

2009 PASTORAL MONITORING

NATIONAL SHEEP AND BEEF



THIS REPORT CONTAINS THE KEY RESULTS FROM THE MINISTRY OF AGRICULTURE AND FORESTRY'S 2009 PASTORAL MONITORING PROGRAMME.

The national sheep and beef budget depicted below has been constructed via a weighted average of the MAF sheep and beef farm monitoring models. The weighting is based on the number of farms each model represents.

The weightings, on the model basis, are as follows:

› Canterbury/Marlborough hill country	4 percent
› Canterbury/Marlborough breeding and finishing	13 percent
› Hawkes Bay/Wairarapa hill country	10 percent
› Central North Island hill country	18 percent
› Gisborne hill country	5 percent
› Eastern lower North Island	7 percent
› Western lower North Island	3 percent
› Northland	8 percent
› Otago dry hill	3 percent
› South Island high country	2 percent
› Southland/South Otago intensive	13 percent
› Southland/South Otago hill country	6 percent
› Waikato/Bay of Plenty intensive	8 percent

»» TABLE 1: KEY PARAMETERS, FINANCIAL RESULTS AND BUDGET FOR THE NATIONAL SHEEP AND BEEF FARM MODEL

YEAR ENDED 30 JUNE	2005/06	2006/07	2007/08 ^R	2008/09	2009/10 BUDGET
Effective area (ha)	673	708	706	716	716
Opening total stock units (su)	5 073	4 588	4 404	4 185	4 087
Stocking rate (su/ha)	7.5	6.5	6.2	5.8	5.7
Ewe lambing (%)	126	126	116	116	124
Average lamb price (\$/head)	52.82	50.55	51.51	82.08	74.98
Average wool price (\$/kg)	2.55	2.48	2.44	2.38	2.12
Total wool produced (kg)	16 075	15 923	14 311	13 263	13 798
Sheep income (\$)	190 748	154 314	141 523	192 214	177 276
Wool income (\$)	46 780	42 461	37 419	33 531	31 079
Cattle Income (\$)	145 082	131 256	129 058	135 801	114 242
Net cash income (NCI) (\$)	320 766	293 543	274 973	327 481	287 308
Farm working expenses (FWE) (\$)	200 551	172 783	178 716	179 412	180 391
Cash operating surplus (\$)	120 215	120 760	96 258	148 069	106 918
Farm profit before tax (\$)	62 535	43 849	6 096	62 357	47 799
Discretionary cash (\$)	54 483	79 076	12 042	11 586	13 115
Farm surplus for reinvestment (\$) ¹	17	3 158	-25 571	30 442	-17 972
EFS ² /ha (\$)	64	27	-20	65	33
EFS/su (\$)	8.49	4.11	-3.13	11.09	5.71
FWE/NCI (%)	63	59	65	55	63
EFS/Total farm assets (%)	1.1	0.5	-0.3	0.9	0.5

Notes

¹ Farm surplus for reinvestment represents the cash available from the farming business, after meeting living costs, which is available for investment on-farm or for principal repayments. It is calculated as discretionary cash less off-farm income and drawings.

² Economic farm surplus.

Symbol

^R The model parameters have been revised so the data for 2007/08 will not match that published in the *Pastoral Monitoring Report 2008*.



