

# Farm statistical survey 2018

Dairy Owner/Operator – Non Irrigated

# 2018 Farm statistical survey

Produced by Alexanders in association  
with Brown Glassford

## Background

- The survey data has been taken from the two Practices' clients' actual Financial Statements for the 2018 year. As in previous years, we have combined the survey so that all farm sector groups have a reasonably sound sample size.
- All financial data is GST exclusive.
- Most of the balance dates are 31/3/2018, 31/5/2018 or 30/6/2018.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2018 year - the averages are not weighted averages which would produce slightly different data again – as a result of this there is some rounding of data.
- Benchmark. On the right hand side of each survey summary for each sector, we have shown the average figures for the top 10% based on the interest return on total farm capital employed. Figures in the right column are the average of those top farms for each statistic. We could have chosen other benchmarks or several benchmarks but the interest return on total farm capital employed means we can compare farmers with differing levels of debt, scale and production and also make a comparison between sectors. This approach also means we are looking at both the income and expense side of the equation, and the net farm profit, whereas some benchmarks and ratios look at specific areas and issues very well but many are only looking at one side of the equation. We readily acknowledge though that there could be other benchmark approaches equally meaningful.

# Key statistics

	Overall Average 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Benchmark Group 2018	Your Figures
Average Cows Milked (ACM)	530	531	510	506	480	526	
Average Value of MS per Kg	\$7.41	\$5.42	\$3.83	\$5.12	\$6.23	\$6.30	
Milk Solids/ ACM (kg)	401	404	391	389	395	473	
Milk Solids/ EGA (kg)	982	965	923	921	950	1205	
FWE per kg of MS	\$4.22	\$3.86	\$3.33	\$3.76	\$4.01	\$3.98	
Interest & Rent Paid per Kg of MS	\$1.13	\$1.18	\$1.22	\$1.24	\$1.11	\$1.19	
Net Farm Profit (Loss)	\$451,186	\$61,916	(\$126,472)	\$50,576	\$212,249	\$330,601	
Total Term Debt	\$3,573,431	\$3,924,616	\$4,055,210	\$3,959,073	\$3,829,608	\$5,296,876	
Total Cost of Production per Kg of MS	\$5.66	\$5.34	\$4.80	\$5.34	\$5.38	\$5.36	

# Key features

1. Average Cows Milked - five year average at 511.
2. Milk solids production - five year average at 203,207 kg.
3. Milk solids per ACM - five year average at 396 kg.
4. Milk solids per EGA - five year average at 948 kg.
5. FWE as a percentage of GFI - five year average at 65.1%.
6. Wages per ACM - five year average at \$240.
7. Net Capital Plant Purchases - five year average at \$49,567.
8. Personal Drawings - five year average at \$55,030.
9. Term Debt - five year average at \$3,868,387.
10. Total cost of production per kg - five year average at \$5.30 per kg.
11. Sale value per kg/ms - big differences year to year but five year average at \$5.60 per kg.
12. Interest and rent paid per kg/ms at \$1.11 - five year average at \$1.18 kg.
13. A sound net profit of \$212,249 - five year average at \$129,891.
14. Net equity of approximately \$4,000,000.

# Areas the 10% group differ to the overall average group

1. High ACM of 46 head - 12%.
2. Slightly higher ACM to EGA ratio.
3. Higher MS production per ACM and per EGA by 18% and 27% respectively.
4. Higher total MS production by 58,512 kg - 31%.
5. Same FWE per kg/ms - \$3.98 kg.
6. Lower stockfood cost.
7. Higher term debt.
8. Net equity of approximately \$3,500,000.

