



AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

A REVIEW OF THE FINANCIAL POSITION OF 18 CENTRAL-WESTERN WHEAT-SHEEP FARMS IN 1945-46.

By P. C. DRUCE, B.Ec.

The financial year which ended 30th June, 1946, was the third year in which a group of selected wheat growers kept complete records of their financial transactions in co-operation with and in Record Books provided by the Division of Marketing and Agricultural Economics. A report covering the records kept in the year 1944-45 has already been published in this "Review."*

History of the Project.

Early in 1943 Record Books suitable for use by farmers were designed for three types of farms—(1) Wheat/Sheep, (2) Dairying, (3) Horticulture, Vegetables and Small Mixed Farms. The Record Books made provision for the compilation of complete financial records in a comparatively simple form and additionally for a number of production records. Arrangements were made with approximately 600 farmers in all parts of New South Wales to keep both the financial and production records during the financial year 1943-44. It was agreed that the then Division of Agricultural Economics would examine and analyse all of these books at the end of the year and provide each farmer with a report covering his year's operations. The total number of all types of books returned in 1943-44 proved too large to be adequately handled by existing staff and consequently the project was modified in a number of ways. In so far as wheat/sheep farms were concerned it was decided to provide farmers in four major producing areas only with books—the areas selected were the districts surrounding Gunnedah, Parkes, Wagga Wagga and Culcairn. In that year, 1944-45 approximately 50 farmers agreed to keep records but only 22 succeeded in completing records suitable for analysis. It was these 22 records which were dealt with in the article referred to above.

In 1945-46 the project was modified further, it being decided to concentrate research resources, in so far as the wheat industry was concerned, entirely in the Parkes-Forbes districts, that is, in the Shires of Goobang and Jemalong. In that year 28 farmers originally agreed to compile records, but only 18 finally forwarded their Farm Record Books to this office. All of the records received were of sufficiently high standard and appeared to be sufficiently accurate to justify analysis. It is with the results of the analysis of these records that this article is primarily concerned.

The project was continued in the Parkes-Forbes district during 1946-47 when 28 farmers agreed to keep records. Some of the records completed in that year have not yet been received in this office. For various reasons it was found impossible to continue with the project during the current financial year, and the analysis of

*"The Financial Position of 22 New South Wales Wheat-Sheep Farms in 1944-45," by P. C. Druce, "Review of Marketing and Agricultural Economics, September, 1946."

Farm Record Books by this Division has now been entirely discontinued in so far as the wheat industry is concerned. The work is at present confined solely to a limited number of farms in two of the State's principal dairying districts.

In concluding this very brief summary of the history of the project, it is perhaps desirable to add that the Record Books (in all three types) have been on general sale since the 1945-46 season and are being used by a large number of farmers throughout the State and in other parts of the Commonwealth. The book has been revised from year to year on the basis of experience gained with books submitted for analysis. In 1945-46 an additional section outlining a method of analysis that might be used by those who bought the book for their own use was added, while the book published for use in the current year has been completely revised throughout. Nevertheless it remains fundamentally the same as the original book issued for the financial year which commenced 1st July, 1943.

The Selected District.

The Shires of Goobang and Jemalong in which the eighteen farms are situated form part of the Central-Western wheat belt. While wheat growing is the predominant source of income on most farms, woolgrowing and fat lambs also occupy a very important place in the economy of the area. Some oats and a little barley are also grown, while pigs are an important side line on some farms. Cattle are comparatively unimportant. In the Jemalong Shire quite a considerable area of lucerne is grown under irrigation—the Lachlan River being the source of water. Some fat lambs are also raised under irrigation in the same area. Some fruit and vegetables are also produced under irrigation.



Harvesting Wheat in the Central West.

[Photo by courtesy "THE LAND."]

TABLE I.
Crop and Livestock Statistics (1945-46).

