

Farm statistical survey 2017

Dairy Owner/Operator – Non 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)	540	530	531	510	506	569	
Average Value of MS per Kg	\$5.98	\$7.41	\$5.42	\$3.83	\$5.12	\$5.62	
Milk Solids/ ACM (kg)	403	401	404	391	389	414	
Milk Solids/ EGA (kg)	992	982	965	923	921	1170	
FWE per kg of MS	\$3.88	\$4.22	\$3.86	\$3.33	\$3.76	\$3.42	
Interest & Rent Paid per Kg of MS	\$1.18	\$1.13	\$1.18	\$1.22	\$1.24	\$1.11	
Net Farm Profit (Loss)	\$214,804	\$451,186	\$61,916	(\$126,472)	\$50,576	\$300,457	
Total Term Debt	\$3,590,059	\$3,573,431	\$3,924,616	\$4,055,210	\$3,959,073	\$5,144,899	
Total Cost of Production per Kg of MS	\$5.39	\$5.66	\$5.34	\$4.80	\$5.34	\$4.70	

Key features

1. ACM at 506 - 5 year average was 523.
2. MS production - 196,119 kg - 5 year average was 208,784 kg.
3. MS per ACM - 389 kg - 5 year average was 398 kg.
4. EGA (ha) - 215 ha - 5 year average was 218 ha.
5. Average value of MS sales - \$5.12 per kg - 5 year average was \$5.55 per kg.
6. MS per EGA - 921 kg - 5 year average was 957 kg.
7. GFI - \$1,099,848 - 5 year average was \$1,265,946.
8. FWE - \$736,464 - 5 year average was \$810,883.
9. FWE as percentage of GFI - 67.5% - 5 year average was 64.8%.
10. FWE per kg/ms - \$3.76 per kg - 5 year average was \$3.81 per kg.
11. Interest and rent paid - \$253,537 - 5 year average was \$265,912.
12. Interest and rent paid per kg/ms - \$1.24 per kg - 5 year average was \$1.19 per kg.
13. Interest and rent paid as percentage of GFI - 22.7% - 5 year average was 20.9%.
14. Net farm profit - \$253,537 - 5 year average was \$130,402.
15. Net farm profit per kg/ms - \$1.29 per kg - 5 year average was \$1.27 per kg.
16. Net capital plant purchases - \$41,579 - 5 year average was \$49,996.
17. Net capital plant purchases per kg/ms - \$0.21 per kg - 5 year average was \$0.24 per kg.
18. Personal drawings - \$59,078 - 5 year average was \$55,948.
19. Personal drawings per kg/ms - \$0.30 per kg - 5 year average was \$0.27 per kg.
20. Average term debt - \$3,959,073 - 5 year average was \$3,820,477.
21. Average term debt per kg/ms - \$20.18 per kg - 5 year average was \$18.30 per kg.
22. Average term debt as percentage of TFC employed - 46.3% - 5 year average 46.03%.
23. Total cost of production: FWE + int + rent + V + plant depreciation divided by MS total - \$5.34 per kg - 5 year average was \$5.31 per kg.
24. Estimated net equity/net assets - \$4,595,478 - 5 year average was \$4,479,240.

Areas the 10% group differ to the overall average group

1. Slightly higher scale - 63 more ACM.
2. Higher MS production by 37,167 kg (19.5%).
3. Slightly higher stocking rate.
4. Higher production for EGA.
5. Higher MS payout (could be some winter contracts).
6. Lower FWE per kg/ms - lower by 34 cents per kg (9%).
7. Higher value per head re surplus stock sales.
8. Higher term debt by \$1,185,826 (30%).
9. Net farm profit much higher due to higher stocking rate, higher per ha production, lower FWE and only slightly higher interest and rent payments - net farm profits not far behind the average operation in the irrigated group - this group is running a fairly optimal enterprise.

