

Annual Cash Budget

Name: Taranaki Organic System 1 Budget Period 1 / 6 / 2017 to 31 / 5 / 2018
 Farm Details: 130000 kgMS 440 cows 168.0 ha 295 kgMS/cow 774 kgMS/ha 2.62 cows/ha

Income					\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income	Share of milk cheque received		100%					
Milk Solids advance	130,000	kgMS x \$	5.61	/kgMS	\$729,299	\$5.61	\$1,657	\$4,341
Milk Solids retrospective	129,236	kgMS x \$	1.09	/kgMS	\$140,867	\$1.08	\$320	\$838
Milk Solids dividend	147,186	shares x \$	0.20	/share	\$34,303	\$0.26	\$78	\$204
Other Milk Income								
DairyNZ levy <small>enter as negative number</small>					-\$5,000	-\$0.04	-\$11	-\$30
Net Dairy livestock sales (calves + culls + other - purchases)					\$40,000	\$0.31	\$91	\$238
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting								
Net Dairy Cash Income					\$939,469	\$7.23	\$2,135	\$5,592
Expenses					\$ Total	\$/kgMS	\$/cow	\$/ha
Wages					\$55,000	\$0.42	\$125	\$327
Animal health					\$23,000	\$0.18	\$52	\$137
Breeding and herd improvement					\$15,000	\$0.12	\$34	\$89
Farm dairy					\$4,500	\$0.03	\$10	\$27
Electricity (farm dairy, water supply)					\$14,000	\$0.11	\$32	\$83
Supplements made (incl. Contractors)					\$6,000	\$0.05	\$14	\$36
Supplements purchased								
Calf rearing					\$4,000	\$0.03	\$9	\$24
Young and dry stock grazing								
Winter cow grazing								
Run-off lease								
Fertiliser (incl. N)					\$50,000	\$0.38	\$114	\$298
Irrigation								
Regrassing and cropping					\$3,000	\$0.02	\$7	\$18
Weed and pest					\$1,500	\$0.01	\$3	\$9
Vehicles and fuel					\$24,000	\$0.18	\$55	\$143
R&M (land, buildings, plant, machinery)					\$31,000	\$0.24	\$70	\$185
Freight and general farm expenses					\$4,000	\$0.03	\$9	\$24
Administration e.g. accountant, consultant, phone					\$15,000	\$0.12	\$34	\$89
Insurance					\$13,000	\$0.10	\$30	\$77
ACC					\$600	\$0.00	\$1	\$4
Rates					\$16,000	\$0.12	\$36	\$95
Total Farm Working Expenses					\$279,600	\$2.15	\$635	\$1,664
Cash Surplus / Deficit					\$659,869	\$5.08	\$1,500	\$3,928
Non Cash adjustments								
Value of change in livestock numbers					-\$4,914	-\$0.04	-\$11	-\$29
Labour adjustment					\$83,350	\$0.64	\$189	\$496
Less Feed inventory Adjustment					-\$3,390	-\$0.03	-\$8	-\$20
Owned support block adjustment								
Depreciation					\$38,000	\$0.29	\$86	\$226
Dairy Gross Farm Revenue					\$934,555	\$7.19	\$2,124	\$5,563
Dairy Operating Expenses					\$404,340	\$3.11	\$919	\$2,407
Dairy Operating Profit					\$530,215	\$4.08	\$1,205	\$3,156

Notes for Budget

Net Milk Income	Milk revenue is based on a 3 year average of 130000 kg MS @ \$6.95 (This milk price is based on Fonterra advance of \$5.61 plus organic transition premium of \$0.45), 129236 kg MS @ \$1.09 deferred, and 147186 Shares @ \$0.20. This is net of DairyNZ levy (3.6 c per 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)	Estimating approx 100 MA Jersey culls @ \$350 and 300 Bobbies at \$18-20. Livestock numbers sold are reasonably consistent from one year to the next.
Other dairy income	

