

# Annual Cash Budget updated May 2025

Name: Taranaki Organic System 1 Budget Period 1 / 6 / 2025 to 31 / 5 / 2026

Farm Details: 115000 kgMS 340 cows 168.0 ha 338 kgMS/cow 685 kgMS/ha 2.02 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received		100%				
Milk Solids advance	115,000 kgMS x \$	10.35	/kgMS	\$1,190,300	\$10.35	\$3,501	\$7,085
Milk Solids retrospective	91,395 kgMS x \$	1.50	/kgMS	\$137,400	\$1.19	\$404	\$818
Milk Solids dividend	130,000 shares x \$	0.66	/share	\$86,000	\$0.75	\$253	\$512
Other Milk Income							
DairyNZ levy	enter as negative number			-\$4,300	-\$0.04	-\$13	-\$26
Net Dairy livestock sales	(calves + culls + other - purchases)			\$58,000	\$0.50	\$171	\$345
Other dairy income	e.g. farm cottage rent, trading rebates, small amounts of contracting			\$35,000	\$0.30	\$103	\$208
<b>Net Dairy Cash Income</b>				<b>\$1,502,400</b>	<b>\$13.06</b>	<b>\$4,419</b>	<b>\$8,943</b>
<b>Expenses</b>				<b>\$ Total</b>	<b>\$/kgMS</b>	<b>\$/cow</b>	<b>\$/ha</b>
Wages				\$202,700	\$1.76	\$596	\$1,207
Animal health				\$42,300	\$0.37	\$124	\$252
Breeding and herd improvement				\$34,100	\$0.30	\$100	\$203
Farm dairy				\$700	\$0.01	\$2	\$4
Electricity (farm dairy, water supply)				\$5,300	\$0.05	\$16	\$32
Supplements made (incl. Contractors)				\$6,800	\$0.06	\$20	\$40
Supplements purchased							
Calf rearing				\$1,600	\$0.01	\$5	\$10
Young and dry stock grazing							
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$31,700	\$0.28	\$93	\$189
Irrigation							
Regrassing and cropping				\$7,200	\$0.06	\$21	\$43
Weed and pest				\$5,700	\$0.05	\$17	\$34
Vehicles and fuel				\$24,200	\$0.21	\$71	\$144
R&M (land, buildings, plant, machinery)				\$58,600	\$0.51	\$172	\$349
Freight and general farm expenses				\$7,000	\$0.06	\$21	\$42
Administration e.g. accountant, consultant, phone				\$26,100	\$0.23	\$77	\$155
Insurance				\$25,000	\$0.22	\$74	\$149
ACC							
Rates				\$19,000	\$0.17	\$56	\$113
Halter				\$52,500	\$0.46	\$154	\$313
<b>Total Farm Working Expenses</b>				<b>\$550,500</b>	<b>\$4.79</b>	<b>\$1,619</b>	<b>\$3,277</b>
<b>Cash Surplus / Deficit</b>				<b>\$951,900</b>	<b>\$8.28</b>	<b>\$2,800</b>	<b>\$5,666</b>
<b>Non Cash adjustments</b>							
Value of change in livestock numbers				\$23,300	\$0.20	\$69	\$139
Labour adjustment				\$40,000	\$0.35	\$118	\$238
Less Feed inventory Adjustment							
Owned support block adjustment							
Depreciation				\$30,000	\$0.26	\$88	\$179
<b>Dairy Gross Farm Revenue</b>				<b>\$1,525,700</b>	<b>\$13.27</b>	<b>\$4,487</b>	<b>\$9,082</b>
<b>Dairy Operating Expenses</b>				<b>\$620,500</b>	<b>\$5.40</b>	<b>\$1,825</b>	<b>\$3,693</b>
<b>Dairy Operating Profit</b>				<b>\$905,200</b>	<b>\$7.87</b>	<b>\$2,662</b>	<b>\$5,388</b>

## Notes for Budget

Net Milk Income	Milk revenue is based on 115000 kg MS @ an advance price of \$10.35/kg MS, 91,395 kg MS @ a deferred price of \$1.50/kg MS and a Fonterra dividend of \$0.66/share on 130,000 shares. The milk prices used are as per Fonterra notification late May 2024 for Organic farm supply and are May paid June prices, (this farms financial year is 1 July to 30 June). Includes the Co-operative difference of 5-8 c/kg MS. This is net of the DairyNZ levy, (4.2 c/kg MS). <i>Milk income: 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)	Based on approx 55 MA Jersey cows and 8 empty R 2 heifers @ \$650/hd, 11 R 2 bulls @ \$1000, and 260 Bobbies at \$20. Any animals born after 2020 are sold as organic meat so receive a premium of \$100/head at slaughter. The budgeted per cow prices take into account that more animals sold are qualifying for organic premiums.
Other dairy income	Includes grazing for 54 yearlings, from second organic farm near the coast, for 52 weeks.

