

Ten things you should do before buying a farm

Buying a farm? Considering ways to make your current property more profitable? There are ten key points you should be considering to ensure that your property is compatible with your farm business and personal objectives.

Many landowners go out and buy a farm knowing exactly what stock they want to run and the production they want to achieve, only to discover in the following years that their chosen land use for particular areas on the property is unsustainable. The inputs continue to increase, whilst the production and returns rapidly diminish. To prevent this from happening there are some simple considerations that prospective landowners should follow.

1. **Physical land requirements** : Before looking at properties, consider what stock and production objectives you would like to achieve with your farm business, and identify physical characteristics needed to do this. For example; if you intend carrying heavy cattle through wet winter periods, you need free draining soils that won't pug. If you want to undertake an intensive cropping program, contour and soil characteristics influence cultivation and harvest timings. When viewing a property keep these objectives in mind, or re-evaluate the proposed farm policy, to match the land type to your desired land use.
2. **Good Land Resource Information**: When considering a property, good Land Resource Information is critical enable you to decide if the property is suitable for your farm business requirements. The information should provide details of geology, soils, slope, vegetation and erosion severity, presented as a map with quantifiable areas. Different combinations of these details will behave uniquely under climatic and management conditions. Land Resource Information maps have been prepared by the old Catchment Boards and some Regional Councils, some ask the agent if there is one prepared for the property. If there hasn't been one done, you need to prepare one yourself or get one prepared.
3. **Consider the strengths & limitations**: For each different unit identified on the map, consider the strengths and limitations of area and how it can be farmed profitably over the lifetime of the property. Often the strengths of one unit will complement some of the limitations of another unit. This consideration has the potential to not only save you money by avoiding poor management decisions, but can make you thousands by managing the areas to the best of their strengths. Examples of this may include identifying a poorly draining wet soil which limits cropping versatility of the properties flats, or stony flats which may not grow much grass in the summer but can be strategically important in wet periods for cattle.
4. **Calculate the potential**: Use the map to accurately estimate the effective area of the property, and the areas of the flats, moderate hill country and steeper hill slopes. A total su number the property is carrying is not an accurate indication of area in pasture, or what the different areas are capable of producing. (such as an average of 11su/ha, is in fact 15 su/ ha on flats & 7 su/ha on hills). Consider the present pasture production ability of each of the identified units, and whether there is the potential to lift production. When considering what the units can potentially produce, it is important to calculate the cost to achieve the product out the gate. Often some of the steeper hill country is costing more than it is producing.

5. **Fertiliser History:** Obtain the historical fertilizer information for the property. It is important to consider trends of the properties fertility over time. The more information available, the better the decisions you can make regarding your fertilizer policy. Research from AgResearch's Ballantrae, show that a property with good fertilizer history is more valuable, than one with a short history.
6. **Soil Testing:** Recent soil test results supplied by the seller may not truly reflect the fertility of the property – so take your own soil tests. Samples should be taken from areas with the same soil types, and from the same unit (ie steep), to reduce variability .
7. **Infrastructure and assets:** When looking at infrastructure, ask yourself what impact would there be to farm management and bottom line if there was a major storm event. How would assets such as track stability & access, water supply, fencing, buildings & yards and trees, on the property be affected by flooding or erosion?. Are there any opportunities for developing a plan to cope if something abnormal happens?
8. **Animal challenges:** Are there any animal health challenges posed on the property? History of drench resistance, requirements for mineral supplementation?. Physical risks such as dams, swamps, gorges, poisonous trees? Does the property have sufficient areas to provide shade and shelter to stock?
9. **Council records:** Your local council (both District & Regional) can be a wealth of information. Check the property for history on plant & animal pests, water quality issues, discharge concerns, protected areas or areas recommended for protection, erosion problems, flooding, nutrient capping, contaminated sites, forestry harvesting restrictions. Regulations imposed by councils can severely affect your farming operation and profitability.
10. **Profitability:** Ask yourself again whether the property you are looking at is suitable for what you want to use it for. If so, check out to see if the economic figures stack up, and if you are happy with this, buy it.

Considering these key points will ensure that the property you buy will achieve your farming and personal objectives. It provides information that is critical for making future management decisions on your property. For existing landowners, undertaking this process will make you more sustainable and profitable.

A final consideration: If you were buying a \$2m commercial building, you would spend \$20-30K on an engineers report to determine whether it is structurally sound. How much would you spend on a \$2m property to determine whether it is suitable for the farming operation you wish to carry out?