Average value of milk solids receipt was almost the same at

**\$6.23**

Cost of production per kg/ms

**\$5.38**      **\$5.36**

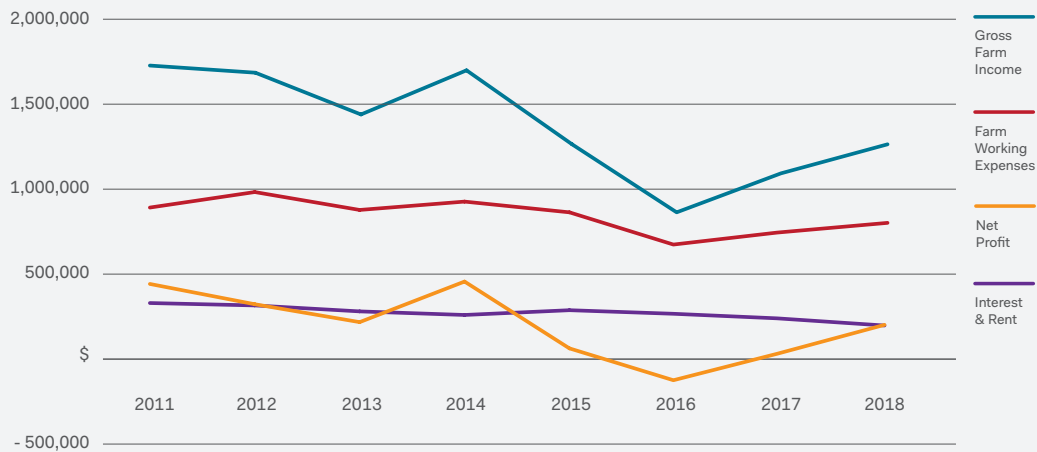
overall

top 10%

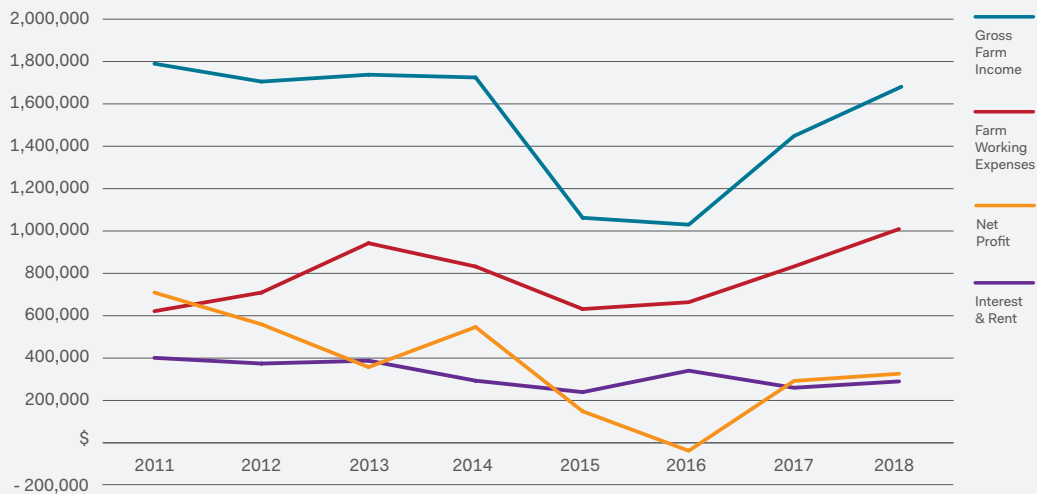
# Survey

	Overall Average 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Benchmark Group 2018	Your Figures
Effective Grazing Area (Ha) (EGA)	218	223	216	215	200	215	
Average Cows Milked (ACM)	530	531	510	506	480	526	
ACM/EGA	2.4	2.4	2.4	2.4	2.4	2.6	
Milk Solids Revenue	\$1,576,591	\$1,160,125	\$758,037	\$994,993	\$1,163,919	\$1,556,330	
Milk Solids Production (Kg)	213,500	216,771	199,632	196,119	190,017	248,529	
Average Value of Milk Solid Sales (Kg)	\$7.41	\$5.42	\$3.83	\$5.12	\$6.23	\$6.30	
Milk Solid Revenue/ACM	\$2,980	\$2,188	\$1,505	\$1,960	\$2,384	\$2,976	
Milk Solid Revenue/EGA	\$7,318	\$5,259	\$3,545	\$4,728	\$6,237	\$7,660	
Milk Solids/ACM (Kg)	401	404	391	389	395	473	
Milk Solids/EGA (Kg)	982	965	923	921	950	1,205	
Milk Solids as a % of GFI	93.6%	93.4%	89.6%	90.1%	91.6%	92.6%	
Gross Farm Income (GFI)	\$1,689,140	\$1,257,208	\$855,770	\$1,099,848	\$1,271,612	\$1,680,083	
Farm Working Expenses (FWE)	\$922,169	\$855,987	\$667,290	\$736,464	\$796,604	\$1,006,737	
FWE as a % of GFI	52.8%	66.4%	78.0%	67.5%	60.6%	58.6%	
FWE/ACM	\$1,705	\$1,562	\$1,298	\$1,457	\$1,585	\$1,875	
FWE/Kg of Milk Solids	\$4.22	\$3.86	\$3.33	\$3.76	\$4.01	\$3.98	
Wages/ACM	\$233	\$242	\$241	\$239	\$247	\$295	
Animal Health/ACM	\$82	\$80	\$68	\$78	\$79	\$73	
Livestock Improvement/ACM	\$45	\$47	\$42	\$45	\$48	\$59	
Stockfood/ACM	\$526	\$455	\$359	\$394	\$428	\$717	
Fertiliser/ACM	\$330	\$295	\$241	\$282	\$274	\$236	
R & M/ACM	\$113	\$131	\$88	\$105	\$117	\$110	
Vehicle Expenses & Fuel/ACM	\$95	\$81	\$74	\$98	\$88	\$82	
Dairy Shed Expenses/ACM	\$24	\$19	\$16	\$16	\$21	\$20	
Interest & Rent Paid	\$254,115	\$280,493	\$262,934	\$253,537	\$215,297	\$295,255	
Interest & Rent Paid as a % of GFI	14.4%	20.4%	28.7%	22.7%	16.9%	17.7%	
Interest & Rent Paid/Kg MS	\$1.13	\$1.18	\$1.22	\$1.24	\$1.11	\$1.19	
Cost of Prodn/Kg MS (excl Interest & Rent)	\$4.54	\$4.16	\$3.58	\$3.95	\$4.27	\$4.17	
Net Farm Profit	\$451,186	\$61,916	(\$126,472)	\$50,576	\$212,249	\$330,601	
Net Farm Profit as a % of GFI	28.9%	8.6%	(12.7%)	3.9%	18.6%	20.8%	
Net Plant Purchases	\$60,668	\$62,250	\$33,854	\$41,579	\$49,486	\$60,835	
Personal Drawings (excl Allowances)	\$58,022	\$50,337	\$49,100	\$59,078	\$58,615	\$52,348	
Est Total Farm Capital (TFC)	\$8,508,160	\$8,546,091	\$7,792,038	\$8,554,551	\$7,934,348	\$8,810,000	
Est TFC/Kg Milk Solids	\$41.11	\$41.04	\$40.33	\$45.15	\$43.61	\$35.75	
Est TFC/Ha	\$39,796	\$38,800	\$36,637	\$39,934	\$40,452	\$43,188	
Est Interest on TFC	7.2%	2.8%	1.1%	2.2%	4.3%	6.1%	
Total Term Debt	\$3,573,431	\$3,924,616	\$4,055,210	\$3,959,073	\$3,829,608	\$5,296,876	
Total Term Debt as % TFC	40.1%	41.9%	45.4%	44.4%	47.7%	57.4%	
GFI to Plant Ownership Ratio	5.7	4.6	3.2	3.1	5.7	6.9	
Earnings Before Interest, Rent & Tax (EBIT)	\$705,301	\$342,408	\$136,461	\$304,113	\$427,545	\$625,856	
EBIT/ACM	\$1,376	\$672	\$290	\$594	\$919	\$1,249	
EBIT/EGA	\$3,305	\$1,587	\$654	\$1,502	\$2,220	\$3,205	
EBIT/Kg Milk Solids	\$3.42	\$1.67	\$0.71	\$1.53	\$2.33	\$2.63	
Total Cost of Production/Kg	\$5.66	\$5.34	\$4.80	\$5.34	\$5.38	\$5.36	
Margin/Kg MS	\$1.75	\$0.08	(\$0.97)	(\$0.81)	\$0.04	\$0.94	
"Misery Index"	67%	87%	107%	90%	77%	76%	