Item.	Unit.	Shire of Goobang.	Shire of Jemalong.	Whole State.
Wheat (grain)	acres	281,444	185,398	3,773,901
Oats (grain)	acres	19,342	12,173	617,070
Barley (grain)	acres	2,205	679	28,893
Hay—Wheaten	acres	13,891	7,448	389,918
" Oaten	acres	2,412	1,684	289,720
" Lucerne	acres	34	4,241	59,745
*Sheep	No.	379,608	275,602	44,076,000
*Cattle... ..	No.	8,732	10,417	3,116,834
*Pigs	No.	4,775	4,672	432,612

* Number at 31st March, 1946.

The soils in the district are mainly red-brown earths, but in the area south of Forbes large areas of black self-mulching soils are found. The red-brown earths which are found in the greater part of the district are typical of the wheat-growing areas of the Commonwealth. The predominant timber in the area is grey box and pine with some ironbark on the ridges and yellow box and gum on the river country.

Seasonal Conditions.

The Central West, in common with all the State's wheat areas, enjoyed an above-average season in 1945-46. The State's wheat yield was above average, while reference to Table II shows that the average wheat and oats yields in both Goobang and Jemalong Shires was considerably above the pre-war average.

TABLE II.
Wheat and Oat Yields.
Bushels per Acre.

Crop Yield.	Shire of Goobang.	Shire of Jemalong.	Whole State.
Wheat—Average*	13.9	14.2	13.8
" 1945†	19.7	23.1	16.57
Oats—Average*	15.9	14.0	16.20
" 1945†	19.8	20.1	15.4

* Official average for the five years 1935-36 to 1939-40.

† Official statistics—all farms in the two Shires.

Rainfall was above average, but on the other hand was not excessive and was well spread throughout the year, with good falls in the crucial months for wheat-growing, that is from April to October. Rainfall during these months was slightly above the long term average for the period. (See Table III.)

TABLE III.
Rainfall—1945 and Average.
(Inches.)

Town.	Calendar Year 1945.	Long-Term Average.	April to October, 1945.	Long-Term Average April to October.
Forbes	20.71	19.62	12.88	11.60
Parkes	21.96	20.90	13.64	12.19
Peak Hill	21.06	20.34	13.21	11.59
Bogan Gate ...	18.84	17.68	11.60	10.38

Generally it may be said that conditions throughout the year were almost ideal for crop production in the selected area, and as will be seen later, all but one of the selected farmers achieved remarkably satisfactory financial results. This is in complete contrast to the results obtained by selected farmers in the previous year, 1944-45, a year of severe drought in all the wheat areas of the State excepting the North-West.

Comparison with the Previous Year.

It is not intended to make a detailed comparison of income and expenses in the two years 1944-45 and 1945-46 at this stage. However, it is worth noting the very substantial differences in farmers' incomes in the two years. As has been noted already, the earlier year was one of severe drought (except in the North-Western portion of the State). Omitting those farms situated in the north-west in 1944-45, records from 17 owner-operated farms were analysed.

On these 17 farms net income in 1944-45 varied from £1,320 to a negative figure of £1,030. The average net income was £274. In 1945-46 on 18 rather similar farms, net farm income ranged from £3,391 to £400, and averaged £1,652. In 1944-45 only one farmer obtained any return for his management of the farm; in 1945-46 only one farmer did *not* obtain any return for his management. Operator's earnings which in 1944-45 ranged from £485 to a negative figure of £1,431 in 1945-46, ranged from £2,561 to a negative figure of only £22. These figures serve to illustrate the extreme fluctuations in income which the farming community is sometimes called upon to face.

The Sample.

It must again be stressed that the figures given in this article should not be taken as representative of all wheat farmers within the selected district. Almost invariably in this type of work, records are submitted by average and above average farmers, but not by relatively inefficient producers. In the early stages of this Division's cost/income surveys, an endeavour was made to obtain a representative sample of farmers in the various districts selected, but it was found invariably that only the more efficient

and generally better type of farmer returned records sufficiently complete and apparently reliable to justify analysis. No attempt was made to obtain a representative sample in so far as the year under review is concerned, and undoubtedly the majority, if not all, of the selected farmers are of above average ability. In fact a number of the farms included in the survey are regarded as being amongst the best in the two shires concerned.

