

Farm statistical survey 2017

50/50 Sharemilker – Irrigated

2017 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 2017 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 31/3/2017, 31/5/2017 or 30/6/2017.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2017 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 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Benchmark Group 2017	Your Figures
Average Cows Milked (ACM)	801	796	927	973	853	989	
Average Value of MS per Kg	\$3.20	\$3.82	\$2.93	\$1.84	\$2.80	\$2.81	
Milk Solid Revenue/ACM	\$1,327	\$1,578	\$1,248	\$817	\$1,228	\$1,239	
Milk Solid Revenue/EGA	\$4,600	\$5,595	\$4,605	\$2,848	\$3,970	\$4,002	
FWE per kg of MS	\$2.58	\$2.81	\$2.57	\$2.22	\$2.40	\$2.16	
Interest & Rent Paid per Kg MS	\$0.25	\$0.20	\$0.26	\$0.31	\$0.31	\$0.26	
Net Farm Profit	\$199,106	\$310,164	\$147,377	(\$126,330)	\$240,706	\$299,891	
Total Term Debt	\$1,345,194	\$1,156,181	\$1,329,115	\$1,676,774	\$1,619,885	\$1,691,005	
Total Cost of Production/ Kg MS	\$2.90	\$3.06	\$2.93	\$2.72	\$2.84	\$2.66	

Key features

1. ACM - 853 - 5 year average was 870.
2. MS production - 369,810 kg - 5 year average was 371,546 kg.
3. MS per ACM - 433 kg - 5 year average was 426 kg.
4. MS per EGA - 1,400 kg - 5 year average was 1,482 kg.
5. GFI - \$1,304,223 - 5 year average was \$1,244,785.
6. Average MS payout (kg) - \$2.80 per kg - 5 year average was \$2.92.
7. FWE - \$889,171 - 5 year average was \$929,583.
8. FWE as percentage of GFI - 68.1% - 5 year average was 76.4%.
9. FWE per kg/ms - \$2.40 per kg - 5 year average was \$2.52 per kg.
10. Interest and rent paid - \$129,522 - 5 year average was \$105,880.
11. Interest and rent paid per kg/ms - \$0.31 - 5 year average was \$0.27 per kg/ms.
12. Net farm profit - \$240,706 - 5 year average was \$154,205.
13. Net farm profit per kg/ms - \$0.65 per kg - 5 year average was \$0.83 per kg.
14. Net capital plant purchases - \$46,524 - 5 year average was \$66,820.
15. Net capital plant purchases per kg/ms - \$0.13 - 5 year average was \$0.18.
16. Estimated total farm capital - \$2,692,037 - 5 year average was \$2,436,605.
17. Total term debt - \$1,619,885 - 5 year average was \$1,425,429.
18. Term debt as a percentage of TFC - 60.2% - 5 year average was 58.5%.
19. Total cost of production per kg/ms - \$2.84 per kg - 5 year average was \$2.89 per kg.
20. Term debt per kg/ms - \$4.38 per kg - 5 year average was \$3.83 per kg.
21. Net equity at year end - \$1,072,152 - 5 year average was \$1,011,175

Areas the 10% group differ to the overall average group

1. Higher ACM by 136 head.
2. Higher production per ACM and per EGA.
3. Lower FWE per kg/ms - lower by 10%.
4. More land rent paid and lower TFC employed.
5. Lower capital plant purchases.
6. Both groups sound net farm profits, but both vulnerable to lower milk solid payout and any drop in per head cow values.