## Average GFI, FWE, Interest + Rent & Net Profit 2011-2018



## Benchmark GFI, FWE, Interest + Rent & Net Profit 2011-2018



Interest/Rent paid per kg/ms

**\$1.11**   **\$1.19**

overall

top 10%

Farm working expenses per kg/ms

**\$4.01**   **\$3.98**

overall

top 10%

# Glossary

<b>SU</b>	Stock Units (or Ewe Equivalents).
<b>GFI</b>	Gross Farm Income.
<b>FWE</b>	Farm Working Expenses.
<b>Personal Drawings (excluding allowances)</b>	Personal Drawings but excluding: <ul style="list-style-type: none"><li>Life Assurance</li><li>Personal Insurances</li><li>Superannuation</li><li>Taxation</li><li>Personal Insurance, Electricity &amp; Car Allowances</li><li>School Fees</li><li>Health &amp; Sickness Insurance</li><li>Personal ACC Levies.</li></ul>
<b>Net Plant Purchases</b>	Gross Capital Plant Purchases less Capital Plant Sales/Trade-ins.
<b>TFC</b>	Estimated Total Farm Capital Employed in the farming operation in the form of Land, Stock & All Plant (+ Dairy Shares where relevant).
<b>EGA</b>	Effective Grazing or Milking Area (in hectares).
<b>ACM</b>	Average Cows Milked (usually taken at or around early to mid January each year).
<b>MS (kg)</b>	Milk Solids (kg) .
<b>EBIT</b>	Gross Earnings before interest and tax = Gross Farm Income less all expenses except Interest and/or Rent and Income Tax.
<b>Net Farm Profit</b>	True Net Farm Profit (calculated after allowing for and adjusting for any livestock number and class number changes and being reflected at the current year's Herd Scheme Values and after deducting FWE, interest, rent and depreciation).
<b>GFI to Plant Ownership</b>	The relationship of the Gross Farm Income to the book value of plant at year's end. The lower the number the more the exercise has excess plant or insufficient GFI or a combination of the two.
<b>Total Term Debt</b>	Includes all external debt and family debt. Some family debt may involve a low to nil interest cost.
<b>Interest Earned on Total Farm Capital Employed (TFC)</b>	The net farm profit plus added back interest and/or rent paid less a wages of management figure for one or both spouses as is appropriate, divided by the estimated value of the total assets employed re land, buildings, stock and plant. Where land is rented from external parties its value in general is not included in the TFC.
<b>Farm Sector Groups</b>	It is fair comment that some farms could fit either in whole or in part into several different farm sector groups but this would generally only apply to about 5% of the total. The comment applies to several downlands and several hill country farms.
<b>'Misery Index'</b>	The sum of the FWE to GFI ratio and the interest and/or rent paid to GFI ratio. Where the sum is above 80% unless the scale is significant it almost invariably means trouble because it could well mean that more than one key benchmark is being broken at any one point in time.
<b>BG</b>	Benchmark Group.



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