

2009 PASTORAL MONITORING



CANTERBURY/MARLBOROUGH HILL COUNTRY SHEEP AND BEEF

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

KEY POINTS

- › Farm production increased slightly in 2008/09 compared with 2007/08. This was due to heavier carcass weights and sale weights for store stock, but similar lambing percentages, wool weights and calving percentages.
- › Net cash income increased 22 percent to \$362 000 in 2008/09, compared with \$295 700 in 2007/08. This reflects the dramatic improvement in sheep and cattle prices but also the destocking 193 stock units during the year.
- › Farm working expenses increased 4 percent to \$223 000 in 2008/09, compared with \$214 500 in 2007/08. This was despite farmers being very restrained at the start of the season and making cut backs in some areas such as fertiliser.
- › Farm profit before tax increased from \$4300 in 2007/08 to \$46 900 in 2008/09. A cash surplus of \$29 000 was generated although this must be put against the \$24 500 reduction in stock value during the year.
- › Prices and income are predicted to fall in 2009/10 resulting in a decrease in farm profit before tax to \$20 500, less than half of that achieved in 2008/09. Farmers are expected to be dissatisfied when the realisation of this sinks in as they will have had only one year in four with a reasonable farm profit.

»» TABLE 1: KEY PARAMETERS, FINANCIAL RESULTS AND BUDGET FOR THE CANTERBURY/MARLBOROUGH HILL COUNTRY SHEEP AND BEEF MODEL FARM

YEAR ENDED 30 JUNE	2005/06	2006/07	2007/08 ^R	2008/09	2009/10 BUDGET
Effective area (ha)	1 397	1 397	1 397	1 397	1 397
Breeding ewes (head)	2 690	2 597	2 706	2 614	2 473
Replacement ewe hoggets (head)	774	783	787	664	607
Other sheep (head)	362	403	414	336	359
Breeding cows (head)	206	220	207	208	204
Rising 1-year cattle (head)	130	136	135	143	128
Other cattle (head)	45	41	42	45	50
Opening sheep stock units (ssu)	3 489	3 431	3 551	3 318	3 153
Opening cattle stock units	1 872	1 952	1 976	2 048	2 021
Opening total stock units (su)	5 475	5 384	5 614	5 468	5 275
Stocking rate (stock unit/ha)	3.9	3.9	4.0	3.9	3.8
Ewe lambing (%)	111	112	112	111	110
Average lamb price (\$/head)	45.35	44.08	46.02	69.90	66.80
Average wool price (\$/kg)	3.17	3.18	3.25	3.10	2.72
Total wool produced (kg)	17 076	17 190	16 624	15 560	15 075
Wool production (kg/ssu)	4.89	5.01	4.68	4.69	4.78
Average rising 2-year steer (\$/head)	627	653	683	745	621
Average cull cow (\$/head)	537	554	454	562	474
Net cash income (\$)	285 117	283 033	295 744	362 009	295 873
Farm working expenses (\$)	251 315	207 394	214 467	222 964	208 539
Farm profit before tax (\$)	28 716	28 950	4 316	46 854	20 537
Farm surplus for reinvestment (\$)¹	-25 849	-24 696	-21 247	35 519	-21 853

Note

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.

