



August 2025 - Newsletter No.34

GREETINGS

We hope all is well as you head into an extremely busy period on farm. Luckily, we have had a great late Autumn & Winter to date. Pasture covers appear to be very good with great utilisation of crops. Things should be set up for a very good season.

We understand there are concerns about last Spring however we are ever the optimists & believe that period may become a distant memory? Fingers crossed.

The numbers...

The 2025 dairy statistical data is attached, but the Sheep, Beef and Deer statistics will be made available later. From the early numbers done

however on the sheep and beef front, operating surplus per hectare is up \$437 per ha, and \$39/SU which is very encouraging to see. Income is up \$53/SU, and costs up \$16/SU with people having sufficient cashflow to put that fertiliser on and do some R&M jobs. There will be more to be discussed on this in the next couple of months.

What is surprising, is that milk solid production is up per cow slightly on last season. That is due to two reasons. Firstly, a great Autumn & secondly, the huge amount of feed that was fed during that awful Spring. Feed was up 30%, and fertiliser was up (some of this was due to helicopters applying Urea numerous times in the

Spring). Contracting & cultivation was up due to regrassing after the wet ground conditions. R & M also lifted.

Profitability is up at an Operating Surplus level (Gross Farm Income – Farm Working Expenses) per hectare. This has come in at \$6,299 a Ha (a lift of 29%). Most of this is due to the higher payout (up \$1.84 kgms to \$9.74 kgms for the calendar year).

This has led to a return on capital of 10.46% which is fuelling interest in dairy farms. Dairying is 'sexy' again. However, it was only 2 years ago that farmers felt under pressure by compliance, red tape & in some cases banking pressure.

Currently we have a favourable government who believe in the agricultural primary sector & a banking sector eager to lend money, in what is a quiet housing market.

Be aware though that the worm could (will) turn. If product prices came back & we had a change of government then some budgets will be stretched. We are seeing some low equity loans being done. If history repeats some of these will struggle. One option is to utilise milk futures. While we are not telling you to do this, we are telling you if you are doing a large expansion, which could potentially expose you, at least consider this.

2026 product prices are looking good for dairy, sheep & beef. This is great to see. However, sheep & beef must address the issue of getting younger people into the industry, if they do not already come from a sheep farm. If you are looking to exit you may have

to leave something on the table to allow this to happen. Also, the carbon expansion appears to have slowed & selling your farm via this source may not be as easy.

Attracting people to the dairy industry is still happening however, what the industry prided itself on in the past, in going from farm assistant to farm owner is becoming a lot harder. Of around 100 contract milker annual accounts done for the 2025 season to date, the top 5 (in terms of profitability) are Variable Order Sharemilkers. They are earning anywhere from \$2.00 - \$2.50 kgms. Our average contract milker is earning \$1.68 kgms. \$2.25 kgms (in the middle) less the average of \$1.68 kgms is \$0.57 kgms. At 321,338 kgms these guys are earning around \$183,163 more.

Some of the contracts at present are not reflecting the risk of being self-employed. More than that we are seeing many corporate farmers actively looking at purchasing more farms, who in the main are not generous at all with their contracts.

Our newest client manager is looking after 67 contract milkers who in the main have only been self-employed for just over 12 months. Of those, only two are variable order sharemilkers.

We do not intend to be negative with these comments, but we passionately believe in our primary sector, and unless the mindset of some changes there will a large number of farms owned by a small number of corporate entities and it has to be questioned whether that is good for the primary industry long-term?

Celebrating success

That said, for this season we have had 4 clients who have brought their first farm with no family or outside help. That is a great achievement & one that we are very proud of.

This season we have also had around 10 clients who have successfully completed farm succession. That also requires a large amount of hard work from all the generations & very good professional advice. This part of the market will continue to grow & is one that provides a large amount of satisfaction to be involved in.

Brett

Brett is taking annual leave from the 10^h of November 2025, returning 1st December 2025. If you have any queries or require a meeting prior to then please let him know. Jeremy, Campbell and Ian will be looking after any queries in his absence.

Their contact details are as follows:

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AgriFocus team changes

Since the last newsletter we have welcomed Aaron Watson and Piper Ryland to the team and Jane Poole will start in approximately two weeks' time, followed by Thomas Hutton who will join us in October. Sheree will be going on maternity leave within the next couple of months, meanwhile Teegan is back on board after maternity leave, with Chantelle also due to return from maternity leave in October. We are having sweepstakes about who will be next. However, it can be said that a few of the team are out of the running. A few additions so keep an eye out on Facebook for an introduction to our new team members and say hello if you are coming into our offices. We are very happy to have them all on board.