Farm Size and Organisation.

The majority of farms in the selected area vary in size from about 800 acres to 2,000 acres. However, in the western section of the area there are a number of larger farms. The area and organisation of the eighteen farms studied showed considerable variation. While they all obtained an appreciable portion of their income from wheat the area under wheat, in both 1945 and 1946, varied very greatly, showing even more variation than did the total farm area. The largest farm comprised 2,988 acres while the smallest was only 652 acres. The greatest area under wheat in 1945 and 1946 was on the farm with the largest overall area, but the smallest wheat area in 1945, of only 100 acres, was on one of the medium-sized farms, the total area being 1,000 acres. The percentage of area under all crops in 1945 also varied considerably, being as high as 58.4 per cent. of total area on one farm and as low as 18.6 per cent. on another. All these figures are set out in detail in Table IV.

TABLE IV.

Farm Size and Organisation.

(Farms arranged in order of total area under Cereals, 1945.)

Farm.	Area under Cereals, 1945.	Wheat Area, 1945.	Oats Area, 1945.	Wheat Area, 1946.	Oats Area, 1946.	Total Area of Farm.	Percentage of Total Area under Crop, 1945.
	Acres.	Acres.	Acres.	Acres.	Acres.	Acres.	%
2	906	900	6	1,028	...	2,988	30.3
4	730	300	430	360	30	1,612	45.3
3	730	680	50	375	25	1,485	49.1
1	663	563	70	790	225	2,395	27.7
17	560	240	320	320	95	2,157	26.0
8	501	401	100	283	15	1,051	47.7
5	483	470	13	535	50	2,600	18.6
14	478	336	142	442	73	818	58.4
6	475	335	140	420	330	1,576	30.1
7	445	380	65	532	45	1,140	39.0
10	400	100	...	350	14	1,000	50.0
16	330	300	30	300	30	1,488	22.2
11	330	260	70	225	...	917	36.0
15	320	308	12	315	25	761	42.0
12	300	300	...	271	...	758	39.6
9	290	240	50	303	37	652	44.4
13	235	202	33	165	35	1,060	22.2
18	180	115	65	178	10	846	21.3

Income and Returns.

Before proceeding to discuss the returns obtained from the various farms, it is necessary to define the terms used. *True Net Income* is the actual net income produced by the farm, an allowance having been made for the value of farm produce used in the home, for the rental value of the farm-house (based on 8 per cent. of its capital value at the beginning of the year), and for the value of keep provided for hired labour. A negative figure indicates a net loss. *Net Family Farm Income* is the income which would have been earned by the farm if it were free of debt. It is obtained by adding the actual interest paid to the True Net Income. To obtain what is termed *Net Farm Income* the cost of unpaid family labour, valued at award rates, is deducted from Net Family Farm Income. Net Farm Income therefore represents the income which the farmer would have received if his farm were free of debt and he had paid for all family labour at award rates.

If 5 per cent. is allowed to be a reasonable rate of return on capital, then *Operator's Earnings* are obtained by deducting 5 per cent. of the average total farm capital from Net Farm Income. Operator's Earnings therefore represents the farm operator's return for his labour and management. To obtain the return for management, the value of the operator's own labour must be deducted from Operator's Earnings. This deduction has been set at £312 and when made gives the *Managerial Return*.

Farm Capital Earnings represent the return on total farm capital which would have been obtained if the farm were free of debt, all family labour had been paid at award wages, and the operator had drawn a "fair" wage for his own labour and management. The percentage return on farm capital is based on these assumptions and should not be confused with the percentage earned on net worth which is the interest earned on the farmer's average equity in his property after his own and his family's labour (if any) have been allowed for at award rates.

