

# Tararua District Council – Cyclone Recovery Survey

The data in this survey provides an analysis of the cyclone's impact on 58 farms and the resulting financial strategies.

Covering 46,536 effective hectares, it notes that 229 hectares were retired due to the cyclone. This retirement is largely due to soil erosion and other environmental impacts.

Six farms refinanced their working capital into term debt, totalling \$1,482,750, to maintain liquidity and stability. These farms cover 6,697 hectares, with a refinanced working capital of \$221.39 per hectare, highlighting the financial burden and the strategic approach to managing resources.

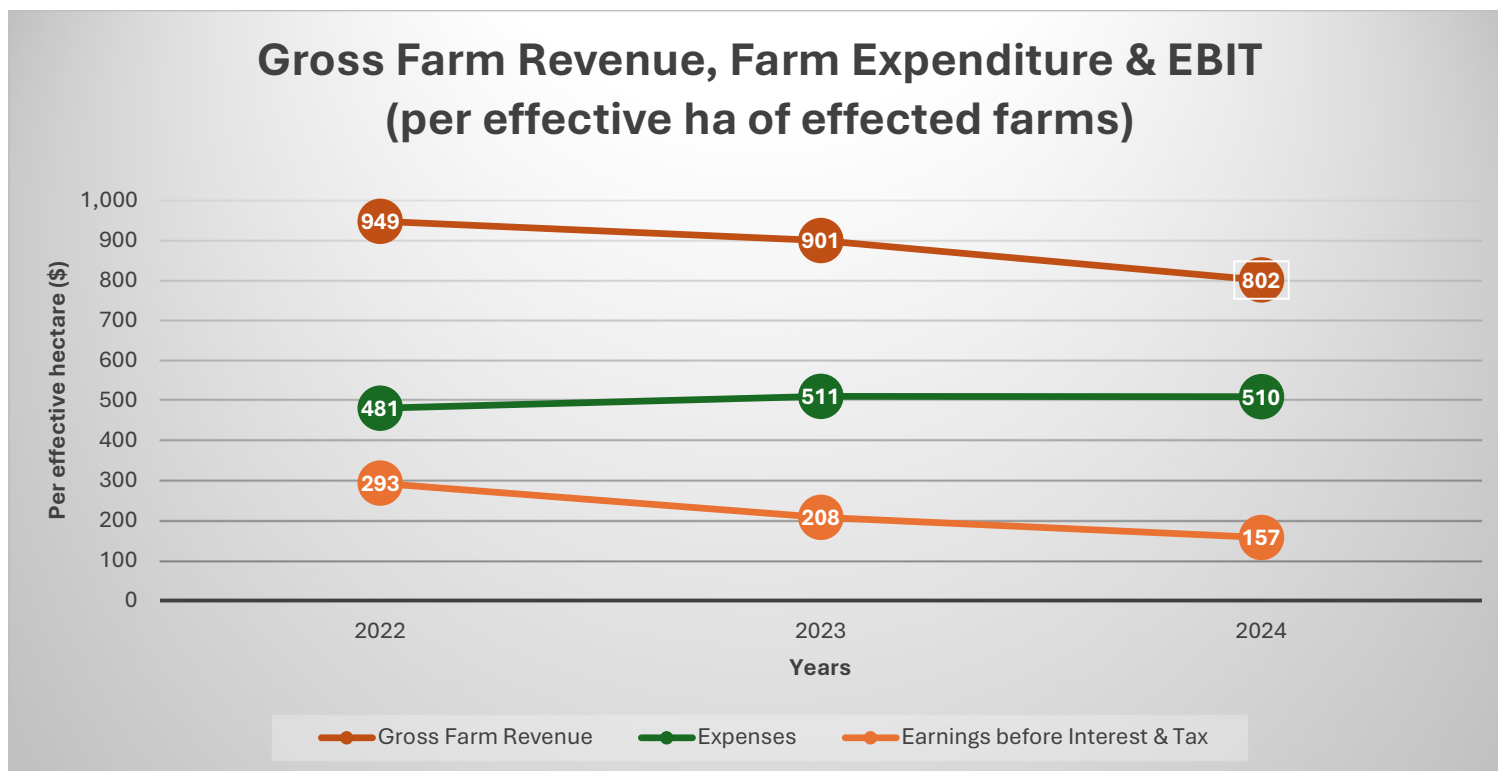
The data underscores the agricultural sector's resilience, with most land remaining productive and farms employing strategic financial measures. The ability to retire a small portion of land and refinance working capital demonstrates a proactive approach to managing environmental and financial risks.

