

# Annual Cash Budget

Name:	Bay of Plenty, System 2, rolling hill country			Budget Period	1	/	6	/	2016	to	31	/	5	/	2017
Farm Details:	95,000 kgMS	300 cows	120.0 ha	317 kgMS/cow	792 kgMS/ha			2.50 cows/ha							

Income							\$ Total	\$/kgMS	\$/cow	\$/ha
Net Milk Income		Share of milk cheque received			100%					
Milk Solids	advance	95,000	kgMS	x	\$	4.19 /kgMS	\$398,000	\$4.19	\$1,327	\$3,317
Milk Solids	retrospective	88,000	kgMS	x	\$	0.50 /kgMs	\$44,000	\$0.46	\$147	\$367
Milk Solids	dividend	99,000	shares	x	\$	0.32 /share	\$31,680	\$0.33	\$106	\$264
DairyNZ levy enter as negative number							-\$3,420	-\$0.04	-\$11	-\$29
Net Dairy livestock sales (calves + culls + other - purchases)							\$41,700	\$0.44	\$139	\$348
Other dairy income e.g. farm cottage rent, trading rebates, small amounts of contracting							\$12,000	\$0.13	\$40	\$100
Net Dairy Cash Income							\$523,960	\$5.52	\$1,747	\$4,366

Expenses							\$ Total	\$/kgMs	\$/cow	\$/ha
Wages							\$16,500	\$0.17	\$55	\$138
Animal health							\$8,500	\$0.09	\$28	\$71
Breeding and herd improvement							\$10,000	\$0.11	\$33	\$83
Farm dairy							\$5,300	\$0.06	\$18	\$44
Electricity (farm dairy, water supply)							\$13,400	\$0.14	\$45	\$112
Supplements made (incl. Contractors)							\$8,000	\$0.08	\$27	\$67
Supplements purchased							\$12,000	\$0.13	\$40	\$100
Calf rearing							\$2,000	\$0.02	\$7	\$17
Young and dry stock grazing										
Winter cow grazing										
Run-off lease										
Fertiliser (incl. N)							\$53,500	\$0.56	\$178	\$446
Irrigation										
Regrassing and cropping							\$2,500	\$0.03	\$8	\$21
Weed and pest							\$2,500	\$0.03	\$8	\$21
Vehicles and fuel							\$19,200	\$0.20	\$64	\$160
R&M (land, buildings, plant, machinery)							\$18,000	\$0.19	\$60	\$150
Freight and general farm expenses							\$6,000	\$0.06	\$20	\$50
Administration e.g. accountant, consultant, phone							\$8,080	\$0.09	\$27	\$67
Insurance							\$8,000	\$0.08	\$27	\$67
ACC							\$2,500	\$0.03	\$8	\$21
Rates							\$11,500	\$0.12	\$38	\$96
Total Farm Working Expenses							\$207,480	\$2.18	\$692	\$1,729

Non Cash adjustments										
Value of change in livestock numbers							-\$10,042	-\$0.11	-\$33	-\$84
Labour adjustment							\$108,000	\$1.14	\$360	\$900
Less Feed inventory Adjustment										
Owned support block adjustment							\$10,000	\$0.11	\$33	\$83
Depreciation							\$31,000	\$0.33	\$103	\$258
Total Non cash Adjustments							\$149,000	\$1.57	\$497	\$1,242

Dairy Gross Farm Revenue	\$513,918	\$5.41	\$1,713	\$4,283
Dairy Operating Expenses	\$356,480	\$3.75	\$1,188	\$2,971
Dairy Operating Profit	\$157,438	\$1.66	\$525	\$1,312

## Notes for Budget

Net Milk Income	Milk revenue is based on 95,000 kgMS @ \$4.19 per kgMS advance, 88,000 kg MS @ \$0.50 per kg MS deferred and 99,000 shares @ \$0.30 per share dividends. Milk revenue net of DairyNZ levy of 3.6 c per kg MS. <i>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)	Status quo stock reconciliation: 64 MA cows @ \$400, 245 bobbies @ \$30, 2 two year old bulls @ \$1000, 8 one year old bulls \$800
Other dairy income	Rent from surplus farm housing.
<b>Expenses</b>	
Wages	Casual labour from post calving to reduce hours worked on farm. Equates to approximately 0.3 FTE.
Animal health	Keep these costs low by using preventative treatments and ensuring stock health is maintained.
Breeding and herd improvement	No anoestrus treatments used, do 3 weeks of AB, 6 weeks with bulls. Average empty rate of 7%. Includes one herd test per year.
Farm dairy	40 aside herringbone in centre of farm. This year cows are being milked at 16 hour intervals from the beginning of August until the end of the season.
Electricity (farm dairy, water supply)	Have re-priced this season and got a reduction of \$2000
Supplements made (incl. Contractors)	This is the cost of planting and harvesting 3 ha of Maize. The expected yield is 18-20 t DM/ha. Make most of their own silage in conjunction with neighbours help, so no cash costs, all assist each other at harvest time - saves costs.
Supplements purchased	Have allowed for 40t PKE in spring @ \$300 per ton landed.
Calf rearing	50 heifer calves reared this season, this is 20 less than the 70 usually reared. Also rear 10 bull calves. Calf rearing cost is for 1.5 t calf meal.
Young and dry stock grazing	Weaners grazed at home on the milking area so no cash cost. Use the equivalent of about 8 ha of the 120 ha. Move to support block in May/June as R 1 heifers.
Winter cow grazing	All cows are usually wintered on farm. A small number may go to the support block if there is sufficient feed.
Run-off lease	
Fertiliser (incl. N)	Maintenance fertiliser applied only - 15% potassic super with 3 kg/ha of durasul. Low N use on this farm, (40 kg N per ha) . All fertiliser is flown on due to the steep contours of the property. This is the cost of fertiliser for both the milking area and the support block (160 ha total).
Irrigation	
Regrassing and cropping	This is the cost of seed for regressing the 3 ha that were in maize plus some oversowing of Kikuyu areas on the hills. Chicory & plantain are incorporated into new grass mix. Ryegrass is mixed with fertiliser and flown on the steeper hills.
Weed and pest	Some gorse on steeper areas of the support block needs doing using handgun & helicopter. Weeds on dairy area are sprayed with knapsacks.
Vehicles and fuel	Higher than the benchmark - owners do most of their own tractor work. Very little is contracted out. About a third of the costs is fuel.

R&M (land, buildings, plant, machinery)	Keeping this to essentials only while payout is low.
Freight and general farm expenses	Includes protective clothing and freight for stock sold.
Administration e.g. accountant, consultant, phone	Farmers do their own GST and budgets. Includes accountancy, communication and general office costs.
Insurance	
ACC	
Rates	
Other farm working expenses (not included in any of the above)	
<b>Non Cash adjustments</b>	
Value of change in livestock numbers	Based on 20 less R 1 heifers, 2 less R 2 heifers and 2 more MA cows on hand at the end of the season @ the IRD NAMV 2015-16 tax values.
Labour adjustment	Unpaid labour adjustment is based on 1 FTE unpaid management and 1 FTE unpaid family labour. Options to reduce this are still being considered as this level of input is unsustainable long term.
Less Feed inventory Adjustment	
Owned support block adjustment	The 40 ha adjacent to the milking area that is used for support area is very steep (nearly verticle in some places). The owned support block adjustment is based on \$250/
Depreciation	Based on 2015-16 financial statements.