Net Farm Income ranged from £3,391 on one farm to £400 on another. Seven farmers obtained a Net Farm Income of over £2,000; a further seven fell between £1,000 and £2,000, while only 4 earned a Net Farm Income lower than £1,000. In three of these cases the income exceeded £900. Operator's Earnings were equally satisfactory, ranging from £2,561 to £450, with one man showing a negative figure of £22. This man, however, suffered considerably through illness during the year and his figures for this particular year give no indication of the earning capacity of his farm.

The return obtained on total Farm Capital was also particularly satisfactory, percentage returns ranging from 31.1 per cent. to 7.2 per cent., apart from Farm No. 18, already referred to above, for which the return amounted to only 0.4 per cent.

Capital and Debt Structure.

The farmer was asked to place his own valuation on his land, improvements, machinery, livestock, etc., and these valuations have been accepted where they appeared reasonable. In almost every case the valuation placed on land (unimproved) was the Shire valuation. Farmers were asked to value their property (improved

TABLE V.
Income and Returns.
(Arranged in Order of Net Farm Income.)

Farm No.	Net Farm Income.	Operator's Earnings.	Managerial Return.	Return on Farm Capital.	Percentage Return on Farm Capital.	Percentage Net Income earned on Net Income.	Percentage Gross Cash Receipts to Total Capital Invested.
	£	£	£	£	%	%	%
1	3,391	2,561	2,249	3,053	18.3	31.1	21.3
2	2,618	1,677	1,365	2,477	13.2	17.7	27.6
3	2,539	1,938	1,626	2,198	18.3	18.7	52.5
4	2,531	1,714	1,302	2,193	13.4	16.8	25.5
3	2,248	1,440	1,128	1,910	11.8	12.0	20.2
6	2,146	1,523	1,211	1,808	14.8	23.7	26.6
7	2,133	1,289	977	1,795	10.6	10.8	16.7
8	1,649	1,106	794	1,488	13.7	12.8	23.5
9	1,536	1,219	907	1,176	18.6	25.8	35.2
10	1,285	856	544	784	9.1	16.4	29.6
11	1,176	763	451	838	10.1	13.2	25.8
12	1,175	817	505	837	11.7	12.0	25.0
13	1,069	525	213	657	7.0	9.0	15.5
14	1,007	625	313	669	8.8	9.9	28.6
15	977	700	388	519	16.5	20.3	50.2
16	957	532	220	619	7.3	8.4	24.5
17	908	450	138	506	6.4	7.2	20.0
18	400	—22	...	62	6.7	0.4	13.2

*Net income here is the figure obtained by subtracting the value of family labour and operator's own labour from the true net income.

value) at a conservative sales value. Valuation of machinery presented some difficulty in that farmers did not always know either the original cost or the age of the machine. Farmers were specifically requested not to take the sharp increase in the price of machinery during the war into account in valuing machinery purchased pre-war. Crops growing at 1st July, 1945, and at 30th June, 1946 (wheat, oats and barley), were valued at a standard rate of 30s. per acre in the case of wheat, and 20s. in the case of oats and barley.

Total invested capital at 1st July, 1945, varied from £3,035 on Farm No. 15, the area of which was 761 acres, to £18,491 on Farm No. 2, a farm of 2,988 acres.

The unimproved value of the eighteen farms varied between £0.5 and £4.1 per acre, while the improved value varied between £2 and £12 per acre. Farmers' total assets showed an increase during the year in 12 instances. In six cases they showed a decrease in value.

The maximum liability on any farm at 1st July, 1945, was £8,324. Two farmers were free of liability; three other farmers had liabilities of less than £1,000; four owed between £1,000 and £2,000; three owed between £2,000 and £3,000; three owed between £3,000 and £4,000, and three owed more than £6,000. In Table VI, liabilities have been classified under three headings—(i) Fixed, (ii) Bank Overdrafts (payable on demand), and (iii)

Cash owing to storekeepers and merchants, etc. The first item includes money owed to the Crown on land, private mortgages and Rural Bank long term loans. It will be noted that thirteen of the eighteen farmers were operating on bank overdrafts, while nine owed money to the Crown for their land. Total liabilities amounted to £49,367 at the beginning of the year. By the end of the year this figure had fallen to £43,990. Farmers' liabilities increased on only three farms during the year.