The data from the 58 farms provides valuable insights into the cyclone's impact and the financial strategies employed.

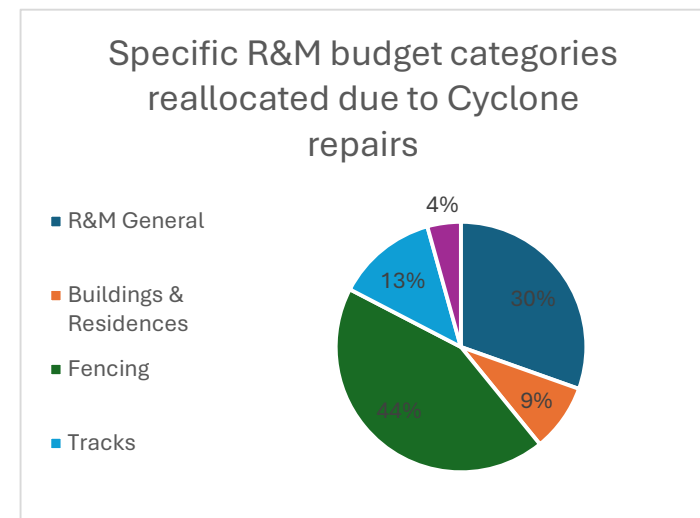
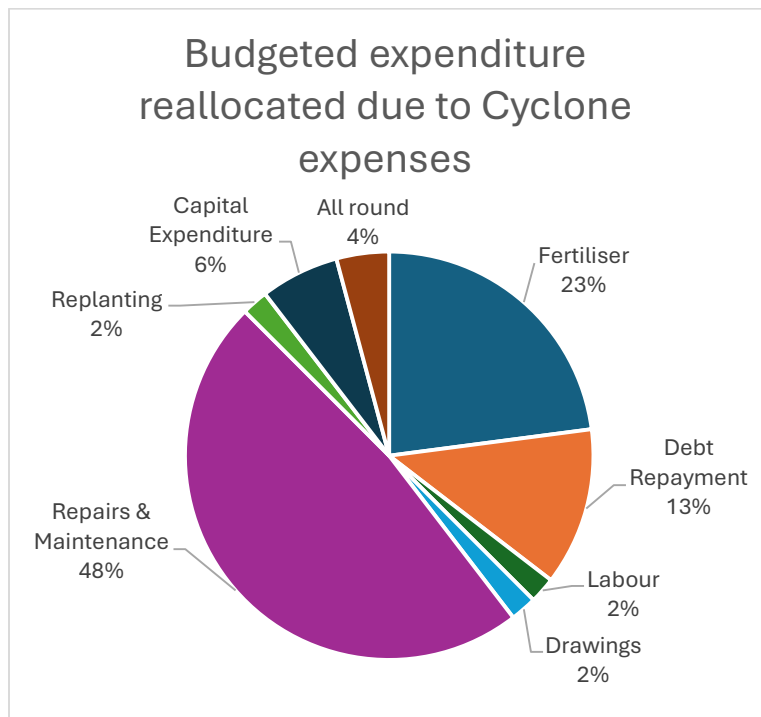
A summary of the source data follows:

	2024		2023		2022	
	Total \$	\$ Per eff ha	Total \$	\$ Per eff ha	Total \$	\$ Per eff ha
Gross Farm Revenue	37,322,798	802	41,910,585	901	44,146,028	949
EBIT	7,327,738	157	9,680,563	208	13,641,340	293
<b>Income</b>						
Insurance claims for Cyclone related expenditure	357,857		124,504		0	
Grants received in relation to Cyclone related expenditure	268,487		330,266		0	