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: CANTERBURY/MARLBOROUGH HILL COUNTRY SHEEP AND BEEF 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	186 870	134	56.32	154 190	110	48.90	-17
Wool	48 236	35	14.54	41 004	29	13.00	-15
Cattle	113 041	81	55.19	88 271	63	43.67	-22
Grazing income (including hay and silage sales)	10 500	8	1.92	11 250	8	2.13	7
Other farm income	13 700	10	2.51	12 900	9	2.45	-6
LESS:							
Sheep purchases	3 804	3	1.15	5 208	4	1.65	37
Cattle purchases	6 534	5	3.19	6 534	5	3.23	0
Net cash income	362 009	259	66.21	295 873	212	56.09	-18
Farm working expenses	222 964	160	40.78	208 539	149	39.53	-6
Cash operating surplus	139 045	100	25.43	87 334	63	16.56	-37
Interest	45 265	32	8.28	45 596	33	8.64	1
Rent and/or leases	4 000	3	0.73	4 000	3	0.76	0
Stock value adjustment	-24 525	-18	-4.49	2 077	1	0.39	108
Minus depreciation	18 400	13	3.37	19 278	14	3.65	5
Farm profit before tax	46 854	34	8.57	20 537	15	3.89	-56
Taxation	2 760	2	0.50	7 291	5	1.38	164
Farm profit after tax	44 094	32	8.06	13 246	9	2.51	-70
ALLOCATION OF FUNDS							
Add back depreciation	18 400	13	3.37	19 278	14	3.65	5
Reverse stock value adjustment	24 525	18	4.49	-2 077	-1	-0.39	-108
Income equalisation	0	0	0.00	0	0	0.00	...
Off-farm income	13 500	10	2.47	13 500	10	2.56	0
Discretionary cash	100 519	72	18.38	43 947	31	8.33	-56
APPLIED TO:							
Net capital purchases	16 000	11	2.93	8 000	6	1.52	-50
Development	6 000	4	1.10	4 000	3	0.76	-33
Principal repayments	8 200	6	1.50	8 200	6	1.55	0
Drawings	51 500	37	9.42	52 300	37	9.91	2
New borrowings	12 000	9	2.19	8 000	6	1.52	-33
Introduced funds	0	0	0.00	0	0	0.00	...
Cash surplus/deficit	30 819	22	5.64	-20 553	-15	-3.90	-167
Farm surplus for reinvestment²	35 519	25	6.50	-21 853	-16	-4.14	-162
ASSETS AND LIABILITIES							
Farm, forest and building (opening)	4 861 893	3 480	889.22	4 369 030	3 127	828.20	-10
Plant and machinery (opening)	73 229	52	13.39	78 245	56	14.83	7
Stock valuation (opening)	622 265	445	113.81	597 740	428	113.31	-4
Other produce on hand (opening)	0	0	0.00	0	0	0.00	...
Total farm assets (opening)	5 557 387	3 978	1016.42	5 045 014	3 611	956.34	-9
Total assets (opening)	5 812 177	4 160	1063.02	5 299 804	3 794	1004.64	-9
Total liabilities (opening)	522 700	374	95.60	526 500	377	99.80	1
Total equity (farm assets - liabilities)	5 034 687	3 604	920.82	4 518 514	3 234	856.54	-10

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 and drawings.

Symbol

... Not applicable.

»» TABLE 3: CANTERBURY/MARLBOROUGH HILL COUNTRY SHEEP AND BEEF 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	32 550	23	5.95	32 550	23	6.17	0
Casual wages	0	0	0.00	0	0	0.00	...
ACC	1 137	1	0.21	1 271	1	0.24	12
Total labour expenses	33 687	24	6.16	33 821	24	6.41	0
Animal health	17 307	12	3.17	16 753	12	3.18	-3
Breeding	0	0	0.00	0	0	0.00	...
Electricity	5 867	4	1.07	6 007	4	1.14	2
Feed (hay and silage)	10 608	8	1.94	9 573	7	1.81	-10
Feed (feed crops)	6 141	4	1.12	5 319	4	1.01	-13
Feed (grazing)	0	0	0.00	0	0	0.00	...
Feed (other)	4 466	3	0.82	3 723	3	0.71	-17
Fertiliser	26 277	19	4.81	19 865	14	3.77	-24
Lime	1 050	1	0.19	1 050	1	0.20	0
Cash crop expenses	0	0	0.00	0	0	0.00	...
Freight (not elsewhere deducted)	8 661	6	1.58	8 661	6	1.64	0
Regrassing costs	6 985	5	1.28	5 588	4	1.06	-20
Shearing expenses	17 586	13	5.30	16 712	12	5.30	-5
Weed and pest control	10 478	8	1.92	10 478	8	1.99	0
Fuel	11 875	9	2.17	10 478	8	1.99	-12
Vehicle costs (excluding fuel)	10 338	7	1.89	10 058	7	1.91	-3
Repairs and maintenance	20 955	15	3.83	19 558	14	3.71	-7
Total other working expenses	158 594	114	29.01	143 823	103	27.26	-9
Communication costs (phone and mail)	1 984	1	0.36	1 984	1	0.38	0
Accountancy	3 940	3	0.72	3 940	3	0.75	0
Legal and consultancy	4 247	3	0.78	4 247	3	0.81	0
Other administration	3 660	3	0.67	3 660	3	0.69	0
Water charges (irrigation)	0	0	0.00	0	0	0.00	...
Rates	10 128	7	1.85	10 198	7	1.93	1
Insurance	4 610	3	0.84	4 750	3	0.90	3
Other expenditure ²	2 115	2	0.39	2 118	2	0.40	0
Total overhead expenses	30 684	22	5.61	30 896	22	5.86	1
Total farm working expenses	222 964	160	40.78	208 539	149	39.53	-6
Wages of management	75 000	54	13.72	75 000	54	14.22	0
Depreciation	18 400	13	3.37	19 278	14	3.65	5
Total farm operating expenses	316 364	226	57.86	302 817	217	57.40	-4
CALCULATED RATIOS							
Economic farm surplus (EFS ³)	21 120	15	3.86	-4 867	-3	-0.92	
Farm working expenses/NCI ⁴	62%			70%			
EFS/total farm assets	0.4%			-0.1%			
EFS less interest and lease/equity	-0.6%			-1.2%			
Interest+rent+lease/NCI	13.6%			16.8%			
EFS/NCI	5.8%			-1.6%			