Total liabilities at the beginning of the year were made up as follows:—

	£
Crown on Land	6,528
Private Mortgages	11,620
Bank—Long Term Loans	4,670
Overdrafts	25,565
Money Owed	984

Net worth of the farmer's equity in his property varied from £2,527 to £16,083. The farmer's net worth increased during the year on 15 of the 18 farms; in the other three cases net worth showed a slight reduction.

TABLE VI.
Capital and Debt Structure.
(Arranged in Order of Total Capital Invested.)

Farm No.	Total Capital Invested 1 July, 1945.	Liabilities at 1 July, 1945.				Net Worth 1 July, 1945.	Net Worth 30 June, 1946.	Percentage Change in Net Worth During Year.
		Total Liabilities.	Fixed Liabilities.	Bank Overdraft.	Money Owed.			
	£	£	£	£	£	£	£	%
2	18,491	8,324	7,996	297	31	10,167	11,067	+8.8
7	16,558	475	...	443	32	16,083	17,066	+6.1
4	16,122	3,794	...	3,794	...	12,328	13,112	+6.3
1	15,768	8,158	1,132	6,996	30	7,610	9,920	+30.3
5	15,692	...	...	...	...	15,692	16,645	+6.0
6	12,684	6,872	2,205	4,667	...	5,812	6,994	+20.3
3	12,119	177	177	...	...	11,942	11,813	-1.0
8	11,105	2,595	2,400	195	...	8,510	10,254	+20.5
13	9,354	3,895	...	3,788	107	5,459	5,920	+8.4
10	8,636	3,872	555	3,306	11	4,764	5,104	+7.1
11	8,423	2,564	2,563	...	1	5,859	5,589	-4.6
18	8,406	1,485	1,000	485	...	6,921	6,882	-0.5
16	7,954	1,010	521	489	...	6,944	7,534	+8.4
17	7,762	1,428	1,248	180	...	6,334	6,850	+8.1
14	7,337	1,800	1,800	...	...	5,537	5,877	+6.1
12	6,977	...	...	...	...	6,977	7,337	+5.1
9	6,051	2,160	1,810	350	...	3,891	4,796	+23.3
15	3,035	508	...	500	8	2,527	2,757	+9.1

TABLE VII.
Receipts, Expenses, Costs and Machinery.
 (Arranged in Order of Net Farm Income.)

Farm No.	Total Money Receipts.	Total Cash Expenses.	Total Farm Costs.*	Percent- age Cash Costs.	Percent- age Allow- ances.	Machinery.		
						Value 1 July, 1945.	Capital Invested per 1945 Crop Acre.	Cost of Repairs for every £100 invested in Machinery.
	£	£	£	%	%	£	£	£
1	3,362	1,703	1,861	71.6	28.4	939	1.5	29.2
2	5,105	2,318	3,178	57.2	42.8	1,371	...	20.4
3	6,361	802	1,361	59.4	40.6	1,490	1.5	14.2
4	4,120	1,311	1,889	65.5	34.5	1,530	2.2	18.4
5	3,166	766	1,262	61.9	38.1	601	1.9	10.9
6	3,374	1,160	1,430	64.4	35.6	818	1.2	15.6
7	2,766	712	1,405	58.4	41.6	1,134	2.7	18.9
8	2,611	721	1,412	43.0	57.0	973	1.4	10.2
9	2,130	771	1,294	52.2	47.8	787	2.8	13.2
10	2,558	1,374	1,854	68.3	31.7	1,052	1.7	16.8
11	2,176	817	1,359	65.3	34.7	969	2.1	11.4
12	1,742	597	1,034	57.8	42.2	444	2.0	13.2
13	1,453	609	927	50.0	50.0	662	1.4	6.0
14	2,098	964	1,271	65.1	34.9	681	2.2	14.9
15	1,523	793	1,044	62.6	37.4	408	3.2	30.7
16	1,948	1,487	1,161	67.3	32.7	718	2.9	15.0
17	1,551	497	976	44.8	55.2	1,254	1.3	4.9
18	1,111	734	1,247	55.3	44.7	581	2.5	11.7

* Interest not included.