	2024		2023		2022	
	Total \$	\$ Per eff ha	Total \$	\$ Per eff ha	Total \$	\$ Per eff ha
<b>Expenditure</b>						
Fertiliser	2,420,537	52	2,715,881	58	3,338,938	72
Wages	4,078,422	88	3,892,388	84	3,119,584	67
Repairs & maintenance	1,731,984	37	1,690,970	36	1,674,345	36
- Drainage	117,958	3	101,785	2	294,905	6
- Fencing	821,245	18	893,578	19	1,005,921	22
- Tracks, bridges	589,119	13	504,382	11	201,843	4
- Water supply	203,662	4	191,225	4	171,676	4
Fuel & vehicle maintenance	1,996,708	43	1,923,346	41	1,765,084	38
Administration (consultancy)	86,040	2	137,089	3	103,626	2
Interest paid	6,187,745	133	5,326,136	114	3,305,420	71
Drawings (Managerial salary)	3,856,874	83	3,964,139	85	4,348,482	93
Capital spend	1,620,954	35	2,424,236	52	3,051,044	66
	<u>23,711,248</u>	<u>510</u>	<u>23,765,155</u>	<u>511</u>	<u>22,380,868</u>	<u>481</u>

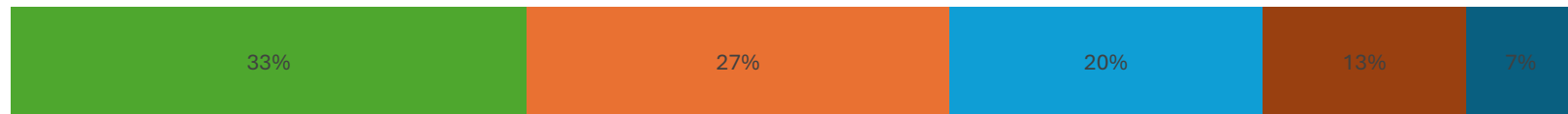


The data highlights a downward trend in gross farm revenue over the three years, decreasing from \$949/ha in 2022 to \$802/ha in 2024. Farm expenses exhibit fluctuations, peaking at \$511/ha in 2023 before dropping to \$510/ha in 2024. Consequently, EBIT also shows a declining trend, from \$293/ha in 2022 to \$157/ha in 2024. This indicates the effect of the cyclone producing a challenging financial environment decreasing revenues and increase in operating costs leading to reduced profitability.



In light of the cyclone, 2024 budgeted expenditure underwent significant reallocation from existing budget items. Specifically, 48% of repairs and maintenance budget has been redirected to cyclone-related repairs. Similarly, 23% of the fertiliser budget, 13% of the debt repayment budget, and 6% of the capital expenditure budget have been reallocated to address cyclone damage. These changes reflect the urgent need to address the damage caused by the cyclone while still maintaining essential farm operations. However, this shift in budget priorities highlights the importance of developing resilient financial strategies to manage such unforeseen events, ensuring sustained productivity and fiscal stability.

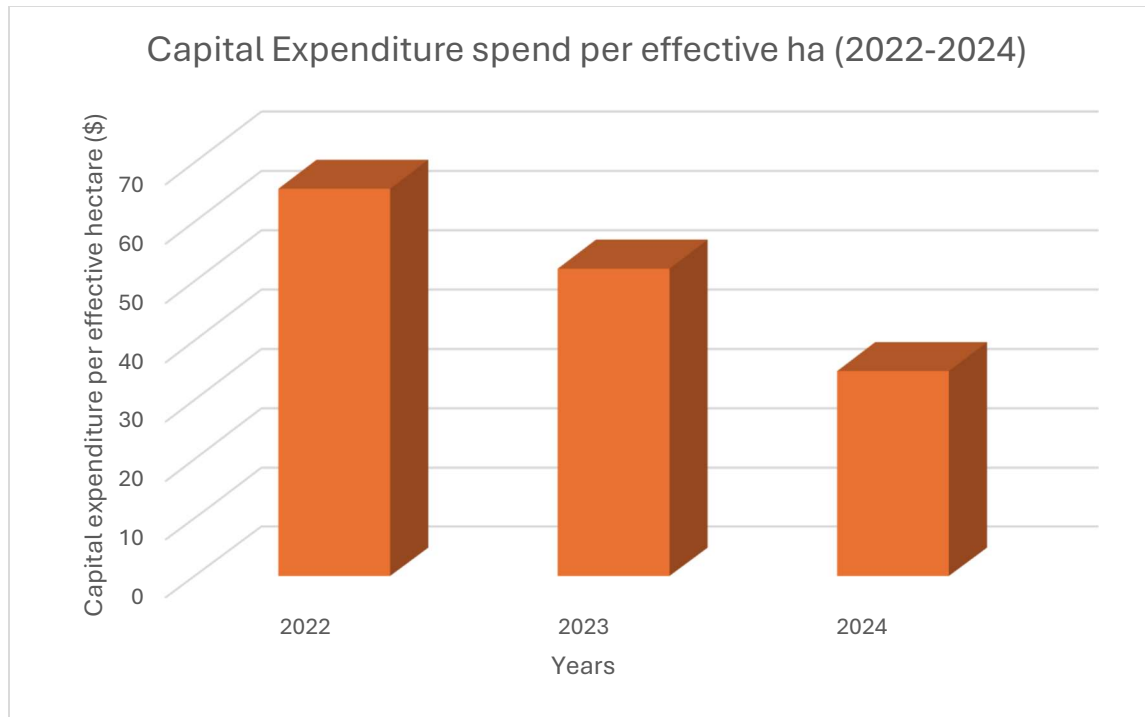
### Budgeted Capital Expenditure not spent due to Cyclone related spending



