

Annual Cash Budget updated November 2024

Name: **Lower Northland Owner System 4** Budget Period **1 / 6 / 2024** to **31 / 5 / 2025**

Farm Details: **133000 kgMS** **302 cows** **112.0 ha** **440 kgMS/cow** **1188 kgMS/ha** **2.70 cows/ha**

Income					\$ Total	\$/kgMS	\$/cow	\$/ha	
Net Milk Income	Share of milk cheque received			100%					
Milk Solids advance	133,000	kgMS	x \$	6.95	/kgMS	\$959,200	\$7.21	\$3,176	\$8,564
Milk Solids retrospective	126,948	kgMS	x \$	1.64	/kgMS	\$191,400	\$1.44	\$634	\$1,709
Milk Solids dividend	135,000	shares	x \$	0.60	/share	\$88,500	\$0.67	\$293	\$790
Other Milk Income - Winter Milk					\$55,300	\$0.42	\$183	\$494	
DairyNZ levy <small>enter as negative number</small>					-\$4,400	-\$0.03	-\$15	-\$39	
Net Dairy livestock sales (calves + culls + other - purchases)					\$190,000	\$1.43	\$629	\$1,696	
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting					\$17,500	\$0.13	\$58	\$156	
Net Dairy Cash Income					\$1,497,500	\$11.26	\$4,959	\$13,371	
Expenses					\$ Total	\$/kgMs	\$/cow	\$/ha	
Wages/payment to contract milker					\$102,000	\$0.77	\$338	\$911	
Animal health					\$39,000	\$0.29	\$129	\$348	
Breeding and herd improvement					\$25,000	\$0.19	\$83	\$223	
Farm dairy					\$4,400	\$0.03	\$15	\$39	
Electricity (farm dairy, water supply)					\$21,100	\$0.16	\$70	\$188	
Supplements made (incl. Contractors)					\$189,800	\$1.43	\$628	\$1,695	
Supplements purchased					\$83,500	\$0.63	\$276	\$746	
Calf rearing					\$38,200	\$0.29	\$126	\$341	
Young and dry stock grazing									
Winter cow grazing									
Run-off lease					\$41,900	\$0.32	\$139	\$374	
Fertiliser (incl. N)					\$58,000	\$0.44	\$192	\$518	
Irrigation									
Regrassing and cropping					\$29,500	\$0.22	\$98	\$263	
Weed and pest					\$1,200	\$0.01	\$4	\$11	
Vehicles and fuel					\$71,000	\$0.53	\$235	\$634	
R&M (land, buildings, plant, machinery)					\$58,000	\$0.44	\$192	\$518	
Freight and general farm expenses					\$15,000	\$0.11	\$50	\$134	
Administration e.g. accountant, consultant, phone					\$16,000	\$0.12	\$53	\$143	
Insurance					\$20,000	\$0.15	\$66	\$179	
ACC					\$6,100	\$0.05	\$20	\$54	
Rates					\$6,800	\$0.05	\$23	\$61	
Total Farm Working Expenses					\$826,500	\$6.21	\$2,737	\$7,379	
Cash Surplus / Deficit					\$671,000	\$5.05	\$2,222	\$5,991	
Non Cash adjustments									
Value of change in livestock numbers					\$9,000	\$0.07	\$30	\$80	
Labour adjustment					\$120,000	\$0.90	\$397	\$1,071	
Less Feed inventory Adjustment									
Owned support block adjustment									
Depreciation					\$65,000	\$0.49	\$215	\$580	
Dairy Gross Farm Revenue					\$1,506,500	\$11.33	\$4,988	\$13,451	
Dairy Operating Expenses					\$1,011,500	\$7.61	\$3,349	\$9,031	
Dairy Operating Profit					\$495,000	\$3.72	\$1,639	\$4,420	

Notes for Budget

Net Milk Income	Milk revenue is based on 133,000 kg MS for the 2024-25 season, (about 5% up on the previous season). This is at a milk price of \$9.25/kg MS including advance, deferred on 126,948 kg MS and the winter milk premium. The Fonterra dividend is based on \$0.60/share on an average of 135,000 shares. The milk revenue is net of the DairyNZ levy of \$0.036/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)	Includes about 77 cull MA cows and R 2 heifers @ \$750/head, 12 autumn 2022 born steers and heifers @ \$1,350, 34 spring 2022 born steers and heifers @ \$1,500/head, 18 2023 autumn born steers, bulls and beef heifers @ \$1,300/head, 60 2024 Autumn born steers, bulls and heifers @ 750-890, and 40 beef R 1 2024 spring born beef steers and heifers @ \$550/head and 10 MA bulls @ \$1,300-3000/head less the purchase of 5 yearling profit maker bulls for \$3,300/head. Net stock income is net of industry levies, yard fees and commissions.
Other dairy income	Rent for surplus farm house.

