

# Annual Cash Budget

Name: BoP Owner Sys 2 Budget Period 1 / 6 / 2024 to 31 / 5 / 2025

Farm Details: 221850 kgMS 580 cows 160.0 ha 383 kgMS/cow 1387 kgMS/ha 3.63 cows/ha

Income				\$ Total	\$/kgMS	\$/cow	\$/ha
<b>Net Milk Income</b>	Share of milk cheque received		100%				
Milk Solids advance	221,850 kgMS x \$	6.45	/kgMS	\$1,430,900	\$6.45	\$2,467	\$8,943
Milk Solids retrospective	223,700 kgMS x \$	1.26	/kgMS	\$276,400	\$1.25	\$477	\$1,728
Milk Solids dividend	240,000 shares x \$	0.50	/share	\$119,400	\$0.54	\$206	\$746
Other Milk Income							
DairyNZ levy enter as negative number				-\$7,900	-\$0.04	-\$14	-\$49
Net Dairy livestock sales (calves + culls + other - purchases)				\$95,000	\$0.43	\$164	\$594
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting							
<b>Net Dairy Cash Income</b>				<b>\$1,913,800</b>	<b>\$8.63</b>	<b>\$3,300</b>	<b>\$11,961</b>
Expenses				\$ Total	\$/kgMs	\$/cow	\$/ha
Wages				\$234,000	\$1.05	\$403	\$1,463
Animal health				\$46,800	\$0.21	\$81	\$293
Breeding and herd improvement				\$41,100	\$0.19	\$71	\$257
Farm dairy				\$23,100	\$0.10	\$40	\$144
Electricity (farm dairy, water supply)				\$19,600	\$0.09	\$34	\$123
Supplements made (incl. Contractors)				\$20,000	\$0.09	\$34	\$125
Supplements purchased				\$46,500	\$0.21	\$80	\$291
Calf rearing				\$12,000	\$0.05	\$21	\$75
Young and dry stock grazing							
Winter cow grazing				\$52,000	\$0.23	\$90	\$325
Run-off lease							
Fertiliser (incl. N)				\$90,900	\$0.41	\$157	\$568
Irrigation							
Regrassing and cropping				\$6,900	\$0.03	\$12	\$43
Weed and pest				\$7,700	\$0.03	\$13	\$48
Vehicles and fuel				\$38,700	\$0.17	\$67	\$242
R&M (land, buildings, plant, machinery)				\$47,600	\$0.21	\$82	\$298
Freight and general farm expenses				\$9,200	\$0.04	\$16	\$58
Administration e.g. accountant, consultant, phone				\$15,700	\$0.07	\$27	\$98
Insurance				\$19,800	\$0.09	\$34	\$124
ACC				\$6,400	\$0.03	\$11	\$40
Rates				\$105,400	\$0.48	\$182	\$659
<b>Total Farm Working Expenses</b>				<b>\$843,400</b>	<b>\$3.80</b>	<b>\$1,454</b>	<b>\$5,271</b>
<b>Cash Surplus / Deficit</b>				<b>\$1,070,400</b>	<b>\$4.82</b>	<b>\$1,846</b>	<b>\$6,690</b>
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Non Cash adjustments							
Value of change in livestock numbers				\$1,500	\$0.01	\$3	\$9
Labour adjustment				\$30,000	\$0.14	\$52	\$188
Less Feed inventory Adjustment							
Owned support block adjustment				\$39,800	\$0.18	\$69	\$249
Depreciation				\$40,000	\$0.18	\$69	\$250
<b>Dairy Gross Farm Revenue</b>				<b>\$1,915,300</b>	<b>\$8.63</b>	<b>\$3,302</b>	<b>\$11,971</b>
<b>Dairy Operating Expenses</b>				<b>\$953,200</b>	<b>\$4.30</b>	<b>\$1,643</b>	<b>\$5,958</b>
<b>Dairy Operating Profit</b>				<b>\$962,100</b>	<b>\$4.34</b>	<b>\$1,659</b>	<b>\$6,013</b>