Average value of milk solids receipt was almost the same at

\$5.12

Cost of production per kg/ms

\$5.34 **\$4.70**

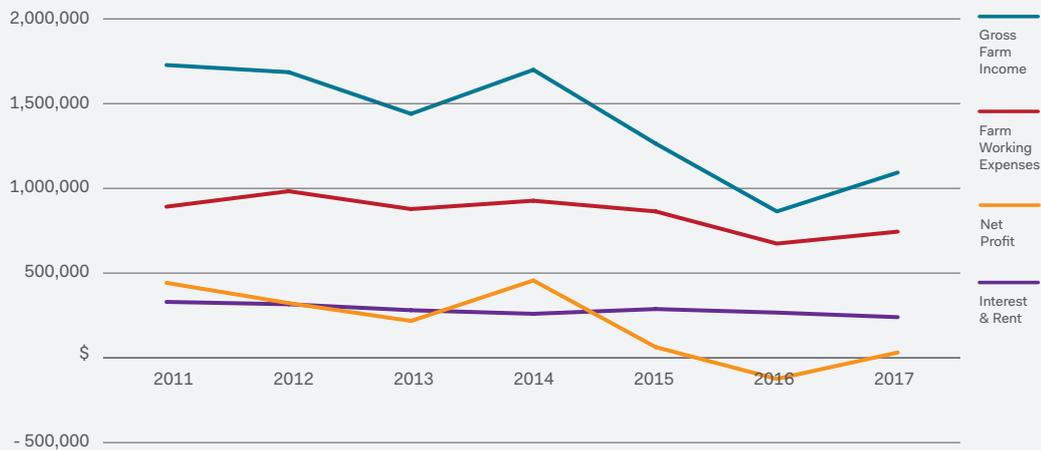
overall

top 10%

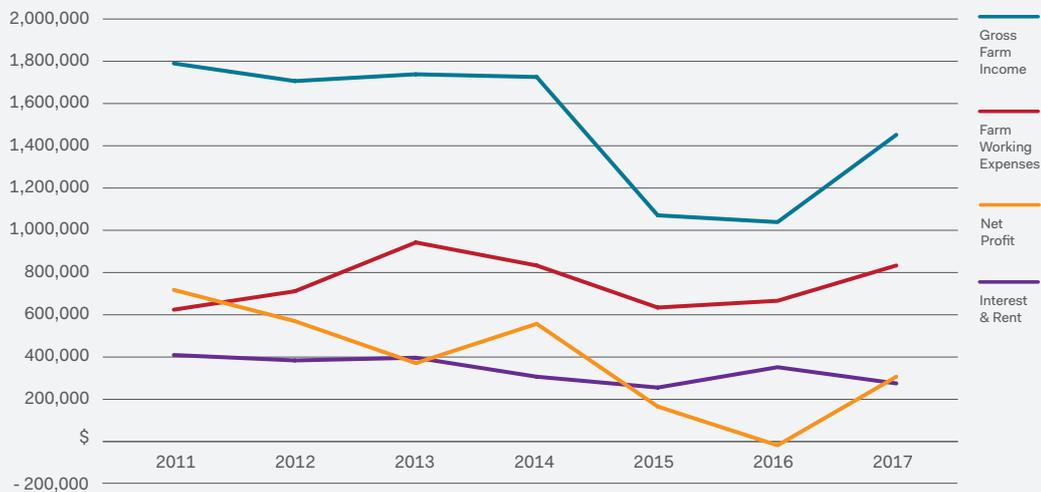
Survey

	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)	220	218	223	216	215	201	
Average Cows Milked (ACM)	540	530	531	510	506	569	
ACM/EGA	2.5	2.4	2.4	2.4	2.4	2.8	
Milk Solids Revenue	\$1,311,719	\$1,576,591	\$1,160,125	\$758,037	\$994,993	\$1,310,294	
Milk Solids Production (Kg)	217,897	213,500	216,771	199,632	196,119	233,286	
Average Value of Milk Solid Sales (Kg)	\$5.98	\$7.41	\$5.42	\$3.83	\$5.12	\$5.62	
Milk Solid Revenue/ACM	\$2,430	\$2,980	\$2,188	\$1,505	\$1,960	\$2,327	
Milk Solid Revenue/EGA	\$5,999	\$7,318	\$5,259	\$3,545	\$4,728	\$6,595	
Milk Solids/ACM (Kg)	403	401	404	391	389	414	
Milk Solids/EGA (Kg)	992	982	965	923	921	1,170	
Milk Solids as a % of GFI	92.3%	93.6%	93.4%	89.6%	90.1%	91.6%	
Gross Farm Income (GFI)	\$1,427,767	\$1,689,140	\$1,257,208	\$855,770	\$1,099,848	\$1,444,264	
Farm Working Expenses (FWE)	\$872,505	\$922,169	\$855,987	\$667,290	\$736,464	\$833,473	
FWE as a % of GFI	59.3%	52.8%	66.4%	78.0%	67.5%	55.3%	
FWE/ACM	\$1,590	\$1,705	\$1,562	\$1,298	\$1,457	\$1,399	
FWE/Kg of Milk Solids	\$3.88	\$4.22	\$3.86	\$3.33	\$3.76	\$3.42	
Wages/ACM	\$237	\$233	\$242	\$241	\$239	\$182	
Animal Health/ACM	\$84	\$82	\$80	\$68	\$78	\$68	
Livestock Improvement/ACM	\$47	\$45	\$47	\$42	\$45	\$52	
Stockfood/ACM	\$469	\$526	\$455	\$359	\$394	\$492	
Fertiliser/ACM	\$294	\$330	\$295	\$241	\$282	\$201	
R & M/ACM	\$110	\$113	\$131	\$88	\$105	\$99	
Vehicle Expenses & Fuel/ACM	\$95	\$95	\$81	\$74	\$98	\$78	
Dairy Shed Expenses/ACM	\$20	\$24	\$19	\$16	\$16	\$17	
Interest & Rent Paid	\$278,483	\$254,115	\$280,493	\$262,934	\$253,537	\$270,248	