Expenses

Wages	This covers one full time permanent employee and some contract labour for additional farm R & M and relief milking. Allowance for housing is also included as the employee has their own house.
Animal health	The animal health focus is on good observation, prevention and early treatment if required. Cu and Se are administered through the water during calving and mating using a dosatron system. Liver and blood sample analysis shows that this is sufficient to maintain acceptable levels. Johnes milk tests this spring have identified 12 positive and 8 suspected cases. There is now an increased focus to reduce the effect of Johnes in the herd. Best practice is followed to ensure good udder health and good quality milk is produced. The goal is to maintain a SCC of under 100000. Early October 2024 the SCC was between 50-75,000.
Breeding and herd improvement	Mating is 9 weeks for the autumn herd and the spring herd. AB is used for 3 weeks for both herds. The top 50% on genetic merit from yearling heifers and MA cows are mated using AB and jersey sexed semen. The lower genetic merit cows are naturally mated with Angus composite cross bulls, (Angus/Simmental/Gelbvie). After AB is finished 2 teams of 2 bulls are run with the herd and 2 bulls are run with the heifers. The bulls are purchased as yearlings and sold as 3 year olds. Herd testing is carried out 3 times a year one milking per test.
Farm dairy	This covers consumables such as detergents, rubberware, filter socks etc.
Electricity (farm dairy, water supply)	The shed is a 32 bail rotary and is operational 365 days per year as the farm is split calving.
Supplements made (incl. Contractors)	This covers supplements made on both the milking area and the support block and the growing and harvesting of maize on the support block. There will be 15 ha maize grown this year on the support block at an estimate is estimated to cost \$0.25-\$0.30/kg DM including regrassing into permanent pasture. This should yield 280 t DM -330 t DM of maize silage. Supplements made are budgeted at 270 bales, (270 kg bales), of baleage at \$55/bale and 40 t DM of pasture silage @ \$0.20/kgDM.
Supplements purchased	The budget is for about 210 t of PKE for the year for an average price \$378-400/t DM landed, (includes \$53/t freight). 190 t of this has been contracted. The majority of this will be used for milking cows, though a small amount may be used at the support block for young stock.
Calf rearing	The majority of calves are reared to weaning, including about 91 replacement heifers, (37 autumn and 54 spring) and 200-210 dairy bulls, beef heifers and steers. This cost includes about 2.0 t calf milk replacer and 9-10 t DM of calf meal, (pellets and kibbled maize). This cost also includes about \$2,500 for vet costs and \$5,600 for equipment and bedding.
Young and dry stock grazing	
Winter cow grazing	

Run-off lease	A 150 ha support block is leased across the road from the milking platform. This is made up of about 30 ha that is deer fenced and is in good pasture. This is where the maize is grown. The balance is hilly, poorer pasture and is often invaded by wild deer from the neighbouring forestry block.
Fertiliser (incl. N)	Fertiliser applied is as per recommendations based on soil tests. Applications of P and K applied to the sandy loan soils, on the milking area, (15% of the farm area), are reduced this year as this area is now all under effluent irrigation. Maintenance P and K to the sandy loan are applied by contractor. The marine clay soils have high inherent nutrient levels that do not vary much each year. They have low nutrient requirements so only lime and nitrogen are applied to these soils, (85% of the farm area). Nitrogen applied to the milking area for the year will be about 85-95 kg N/ha applied in liquid form as dissolved urea with Donaghys N-Boost product at 12 kgN/ha. Other sources of N used for crop and support block, are SustaiN and DAP depending on what is cheapest at the time. Cartage is included in this cost. Application is done using own spreader. Also in the budget is allocation for \$5,000 for organic fish/seaweed/humates. This is applied to pasture that has newer species of red clover, fescue and chicory, and is tailored to promote clover growth. N use on these areas will be halved to about 40-50 kg N/ha. The budget does allow for more nitrogen to be applied to silage paddocks to boost yields. Current N use is at 73 kgN/ha including crop starter fertiliser.
Irrigation	
Regrassing and cropping	This includes 1.8 ha of chicory and clover, (poor strike so likely will be re-drilled), 2.7 ha of turnips, (well established and looking good as at 25/11/2024), 3 ha of forage rape, (currently establishing), 3 ha of forage maize for dry cows in February, (to be planted soon using own gear), on the milking platform. This adds up to 10.5 ha of crop on the milking area planted in summer crop and then regrassed. The kikuyu dominant pasture, (about 90 ha), is mulched in the autumn and undersown with a tetraploid hybrid ryegrass. There has been 3 ha of forage rape planted on the support block this year.
Weed and pest	Includes chemicals for general farm weed and pest control, (rats and mice around maize silage), and equipment and supplies for deterrent of birds and deer.
Vehicles and fuel	Fuel budget is about \$30,000. This is quite high as supplements are fed out year round. The farm is over 20 km from the nearest service centre which also adds to fuel costs. The extensive support block also adds to the vehicle running costs.
R&M (land, buildings, plant, machinery)	R & M expenditure has been high for the last 7 years so the plan for this season is to only do minor works like fencing repairs that don't cost too much and can be done in house and with second hand or existing materials on farm. There has been some additional deer fencing done on the support block, (about \$3,000). Includes about \$7,500 for plant and machinery maintenance, \$7,000 for drainage and track repairs.
Freight and general farm expenses	Includes bio-security levy of \$1,060, protective clothing, dog and general freight costs.
Administration e.g. accountant, consultant, phone	Do own GST and payroll. Includes accountancy, consultancy, communication costs, subscriptions and staff costs, (tea/coffee/biscuits etc).
Insurance	Farm insurance to cover buildings, plant, vehicles, business interruption and lost milk and liability
ACC	
Rates	As per latest rates notices. Covers the support block as well.
Non Cash adjustments	
Value of change in livestock numbers	Expect to have 42 more animals on hand at the end of the season.
Labour adjustment	The unpaid labour input by the business owners is 1.5 FTE.
Less Feed inventory Adjustment	Expect to have no significant change in supplements on hand at the end of the season. Aim to take 300 t DM of maize and 50 t DM of silage and 70 t DM of baleage into the 2025 winter.
Owned support block adjustment	
Depreciation	As per the 2023-24 financial statements plus allowance for 1 more years depreciation and some asset purchases and sales.