## Notes for Budget

Net Milk Income	Milk production for the season is budgeted at 221,850 kg MS which is similar to the previous year. Budgeted income is based on an advance milk price total of \$6.45/kg MS and a deferred milk price of \$1.25/kg MS on 223,700 kg MS. This is net of the DairyNZ, (3.6 c/kg MS total). A dividend of \$.50 /share on 240,000 shares is included in the budget. <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)	This is based on selling 117 surplus/cull MA cows or R 2 heifers @ \$500, 50 weaner beef animals @ \$500 and approximately 380 bobbies @ \$30.
Other dairy income	
<b>Expenses</b>	
Wages	Covers 2 full time herd managers - one for each farm. Provided with a 3 bedroom house each, each herd manager is on a 2 week roster, with 1 day off the first week and 2 days off the second week, plus all statutory holidays and 4 weeks a year annual leave. An additional full time staff member is employed and shared between both farms to provide relief milking, tractor work and any other support needed. They work 5 days on, 2 days off.
Animal health	This covers minerals via trough treatment, leptovaccinations, annual blood tests, calf dehorning (with anaesthetic), young stock drenches. BVD status is monitored through bulk milk sampling. Cows with low SCC are treated with teat seal at drying off and those with high SCC, (over 150,000), are treated with dry cow therapy. Includes about \$1,700 for pregnancy testing.
Breeding and herd improvement	Includes cost of tail paint, 5 weeks of AB and 3 herd tests per year, (across 2 milkings). There is no reproductive intervention, (anoestrus treatments or metricheck). The breeding policy now is to use premiere sires for most of the herd with some lower BW cows, (about 100), being mated to Hereford semen. The cost includes leasing 12 bulls, (4 for the heifers and 8 for the herd).
Farm dairy	Follow recommended milk plant hygiene programme. Use the cheapest priced detergents. This covers two 20 a-side herringbone sheds and includes machine testing.
Electricity (farm dairy, water supply)	Power is for two 20 a-side herringbone sheds.
Supplements made (incl. Contractors)	Between 25-40 ha of supplement is usually harvested each year. The majority is on the support blocks with the budget based on all baleage being made. The cost covers contractors raking, baling and wrapping plus incidentals, @ \$45/bale. Budget is based on 400 bales, (180 kg DM) and includes paying for the recycling of baleage wrap and transport of some baleage back to the milking area.
Supplements purchased	Plan to contract 100 t PKE, with an estimated price of @ \$465 per t landed. Equates to about 150-160 kg DM per cow. This is mainly for summer and autumn use. It will be contracted in June, around field days time so is very much an estimate.
Calf rearing	Plan to rear about 130-135 replacement heifers plus 50 white face beef calves which will be sold to the beef block as weaners. The calves all go to the support block at 2 weeks of age, with the beef calves being reared on milk powder. Costs includes 7-8 t calf meal, 1.5 t milk powder for the beef calves and \$2000 for bedding and equipment.
Young and dry stock grazing	All yearlings are grazed on the support blocks from July until early May, but may return to the milking platform in the late spring early summer to help control surplus feed. Calves go to the support block at 2 weeks old and finished being reared there. They are wintered on the milking area as yearlings from May 1 and return to the support block in July when the cows come home.
Winter cow grazing	120 in-calf heifers will go to external winter grazing for about 9 weeks, from May 1st until just prior to calving in mid-July. Cost is about \$26 per head including freight. External grazing has also been secured for 100 MA cows for 8 Weeks @\$26/head/week from mid-May. Includes freight costs for the in-calf heifers. The balance of MA cows are wintered on the support blocks from June until just prior to calving.
Run-off lease	

Fertiliser (incl. N)	This is net of fertiliser rebates. Includes 75-80 kg N per ha for the milking area. One application of Phased N (20-30 kg N/ha) is used in the early spring to follow the herd. The non-effluent area of 124 ha gets another application, (approx 25 kg N per ha), in the spring and one in the autumn. Milking area non effluent block gets 340 kg per ha spring and autumn of fertiliser mix as per Balance recommendations, (contains biophos, MoP and DAP). Support block gets spring and autumn fertiliser including N.
Irrigation	
Regrassing and cropping	Pasture renovation is a regular part of the farming plan, mainly to repair any damage done in the spring and from mobbing in the summer heat. Any paddocks that are under performing will be regrassed as well, so the area renovated each year can vary. Undersowing is done by farm owner. Seed used is whatever the recommended rye/white clover mix is at the time. No cropping is done as soils are too wet.
Weed and pest	Attention is given to keeping the farm weed free so as much area as possible is available for grass to grow. Covers annual weed spray to control docks, buttercup and thistles on both the milking area and the support block.
Vehicles and fuel	Have 2 tractors between the 2 farms and 2 two wheel motorbikes. No 4 wheelers used.
R&M (land, buildings, plant, machinery)	Policy is to keep up to date with R & M so that in low payout years spending can be cut to a minimum. Having herringbone sheds means very little R & M needed on milking shed and plant. Have own mower and undersower but very little other machinery. This budget includes \$8,500 for plant, \$7,700 for fencing, and \$7,600 for effluent supply.
Freight and general farm expenses	Protective clothing, health and safety costs and bio security levy are included here.
Administration e.g. accountant, consultant, phone	Do all own administration, budgets, and payroll. Use accountants for tax advice.
Insurance	Keep insurance cover to a minimum. Do not have business interruption cover.
ACC	
Rates	A large portion of rates is paid to Environment BoP for flood protection. Rates now include extra rates to cover repairs and improvements to flood control in the region after the 2017 floods. There were significant rate rises in the 23-24 season.
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	Closing livestock numbers will be similar to opening.
Labour adjustment	Covers owners unpaid input of 0.3 FTE. The owners no longer relief milk but do milk when staff are on holiday, for herd testing, tail painting and to cover sick leave. This labour adjustment also covers all administration, strategic planning and governance.
Less Feed inventory Adjustment	Expect there will be very little change in feed on hand for the year although this is very dependent on how much supplement is made and how dry the summer is.
Owned support block adjustment	53 ha of owned support land valued at a market rental equivalent of \$750 per ha per year.
Depreciation	Based on 2022-23 actuals, and adjusted to allow for additions/sales to fixed assets in 2023-24. There are no significant farm asset purchases planned for 24-25. Farm has a low cost infrastructure and minimal machinery.