

Farm statistical survey 2018

Mixed Cropping

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
Area Cropped Grain & Seeds (Ha)	252	250	267	356	264	298	
FWE as a % of GFI	63.2%	60.2%	61.0%	59.6%	64.1%	51.1%	
Interest & Rent Paid as a % of GFI	15.2%	16.1%	16.3%	15.9%	17.9%	14.6%	
Net Farm Profit	\$214,754	\$157,618	\$187,897	\$131,540	\$118,156	\$384,925	
Gross Profit Cropping per Ha	\$3,750	\$3,634	\$3,407	\$3,560	\$3,453	\$4,313	
Ave Sale Value Lambs	\$104.96	\$114.28	\$107.01	\$108.62	\$136.94	\$139.25	
Net Plant Purchases	\$132,586	\$157,469	\$130,605	\$134,027	\$191,561	\$172,048	
Est Total Farm Capital (TFC)	\$8,349,990	\$8,672,113	\$10,339,128	\$11,094,169	\$10,815,670	\$10,519,917	
Total Term Debt	\$2,132,453	\$2,063,159	\$2,645,853	\$2,738,234	\$2,936,863	\$3,769,153	

Key features

1. Cropped area - five year average at 258 ha.
2. FEW to GFI ratio - five year average at 61.4%.
3. Interest and rent paid - five year average at \$230,072.
4. Gross profit per cropped ha - five year average at \$3,563 per ha.
5. Personal drawings - five year average at \$72,959.
6. 'Misery' index - five year average at 77.4%.
7. Net farm profit at \$118,156 is the lowest of the five years by a significant margin - previous four years averaged \$176,878.
8. Average lamb sale value of \$136.94 - the sheep enterprise is still a very important part of cropping enterprises.
9. GFI to plant ownership is struggling to hold at 2 to 1 - that in the plant ownership it is slightly over 50% of the gross income.
10. Approximate net equity of \$8,000,000.

Areas the 10% group differ to the overall average group

1. Increased crop area of 34 ha - 13% higher.
2. A much higher return per cropped ha at \$4,313 per ha - an increase of \$860 per ha or 25%.
3. Lower net capital plant purchases.
4. Higher personal drawings.
5. The combination of the higher scale and higher return per cropped ha has meant there is a net farm profit of \$384,925.
6. This benchmark group is also struggling to hold its GFI to plant ownership ratio at much above 2.
7. Net equity approximately of \$7,000,000.

Top group has only slightly more scale than the overall average at

368 ha

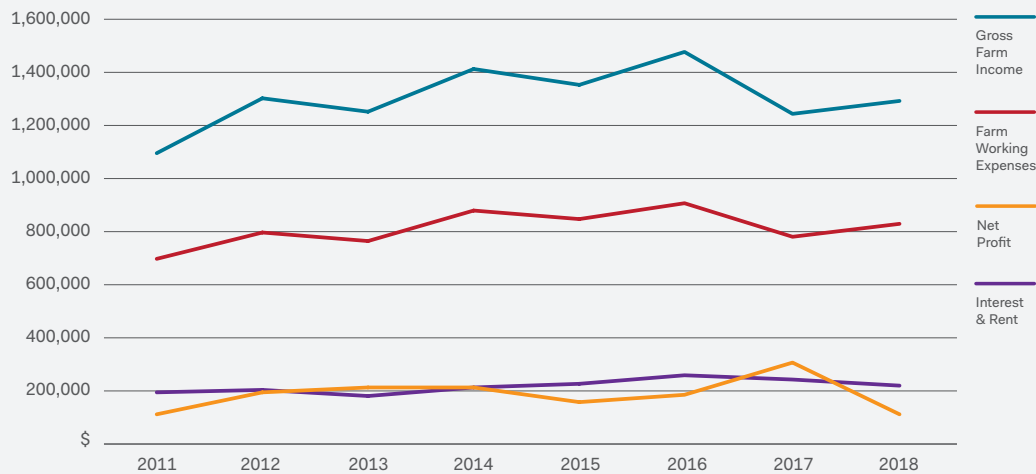
Top group has higher gross return per hectare cropped

