

Annual Cash Budget

Name: **South West Waikato Owner System 2** Budget Period **1 / 6 / 2023** to **31 / 5 / 2024**

Farm Details: **194100 kgMS*** **510 cows** **230.0 ha** **381 kgMS/cow** **844 kgMS/ha** **2.22 cows/ha**

Income						\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income									
Share of milk cheque received									
100%									
Milk Solids	advance	194,100	kgMS x \$	6.05	/kgMS	\$1,174,293	\$6.05	\$2,303	\$5,106
Milk Solids	retrospective	220,000	kgMS x \$	1.40	/kgMS	\$308,000	\$1.59	\$604	\$1,339
Milk Solids	dividend	237,974	shares x \$	0.20	/share	\$47,595	\$0.25	\$93	\$207
DairyNZ levy enter as negative number						-\$6,988	-\$0.04	-\$14	-\$30
Net Dairy livestock sales (calves + culls + other - purchases)						\$76,800	\$0.40	\$151	\$334
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting						\$31,000	\$0.16	\$61	\$135
Net Dairy Cash Income						\$1,630,700	\$8.40	\$3,197	\$7,090
Expenses						\$ Total	\$/kgMS	\$/cow	\$/ha
Wages						\$270,000	\$1.39	\$529	\$1,174
Animal health						\$45,000	\$0.23	\$88	\$196
Breeding and herd improvement						\$45,000	\$0.23	\$88	\$196
Farm dairy						\$9,000	\$0.05	\$18	\$39
Electricity (farm dairy, water supply)						\$30,000	\$0.15	\$59	\$130
Supplements made (incl. Contractors)						\$77,200	\$0.40	\$151	\$336
Supplements purchased						\$52,600	\$0.27	\$103	\$229
Calf rearing						\$12,800	\$0.07	\$25	\$56
Young and dry stock grazing									
Winter cow grazing									
Run-off lease									
Fertiliser (incl. N)						\$95,900	\$0.49	\$188	\$417
Irrigation									
Regrassing and cropping						\$66,900	\$0.34	\$131	\$291
Weed and pest						\$14,000	\$0.07	\$27	\$61
Vehicles and fuel						\$40,000	\$0.21	\$78	\$174
R&M (land, buildings, plant, machinery)						\$50,000	\$0.26	\$98	\$217
Freight and general farm expenses						\$9,700	\$0.05	\$19	\$42
Administration e.g. accountant, consultant, phone						\$20,000	\$0.10	\$39	\$87
Insurance						\$17,000	\$0.09	\$33	\$74
ACC						\$5,000	\$0.03	\$10	\$22
Rates						\$26,000	\$0.13	\$51	\$113
Halter Technology						\$104,000	\$0.54	\$204	\$452
Total Farm Working Expenses						\$990,100	\$5.10	\$1,941	\$4,305
Cash Surplus / Deficit						\$640,600	\$3.30	\$1,256	\$2,785
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Non Cash adjustments									
Value of change in livestock numbers						\$12,400	\$0.06	\$24	\$54
Labour adjustment						\$40,000	\$0.21	\$78	\$174
Less Feed inventory Adjustment						-\$18,000	-\$0.09	-\$35	-\$78
Owned support block adjustment									
Depreciation						\$70,000	\$0.36	\$137	\$304
Dairy Gross Farm Revenue						\$1,643,100	\$8.47	\$3,222	\$7,144
Dairy Operating Expenses						\$1,118,100	\$5.76	\$2,192	\$4,861
Dairy Operating Profit						\$525,000	\$2.70	\$1,029	\$2,283

Notes for Budget

Net Milk Income Milk income is based on 194,100 kgMS at and advance rate of \$6.05/kgMS, (including a premium for supplying all A2 milk), and 220,000 kgMS at a deferred rate of \$1.40/kgMS, (working on a final milk price for 2022-23 of \$8.20/kgMS). The Fonterra dividend is estimated at \$0.20/share on 237000 shares. The Fonterra capital dividend estimated at \$0.50/share is excluded from this budget. This is net of The DairyNZ levy of \$0.036/kgMS.** *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.*

Net Dairy livestock sales (calves + culls + other - purchases) Stock sales are made up of 90 MA cows/R2 heifers @ \$660/head, 20 heifer calves @ \$60/head, 360 bobby calves @\$45/head.

Other dairy income Rent received from staff.

Expenses

Wages Covers 1 farm manager, 1 assistant manager, 1 farm assistant and 0.6 FTE for casual for calf rearing, and throughout the year as required. **Halter** technology has changed work routines and resulted in much improved work efficiencies. At the peak of calving, the staff hours worked is now under 45 hours per week.

Animal health Focus is on prevention with minimal veterinary intervention required. Includes blood tests and copper supplementation. SCC for 22-23 is 129,000. The policy is to teat seal the whole herd, and use a selective programme for dry cow therapy. High SCC cows get long acting antibiotic, mid-range SCC cows get short acting antibiotic and low SCC cows are just teat sealed.

Breeding and herd improvement Includes anoestrus and synchronisation treatment for non-cycling cows and 3 weeks AB plus 2 days to cover returns from cows treated for anoestrus. The top 20% of the herd on genetic merit are mated with sexed semen, the lowest 20% are mated to AB short gestation, (SG), Hereford semen and the rest of the herd is mated with premier sires. AB will continue for a further 5-6 weeks using SG Hereford semen. The last 2 weeks of mating is with AB using short gestation bull semen. Total mating length is 11 weeks, but with the use of SG semen the actual calving period is about 9 1/2weeks. The aim is to be finished calving by September 20th. Herd tests are 4 times per year, (drought permitting), with once a day testing. Cost also includes herd recording and identification, (including freeze branding of heifers coming into the herd). The budget at this stage includes mating the heifers to AB. **Halter** technology will provide all information for heat detection this season so no tail painting will be required.

