

Farm statistical survey 2018

Sheep & Beef Downlands & Flatlands

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
Stock Units (SU) Carried	4,487	4,593	4,656	4,671	5,248	6,877	
GFI per SU	\$124.41	\$130.89	\$110.79	\$126.79	\$134.95	\$142.93	
FWE per SU	\$70.19	\$78.92	\$76.36	\$78.34	\$75.61	\$68.43	
Interest & Rent Paid per SU	\$22.82	\$19.76	\$19.24	\$21.32	\$18.09	\$19.98	
Net Farm Profit	\$113,325	\$104,730	\$30,882	\$75,511	\$183,501	\$348,530	
Ave Sale Value Lambs	\$91.96	\$90.31	\$82.77	\$91.93	\$119.47	\$122.74	
GP Sheep & Wool per Sheep SU	\$114.45	\$118.81	\$102.21	\$115.04	\$131.13	\$142.86	
GP Cattle per Cattle SU	\$84.62	\$110.27	\$72.31	\$113.77	\$104.71	\$142.86	
GP Deer per Deer SU	\$94.20	\$81.66	\$103.43	\$137.40	\$138.90	\$207.90	
Fertiliser Expense per SU	\$12.69	\$13.62	\$12.05	\$12.46	\$11.61	\$10.83	

Key features

1. Stock units per effective ha - five year average at 7.14.
2. Farm Working Expenses - five year average at \$349,746.
3. Farm Working Expenses per stock unit - five year average at \$75.88.
4. Interest and rent paid - five year average at \$94,217.
5. Lambing percentage - five year average at 139.8%.
6. Wool production - five year average at 15,607 kg.
7. Dairy grazing - five year average at \$146,229.
8. Fertiliser expenditure - five year average at \$58,693.
9. Fertiliser per stock unit - five year average at \$12.49.
10. Net capital plant purchases - five year average at \$51,300.
11. Interest earned on TFC employed - five year average at 2.66%.
12. Term debt as a percentage of TFC employed - five year average at 15.2%.
13. GFI to plant ownership - five year average at 4.14%.
14. Personal drawings - five year average at \$51,972.
15. Gradual increase in stock units carried - 5,248 in 2018.
16. Highest GFI for many years - \$692,470 in 2018.
17. Higher values on all sale stock - particularly sheep and deer.
18. Dairy grazing is 20% GFI.
19. Wool sale value lowest for many years - 2018 year at \$2.74 per kg.
20. FWE as a percentage of GFI at 56.9% - lowest of the last five years.
21. Net farm profit at \$183,501 is more than twice as high as any of the last four years.
22. Term debt at \$1,014,359 - similar to the last three years.
23. Net equity of approximately \$6,000,000.
24. All in all a very solid year regarding stock sales, expenses being held, lambing percentage sound, debt serving sound, no iron disease and sound GFI per stock unit - wool is the weakest area.

Areas the 10% group differ to the overall average group

1. Higher scale by 1,629 stock units or 31%.
2. Lower FWE to GFI at 48.2%.
3. Sheep, cattle and deer particularly strong.
4. Lower dairy grazing.
5. Lower net capital plant purchases - better plant utilisation.
6. Average net equity around \$7,000,000.
7. Low 'Misery' Index at 62%.