Total cost of production per kilogram of milk solid

\$2.84

overall

\$2.66

top 10%

Average value of milk solids receipt

\$2.80

overall

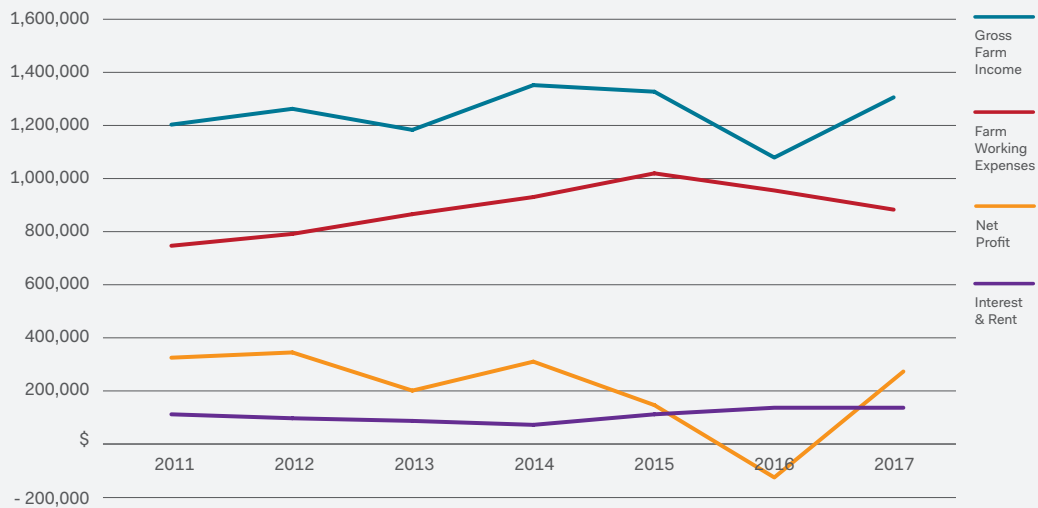
\$2.81

top 10%

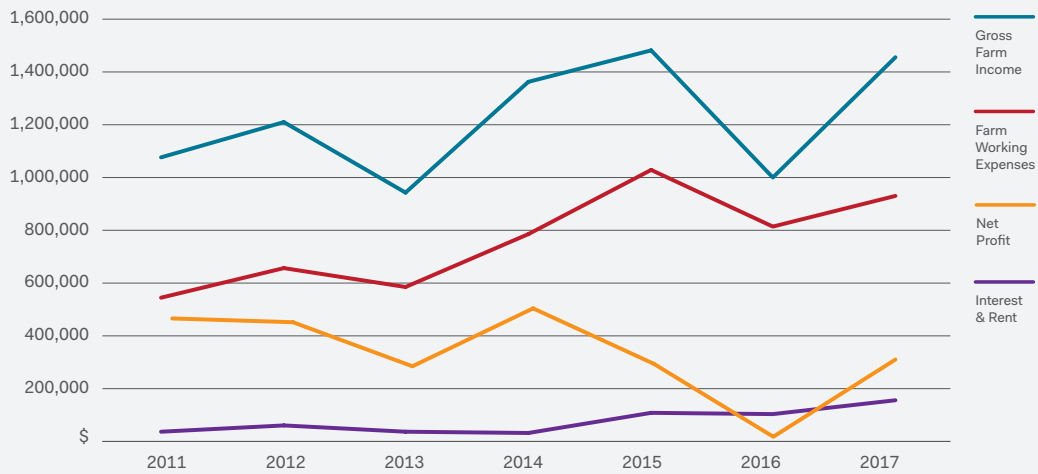
Survey

	Overall Average 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Benchmark Group 2017	Your Figures
Effective Grazing Area (Ha) (EGA)	236	224	251	275	257	317	
Average Cows Milked (ACM)	801	796	927	973	853	989	
ACM/EGA	3.5	3.5	3.7	3.5	3.3	3.2	
Milk Revenue	\$1,063,932	\$1,268,806	\$1,158,861	\$782,942	\$1,074,876	\$1,215,214	
Milk Solids Production (Kg)	333,332	330,671	394,963	428,952	369,810	432,464	
Average Value of Milk Solid Sales (Kg)	\$3.20	\$3.82	\$2.93	\$1.84	\$2.80	\$2.81	
Milk Solid Revenue/ACM	\$1,327	\$1,578	\$1,248	\$817	\$1,228	\$1,239	
Milk Solid Revenue/EGA	\$4,600	\$5,595	\$4,605	\$2,848	\$3,970	\$4,002	
Milk Solids/ACM (Kg)	415	412	426	443	433	460	
Milk Solids/EGA (Kg)	1,439	1,461	1,571	1,540	1,400	1,428	
Milk Solids as a % of GFI	91.2%	95.8%	88.3%	77.2%	82.6%	83.9%	
Gross Farm Income (GFI)	\$1,180,017	\$1,344,929	\$1,321,607	\$1,073,149	\$1,304,223	\$1,450,669	
Farm Working Expenses (FWE)	\$861,364	\$927,883	\$1,016,390	\$953,107	\$889,171	\$932,185	
FWE as a % of GFI	72.6%	69.0%	76.4%	95.8%	68.1%	64.6%	
FWE/ACM	\$1,058	\$1,129	\$1,076	\$1,029	\$1,031	\$958	
FWE/Kg of Milk Solids	\$2.58	\$2.81	\$2.57	\$2.22	\$2.40	\$2.16	
Wages/ACM	\$219	\$224	\$227	\$235	\$233	\$224	
Animal Health/ACM	\$94	\$93	\$75	\$72	\$87	\$83	
Livestock Improvement/ACM	\$40	\$40	\$47	\$39	\$45	\$45	
Stockfood/ACM	\$361	\$418	\$374	\$302	\$288	\$262	
R & M/ACM	\$46	\$41	\$30	\$26	\$31	\$22	
Vehicle Expenses & Fuel/ACM	\$56	\$62	\$51	\$40	\$51	\$51	
Dairy Shed Expenses/ACM	\$16	\$19	\$17	\$15	\$18	\$15	