Notes

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

2 Includes Accident Compensation Corporation (ACC) employer levy.

3 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.

4 Net cash income.

Symbol

... Not applicable.

FINANCIAL PERFORMANCE OF THE CANTERBURY/MARLBOROUGH HILL COUNTRY SHEEP AND BEEF MODEL FARM IN 2008/09

The cash operating surplus for the Canterbury/Marlborough hill country sheep and beef model farm increased 71 percent in 2008/09 to \$139 000 compared with \$81 300 in 2007/08. This increase was the result of dramatically improved lamb and sheep prices and as a consequence of the destocking of 193 stock units due to drought and changes to management systems.

MAJOR LIFT IN REVENUE

Net cash income has increased 22 percent to \$362 000 in 2008/09. This is mainly through an improvement in sheep and cattle prices but destocking also contributed \$24 500.

IMPROVED LAMB PRICE BOOSTS SHEEP REVENUE

Sheep income jumped 36 percent to \$186 900 in 2008/09, compared with \$137 400 in 2007/08. This increase is due to a 52 percent increase in the average lamb price and an associated increase in prices for other sheep. Prices for store and prime lamb continued to increase as the season progressed; usually they begin to decline from late November. Consequently, those who had to sell lambs early because of drought received lower prices than those who sold after late November. However all gained substantially on the previous year. It was not uncommon for farmers to get higher prices for tail end lambs near the end of the season than they got for their best lambs earlier in the year.

A good season in the rest of the South Island, particularly Southland, provided strong demand for store stock and helped sustain prices.

Farmers have reduced sheep and cattle numbers slightly to give them more flexible farming systems and to enable better finishing of lambs and cattle and less reliance on the store market.

CATTLE PRICES UP

Cattle income increased 27 percent to \$113 000 in 2008/09 compared with \$89 300 in 2007/08, due to improved prices for all stock and particularly weaner calves, which were in strong demand. Prices for finishing stock improved as they were sold at heavier weights compared with the previous year when the whole region was severely affected by drought. Schedule prices were also very high early in the season.

NORTH CANTERBURY HILL COUNTRY FARMERS AGAIN AFFECTED BY DROUGHT

Drought affected north Canterbury from spring until mid December. Good rains fell in December and February but then it remained dry until May. These farms have been unable to restore stock numbers to usual levels and have not been as fortunate in capturing high stock prices as others in the region. The effects of the drought on these farms are likely to carry over onto production for the 2009/10 season.

WOOL DOWN AGAIN

Wool revenue declined 11 percent to \$48 200 in 2008/09 compared with \$54 000 in 2007/08. Slightly lower sheep numbers, combined with a further 5 percent fall in the average wool price to \$3.10 per kilogram, depressed returns. This price reflects the mix of sheep breeds on this class of farm with about one-third having crossbred sheep, one-third mid-micron and one-third finer wool breeds.

OTHER INCOME STATIC

Grazing income increased slightly; however, this was offset by a slight drop in income from a range of other sources.



SLIGHT INCREASE IN FARM WORKING EXPENSES

Farmers started the year in a cautious mood, keeping spending under tight control following 2007/08's poor result. As the season progressed and better results came in, some relaxed this attitude a little. At the same time, inflationary pressures on farm costs continued. Consequently, farm working expenses increased 4 percent to \$223 000 in 2008/09.

