

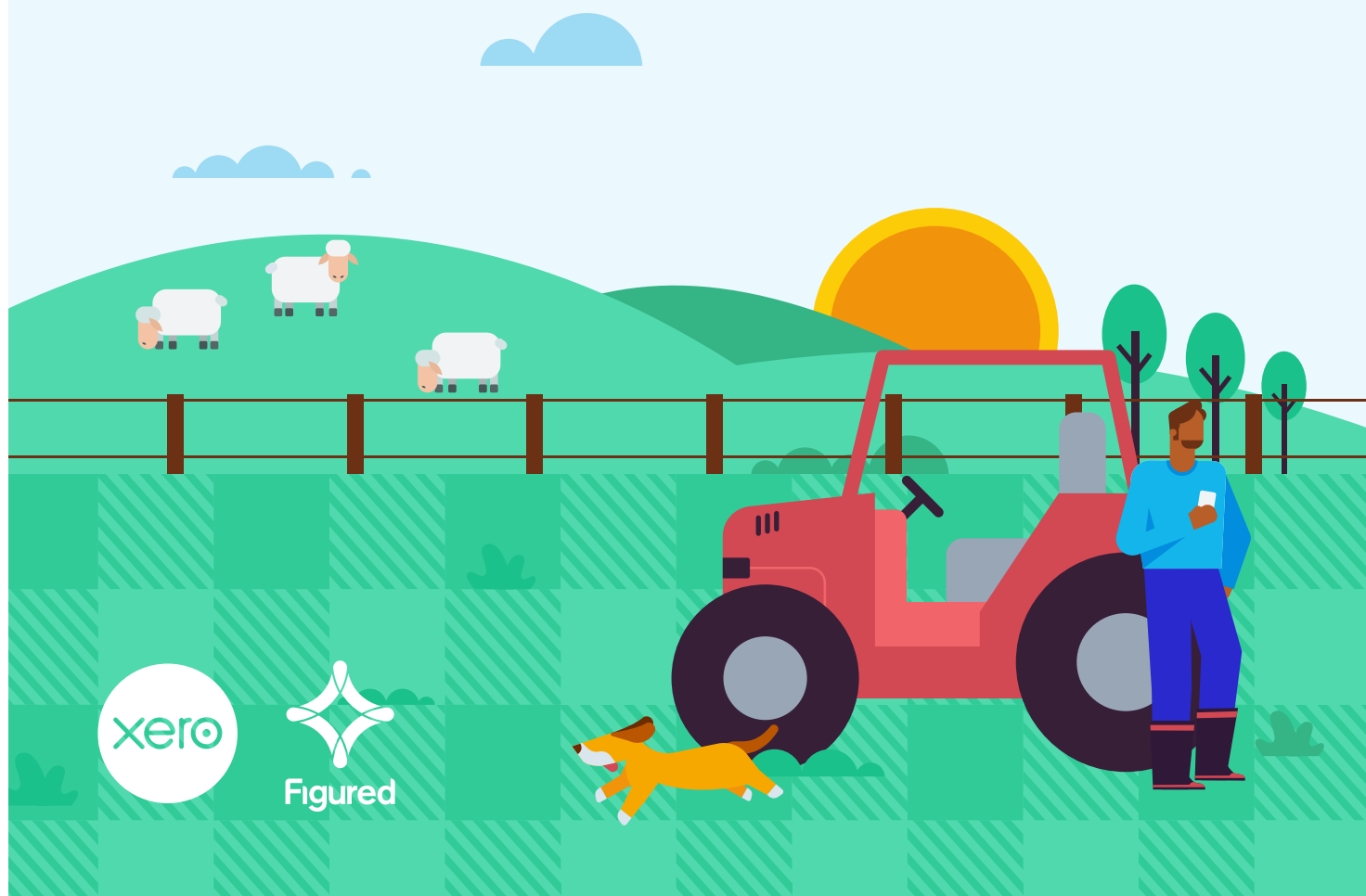
Managing farm finances: what NZ farmers say

INSIGHTS FROM THE SPRING 2020 NEW ZEALAND PASTORAL FARMER NATIONWIDE OMNIBUS SURVEY

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Last year, Xero and Figured jointly commissioned an independent research piece on a sample of 600 pastoral farmers in New Zealand.

The driver behind the research was a sense that there was a significant opportunity for advisors to better support agri clients on financial matters. Given accountants are analytical beings, we were keen to provide evidence, and to quantify the opportunity in the market. Here are some of the highlights of the findings (in bold), along with commentary about how we might collectively address some of these insights.



AROUND HALF (52%) OF PASTORAL FARMERS SAY THEIR ACCOUNTANT IS INVOLVED IN THEIR FARM BUDGETING AND FINANCIAL DECISION-MAKING.