Gross farm income per stock unit

\$134.95

overall

\$142.93

top 10%

Farm working expenses per stock unit

\$75.61

overall

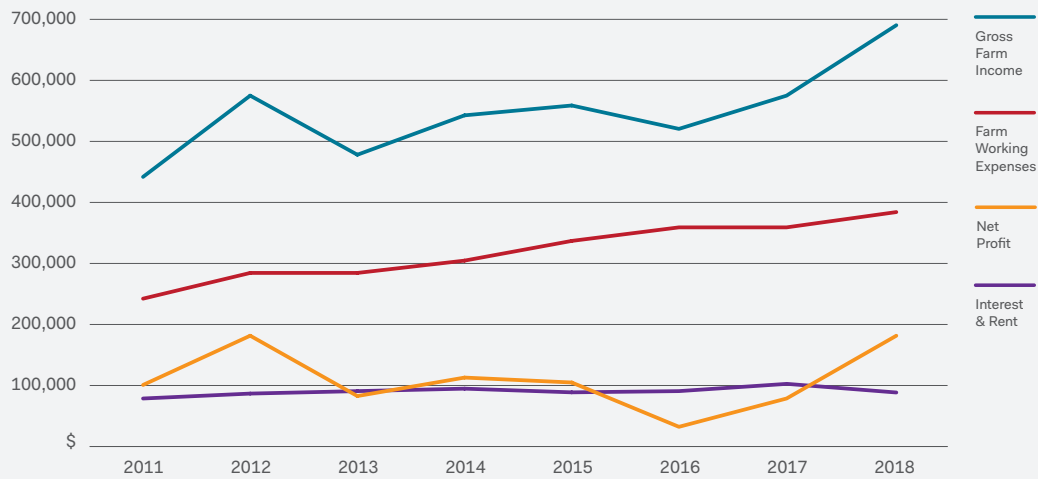
\$68.43

top 10%

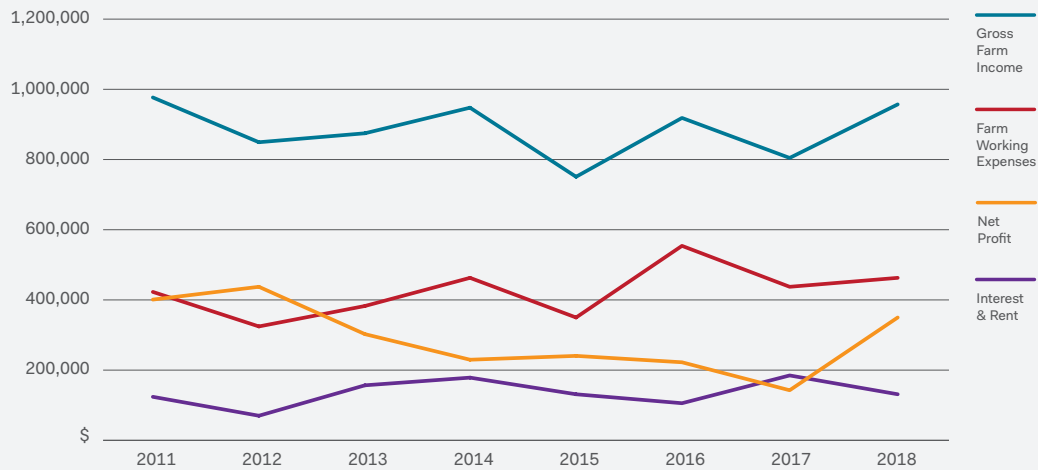
Survey

	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)	735	761	815	751	856	1,084	
Stock Units (SU) Carried	4,487	4,593	4,656	4,671	5,248	6,877	
SU per Effective Ha	7.4	6.9	7.0	7.3	7.1	7.4	
Gross Farm Income (GFI)	\$544,786	\$561,402	\$521,883	\$577,582	\$692,420	\$957,202	
GFI/SU	\$124.41	\$130.89	\$110.79	\$126.79	\$134.95	\$142.93	
GFI/Effective Ha	\$890	\$913	\$798	\$913	\$994	\$1,070	
Farm Working Expenses (FWE)	\$304,894	\$338,681	\$360,437	\$362,033	\$382,685	\$461,950	
FWE as a % of GFI	58.5%	61.7%	71.8%	65.0%	56.9%	48.2%	
FWE per SU	\$70.19	\$78.92	\$76.36	\$78.34	\$75.61	\$68.43	
Interest & Rent Paid	\$95,413	\$88,144	\$90,607	\$104,600	\$92,321	\$134,730	
Interest & Rent Paid as a % of GFI	19.9%	15.5%	18.4%	16.6%	13.2%	14.2%	
Interest & Rent Paid/SU	\$22.82	\$19.76	\$19.24	\$21.32	\$18.09	\$19.98	
Net Farm Profit	\$113,325	\$104,730	\$30,882	\$75,511	\$183,501	\$348,530	
Net Farm Profit as a % of GFI	17.9%	16.8%	2.1%	14.8%	23.9%	36.9%	
Gross Profit Sheep Account	\$284,885	\$297,086	\$253,202	\$295,395	\$384,225	\$543,840	
Lambing %	137%	141%	141%	142%	138%	142%	
Ave Sale Value Lambs	\$91.96	\$90.31	\$82.77	\$91.93	\$119.47	\$122.74	
Ave Sale Value Ewes	\$84.66	\$80.35	\$69.26	\$87.75	\$125.78	\$124.41	
Gross Wool Revenue	\$56,907	\$63,924	\$65,996	\$43,954	\$45,700	\$63,542	
Wool Production (Kg)	15,360	15,628	15,326	14,153	17,566	20,919	
Ave Value of Wool Sold/Kg	\$3.88	\$4.16	\$4.35	\$3.26	\$2.74	\$2.90	
GP Sheep & Wool/Sheep SU	\$114.45	\$118.81	\$102.21	\$115.04	\$131.13	\$142.86	
Gross Profit Cattle Account	\$118,633	\$149,842	\$140,853	\$148,584	\$192,786	\$315,448	