EXPENSES REDUCED WHERE POSSIBLE

Farmers have reduced spending where possible. Many have reduced shearing costs by reducing the number of shearing operations or by carrying out some tasks, such as ewe crutching, themselves. They have embarked on this path reluctantly as the average age of farmers continues to increase and many thought they were over this stage of their farming career. Shearing costs also fell in 2008/09 because farmers sold more stock to the works unshorn.

Animal health costs have reduced slightly with reduced stock numbers. Farmers are constantly seeking cheaper ways of doing things to hold costs as the price of inputs increases.

Overhead expenses have been held though controlling administration costs.

FERTILISER TONNAGE DOWN FURTHER

Fertiliser application reduced 31 percent from 78 tonnes in 2007/08 to 51 tonnes in 2008/09. However, higher prices meant fertiliser expenditure increased 5 percent to \$26 300.

During 2008/09 fertiliser prices spiked dramatically but then declined again later in the season. Most farmers in this class avoided the highest prices by buying early or deferring expenditure. Even so, the average price of fertiliser increased so substantially that farmers responded by further reducing the tonnage applied. These cuts have been applied across the board, with reductions in pasture and hill country topdressing as well as in the use of high analysis fertilisers for feed crop and pasture establishment and the use of urea.

FEED COSTS INCREASE

Feed costs increased 18 percent in 2008/09 to \$21 200, compared with \$17 900 in 2007/08, as farmers who had a feed surplus, particularly in the south of the region, conserved more hay and silage. In addition, average spending on feed crops increased.

INCREASED REPAIRS AND MAINTENANCE

Repairs and maintenance were cut substantially during 2007/08 when low prices and drought conditions prevailed. As a better year unfolded during 2008/09, spending restrictions on repairs and maintenance eased, resulting in a 20 percent increase to \$21 000.

»» TABLE 4: CANTERBURY/MARLBOROUGH HILL COUNTRY SHEEP AND BEEF MODEL CASH FARM INCOME

YEAR ENDED 30 JUNE	2005/06 (\$)	2006/07 (\$)	2007/08 ^R (\$)	2008/09 (\$)	2009/10 BUDGET (\$)
Sheep sales less purchases	121 142	112 318	132 606	183 066	148 982
Cattle sales less purchases	95 354	99 650	83 410	106 507	81 737
Wool	54 130	54 666	54 028	48 236	41 004
Grazing income (including hay and silage sales)	2 745	2 800	9 500	10 500	11 250
Other income	11 746	13 600	16 200	13 700	12 900
Net cash income	285 117	283 033	295 744	362 009	295 873

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*.

INTEREST COSTS UP

Advertised interest rates fell substantially during 2008/09. However, most farmers have fixed-term loans and only a small proportion of these loans fell due for renewal during the year and could be refinanced at the lower rates. Average interest rates were also reduced slightly by farmers refinancing overdraft borrowing as term loans. Interest rates in the model budget fell by 1 percent. There was a small window of opportunity in autumn 2009 for farmers to fix term loans at very favourable rates (6 percent for five years). However, rural bankers report that most did not take advantage of these rates, expecting them to fall further and then “missing the boat” as rates rose again.

The reduction in interest rates was more than offset by the increase in borrowing between 2007/08 and 2008/09. Total borrowing increased by \$38 900 to \$522 700 resulting in a 4 percent increase in interest costs to \$45 300. While borrowing has increased, equity on this class of farm remains high at 91 percent.

NET RESULT MUCH BETTER IN 2008/09

Farm profit before tax has increased to \$46 900 in 2008/09, compared with \$4300 in 2007/08. Capital purchases and development have been at usual levels for this class of farm during 2008/09. Farmers have continued to replace plant and machinery (typically a proportion of this is funded through borrowing). They have also continued some farm development with new fence lines or shelterbelts established. Principal repayments have continued as farmers pay off short term loans for machinery replacement. Drawings have increased 3 percent to \$51 500 compared with \$50 000 in 2007/08. Industry commentators note that there is an increase in rural living costs but a reduction in discretionary activities such as holidays.

Overall, a farm surplus for reinvestment of \$35 500 has been generated and financiers report that for most farmers this has helped reduce their current account borrowing. However, \$24 500 of this cash surplus has been generated by a reduction in stock numbers.

