

# Annual Cash Budget

Name: East Waikato Owner/Owner with CM System 3 Budget Period 1 / 6 / 2023 to 31 / 5 / 2024  
 Farm Details: 210000 kgMS 535 cows 177.0 ha 393 kgMS/cow 1186 kgMS/ha 3.02 cows/ha

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received	100%						
Milk Solids advance	210,000 kgMS x \$	6.53 /kgMS			\$1,371,400	\$6.53	\$2,563	\$7,748
Milk Solids retrospective	120,835 kgMS x \$	1.57 /kgMS			\$189,700	\$0.90	\$355	\$1,072
Milk Solids dividend	99,900 shares x \$	0.30 /share			\$30,000	\$0.14	\$56	\$169
Other Milk Income								
DairyNZ levy	enter as negative number				-\$7,600	-\$0.04	-\$14	-\$43
Net Dairy livestock sales (calves + culls + other - purchases)					\$71,000	\$0.34	\$133	\$401
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
<b>Net Dairy Cash Income</b>					<b>\$1,654,500</b>	<b>\$7.88</b>	<b>\$3,093</b>	<b>\$9,347</b>

Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages/payment to contract milker					\$180,000	\$0.86	\$336	\$1,017
Animal health					\$30,500	\$0.15	\$57	\$172
Breeding and herd improvement					\$27,900	\$0.13	\$52	\$158
Farm dairy					\$21,100	\$0.10	\$39	\$119
Electricity (farm dairy, water supply)					\$17,600	\$0.08	\$33	\$99
Supplements made (incl. Contractors)					\$3,500	\$0.02	\$7	\$20
Supplements purchased					\$207,700	\$0.99	\$388	\$1,173
Calf rearing					\$5,400	\$0.03	\$10	\$31
Young and dry stock grazing					\$113,500	\$0.54	\$212	\$641
Winter cow grazing								
Run-off lease								
Fertiliser (incl. N)					\$120,000	\$0.57	\$224	\$678
Irrigation								
Regrassing and cropping					\$50,000	\$0.24	\$93	\$282
Weed and pest					\$1,000	\$0.00	\$2	\$6
Vehicles and fuel					\$35,100	\$0.17	\$66	\$198
R&M (land, buildings, plant, machinery)					\$22,800	\$0.11	\$43	\$129
Freight and general farm expenses					\$12,500	\$0.06	\$23	\$71
Administration e.g. accountant, consultant, phone					\$11,900	\$0.06	\$22	\$67
Insurance					\$15,500	\$0.07	\$29	\$88
ACC					\$4,700	\$0.02	\$9	\$27
Rates					\$21,400	\$0.10	\$40	\$121
<b>Total Farm Working Expenses</b>					<b>\$902,100</b>	<b>\$4.30</b>	<b>\$1,686</b>	<b>\$5,097</b>

<b>Cash Surplus / Deficit</b>					<b>\$752,400</b>	<b>\$3.58</b>	<b>\$1,406</b>	<b>\$4,251</b>
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Non Cash adjustments								
Value of change in livestock numbers					\$1,350	\$0.01	\$3	\$8
Labour adjustment					\$120,000	\$0.57	\$224	\$678
Less Feed inventory Adjustment								
Owned support block adjustment								
Depreciation					\$50,000	\$0.24	\$93	\$282
<b>Dairy Gross Farm Revenue</b>					<b>\$1,655,850</b>	<b>\$7.89</b>	<b>\$3,095</b>	<b>\$9,355</b>
<b>Dairy Operating Expenses</b>					<b>\$1,072,100</b>	<b>\$5.11</b>	<b>\$2,004</b>	<b>\$6,057</b>
<b>Dairy Operating Profit</b>					<b>\$583,750</b>	<b>\$2.78</b>	<b>\$1,091</b>	<b>\$3,298</b>

## Notes for Budget

Net Milk Income	This budget is the first season with 2 supply numbers so the deferred income is based on only one production from one farm, 120,835 kg MS @\$1.57/kgMS. The advance is based on 120,000 kg MS @ \$6.57/kg MS. Income includes a total Fonterra dividend of \$0.30/share on 99,900 shares. This is net of the DairyNZ levy of \$0.036 /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)	Estimate there will be about 95 MA cull cows and empty R 2 heifers to sell @ \$700-\$750/head plus about 380 bobby calves @ \$30/head. Includes purchasing 24 Jersey bulls, (5 yearlings @ \$1,000/head and 19 2 year olds @ \$2,000/head). These will all be sold December/January for about \$800/head (yearlings) and \$1,600/head 2 year olds).
Other dairy income	