\$3,453 overall **\$4,313** top 10%

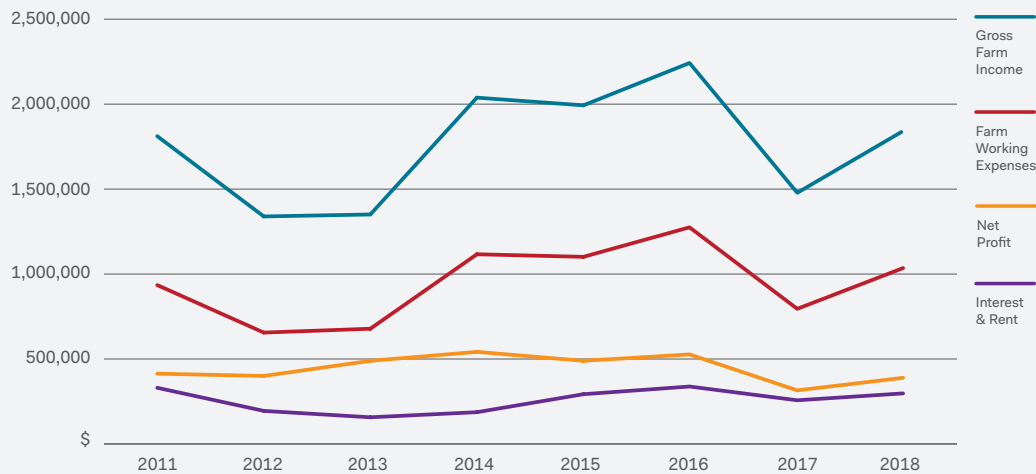
Survey

	Overall Average 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Benchmark Group 2018	Your Figures
Total Effective Area Farmed (Ha) (EGA)	331	345	356	354	355	368	
Area Cropped Grain & Seeds (Ha)	252	250	267	259	264	298	
Gross Farm Income (GFI)	\$1,414,353	\$1,356,033	\$1,479,159	\$1,243,565	\$1,295,461	\$1,822,932	
Farm Working Expenses (FWE)	\$881,513	\$850,350	\$907,359	\$752,459	\$826,054	\$1,012,750	
FWE as a % of GFI	63.2%	60.2%	61.0%	58.6%	64.1%	51.1%	
Interest & Rent Paid	\$213,701	\$226,815	\$261,824	\$215,674	\$232,345	\$299,403	
Interest & Rent Paid as a % of GFI	15.2%	16.1%	16.3%	15.8%	17.9%	14.6%	
Net Farm Profit	\$214,754	\$157,618	\$187,897	\$147,246	\$118,156	\$384,925	
Net Farm Profit as a % of GFI	13.4%	15.6%	12.9%	14.6%	7.3%	26.3%	
Gross Profit Cropping Account	\$1,089,441	\$1,047,428	\$1,132,214	\$979,334	\$977,076	\$1,544,851	
Gross Profit Cropping/Ha	\$3,750	\$3,634	\$3,407	\$3,560	\$3,453	\$4,313	
Gross Profit Cropping as a % of GFI	67.6%	68.7%	67.4%	73.6%	65.5%	78.8%	
Gross Profit Sheep	\$139,117	\$155,969	\$164,312	\$152,096	\$164,461	\$108,508	
Ave Sale Value Lambs	\$104.96	\$114.28	\$107.01	\$108.62	\$136.94	\$139.25	
Net Plant Purchases	\$132,586	\$157,469	\$130,605	\$140,713	\$191,561	\$172,048	
GFI To Plant Ownership	2.8	2.5	2.1	1.7	1.9	2.2	
Weed & Pest/Cropped Area	\$337	\$356	\$429	\$426	\$375	\$394	
Fertiliser/Total EGA	\$377	\$419	\$388	\$358	\$360	\$340	
Personal Drawings (excl Allowances)	\$75,452	\$69,013	\$70,748	\$73,845	\$75,737	\$91,768	
Est Total Farm Capital (TFC)	\$8,349,990	\$8,672,113	\$10,339,128	\$11,055,091	\$10,815,670	\$10,519,917	
Est TFC/EGA	\$25,815	\$25,731	\$29,509	\$32,110	\$30,734	\$29,223	
Est Interest on TFC	4.5%	3.4%	3.4%	2.5%	2.2%	4.9%	
Total Term Debt	\$2,132,453	\$2,063,159	\$2,645,853	\$2,717,223	\$2,936,863	\$3,769,153	
Term Debt as % of TFC	28.7%	24.7%	22.5%	23.0%	23.9%	27.3%	
Earnings Before Interest, Rent & Tax (EBIT)	\$416,322	\$384,433	\$435,618	\$350,060	\$337,836	\$634,648	
EBIT as a % of GFI	28.3%	30.2%	28.8%	30.0%	25.2%	39.7%	
EBIT/Cropped Ha	\$1,184	\$1,131	\$1,022	\$1,021	\$875	\$1,635	
"Misery Index"	78%	76%	77%	74%	82%	66%	

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



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



Farm working expenses as a % of gross farm income

64.1%

overall

51.1%

top 10%

Interest/Rent paid as a % of gross income

17.9%

overall

14.6%

top 10%

Glossary

SU	Stock Units (or Ewe Equivalents).
GFI	Gross Farm Income.
FWE	Farm Working Expenses.
Personal Drawings (excluding allowances)	Personal Drawings but excluding: <ul style="list-style-type: none">Life AssurancePersonal InsurancesSuperannuationTaxationPersonal Insurance, Electricity & Car AllowancesSchool FeesHealth & Sickness InsurancePersonal ACC Levies.
Net Plant Purchases	Gross Capital Plant Purchases less Capital Plant Sales/Trade-ins.
TFC	Estimated Total Farm Capital Employed in the farming operation in the form of Land, Stock & All Plant (+ Dairy Shares where relevant).
EGA	Effective Grazing or Milking Area (in hectares).
ACM	Average Cows Milked (usually taken at or around early to mid January each year).
MS (kg)	Milk Solids (kg) .
EBIT	Gross Earnings before interest and tax = Gross Farm Income less all expenses except Interest and/or Rent and Income Tax.
Net Farm Profit	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).
GFI to Plant Ownership	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.
Total Term Debt	Includes all external debt and family debt. Some family debt may involve a low to nil interest cost.
Interest Earned on Total Farm Capital Employed (TFC)	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.
Farm Sector Groups	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.
'Misery Index'	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.
BG	Benchmark Group.

Alexanders

Accountancy & Advice for Agribusiness

Pita Alexander

pita@alexanders.net.nz
021 465 426
03 364 9330

Paul Alexander

paul@alexanders.net.nz
021 364 933

Alister Stevenson

alister@alexanders.net.nz
021 843 820
03 364 9332

Karen Prue

karen@alexanders.net.nz
027 535 3191
03 364 9344

03 365 8400
admin@alexanders.net.nz

PO Box 5394
Papanui,
Christchurch, 8542

alexanders.net.nz