BUDGET FINANCIAL PERFORMANCE OF THE CANTERBURY/ MARLBOROUGH HILL COUNTRY SHEEP AND BEEF MODEL FARM IN 2009/10

Cash operating surplus is budgeted to fall 37 percent to \$87 300 in 2009/10, compared with \$139 000 in 2008/09, as a result of lower prices and a slight increase in stock on hand. This is only slightly above the cash operating surplus for 2007/08 and industry commentators expect farmers to be disappointed with this projection.

LOWER PRICES DROP NET CASH INCOME

Lower prices for lamb, sheep, wool and beef are predicted. This is expected to cause a \$66 100 drop in net cash income to \$295 900 for 2009/10. Net cash income in 2008/09 was boosted by stock reductions contributing \$24 500. Even if changes in stock numbers are put aside, revenue is expected to fall \$39 500 causing a big drop in profitability of this class of farm.

LAMB PRICES PREDICTED TO FALL THIS COMING YEAR

The average lamb price is predicted to fall \$3.10 in 2009/10. While the in-market demand for lamb is considered unchanged and lamb numbers are expected to be slightly lower than in 2008/09, upward movement in the exchange rate is predicted to cause a fall in the farm gate lamb price. Prices for other sheep are also expected to fall. Sheep income is expected to fall 17 percent to \$154 200 compared with \$186 900 in 2008/09.

Industry commentators have predicted a shortage of finishing stock for breeding and finishing farms and mixed cropping farms, and this could potentially lift store lamb prices. As these hill country farms sell 47 percent of lambs as stores, better store prices could help maintain sheep income.

WOOL PRICES PREDICTED TO DROP FURTHER

The average wool price for this class of farm is predicted to fall a further 38 cents per kilogram to \$2.72 per kilogram in 2009/10. Weaker demand during the recession and an increase in the value of the New Zealand dollar are being blamed. Industry commentators advise that early sales for the 2009/10 season have been much lower than for the same time last year, particularly for crossbred wool.

Wool produced is also predicted to fall 3 percent as opening sheep stock units for 2009/10 are down 5 percent. Overall, wool revenue is predicted to fall 15 percent to \$41 000 compared with \$48 200 in 2008/09.

CATTLE PRICES ALSO DOWN

Weaner calf prices are expected to fall 8 to 10 percent in 2009/10 following the very strong demand for this class of stock in 2008/09. Prices for older store cattle and prime cattle are expected to drop 15 to 18 percent with sale weights expected to fall to usual levels and a lower farm gate price. Industry commentators expect that softer demand for beef and the strength of the New Zealand dollar against the US dollar will lead to a weakening in prices.

Again, a shortage of finishing stock may cause higher prices to be achieved. Industry commentators report that store cattle prices have lifted significantly early in the season while the export beef schedule has been static or falling.

OTHER INCOME STATIC

Income from other sources including deer, dairy grazing and contracting is expected to be similar to 2008/09 at \$12 900.

ANOTHER ROUND OF EXPENDITURE CONTROL

Farmers are expecting to cut farm working expenses wherever possible, given the budgeted drop in net cash income for 2009/10. If farmers can make cuts to more discretionary areas of spending, farm working expenses are predicted to fall 6 percent to \$208 500 for the 2009/10 season.

CUTS PREDICTED IN DISCRETIONARY SPENDING

Farmers are predicted to cut spending on feed conservation, regrassing, fertiliser, vehicle costs and repairs and maintenance. This response is variable depending on the age of the farmer and the profitability of the farm. Older farmers with average profits are predicted to cut right back while younger farmers or more profitable farmers are likely to maintain spending in these productive areas.

More feed than usual was conserved in 2008/09 particularly in the southern parts of the region. With reduced demand from the dairy industry farmers are expected to be more cautious with spending in this area. The exception is expected to be north Canterbury where supplementary feed reserves are very low. Farmers are expected to make hay or silage stacks rather than conserve feed as more expensive, plastic wrapped baleage.

Fertiliser tonnage is predicted to fall another 27 percent to 37 tonnes, less than half of that applied in 2007/08 and well below maintenance levels. At this stage many farmers are saying they will delay spending on autumn fertiliser until their expected income becomes apparent. In practice this may mean eighteen months to two years may pass without any topdressing on pastures or hill blocks.

