is higher than average as the effluent system is driven by electric motors - for both the stirrers and pumping, (much of which is up hill).
Supplements made (incl. Contractors)	Approximately 40 t DM of baleage, (220 bales, 185 kg DM/bale), is made on farm using contractors for all the work. The expected cost is about \$240/t DM or \$44/bale.
Supplements purchased	The budget is for 140 t PKE, (wet), @ \$380/t landed. This is less than previous years as there is more baleage and maize silage on hand than usual at the start of the season. This is fed in the paddock in trailers everyday to the milkers at rates of 2 kg/cow/day up to 4 kg/cow/day.
Calf rearing	43 replacement heifers and 8 beef steers will be reared for the 2023-24 season. This cost is for about 3.0t meal at \$1,150/t. The calves are reared on colostrum, milk and meal and are weaned at 90-100 kg liveweight. Bedding and equipment costs are included.
Young and dry stock grazing	43 weaners from late November till May 1st at \$9.00/head/week and then May 1st to May 31st at \$11.50 plus 43 R 2 heifers from June 1st to May 1st at \$11.50/head/week. There will also be 8 carry over cows at grazing for 52 weeks at \$12/head/week. Includes freight and the cost of grazing for 2 bulls during the mating season. Does not include the costs of drenching, that is in with animal health.
Winter cow grazing	
Run-off lease	

Fertiliser (incl. N)	This is net of fertiliser rebates of about \$2,500. Fertiliser applied includes 130kg N/ha/year over 6 applications of 23kgN/ha each, from May to January. Depending on the time of year it is in the form of Ammo 30, (urea and Sulphate ammonia mix) in the early spring, SustaiNK mix, (23 kg N/ha and 25 kg K/ha), or urea. The autumn fertiliser applied is a mix of N, P, sulphur and Mg.
Irrigation	
Regrassing and cropping	The budget allows for about 7.5 ha of direct drilling into pasture for pasture renewal. At this stage the plan is to not plant any maize as there is 3 times as much maize silage on hand at the start of the season than usual, (75 t DM compared with about 20 t DM). However, the budget does include about \$7,000 for planting and harvesting about 1.6 ha of maize which is about half of what is usually grown. Whether this happens will depend on the season, pasture cover in the late spring and the milk price.
Weed and pest	Weeds and pests are not a problem. California thistles are the main problem. There is still plenty of chemical on hand from the 2022-23 season so costs should not be too high this year.
Vehicles and fuel	Fuel is quite high as the tractor is used every day to feed out, and the owner has to travel some distance when working on farm.
R&M (land, buildings, plant, machinery)	Infrastructure and buildings are in good order so no large R & M projects planned. The farm has its own rhyotlite pit so tracks and races are maintained quite cheaply.
Freight and general farm expenses	Includes bio security levy of \$2000. Covers protective clothing and general freight.
Administration e.g. accountant, consultant, phone	Do own GST, have own payroll system. Covers accountant, computer/communication and general administration costs.
Insurance	
ACC	
Rates	As per latest rates demands, includes district and regional rates.
Other farm working expenses (not included in any of the above)	
Non Cash adjustments	
Value of change in livestock numbers	Expect to finish the season with 12 fewer R 2 heifers, 4 more MA cows and 1 less R steers. This value of change in livestock numbers is at IRD NAMV for 2023.
Labour adjustment	All owner input is included under wages paid and is at market rates.
Less Feed inventory Adjustment	Expect to have about 62-63 t DM less on hand at the end of the season, as opening supplements on hand are significantly higher than usual as very little maize and silage was fed autumn 2023.
Owned support block adjustment	Allowance for about 2.7 ha of farm land that is used for 10-11 beefies which are included in calf rearing and stock sales.
Depreciation	Based on previous years financials plus allowing for additional purchases/sales and another years depreciation.