Interest & Rent Paid as a % of GFI	18.2%	14.4%	20.4%	28.7%	22.7%	17.8%	
Interest & Rent Paid/Kg MS	\$1.18	\$1.13	\$1.18	\$1.22	\$1.24	\$1.11	
Cost of Prodn/Kg MS (excl Interest & Rent)	\$4.18	\$4.54	\$4.16	\$3.58	\$3.95	\$3.59	
Net Farm Profit	\$214,804	\$451,186	\$61,916	(\$126,472)	\$50,576	\$300,457	
Net Farm Profit as a % of GFI	19.5%	28.9%	8.6%	(12.7%)	3.9%	20.2%	
Net Plant Purchases	\$61,611	\$60,668	\$62,250	\$33,854	\$41,579	\$37,188	
Personal Drawings (excl Allowances)	\$63,205	\$58,022	\$50,337	\$49,100	\$59,078	\$55,800	
Est Total Farm Capital (TFC)	\$8,097,749	\$8,508,160	\$8,546,091	\$7,792,038	\$8,554,551	\$9,861,000	
Est TFC/Kg Milk Solids	\$38.77	\$41.11	\$41.04	\$40.33	\$45.15	\$40.74	
Est TFC/Ha	\$38,518	\$39,796	\$38,800	\$36,637	\$39,934	\$46,391	
Est Interest on TFC	4.8%	7.2%	2.8%	1.1%	2.2%	4.9%	
Total Term Debt	\$3,590,059	\$3,573,431	\$3,924,616	\$4,055,210	\$3,959,073	\$5,144,899	
Total Term Debt as % TFC	41.8%	40.1%	41.9%	45.4%	44.4%	47.2%	
GFI to Plant Ownership Ratio	6.4	5.7	4.6	3.2	3.1	5.3	
Earnings Before Interest, Rent & Tax (EBIT)	\$493,287	\$705,301	\$342,408	\$136,461	\$304,113	\$570,705	
EBIT/ACM	\$943	\$1,376	\$672	\$290	\$594	\$1,073	
EBIT/EGA	\$2,297	\$3,305	\$1,587	\$654	\$1,502	\$3,023	
EBIT/Kg Milk Solids	\$2.32	\$3.42	\$1.67	\$0.71	\$1.53	\$2.55	
Total Cost of Production/Kg	\$5.39	\$5.66	\$5.34	\$4.80	\$5.34	\$4.70	
Margin/Kg MS	\$0.60	\$1.75	\$0.08	(\$0.97)	(\$0.81)	\$0.92	
"Misery Index"	77%	67%	87%	107%	90%	73%	

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



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



Interest/Rent paid per kg/ms

\$1.24 **\$1.11**

overall

top 10%

Farm working expenses per kg/ms

\$3.76 **\$3.42**

overall

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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