Regrassing expenses are also expected to be reduced by 20 percent in 2009/10 to \$5600, compared with \$7000 in 2008/09 with savings in both seed and contract cultivation costs. Farmers report that spending on new pasture varieties and pasture renewal over the past few years has been wasted in many cases with new pastures "running out" after one or two years.

Vehicle and fuel expenses are expected to decline 3 percent to \$10 100, compared with \$10 300 in 2008/09 due to reduced tractor usage from the reduced regrassing, feed conservation and planting of feed crops.



MOST OTHER EXPENSES UNCHANGED

Farmers are expecting most other expenses to be held at similar levels to 2008/09. Animal health and shearing costs are down slightly due to fewer sheep. Expenditure on electricity, freight, weed and pest control, administration costs and rates and insurance are all predicted to be static or increase slightly.

INTEREST COST NOT EXPECTED TO CHANGE

Farmers are expecting to pay similar interest rates in 2009/10 as they did in 2008/09. Debt levels are predicted to be similar to 2008/09; therefore interest costs are expected to remain unchanged.

NET RESULT PREDICTED TO BE LESS THAN HALF OF LAST YEAR

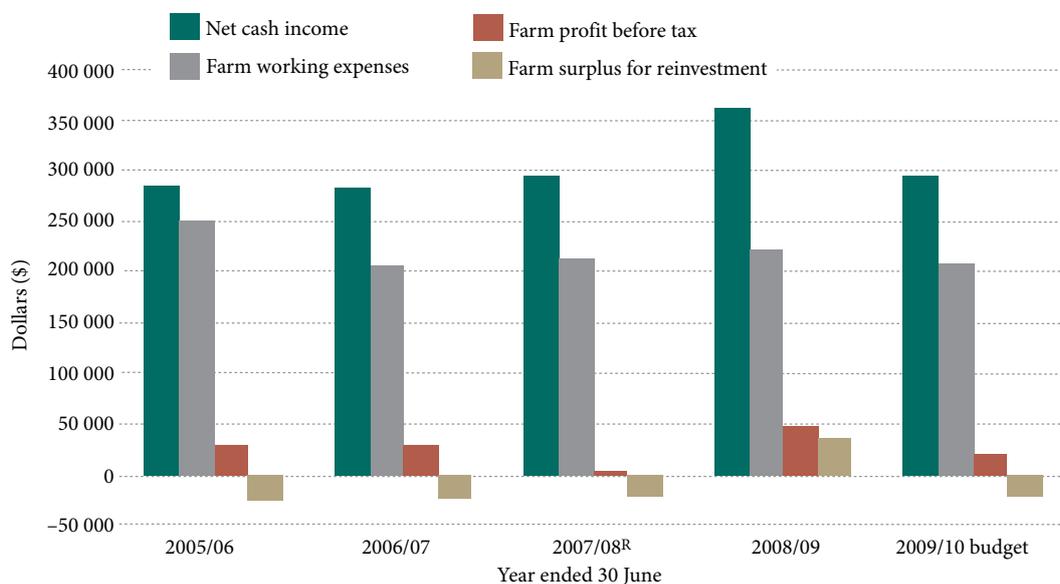
Farm profit before tax for 2009/10 is predicted to fall 56 percent to \$20 500 compared with \$46 900 in 2008/09.

Because of this farmers are expected to cut development and capital spending by 45 percent to minimal levels

Another slight increase in drawings is predicted resulting in a cash deficit for the 2009/10 year of \$20 600. Bankers have been accommodating farmers from this class of farm who have needed to refinance overdraft over the last couple of years. They are expected to take a similar approach for 2009/10.

Industry commentators believe that where farmers are unable to show a return to profitability or to realise assets they will find it harder to secure new borrowing. They report that new loans for property purchase or major development projects have to meet a much tougher test and very few of these have been successful at this stage.

»» FIGURE 1: CANTERBURY/MARLBOROUGH HILL COUNTRY SHEEP AND BEEF MODEL PROFITABILITY TRENDS



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*.

INFORMATION ABOUT THE MODEL

This model represents 425 hill country farms in Canterbury and Marlborough excluding Waimate and Mackenzie districts. Farms have a proportion of land that is in tussock or too steep to be cultivated by two wheeled tractors. They run fine wool, mid-micron or crossbred sheep according to the class of country and farmer preference. They run breeding flocks and herds and produce a proportion of store stock.

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

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Tel +64 4 894 0100 or Freephone 0800 008 333
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