Sheep being brought in for Shearing.

[Photo by courtesy "THE LAND."]

Receipts and Expenses.

Total money receipts (excluding money borrowed or money received for capital goods sold) varied very greatly. Farm No. 3 had the highest money receipts, £6,361; while Farm No. 18 had the lowest, only £1,111. Only five other farms had money receipts of less than £2,000. On only seven farms did receipts for wheat account for less than 50 per cent. of total money receipts. All farms derived some income from the sale of wool, but in no case did this source of income account for more than 30 per cent. of total income, and on four farms it amounted to less than £100. Fourteen farms derived part of their gross income from the sale of sheep and lambs; in 10 cases income from this source exceeded income from the sale of wool. One farmer received £3,415 from this source, over 50 per cent. of his gross income. Only three farms derived any income from pigs; on the other hand, 11 farmers obtained part of their income from the sale of oats. In one case oats accounted for over 25 per cent. of the farmer's total gross receipts.

Table VIII shows the major sources of farm receipts on all the farms.

TABLE VIII.

Total Money Receipts.

(Excluding Money Borrowed and Money Received for Capital Goods Sold.)

Farm No.	Total Receipts.	Wheat 1945-46.	Wheat Other.	Oats.	Fodder.	Wool.	Sheep and Lambs.	Pigs.
	£	£	£	£	£	£	£	£
1	3,362	1,856	266	...	...	649	163	...
2	5,348	2,012*	...	...	...	734	362	...
3	6,481	2,630	106	116	...	59	3,415	...
4	5,193	833	805	1,220	...	511	603	...
5	3,166	1,287	271	30	...	434	1,113	...
6	3,398	1,853	159	437	...	192	436	47
7	2,766	1,892	30	273	...	84	183	278
8	2,865	1,605	107	215	...	259	299	...
9	2,131	1,239	334	286	...	22	146	...
10	2,564	1,615	176	...	180	348	217	...
11	2,176	956	101	97	76	178	468	...
12	1,742	1,219	310	...	...	101	...	...
13	1,953	631	54	...	...	340	347	...
14	2,610	1,155	135	379	...	89	179	...
15	1,523	1,260	106	...	...	157	...	...
16	2,948	1,114	116	...	...	563	...	...
17	1,551	664	16	181	6	533	...	...
18	1,111	419	45	113	...	269	226	...

* Total Receipts for Wheat.

Total Cash Expenses did not vary to nearly such a great extent as did total money received. Total cash expenses ranged from £597 on Farm No. 12 to £2,318 on Farm No. 2; however, it was only on six farms that total cash expenses exceeded £1,000 and only on Farm No. 2 did they exceed £2,000.

Fuel and power (primarily power kerosene, petrol, oil and grease) was the major cash expense on most farms; this was followed by costs of maintaining machinery (including the farmer's car). The other major cash cost items were cartage, bags and wages.

Table IX shows Cash Expenses in detail.

TABLE IX.
Cash Expenses.