»» TABLE 2: NATIONAL SHEEP AND BEEF FARM MODEL BUDGET

	2008/09			2009/10 BUDGET			CHANGE BETWEEN 2008/09 AND 2009/10 (%)
	WHOLE FARM (\$)	PER HECTARE (\$)	PER STOCK UNIT ¹ (\$)	WHOLE FARM (\$)	PER HECTARE (\$)	PER STOCK UNIT ¹ (\$)	
REVENUE							
Sheep	192 214	269	70.15	177 276	248	66.07	-8
Wool	33 531	47	23.36	31 079	43	11.58	-7
Cattle	135 801	190	94.60	114 242	160	81.96	-16
Grazing income (including hay and silage sales)	8 731	12	2.09	8 826	12	2.16	1
Other farm income	9 151	13	2.19	8 630	12	2.11	-6
LESS:							
Sheep purchases	10 610	15	3.87	11 822	17	2.89	11
Cattle purchases	41 337	58	28.80	40 923	57	10.01	-1
Net cash income	327 481	458	4.37	287 308	401	70.29	-12
Farm working expenses	179 412	251	42.87	180 391	252	44.14	1
Cash operating surplus	148 069	207	35.38	106 918	149	26.16	-28
Interest	48 632	68	11.62	44 759	63	10.95	-8
Rent and/or leases	5 849	8	1.40	5 799	8	1.42	-1
Stock value adjustment	-6 786	-9	-1.62	11 216	16	2.74	-265
Minus depreciation	19 873	28	4.75	19 777	28	4.84	0
Farm profit before tax	62 357	87	14.90	47 799	67	11.69	-23
Taxation	2 202	3	0.53	12 198	17	2.98	454
Farm profit after tax	60 155	84	14.37	35 600	50	8.71	-41
ALLOCATION OF FUNDS							
Add back depreciation	19 873	28	4.75	19 777	28	4.84	0
Reverse stock value adjustment	11 359	16	2.71	-11 216	-16	-2.74	-199
Income equalisation	0	0	0.00	0	0	0.00	0
Off-farm income	11 586	16	2.77	13 115	18	3.21	13
Discretionary cash	104 012	145	24.85	57 276	80	14.01	-45
APPLIED TO:							
Net capital purchases	20 148	28	4.81	17 334	24	4.24	-14
Development	4 934	7	1.18	3 648	5	0.89	-26
Principal repayments	2 090	3	0.50	662	1	0.16	-68
Drawings	60 944	85	14.56	62 134	87	15.20	2
New borrowings	5 035	7	1.20	10 430	15	2.55	107
Introduced funds	1 270	2	0.30	1 232	2	0.30	-3
Cash surplus/deficit	22 201	31	5.30	-14 840	-21	-3.63	-167
Farm surplus for reinvestment²	30 442	43	7.27	-17 972	-25	-4.40	-159
ASSETS AND LIABILITIES							
Farm, forest and building (opening)	4 398 307	6 146	1 050.98	3 917 233	5 474	958.41	-11
Plant and machinery (opening)	92 279	129	22.05	98 106	137	24.00	6
Stock valuation (opening)	484 303	677	115.72	472 952	661	115.72	-2
Other produce on hand (opening)	1 802	3	0.43	2 502	3	0.61	39
Total farm assets (opening)	4 976 692	6 954	1 189.18	4 490 793	6 275	1 098.74	-10
Total assets (opening)	5 143 737	7 188	1 229.10	4 642 627	6 487	1 135.89	-10
Total liabilities (opening)	565 801	791	135.20	565 025	790	138.24	0
Total equity (farm assets – liabilities)	4 410 891	6 163	1 053.98	3 925 767	5 486	960.50	-11

Notes

1 Sheep stock units are used in the per stock calculation for sheep and wool income and sheep purchases. Cattle stock units are used for cattle income and purchases. The remainder of the time total stock units are used.

2 Farm surplus for reinvestment represents the cash available from the farming business, after meeting living costs, which is available for investment on-farm or for principal repayments. It is calculated as discretionary cash less off-farm income.

Symbol

... Not applicable.

»» TABLE 3: NATIONAL SHEEP AND BEEF FARM MODEL EXPENDITURE

	2008/09			2009/10 BUDGET			CHANGE BETWEEN 2008/09 AND 2009/10 (%)
	WHOLE FARM (\$)	PER HECTARE (\$)	PER STOCK UNIT ¹ (\$)	WHOLE FARM (\$)	PER HECTARE (\$)	PER STOCK UNIT ¹ (\$)	
FARM WORKING EXPENSES							
Permanent wages	8 480	12	2.03	8 544	12	2.09	1
Casual wages	8 679	12	2.07	8 648	12	2.12	0
ACC	558	1	0.13	581	1	0.14	4
Total labour expenses	17 717	25	4.23	17 773	25	4.35	0
Animal health	13 877	19	3.32	14 007	20	3.43	1
Breeding	694	1	0.17	669	1	0.16	-4
Electricity	3 208	4	0.77	3 388	5	0.83	6
Feed (hay and silage)	9 239	13	2.21	8 757	12	2.14	-5
Feed (feed crops)	1 523	2	0.36	1 517	2	0.37	0
Feed (grazing)	949	1	0.23	635	1	0.16	-33
Feed (other)	632	1	0.15	532	1	0.13	-16
Fertiliser	29 593	41	7.07	30 924	43	7.57	4
Lime	3 639	5	0.87	3 509	5	0.86	-4
Cash crop expenses	407	1	0.10	325	0	0.08	-20
Freight (not elsewhere deducted)	5 154	7	1.23	5 142	7	1.26	0
Regrassing costs	7 023	10	1.68	6 740	9	1.65	-4
Shearing expenses	16 612	23	6.06	16 978	24	6.33	2
Weed and pest control	5 455	8	1.30	5 421	8	1.33	-1
Fuel	10 294	14	2.46	9 751	14	2.39	-5
Vehicle costs (excluding fuel)	9 083	13	2.17	9 158	13	2.24	1
Repairs and maintenance	17 504	24	4.18	16 897	24	4.13	-3
Total other working expenses	134 885	188	32.23	134 348	188	32.87	0
Communication costs (phone and mail)	2 290	3	0.55	2 329	3	0.57	2
Accountancy	3 493	5	0.83	3 575	5	0.87	2
Legal and consultancy	1 910	3	0.46	1 945	3	0.48	2
Other administration	1 982	3	0.47	2 020	3	0.49	2
Water charges (irrigation)	696	1	0.17	711	1	0.17	2
Rates	9 276	13	2.22	9 720	14	2.38	5
Insurance	4 320	6	1.03	4 435	6	1.09	3
Other expenditure ²	2 843	4	0.68	3 534	5	0.86	24
Total overhead expenses	26 810	37	6.41	28 270	40	6.92	5
Total farm working expenses	179 412	251	42.87	180 391	252	44.14	1
Wages of management ³	75 000	105	17.92	75 000	105	18.35	0
Depreciation	19 873	28	4.75	19 777	28	4.84	0
Total farm operating expenses⁴	273 017	381	65.24	272 320	381	66.63	0
CALCULATED RATIOS							
Economic farm surplus (EFS ⁵)	46 410	65	11.09	23 356	33	5.71	
Farm working expenses/NCI ⁶	55%			63%			
EFS/total farm assets	0.9%			0.5%			
EFS less interest and lease/equity	-0.2%			-0.6%			
Interest+rent+lease/NCI	17%			18%			
EFS/NCI	14%			8%			