Total 100% = \$845,000 not spent on 19% of affected farms

- Tracks, Roads, Bridges, Culverts, Yards
- Fertiliser
- Residence / buildings upgrades or new
- Fencing
- Debt Repayment

The financial impact of the cyclone also extends to capital expenditure, where notable portions remain unspent due to the urgent reallocation of funds. Specifically, 33% of the budget allocated for tracks and infrastructure improvements, 27% for fertiliser, 20% for building upgrades or replacements, 13% for fencing improvements, and 7% for debt repayment have not been utilised as initially planned. This reallocation underscores the severity of the cyclone's damage and the pressing need to prioritise immediate repairs over long-term investments. While these decisions are necessary for immediate recovery, they highlight potential future challenges in maintaining and enhancing farm infrastructure and productivity.



The reduction in capital expenditure from \$52/ha in 2023 to \$35/ha in 2024 reflects the urgent response to the cyclone damage. This reallocation underscores the immediate necessity to prioritise repairs over planned investments, ensuring the farm can continue its essential operations. While this decision is critical for short-term recovery, it inevitably delays long-term infrastructure improvements and enhancements. Moving forward, it is vital to balance immediate recovery efforts with future investment plans to achieve sustained growth and operational efficiency.

Questionnaire data and comments used below are from discussions with respondents (quantities are estimates):

- **Additional funds needed for future repair and maintenance:** ~\$350,000 over 34% of farms (excluding existing on farm materials, use of farm machinery, & permanent labour).
- **Livestock Productivity:** Respondents reported minimal reduction in capital stock numbers at balance date.



- Respondents estimate a return to pre cyclone productivity over the following timeframes – 1-2 years 68%, 3-5 years 14%, 5-10 years 14%, 10 years + 4%

Farms faced financial challenges with reduced revenues and fluctuating expenses. Cyclone damage led to budget reallocations, affecting long-term investments. Recovery is critical for short-term operations, with future plans balancing immediate needs and sustained growth, with productivity expected to fully recover within 1-10 years.

- **Fertiliser** – respondents noted a reduction of ~ 800-1,000 tonnes of fertiliser & lime applied in the 2024 year.
- **Labour units** - Minimal permanent change in permanent labour units was noted – existing staff, casual labour and owner labour was redirected & reprioritised towards cyclone repairs when able.
- **2023 financial year Cyclone expenditure** Respondents also noted that immediate expenditure was required in the 2023 financial year to mitigate the effects of the cyclone. Anecdotal evidence indicates that this is a significant component of the increase in track & bridge repairs from \$201,843 (\$4/ ha) in 2022 to \$504,382 (\$11/ha) in 2023.

*Report & survey compiled by Neil Ivamy (Principal) and Julenne Nguyen (Associate) with assistance from Cheri Henricksen (Senior Associate) & MCI staff.*

*Disclaimer – This survey and report has been compiled from anonymised 2024 financial statement data and survey questionnaires, based on information supplied by our clients, therefore neither we nor any of our employees accept any responsibility for the accuracy of the information from which the report has been compiled.*

*Further, the report has been prepared for Tararua District Council and neither we, nor any of our employees, accept any responsibility on any ground whatever, including liability in negligence, to any other person.*

*MCI & Associates*

*Chartered Accountants – Dannevirke*

*3 June 2025*