

# Country-Wide

## Income good, but money all spent

09-11-2009

The Marlborough Monitor Farm generated more income per stock unit than comparable farms in 2008/09.

The gross income was \$60/sheep stock unit (su) and \$82/cattle su. In comparison the Class Two farm average was behind at \$49/sheep su and \$53.50/cattle su.

But any profit was soon spent on capital pasture development, as Greg Harris continues his parents and grandparents work to eradicate gorse.

Speaking at the October field-day, Gary Walton from Meat & Wool New Zealand compared Mt Adde's financial results for 2008-09 with his organisation's Economic Service Class Two data.

The big clipping Corriedales (6.7kg/head) meant Greg Harris's wool income of \$28/su was almost double the average for Class Two. Greg hopes to contract 25% of the clip via Elders for the Ironbark and Cariboo contracts, grossing \$8/kg clean.

However, development costs at Mt Adde pushed the business into the bottom quartile for EBIT (earnings before interest and tax)/su. Greg spent \$11/su on weed and pest compared to \$2/su average for Class Two farms. He sees the investment in removing gorse and upping stock numbers on Mt Adde as necessary to future survival.

Greg returned to the family farm in 2000. Before this he worked as a qualified builder and bought rental property. He travelled around Britain on a Young Farmers Club Scholarship and visited abroad again in 2007 on a Commonwealth Youth Scholarship to Canada. In 2008 he funded his own trip to Africa to participate in the Commonwealth Agricultural Youth Initiative.

Since returning to the farm he's overseen the development of 31ha of vineyard, construction of a 124,000-cubic metre dam and started a sheep and cattle stud. The gorse-spraying programme was moved up a gear, with 40ha sprayed in 2006 and another 20ha sprayed in 2008.

Animal health spending was also high in 2008-09, at \$9/su compared to \$3/su average for Class Two. The extra cost from performance recoding, artificial insemination and blood testing in the Corriedale stud and Angus stud is the key reason. However feed and grazing costs were also higher than typical (around \$6.50/su). Gary Walton questioned Greg on the return from bought-in feed.

"Are you making money from it?"

Greg has a policy of only conserving a true feed surplus and so has to buy in hay and straw.

"We like to have buffer so bought in two unit loads of straw as an insurance policy in autumn."

Greg describes the fertiliser spend of \$6/su as below maintenance although there was some capital liming in this figure. Class Two farmers spent \$5/su on fertiliser in 2008/09-a year marked by fertiliser price peaks.

Gary Walton describes the per head production as excellent at Mt Adde but encouraged Greg to continue with development to address the lack of scale. Mt Adde is 800ha but only 449ha are deemed effective. The property is smaller than most Class Two farms but has a higher stocking rate.

Last financial year only 40% of Class Two farms made more money than they spent. The top 20% of farms were able to keep expenses to 70% of gross earnings. These farmers had an EBIT of \$28/su.

One of Greg's Monitor Farm programme goals was to lift lambing percentage from the historic 120%. This has been well and truly met this current lambing season, with 147% lambs tailed/ewes mated (not including hoggets). Greg is predicting that the first lambs will be drafted in November and hopes 80% to 90% of sale lambs will make prime weights by Christmas. He bases this prediction on improving levels of annual clover in hill country swards.

"In the past we couldn't get a molybdenum test done as there wasn't the legume on our Wither Hills country."

However, Dick Lucas, Lincoln University, warned Greg not to over-estimate the percentage of legume in the swards visited by the Monitor Farm committee.

"There is some way to go."

Richard Hunter, soil scientist, suggested pasture composition and soil monitoring be done through the Monitor Farm programme. Greg is keen to do this, particularly to monitor improvements in pH. He is prepared to spend money to lift pH on the improved hill country to the target of six.

Greg believes raising the alkalinity of top-soil by applying lime helps the shallower rooting grass compete with the tap-rooting weed species that can reach the more alkaline subsoil.

"The block we visited on the tour used to have a large area of storksbill and barley grass," he says.

"They disappeared without any chemicals or seeding and have been replaced by legumes and ryegrass - all because of lime and fencing."

Greg says that soil tests have shown a lift from pH of 5.3 to 6.2 on some areas of hill country following liming but admits that the soil tests have been at different core depths. This was following applications of 900kg of NSD (Nodulised Stack Dust) and two tonnes of Clarence lime over a period of seven years.