Notes

1 Shearing expenses per stock unit based on sheep stock units.

2 Includes Accident Compensation Corporation (ACC) employer levy.

3 Wages of management (WOM) is calculated as follows: \$31 000 allowance for labour input plus 1 percent of opening total farm assets to a maximum of \$75 000. The WOM shown here is based on the national model asset value instead of the weighted average of the all the models WOM's. The values between the two methods differ due to the \$75 000 cap.

4 Total farm operating expenses is not a weighted average of all the models due to the non weighted WOM used.

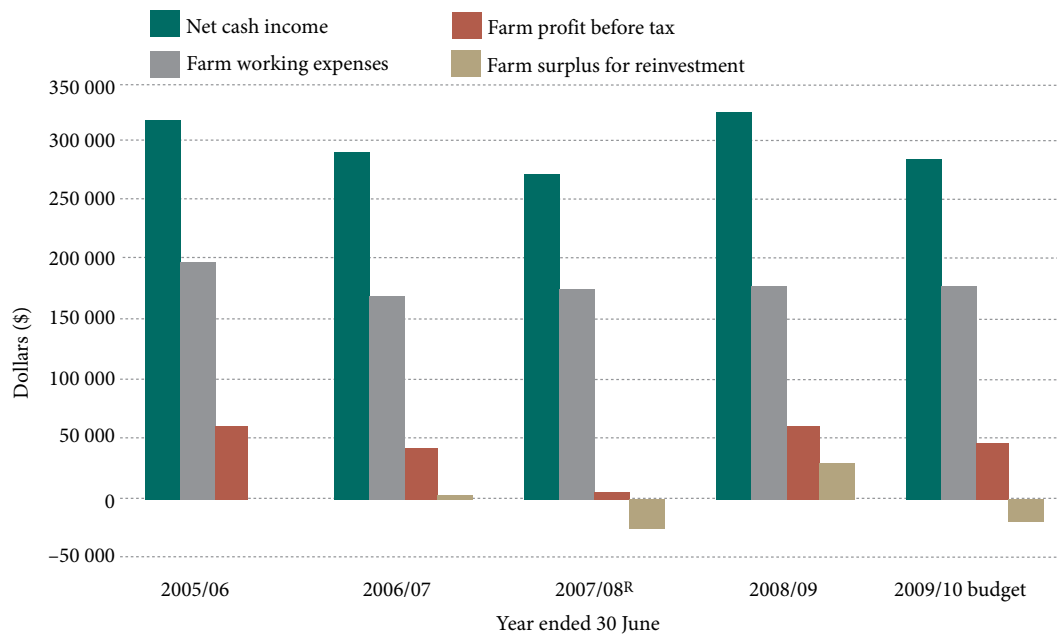
5 EFS (or earnings before interest and tax) is calculated as follows: net cash income plus change in livestock values less farm working expenses less depreciation less wages of management (WOM). WOM is calculated as follows: \$31 000 allowance for labour input plus 1 percent of opening total farm assets to a maximum of \$75 000.

6 Net cash income.

INFORMATION ABOUT THE MODEL

For more information on this model contact: John.Greer@maf.govt.nz

»»» FIGURE 1: NATIONAL SHEEP AND BEEF MODEL PROFITABILITY TRENDS



^R The model parameters have been revised so the data for 2007/08 will not match that published in the *Pastoral Monitoring Report 2008*.

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