Ave Sale Value Calves	\$487	\$567	\$600	\$774	\$834	\$865	
Ave Sale Value Steers	\$1,117	\$1,297	\$1,347	\$1,453	\$1,500	\$1,447	
Ave Sale Value Heifers	\$910	\$1,059	\$1,114	\$1,255	\$1,379	\$1,440	
GP Cattle/Cattle SU	\$84.62	\$110.27	\$72.31	\$113.77	\$104.71	\$142.86	
Gross Profit Deer Account	\$62,624	\$49,781	\$168,880	\$150,471	\$141,009	\$376,920	
GP Deer/Deer SU	\$94.20	\$81.66	\$103.43	\$137.40	\$138.90	\$207.90	
Grazing/Lease Income	\$139,196	\$147,290	\$144,347	\$159,264	\$141,047	\$87,260	
Fertiliser Expenditure	\$56,711	\$56,722	\$56,999	\$63,256	\$59,777	\$72,117	
Fertiliser Expense/SU	\$12.69	\$13.62	\$12.05	\$12.46	\$11.61	\$10.83	
Personal Drawings (excl Allowances)	\$49,365	\$55,295	\$49,471	\$52,268	\$53,462	\$48,582	
Net Plant Purchases	\$48,182	\$37,117	\$56,541	\$63,531	\$51,129	\$40,263	
Est Total Farm Capital (TFC)	\$5,539,979	\$5,478,688	\$6,049,326	\$6,626,286	\$7,375,873	\$8,259,745	
Est Total Farm Capital/SU	\$1,390	\$1,412	\$1,465	\$1,544	\$1,645	\$1,254	
Est Interest on TFC	3.2%	2.6%	2.6%	2.1%	2.8%	5.3%	
Total Term Debt	\$752,110	\$684,715	\$982,140	\$1,068,490	\$1,014,359	\$1,363,390	
Term Debt as % of TFC	18.8%	12.2%	16.5%	15.0%	13.5%	18.2%	
GFI to Plant Ownership	4.8	4.4	3.7	3.4	4.4	6.2	
Earnings Before Interest, Rent & Tax (EBIT)	\$206,810	\$193,033	\$121,886	\$179,633	\$276,900	\$485,804	
EBIT/SU	\$45.98	\$44.20	\$25.62	\$37.51	\$51.63	\$73.40	
"Misery Index"	77%	77%	90%	82%	70%	62%	

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



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



Term debt as a % of total farm capital

13.5%

overall

18.2%

top 10%

Interest/Rent as a % of gross farm income

13.2%

overall

14.2%

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.

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