

# Annual Cash Budget October 2024

Name: East Waikato Owner/Owner with CM System 3 Budget Period 1 / 6 / 24 to 31 / 5 / 25

Farm Details: 213500 kgMS 535 cows 177.0 ha 399 kgMS/cow 1206 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	213,500	kgMS x \$	7.83 /kgMS	\$1,671,800	\$7.83	\$3,125	\$9,445
Milk Solids retrospective	202,024	kgMS x \$	1.06 /kgMS	\$214,600	\$1.01	\$401	\$1,212
Milk Solids dividend	99,900	shares x \$	0.50 /share	\$50,000	\$0.23	\$93	\$282
Other Milk Income							
DairyNZ levy <small>enter as negative number</small>				-\$9,800	-\$0.05	-\$18	-\$55
Net Dairy livestock sales (calves + culls + other - purchases)				\$79,900	\$0.37	\$149	\$451
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting				\$1,700	\$0.01	\$3	\$10
<b>Net Dairy Cash Income</b>				<b>\$2,008,200</b>	<b>\$9.41</b>	<b>\$3,754</b>	<b>\$11,346</b>

Expenses				\$ Total	\$/kgMs	\$/cow	\$/ha
Wages/payment to contract milker				\$221,900	\$1.04	\$415	\$1,254
Animal health				\$37,000	\$0.17	\$69	\$209
Breeding and herd improvement				\$20,000	\$0.09	\$37	\$113
Farm dairy				\$6,900	\$0.03	\$13	\$39
Electricity (farm dairy, water supply)				\$18,000	\$0.08	\$34	\$102
Supplements made (incl. Contractors)							
Supplements purchased				\$158,800	\$0.74	\$297	\$897
Calf rearing				\$10,800	\$0.05	\$20	\$61
Young and dry stock grazing				\$124,100	\$0.58	\$232	\$701
Winter cow grazing							
Run-off lease							
Fertiliser (incl. N)				\$120,000	\$0.56	\$224	\$678
Irrigation							
Regrassing and cropping				\$105,100	\$0.49	\$196	\$594
Weed and pest				\$7,800	\$0.04	\$15	\$44
Vehicles and fuel				\$36,900	\$0.17	\$69	\$208
R&M (land, buildings, plant, machinery)				\$70,600	\$0.33	\$132	\$399
Freight and general farm expenses				\$10,200	\$0.05	\$19	\$58
Administration e.g. accountant, consultant, phone				\$12,100	\$0.06	\$23	\$68
Insurance				\$14,300	\$0.07	\$27	\$81
ACC				\$1,400	\$0.01	\$3	\$8
Rates				\$21,600	\$0.10	\$40	\$122
<b>Total Farm Working Expenses</b>				<b>\$997,500</b>	<b>\$4.67</b>	<b>\$1,864</b>	<b>\$5,636</b>

<b>Cash Surplus / Deficit</b>	<b>\$1,010,700</b>	<b>\$4.73</b>	<b>\$1,889</b>	<b>\$5,710</b>
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Non Cash adjustments							
Value of change in livestock numbers				\$11,100	\$0.05	\$21	\$63
Labour adjustment				\$120,000	\$0.56	\$224	\$678
Less Feed inventory Adjustment							
Owned support block adjustment							
Depreciation				\$50,000	\$0.23	\$93	\$282
<b>Dairy Gross Farm Revenue</b>				<b>\$2,019,300</b>	<b>\$9.46</b>	<b>\$3,774</b>	<b>\$11,408</b>
<b>Dairy Operating Expenses</b>				<b>\$1,167,500</b>	<b>\$5.47</b>	<b>\$2,182</b>	<b>\$6,596</b>
<b>Dairy Operating Profit</b>				<b>\$851,800</b>	<b>\$3.99</b>	<b>\$1,592</b>	<b>\$4,812</b>

## Notes for Budget

Net Milk Income	This budget covers 2 supply numbers producing 213,500 kgMS, (6% increase on previous season). The advance milk price received is budgeted at \$7.83/kgMS and the deferred milk price is \$1.06/kgMS. Income includes a total Fonterra dividend of \$0.50/share on 99,900 shares. This is net of the DairyNZ levy of \$0.036 /kgMS. <b>** 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.</b>
Net Dairy livestock sales (calves + culls + other - purchases)	Estimate there will be about 110 MA cull cows and empty R 2 heifers to sell @ \$700-\$750/head plus about 380 bobby calves @ \$30/head. Includes purchasing 24 R 2 Jersey bulls @ \$2,000/head. These will all be sold December/January for about \$1,600/head.
Other dairy income	Small amount of rent for surplus housing plus trading rebates.

## 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. There is also allowance here for contract labour for fencing, R & M and relief milking.
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 around 10% empties.
Breeding and herd improvement	This covers 4 weeks of AB with premier sires followed by 8 weeks with bulls. 25 Jersey bulls will be purchased, 6 R 2 bulls to run with 127 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 4 tests, (over 2 milkings unless on once a day). This cost is net of Sire proving Scheme rebates for the R 2 heifers milked this season. This is the last year for these rebates.
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.
Supplements purchased	The budget is for about 350 t (wet), 315 t DM of PKE blend, (with soybean hull), @ about \$450/t landed. Both sheds have in shed feeding systems so wastage is low. This equates to about 590 kg DM/cow.
Calf rearing	135 replacement calves are being reared. Calves are reared on colostrum/whole milk 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 depending on the time of year and expected rainfall. Last year some fertility was mined to save costs. Soil tests indicate that more phosphate and lime needs to be applied this season. All fertiliser is applied with own gear.
Irrigation	
Regrassing and cropping	This covers the cultivation, seed, planting, weed and pest control and harvesting of 14.5 ha of Maize for silage, along with the cultivation, seed, planting and weed and pest control of 6.0 ha of fodder beet. The amount of fodder beet is up this season so cropping costs are about \$10,000 more than previous seasons. In addition this cost includes the regrassing of these areas in the autumn plus an allowance for some remedial regrassing or patching if needed. An undersower is now owned so all undersowing is done in house.
Weed and pest	This covers some weed spray and some pest control.
Vehicles and fuel	The aim is to keep vehicles well maintained and try to be efficient with vehicle use.
R&M (land, buildings, plant, machinery)	Maintenance for this year includes \$14,000 already spent this year on house repairs. There is continued maintenance of roads and races, fencing and water supply planned for this season.
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 for 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 plus Xtra.
Rates	Council and regional rates for both farms.
Other farm working expenses (not included in any of the above)	
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	Expect to have about 8 more R 1 heifers, 5 fewer R 2 heifers and 8 more cows on hand at the end of the season, (valued at 2024 NAMV).
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 2023-24 financial statements depreciation with allowance for another years depreciation charge and asset purchases and sales during the year.