Expenses

Wages	Covers one 2-ic staff member and a small amount of relief labour for when both owners are absent.
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. This is the second year of a 3 year transition to full Organic certification so only organic remedies will be used. 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.
Breeding and herd improvement	This is a Sire proving herd (4th year) which means calves are genemarked and cheaper semen is available for mating. Herd testing is at market rates. AB is for 6 weeks and bulls are out for 4. The costs include the leasing of 8 R 2 bulls which are used on the heifers and then used on the herd. Only one lot of bulls is needed as the heifers are run on the milking area.
Farm dairy	Includes detergent, rubberware replaced 1 times/yr and miscellaneous shed expenses. Standard cleaning procedures and recommendations for detergent use are followed.
Electricity (farm dairy, water supply)	Focused on efficient processes so good cow flow and efficient routines have decreased milking costs. Have varivac fitted to machines so electricity usage is more efficient. This includes the cost of access to the water scheme that provides all the farm water via gravity feed. Shed/farm Power is \$8,000 and water supply is \$6,000.
Supplements made (incl. Contractors)	Only genuine surpluses harvested off the 168 ha. Amount varies each year but usually make between 400-500 bales of hay each year (15 bale equivalents). Have all own hay making equipment. This cost is to cover scenario where machinery or labour are unavailable and outside contractors need to be called in.
Supplements purchased	No supplements purchased
Calf rearing	Calf meal. Calves are reared on colostrum, whole milk and organic calf meal.
Young and dry stock grazing	Not required as all young stock - approx 100 weaners and 100 R 2 heifers are grazed on the 168 ha milking area. The area required to feed them is estimated to be the equivalent of 26 ha (as per DairyBase young stock area calculation).
Winter cow grazing	
Run-off lease	
Fertiliser (incl. N)	Fertiliser used this year will be Osflo (organic) in 3 applications. It is applied to non effluent areas only which is 143 ha. This cost includes spreading charges. OsFlo is 3.1% N, 1.1% P, 1.9% K, 0.3% S and 2.5% Ca. This equates to 93 kg N/ha applied to 143 ha. No other N products are used
Irrigation	
Regrassing and cropping	All costs associated cultivation, sprays and seed costs for 4-8 ha of turnips and new pasture. The cropping is part of the contouring policy so is done as much for the re-contouring as for the summer feed provided.

Weed and pest	Weeds and pests not usually a problem. Have lifted the budget slightly to allow for use of more expensive pine oil based organic weed control. Will generally be relying on mechanical weed control.
Vehicles and fuel	Do all own harvesting and tractor work so includes the fuel costs associated with that. Plant is quite old but well maintained.
R&M (land, buildings, plant, machinery)	Farm has been well maintained over the past years so very little maintenance is planned but have included some allowance for one off breakdowns. A lot R & M is done themselves, so reliance on contractors is minimal. This includes the maintenance of the harvesting machinery owned, some of which is over 20 years old.
Freight and general farm expenses	Includes costs for protective clothing and freight for culls.
Administration e.g. accountant, consultant, phone	Do own GST, PAYE and budgeting. Includes accounting fees for two financial entities. Also includes \$2,250 Organic auditing fees which is an annual requirement for Organic certification.
Insurance	Includes: milk losses, loss of cows, public liability, property. This is something that is reviewed annually to make sure it is still relevant.
ACC	
Rates	
Other farm working expenses (not included in any of the above)	
Non Cash adjustments	
Value of change in livestock numbers	Expect to end the season with 6 less R 1 hfrs. IRD NMAV 2017 values of \$819 for R 1 Heifers used to estimate value of change in Dairy livestock.
Labour adjustment	This is for 1.5 FTE (3600 hours) of unpaid labour input from the business owners.
Less Feed inventory Adjustment	11.25 t Dm extra was carried forward into the winter of 2017. It is anticipated that this will not be replaced at the end of the season so a small feed adjustment will be added to feed costs.
Owned support block adjustment	
Depreciation	As per financial statements for previous year.