2025 Annual Account information

A wee reminder if you have not already emailed or dropped in your information so we can prepare your year ending 2025 Annual Accounts please do so as soon as possible. The key pieces of information included should be the completed Letter of Engagement, Checklist (these have previously been emailed out to clients, but please let us know if you need another copy), your end of financial year bank statement and loan balances, and invoices for any major transactions.

All the best for the busy next 5 – 6 months.

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DAIRY STATISTICS													
		Owners			Sharemilkers			Contract					
		2023-2024		2024-2025		2023-2024		2024-2025		2023-2024		2024-2025	
FARM and PRODUCTION DETAILS													
Milking Platform (ha's)		243		233		203		191		247		240	
Run Off (ha's)		67		70		12		5		6		0	
Total Cows Milked (mid December)		674		638		583		571		697		706	
Average Cows per milked area (ha)		2.80		2.77		2.92		3.01		2.83		3.01	
Milk Solids Production (kg)		325,232		308,005		284,393		295,599		319,508		321,338	
Milk Solids Production (kg) per average cow milked (kg)		479		480		490		512		457		459	
Milk Solids Production (kg) per milked hectare (kg)		1,345		1,335		1,440		1,547		1,310		1,382	
INCOME													
Cattle Income (Sales-Purchases + Increase / Decrease in Stock)		\$189,702		\$108,912		\$100,859		\$156,425		\$3,379		\$8,837	
Milk Sales		\$2,556,717		\$2,980,094		\$1,090,504		\$1,447,524		\$491,558		\$536,574	
GROSS FARM INCOME (GFI)		\$2,780,880		\$3,121,705		\$1,219,874		\$1,623,013		\$514,714		\$551,582	
Gross farm income per milked area		\$11,666		\$13,782		\$6,230		\$8,475		\$2,120		\$2,408	
Gross farm income per average cow		\$4,142		\$4,987		\$2,121		\$2,804		\$742		\$794	
FARM EXPENDITURE (excluding deprec)		\$1,638,528		\$1,667,486		\$832,262		\$962,905		\$292,275		\$296,597	
Wages per kgms and per cow milked		\$0.86		\$0.75		\$0.50		\$0.52		\$0.47		\$0.47	
Animal Health		\$0.24		\$0.22		\$0.24		\$0.22		\$0.00		\$0.01	
Breeding Expenses		\$0.16		\$0.15		\$0.15		\$0.16		\$0.00		\$0.00	
Dairy Shed Expenses		\$0.05		\$0.06		\$0.07		\$0.08		\$0.03		\$0.04	
Electricity		\$0.08		\$0.07		\$0.12		\$0.12		\$0.10		\$0.11	
Stockfeed		\$1.20		\$1.57		\$0.62		\$0.86		\$0.02		\$0.01	
Grazing		\$0.49		\$0.53		\$0.44		\$0.55		\$0.00		\$0.01	
Fertiliser		\$0.55		\$0.69		\$0.15		\$0.16		\$0.82		\$0.00	
Contract and Cultivation		\$0.23		\$0.33		\$0.12		\$0.10		\$0.01		\$0.00	
Freight		\$0.08		\$0.11		\$0.06		\$0.05		\$0.00		\$0.00	
Vehicle		\$0.24		\$0.20		\$0.19		\$0.18		\$0.12		\$0.12	
Repairs and Maintenance		\$0.47		\$0.62		\$0.11		\$0.11		\$0.04		\$0.04	
Administration		\$0.12		\$0.12		\$0.09		\$0.08		\$0.06		\$0.05	
Standing Charges		\$0.21		\$0.21		\$0.07		\$0.07		\$0.04		\$0.06	
Other:		\$0.01		\$0.01		\$0.00		\$0.00		\$0.00		\$0.00	
TOTAL FARM WORK EXP (TFWE) per kgms and per cow		\$5.01		\$5.64		\$2.91		\$3.24		\$0.89		\$0.92	
TOTAL FARM WORK EXP (TFWE) as % of GFI		58%		54%		68%		59%		55%		53%	
TOTAL FARM WORK EXP (TFWE) per milked ha		\$6,765		\$7,484		\$4,210		\$5,024		\$1,157		\$1,271	