This can be looked at in two ways: while it's great that just over half of our farmers are involving their accountant, that leaves 48% who are not, which is a huge opportunity for advisors to further support farmers and provide everything from basic cash flow budgeting through to complex financing advice. A McKinsey study¹ showed that during the height of the COVID-19 pandemic, consumer and business digital adoption vaulted five years forward over a period of just eight weeks. Accountants can make the most of this trend by encouraging farmers to adopt cloud-based technologies to streamline their business processes and remain connected. The move to greater use of cloud solutions provides accountants a further opportunity to deliver services at scale.

The consideration then becomes, how does an accountant position themselves as a trusted professional able to deliver these services when they have previously been engaged to assist only with annual reporting and tax compliance. Utilising a tool such as Figured Lite + Scenarios is a simple and scalable way to give accountants a springboard to have planning conversations with their farming customers and repositioning themselves to create thought-provoking and forward-looking conversations.

¹ [McKinsey Digital. \(2020, May 14\) The COVID-19 recovery will be digital: A plan for the first 90 days.](#)

THE MAJORITY (93%) OF PASTORAL FARMERS BELIEVE ENVIRONMENTAL COMPLIANCE IS GOING TO BE A DRIVER OR CAUSE OF FARM FINANCIAL PRESSURE OVER THE NEXT FIVE YEARS.



This is not surprising and was hugely topical at Fieldays this year. With consumer demand for traceability of food production² growing, and reporting and compliance requirements mounting, it's important to consider all aspects of farm operations when planning, including the environmental impact.

Technology will play a vital part in helping to set, record and monitor on-farm compliance and is supported by industry leaders such as Fonterra through their Tiaki program³ which offers tools and tailored support to dairy farmers. It's important to draw on support from a variety of sources including local councils, industry bodies, and volunteer organisations dedicated to supporting farmers.

There's also some financial support out there, for example the ASB Rural Sustainability Loan⁴ which offers kaitiaki – guardians of the land – a loan specifically to support on-farm sustainable initiatives. There are opportunities to access capital funding through ASB for applicants who can demonstrate an intent to accelerate their farming efforts towards environmental excellence.

² [BNZ Business Moments. Setting up your agribusiness for long-term sustainability and success.](#)

³ [Fonterra. Tiaki.](#)

⁴ [ASB. Rural Sustainability Loan.](#)

EASE OF USE IS THE MOST LIKELY TO INFLUENCE PASTORAL FARMERS' CHOICE OF FINANCIAL PLANNING SOFTWARE (75%).



Insights like this are a reminder that, as farmers take on more and more technology solutions, it's key that software partners continue to focus on ease of use and ongoing product development. Current examples include Figured's recent release of functionality to provide users with a Statement of Financial Position, and upcoming improvements to their milk and livestock trackers. The Statement of Financial Position helps users better track the performance of business and their equity position at any given time.

Xero, Figured and PaySauce all have strong desktop functionality, while both Xero and PaySauce are accessible via mobile apps, and together they work seamlessly to manage the majority of the financial aspects of farming operations. Other integrations also allow separate apps to speak to each other seamlessly. As an example, livestock movements flow directly from Trev, a New Zealand dairy-farm livestock tracker, into Figured. As Julia Jones from NZX said at Fieldays 2021 "technology is the golden thread that pulls all the data together".

AMONG THOSE RATING EACH FARM FINANCIAL SOFTWARE TOOL THEY CURRENTLY USE, THE MAJORITY ARE SATISFIED WITH FIGURED (82%) AND XERO (80%).



It's always heart-warming to hear that the majority of our customers are satisfied with Xero and Figured. We're continually adding more value for our users, both accounting partners and farmers alike.

One of the other ways we look to add value is through our relationships with our software partners. Hence the tripartisan relationship between Xero, Figured and PaySauce who together offer an agri-specific HR and payroll solution. The Xero for farming solution, which encompasses all three apps, collectively provides one of the best-in-class technology solutions for agri financial management.

We're also seeing examples of more apps making connections and talking to each other like the recent integration between farm reporting solution Trev and Figure. We expect that we'll continue to see more such examples, which in turn only adds further value for users.

AROUND ONE THIRD OF PASTORAL FARMERS SAY THEIR BANK MANAGER (36%) OR FARM CONSULTANT (33%) IS INVOLVED IN FARM BUDGETING AND FINANCIAL DECISION-MAKING.

What this research has affirmed is that we have a number of farmers who've put an effective farming team structure in place that includes their bank manager and farm consultant as well as their accountant. And while many farmers are enabled by using the right technology and tools for the job, there are still a large proportion of farmers who are looking for more help but unsure where to start.

Our challenge to advisors is to take a look at all of your farming clients and really ask yourself the question, 'Does the client feel in control of the financial future of their farming business?' If the answer is 'Yes', then great! If not, there's no better time than now to start talking to them about getting the right support – both people and tools – in place. The team at Xero, Figured and PaySauce would love to help, so reach out to your account manager.