### Expenses

Wages	This covers paid wages for one full time staff member to assist owners on one farm, (300 cows), and remuneration for one contract milker with some owner support over calving and at key times, on the second farm, (235 cows). This is net of staff housing, and includes employer contributions to Kiwisaver. The contract milker is responsible for shed and electricity costs for the 235 cow farm, plus the provision and running of a farm bike.
Animal health	The approach to animal health is to be proactive and vigilant. Animal health costs include mineral supplements as required. This is mainly Mg in winter and late spring. Cu levels as per liver tests are normal so supplementation here is not required at present. Zinc supplementation is carried out summer and autumn based on spore count levels published by the vets. Lameness is not an issue on the farm. Mastitis management is based on industry recommended guidelines. Wastage is about 3% deaths and under 10% empties.
Breeding and herd improvement	This covers 4 weeks of AB with premier sires followed by 8 weeks with bulls. 24 Jersey bulls will be purchased, 5 yearlings to run with 129 replacement heifers and 19 R 2 bulls to run with the cows. As there are 2 herds the bulls will be split into 4 teams, and 2 teams rotated with each herd. Herd testing is included with 3 tests, (over 2 milkings unless on once a day).
Farm dairy	This is for the farm dairy consumable costs for the 28 a side herringbone shed. The contract milker remunerations covers their share of the shed costs for the 22 a side shed.
Electricity (farm dairy, water supply)	This is the shed and farm electricity for the 300 cow farm, 28 bail herringbone shed.
Supplements made (incl. Contractors)	Very little supplement is harvested on farm, with spring surpluses managed by dropping paddocks out for cropping. An allowance of \$3,500 for about 25 t DM baleage, (10 ha), is included here. (Approximately 140 bales @180kg/bale @ \$25/bale).
Supplements purchased	The budget is for about 370 t (wet), 333 t DM of PKE blend, (with DDG and some tapioca), @ about \$560/t landed. Both sheds have in shed feeding systems so wastage is low. This equates to about 620 kg DM/cow.
Calf rearing	About 115-120 replacement calves will be reared. Calves are reared on colostrum/wholemilk twice a day plus meal and hay. They are weaned off meal at 100 kg at about 10 weeks old. Includes bedding and equipment.
Young and dry stock grazing	The yearlings are off farm for 52 weeks and weaners for 26 weeks. This does not include freight.
Winter cow grazing	All cows are wintered on.
Run-off lease	
Fertiliser (incl. N)	Focus is on increasing clover performance so that nitrogen application can be reduced. Nitrogen applications will likely be under 120 kg N/ha/year over 5 applications, but are dependent on soil moisture and pasture cover. Product used varies on the time of year and expected rainfall. This spring one application will be in liquid form with progib and sulphur, which has a quicker uptake, so a lower application rate can be used. Fertiliser to be applied is still to be finalised following soil tests on the new farm.

Irrigation	
Regrassing and cropping	This covers the cultivation, seed, planting, weed and pest control and harvesting of 15 ha of Maize for silage, along with the cultivation, seed, planting and weed and pest control of 4.5 ha of fodder beet. In addition this cost includes the regrassing of these areas in the autumn plus an allowance for some remedial regrassing or patching if needed.
Weed and pest	Weeds are not too much problem. This covers some weed spray and some pest control.
Vehicles and fuel	Keep vehicles well maintained and try to be efficient with vehicle use. No extra vehicles were purchased with the addition of the second farm. The current tractor and machinery will be shared and so will just work a bit harder.
R&M (land, buildings, plant, machinery)	Maintenance for this year will just be essentials. The infrastructure on the original farm is now in reasonable shape so just basic maintenance will suffice for this year, particularly if the payout drops. The farm has its own sand pit so race maintenance is relatively low cost.
Freight and general farm expenses	This includes freight, (on stock sold/purchased and young stock to grazing), protective clothing and bio security levies.
Administration e.g. accountant, consultant, phone	Do own financial management, (budgeting and GST), and administration. Accounting costs are low as one shareholder is a qualified accountant. Includes subscription to payroll management package.
Insurance	Have a higher excess than standard to save premiums and self insure the small stuff where appropriate. Have a \$1000 excess on most things. Included under insurance is "key person insurance", which has a 13 week stand down to reduce premiums but is good cover if something major happens.
ACC	Includes ACC for 1 FTE of owners cover and ACC for employees.
Rates	Council and regional rates for both farms.
Other farm working expenses (not included in any of the above)	

### Non Cash adjustments

Value of change in livestock numbers	There will be minimal change in number of livestock on hand for the season.
Labour adjustment	This covers 1.25 FTE of unpaid owner input, including all on farm work, administration, strategic planning and governance.
Less Feed inventory Adjustment	Feed on hand should not change significantly.
Owned support block adjustment	
Depreciation	Based on previous years financial statements plus allowance for addition of new farm lease block.