Grazing Block Allowance @ \$500		\$67,389		\$70,333		\$12,000		\$4,947		\$5,806		\$28	
FARM WORK EXP per kgms and per cow (including run off allowance)		\$5.21		\$5.84		\$2.97		\$3.26		\$0.91		\$0.92	
OPERATING SURPLUS (EBIT)		\$1,142,352		\$1,454,219		\$387,612		\$660,107		\$222,439		\$254,985	
OPERATING SURPLUS (EBIT) per ha		\$4,901		\$6,299		\$2,020		\$3,452		\$963		\$1,137	
OPERATING SURPLUS (EBIT) per kgms		\$3.66		\$4.74		\$1.43		\$2.23		\$0.73		\$0.81	
Interest and Rent as % of GFI		22%		16%		8%		4%		2%		1%	
Interest and Rent per kg of Milk Solid		\$1.88		\$1.69		\$0.35		\$0.19		\$0.05		\$0.02	
OTHER DATA													
Assets													
Land		\$8,991,081		\$8,695,643		\$0		\$0		\$36,968		\$0	
Shares Values		\$813,080		\$1,429,145		\$0		\$0		\$0		\$0	
Run Off at \$ Ha		\$1,707,042		\$1,425,322		\$104,836		\$36,842		\$133,297		\$24,285	
Stock Values		\$1,300,944		\$1,552,990		\$1,074,346		\$1,470,064		\$21,896		\$29,392	
Plant (Closing Book Value)		\$336,364		\$242,381		\$234,952		\$211,589		\$94,193		\$109,436	
Total Assets		\$13,148,511		\$13,345,481		\$1,414,134		\$1,718,496		\$286,353		\$163,113	
less Liabilities		\$6,752,714		\$6,269,620		\$908,005		\$738,153		\$264,133		\$137,856	
EQUITY (Assets - Liabilities)		\$6,395,798		\$7,075,861		\$506,129		\$980,343		\$22,220		\$25,257	
Equity (%)		49%		53%		36%		57%		8%		15%	
Increase in Term Liabilities		\$393,137		\$301,826		\$103,393		-\$2,068		\$65,693		\$5,462	
Term Liabilities per kgms		\$19.77		\$20.01		\$2.54		\$1.93		\$0.60		\$0.31	
Interest Earned on TFC (ex int. but inc. Management Salary)		8.42%		10.46%		41.34%		33.53%		206.01%		276.45%	
Net Farm Trading Profit		\$426,181		\$999,140		\$267,142		\$546,784		\$200,692		\$230,019	
Net Farm Trading Profit as % of GFI		15%		30%		23%		33%		41%		42%	
Taxable Income		\$423,681		\$997,452		\$259,190		\$546,623		\$198,273		\$226,774	
Minimum Net Farm Trading Profit required for viability		\$143,984		\$149,394		\$122,671		\$101,506		\$128,591		\$145,282	
Drawings (excluding personal proportion of business costs)		\$98,313		\$83,719		\$72,374		\$67,196		\$91,017		\$101,417	
Net Plant Purchases		\$60,021		\$77,245		\$44,184		\$56,002		\$39,005		\$38,519	
Plant Efficiency Ratio (GFI / Book Value of Plant)		12.4		18.4		6.4		11.2		8.7		8.9	
Average price per kgms (\$)		\$7.90		\$9.74		\$3.87		\$4.90		\$1.54		\$1.68	
Average price for calves sold (\$)		\$56		\$61		\$41		\$42		\$8		\$0	
Average price for cull cows sold (\$)		\$716		\$1,098		\$792		\$946		\$45		\$40	
STOCK DETAILS													
Values at (Herd Scheme \$)													
MA Cows		\$929,421		578		\$1,157,632		548		\$785,422		488	
R2 Heifers		\$234,654		164		\$245,467		134		\$186,144		130	
R1 Heifers		\$105,418		156		\$134,171		133		\$93,647		139	
R1 Bulls		\$10,400		18		\$8,196		8		\$3,140		5	
MA Bulls		\$21,051		12		\$7,524		3		\$5,994		3	
Total Value (\$)		\$1,300,944		927		\$1,552,990		828		\$1,074,346		765	
Increase / (Decrease) in Value (\$)		\$63,175		\$124,206		\$171,396		\$201,880		\$12,451		\$12,173	