Farm No.	Total Cash Expenses.	Fertilisers.	Feed Purchased.	Bags and Twine.	Fuel and Power.	Cartage.	Maintenance.		Seed.	Wages.
							Im- provements.	Machin- ery.		
	£	£	£	£	£	£	£	£	£	£
1	1,703	61	52	9	290	17	56	275	110	113
2	2,318	86	50	171	286	203	12	280	18	364
3	802	39	...	65	259	72	11	213	14	22
4	1,311	53	...	104	257	26	149	282	...	269
5	766	54	37	179	162	60	22	66	...	130
6	1,160	25	35	55	262	115	32	128	25	55
7	712	...	...	...	104	43	5	215	...	215
8	721	64	7	76	157	36	27	100	10	13
9	771	33	55	28	101	118	3	104	28	140
10	1,374	39	...	98	170	153	97	177	7	129
11	817	23	...	109	127	186	16	111	7	41
12	597	39	...	91	142	168	...	59	6	13
13	609	28	...	42	89	38	38	40	4	17
14	964	35	...	154	216	136	23	102	8	62
15	793	39	7	...	66	96	...	150	...	159
16	1,487	37	...	144	74	45	...	108	5	128
17	497	35	24	8	75	24	20	62	...	68
18	734	34	72	61	44	69	32	68	13	167

Total Farm Costs.

Total cash expenses do not represent a true picture of farm costs as they do not take account of stocks on hand at the beginning and the end of the year, nor do they take into account such items as depreciation and unpaid family labour. Total costs, taking these items into account and also including an allowance for the farmer's own labour, have been calculated. The total cost figures as calculated are only comparable, however, as between farms if

the same proportion of feed and seed is purchased on the farms being compared. The fact that some farms use home-produced feed and seed and some purchase their requirements of these items makes comparison of total cost figures difficult. The total cost figure includes the cost of labour used in the creation of new assets, but not the materials so used, unless they are farm produced.

Costs have been classified as "Cash Costs" and "Allowances." Cash costs accounted for from 43.0 per cent. to 71.6 per cent. of total costs. On only one farm did cash costs account for less than 50 per cent. of total costs. Table X shows the Division of Farm Costs on six of the selected farms.

TABLE X.
Division of Farm Costs.

Costs.	Farm Number.					
	1	2	8	13	17	18
	£	£	£	£	£	£
Total Farm Costs	1,861	3,178	1,412	927	976	1,247
	%	%	%	%	%	%
Cash Costs	71.6	57.2	43.0	49.8	44.8	55.3
Allowances	28.4	42.8	57.0	50.2	55.2	44.7
<i>Major Items of Cost :</i>						
Depreciation of Improve- ments	3.1	3.8	5.0	8.5	5.7	5.1
Depreciation of Machinery ...	5.4	5.5	6.0	5.2	12.8	4.3
Own Labour	16.8	10.6	23.9	36.5	34.6	27.1
Family Labour ... ..	...	19.6	22.1	...	...	...
Hired Labour and Keep ...	9.2	14.8	0.9	1.3	9.1	21.6
Upkeep and Repairs— Improvements	3.0	0.4	2.0	5.5	2.1	2.6
Upkeep and Repairs— Machinery	14.7	8.3	7.1	4.3	6.4	5.4
Crop Expenses*	10.5	9.3	12.8	8.9	4.9	10.4
Feed and Other Livestock Expenses	7.5	1.7	2.5	3.9	3.0	9.7
Cartage	0.9	1.1	0.5	...	0.5	2.4
Fuel	15.6	7.0	11.6	10.5	7.7	3.5

* Seed, Fertilizers, Bags and Twine and other sundry crop expenses.

Farm Machinery.

Sixteen tractors were in use on the eighteen farms studied, two farms only relying on horses for power. This is typical of the district, tractors having almost completely superseded horses. Most tractors were originally purchased new; the average age of these at the beginning of the period was approximately eight years. Two tractors were seventeen years old, while two others had been purchased only a few months prior to the commencement of the financial year.

Capital invested in farm machinery (including cars and trucks) at 1st July, 1945, varied from £408 to £1,530. The average capital invested per 1945 crop acre was £1.8.

Acknowledgment.

It is again desired to express appreciation of the services rendered by Departmental Field Officers in making it possible for members of this Division's staff to maintain personal contact with all the farmers keeping Farm Record Books in the selected area. Without this personal contact it is doubtful if many satisfactory records would have been obtained.