Farm dairy Rubberware is changed once a year, standard detergents used. Does cover the use of 2 sheds during the year. Twice a day milking till mid-December and then once a day for the rest of the season. While the plan is to only use one shed at a time apart from during calving both sheds will be used during the year depending on proximity to where the herd is grazing. Therefore both sheds need to be fully commissioned and operational.

Electricity (farm dairy, water supply) Use hot water washes daily. Both sheds have a heat recovery unit fitted to the chiller so hot water is cheaper.

Supplements made (incl. Contractors) This includes \$52,800 to cover silage made on farm. It is estimated that 60 ha will be made, (2 t DM/ha @ \$440/t DM). If there is a surplus of pasture in summer this will be made as small bales of hay to use for calves and springers. All harvesting is done by external contractors. Supplements made costs also includes \$25,000 for 7.4 ha of maize silage grown on farm, (\$3,300-\$3,400/ha), using strip tillage and direct drilling. Yields of 18 t DM/ha are expected.

Supplements purchased 100 t PKE, (wet weight), @ \$450/t landed, already contracted. 10 t DM hay @ \$760/t landed.

Calf rearing 100 replacement heifer calves reared plus 5 beef. Calves are reared on colostrum and whole milk along with meal. Budget includes 7.0 t calf meal @ \$1400/ t plus \$3,000 bedding and dehorning and equipment. 380 bobbies will also consume colostrum for 6 days.

Young and dry stock grazing All yearlings and weaners are grazed on farm.

Winter cow grazing All cows and in-calf heifers are grazed on farm.

Run-off lease

Fertiliser (incl. N)	Have done individual paddock testing in the past so this information is used to be more strategic with fertiliser applications. Information from Halter technology has been used to modify grazing patterns and a redistribution of fertility is already evident after 30 months. This has resulted in lower requirements for synthetic fertilisers and more targeted applications. Fertiliser is largely applied with own gear, which allows for more targeted applications. The budget allows for 20 t DAP @ \$1,600/t, 22 t sustain @ \$1,150/ t and 20 t muriate of potash @ \$1,550/t plus 40 t lime, (for 30 ha of crop paddocks), @ \$40/t plus \$6,000 cartage. This will deliver 60 kg N, 174 P, and 44 Kg K. DAP is used in the spring and urea the rest of the year. Effluent is applied to 75 ha - this area gets less fertiliser. Crop fertiliser allocation and cartage and spreading costs are included.
Irrigation	
Regrassing and cropping	The budget is for planting 20 ha of chicory and 9 ha of turnips plus the regrassing of these areas in the autumn and the 7.4 ha maize area. There is some allowance for patching and undersowing of other pasture as needed. The areas to be planted are fluid and will depend on weather, soil conditions and pasture growth rates at the time of planting.
Weed and pest	Californian thistles are still a problem in some paddocks. Treatment includes topping so that regrowth is all at the same flower bud stage before spraying with an appropriate weed spray. Other weeds that are an issue are white daisy and yellow bristle grass. Includes about \$6,000 for planting preparation and maintenance of existing riparian plantings.
Vehicles and fuel	Includes \$18,000 for fuel, (with discounts from FarmSource), and \$22,000 for service and repairs for tractors and other farm vehicles. Have very few vehicles - tend to use contractors for bigger jobs.
R&M (land, buildings, plant, machinery)	Have a policy of doing big maintenance jobs in good payout years so here is no major R & M planned for this year. Includes \$16,000 for dwellings and other buildings, \$1,000 for fencing, \$3,000 for water supply, \$15,000 plant & machinery, \$15,000 for tracks and yards.
Freight and general farm expenses	Includes \$5,000 for dog expenses, protective clothing and sundry, plus \$4700 for bio security levy, (\$0.024/kgMS).
Administration e.g. accountant, consultant, phone	Do own budgets, GST and PAYE. Covers costs for accountancy, communication, computer, subscriptions and mail, legal and consent costs and fees. Includes monitoring subscription for milk temperature, fuel levels and water flow.
Insurance	Reviewed every couple of years to ensure it is still relevant and cost effective.
ACC	Owner ACC only. Employer ACC is included in wages.
Rates	Includes Council rates and regional environmental rates. Farm has multiple titles so rates are a bit higher than similar sized properties.
Halter Programme	This covers the 12 month lease for Halter hardware, (neck halters), and software support for the Halter technology; \$16/cow/month on an average number of 490 cows and 100 yearlings for the year, less a discount for one payment upfront for the year. This is the first year for the heifers so the final cost may differ from budget.
Non Cash adjustments	
Value of change in livestock numbers	Expect to have similar number of animals on farm at the end of the season, but there will be more MA cows and fewer in calf heifers. Values used are 2022 IRD NAMV.
Labour adjustment	This covers 0.4 FTE of unpaid management input from the owners. The owners have stepped back more from hands on farming and are spending more time in a management role and pursuing off farm interests. This also allows more time to focus on learning about, and integrating the use of Halter into the farm business so maximum benefit can be gained from using this technology.
Less Feed inventory Adjustment	With the good 2023 autumn, more supplement will be carried into the winter than usual so it is expected there will be 40.8 t DM less on hand at the end of the season than at the start of the season. This is valued at \$440/t DM.
Owned support block adjustment	

Depreciation

Depreciation is based on the 2021-22 actual values plus allowance 2 further years depreciation and for asset purchases and sales for 2022-23 and 2023-24.