Interest & Rent Paid	\$85,077	\$69,858	\$110,638	\$134,576	\$129,522	\$147,335	
Interest & Rent Paid as a % of GFI	6.9%	5.0%	7.7%	12.5%	8.9%	8.0%	
Interest & Rent Paid/Kg MS	\$0.25	\$0.20	\$0.26	\$0.31	\$0.31	\$0.26	
Net Farm Profit	\$199,106	\$310,164	\$147,377	(\$126,330)	\$240,706	\$299,891	
Net Farm Profit as a % of GFI	20.2%	23.2%	12.3%	(14.3%)	19.2%	22.1%	
Net Plant Purchases	\$68,418	\$73,950	\$91,128	\$54,081	\$46,524	\$27,090	
Personal Drawings (excl Allowances)	\$52,860	\$53,605	\$75,930	\$59,294	\$75,103	\$80,705	
Est Total Farm Capital (TFC)	\$2,389,630	\$2,304,441	\$2,656,559	\$2,141,357	\$2,692,037	\$2,067,500	
Est TFC/Kg Milk Solids	\$7.33	\$7.13	\$6.94	\$5.53	\$6.07	\$4.80	
Est Interest on TFC	9.0%	14.1%	6.5%	0.6%	9.6%	15.4%	
Total Term Debt	\$1,345,194	\$1,156,181	\$1,329,115	\$1,676,774	\$1,619,885	\$1,691,005	
Term Debt as % of TFC	52.6%	48.1%	49.3%	65.9%	53.6%	51.8%	
GFI to Plant Ownership Ratio	6.3	8.1	6.3	4.8	6.9	11.1	
Earnings Before Interest, Rent & Tax (EBIT)	\$284,183	\$383,866	\$258,015	\$16,669	\$370,228	\$410,393	
EBIT/ACM	\$379	\$506	\$297	\$9	\$427	\$470	
EBIT/EGA	\$1,323	\$1,819	\$1,089	\$42	\$1,441	\$1,554	
EBIT/Kg Milk Solids	\$0.90	\$1.22	\$0.70	\$0.03	\$0.99	\$1.02	
Net Profit/Kg Milk Solids	\$0.66	\$1.01	\$0.44	(\$0.30)	\$0.68	\$0.75	
Total Cost of Production/Kg MS	\$2.90	\$3.06	\$2.93	\$2.72	\$2.84	\$2.66	
Milk solid Margin/Kg MS	0.30	0.77	0.00	(0.89)	(0.54)	0.15	
"Misery Index"	79%	74%	84%	109%	77%	69%	

Average GFI, FWE, Interest + Rent & Net Profit 2011-2017



Benchmark GFI, FWE, Interest + Rent & Net Profit 2011-2017



Interest/Rent paid per kg/ms

\$0.31

overall

\$0.26

top 10%

Farm working expenses per kg/ms

\$2.40

overall

\$2.16

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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