## Expenses

Wages	This is the payment to the contract milkers. Their input should equate to about 1.6-1.8 FTE's. The contract milkers are responsible for paying for the shed electricity and shed consumables. This is their first season on farm.
Animal health	Focus is on prevention rather than cure. The approach to animal health is kept simple and is based on good observation. The farm has good infrastructure so things like lameness are not an issue. Calving is Jersey on Jersey so there are fewer calving related difficulties/vet visits. Standard minerals are used and required vaccinations are carried out, (Lepto). BVD not a problem - milk test is used. Calf horn de-budding is included in animal health costs. Johnes testing is done annually from herd test milk samples. Incidence is low now and there are no clinical signs of the disease. As part of being fully organic certified and as a participant in the Well Farm programme, the herd will be independently condition scored, (by vets), four times a year. BCS at end of May 2024 was 4.5.
Breeding and herd improvement	Includes the cost of DNA testing calves 90-95 calves and herd testing. Mating is AB for 10 weeks. 11 R 1 bulls are used on the heifers. With information for heat detection now supplied by <b>Halter</b> , AB is used for the herd for the whole of mating. Also included in this expense is registration of about 80-85 heifer calves with the breed society Jersey NZ.
Farm dairy	The contract milker pays for all shed consumables.
Electricity (farm dairy, water supply)	This includes the cost of access to the water scheme that provides all the farm water via gravity feed. The water supply is \$4,500. Shed/farm Power is paid for by the contract milkers.
Supplements made (incl. Contractors)	Only genuine surpluses harvested off the 168 ha. For 2025-226 the budget is based on 400 bales of hay, (15 bale equivalents) @15/bale for an external contractor doing the baling plus about \$1,000 for raking.
Supplements purchased	No supplements purchased.
Calf rearing	This is for the costs for bedding and sundry equipment. The plan is to rear 85-87 replacement heifer calves and 9-11 bull calves. Calves are reared on colostrum, whole milk, pasture and hay. This has been the practice for the last 4 years and it has worked well. As an organic farm calves must be reared for 12 weeks.
Young and dry stock grazing	Not required as all young stock - approx 95-100 weaner heifers and bulls, 86 R 2 heifers and 11 R 2 bulls, (until summer), are grazed on 55 ha of the farm. This area also will provide winter grazing for the herd, grazing for 54 yearlings from a second organic farm for 52 weeks, plus all the hay, (400 bales 15 bale equivalents), for the herd and young stock. The 55 ha are not quite adjacent to the milking area so having additional young stock there greatly reduces the need to move milking cows along a public road.
Winter cow grazing	
Run-off lease	

Fertiliser (incl. N)	Fertiliser for the farm is based on organic fish, seaweed and humates. A fit for purpose spreader is owned so spreading is all done in house. Cost includes 2,300 for soil testing. And includes trace minerals and cropping fertiliser.
Irrigation	
Regrassing and cropping	Much of the farm has now been planted with multi species pastures and a small area continues to be cropped each year. The 2025-26 plan is to plant another 6 ha of multispecies summer crop, which will morph into permanent pasture. The budget also allows for some seed for a bit of remedial reseeding should there be damage during periods of very wet weather. Planting practices used have the aim of producing a better seed bed with improved soil to seed contact. Cultivation and seed bed preparation involves two passes with a speed disc, 3 passes with a shallow disc followed by broadcasting the seed, applying fertiliser, (Oceanbase/lime with trace minerals), and then rolling. Establishment using this method has been great and yields good, but costs are higher.
Weed and pest	Weeds and pests are not usually a problem. Weed control is a combination of manual control or an organic spray. The spray is mainly used for gorse on the river boundary. This cost also includes equipment and supplies for organic pest trapping and control. Included is an allowance for more gorse mulching, approx. \$5,000.
Vehicles and fuel	Do most of the harvesting and tractor work so includes the fuel costs associated with that work. Includes \$14,000 for fuel.
R&M (land, buildings, plant, machinery)	The budget has been prepared on a business as usual basis, so basic maintenance is allowed for. It does include \$22,500 for shelter and tree planting - part of the farm planting plan completed 2 years ago. A lot R & M is done in house, so reliance on contractors is minimal. The R and M budget will be reviewed in 6 months and if cashflow is looking good then it could increase by about \$35,000, as the cowshed is getting to a point of needing a new roof and if finances allow, another lahar could be removed.
Freight and general farm expenses	Includes costs for protective clothing, bio-security supplies, (disinfectant, brushes etc), rubbish disposal, dead cow removal and bio-security levy, (\$0.008/kgMS).
Administration e.g. accountant, consultant, phone	Do own GST, PAYE and budgeting. Includes administration and accounting fees for two financial entities, \$2,200 for Organic auditing fees which is an annual requirement for Organic certification, plus travel costs relating to visiting other organic farms and organisations as part of continued learning about organic farming.
Insurance	Includes: milk losses, loss of cows, public liability and property. This is something that is reviewed annually to make sure it is still relevant. Includes discounts for a good history of no claims.
ACC	All cover is with a private insurer and is not included in the farm budget.
Rates	As per rates demand.
Halter	Halter subscription costs for 340-350 cows, paid in advance in one lump sum so don't have to pay a premium. Includes upgrade to a more inclusive package.
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	Expect to end the season with 7 more R 2 heifers, and 5 more MA cows. IRD NMAV, (National Average Market Values), for 2025 are used to estimate the value of change in dairy livestock numbers. Net livestock income, (cash and non-cash), equates to \$0.70/ kg MS.
Labour adjustment	This is for 0.40-0.50 FTE, (1,000-1,200 hours), of unpaid labour input from the business owners and family. This covers 12 weeks of calf rearing, fertiliser applications, cropping, harvesting and building and general farm maintenance work. With this season being the first year for the contract milkers, more time on farm has been allowed to cover the time spent familiarising them with the farm, <b>Halter</b> and the requirements of certified organic farming.
Less Feed inventory Adjustment	Expect to have no significant difference in opening and closing feed on hand for the season, (45 t DM of hay opening and closing).
Owned support block adjustment	
Depreciation	As per financial statements for 2023-24 year, with allowance made for two more years depreciation. There are no significant asset purchases planned for the 2025-26 season.