

Farm statistical survey 2017

Mixed Cropping

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
Area Cropped Grain & Seeds (Ha)	255	252	250	267	356	361	
FWE as a % of GFI	60.5%	63.2%	60.2%	61.0%	59.6%	50.5%	
Interest & Rent Paid as a % of GFI	16.0%	15.2%	16.1%	16.3%	15.9%	16.1%	
Net Farm Profit	\$216,104	\$214,754	\$157,618	\$187,897	\$131,540	\$314,003	
Gross Profit Cropping per Ha	\$3,892	\$3,750	\$3,634	\$3,407	\$3,560	\$4,124	
Ave Sale Value Lambs	\$108.54	\$104.96	\$114.28	\$107.01	\$108.62	\$108.74	
Net Plant Purchases	\$133,414	\$132,586	\$157,469	\$130,605	\$134,027	\$143,508	
Est Total Farm Capital (TFC)	\$7,891,840	\$8,349,990	\$8,672,113	\$10,339,128	\$11,094,169	\$10,473,091	
Total Term Debt	\$1,770,139	\$2,132,453	\$2,063,159	\$2,645,853	\$2,738,234	\$3,099,011	

Key features

1. Harvest area - 259 ha - 5 year average was 257 ha.
2. GFI - \$1,243,565 - 5 year average was \$1,349,016.
3. FWE - \$752,459 - 5 year average was \$831,248.
4. FWE to GFI ratio - 58.6% - 5 year average 60.7%.
5. Interest and rent paid - \$215,674 - 5 year average was \$219,795.
6. Interest and rent paid as % of GFI - 15.8% - 5 year average was 15.9%.
7. Net farm profit - \$147,246 - 5 year average was \$184,724.
8. Net farm profit as % of GFI - 14.6% - 5 year average was 14.5%.
9. Gross profit cropping account - \$979,334 - 5 year average was \$1,049,578.
10. Gross cropping profit per ha - \$3,570 - 5 year average was \$3,651.
11. Gross profit from sheep - \$152,096 - 5 year average was \$140,691.
12. Average sale value lambs - \$108.62 - 5 year average was \$108.68.
13. Net capital plant purchases - \$140,713 - 5 year average was \$138,958.
14. Weed and pest per cropped area - \$426 - 5 year average was \$377.
15. Fertiliser per EGA - \$358 - 5 year average was \$396.
16. Personal drawings - \$73,845 - 5 year average was \$71,588.
17. Estimated total farm capital - \$11,055,000 - 5 year average was \$9,261,632.
18. Total term debt - \$2,717,223 - 5 year average was \$2,265,765.
19. Term debt as percentage of TFC - 23% - 5 year average was 24.6%.
20. Estimated net equity/net assets - \$8,337,868 - 5 year average was \$6,995,866.

Areas the 10% group differ to the overall average group

1. Slightly higher cropping area - 56 ha higher (22%).
2. FWE higher but only \$42,136 higher (5.6%).
3. FWE to GFI ratio is 8% lower.
4. The extra 56 ha of crop area (say, \$200,000) plus higher gross profit per ha harvested has meant a much higher net farm profit.
5. Both groups have a very solid net asset/net equity of \$7,000,000 - \$8,000,000.
6. The top 10% group is running tighter in several key areas and this comment has applied for some years.

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

361 ha

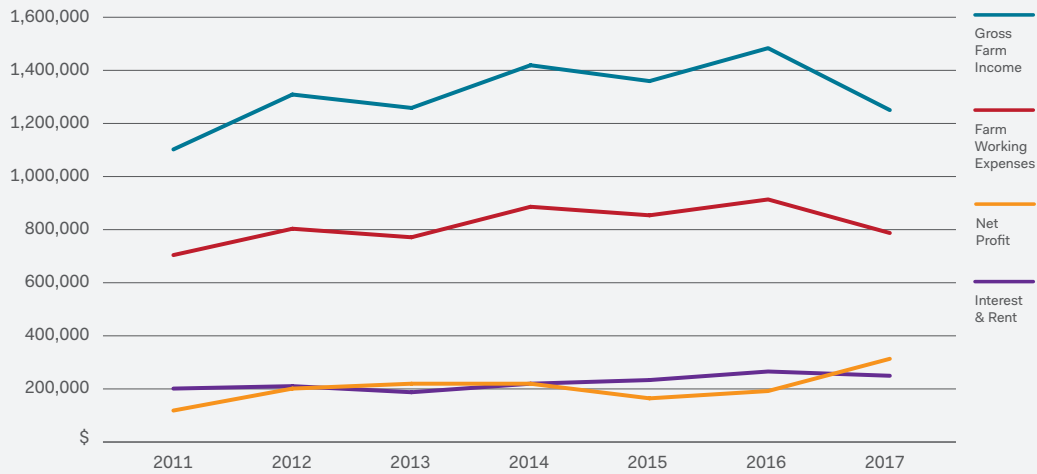
Top group has higher gross return per hectare cropped

\$3,560 overall **\$4,124** top 10%

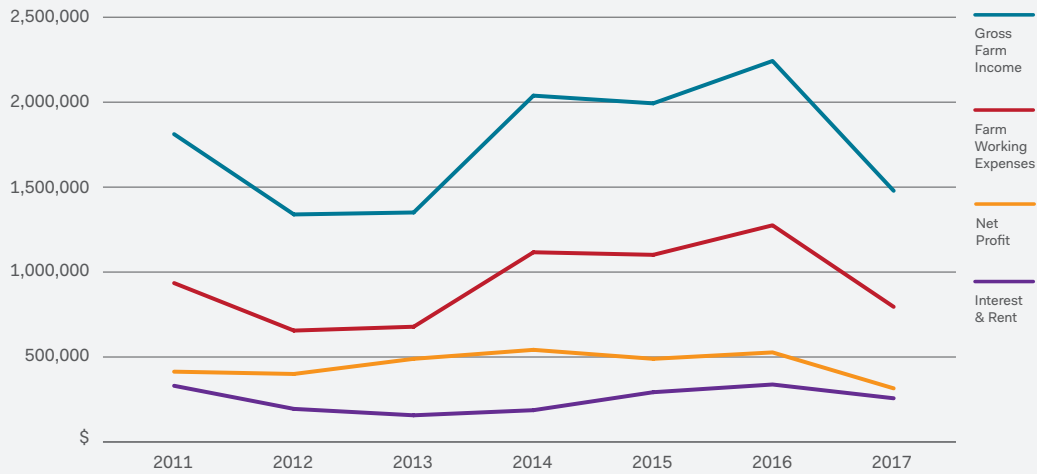
Survey

	Overall Average 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Overall Average 2017	Benchmark Group 2017	Your Figures
Total Effective Area Farmed (Ha) (EGA)	317	331	345	356	354	361	
Area Cropped Grain & Seeds (Ha)	255	252	250	267	259	315	
Gross Farm Income (GFI)	\$1,251,971	\$1,414,353	\$1,356,033	\$1,479,159	\$1,243,565	\$1,481,102	
Farm Working Expenses (FWE)	\$764,558	\$881,513	\$850,350	\$907,359	\$752,459	\$794,595	
FWE as a % of GFI	60.5%	63.2%	60.2%	61.0%	58.6%	50.5%	
Interest & Rent Paid	\$180,960	\$213,701	\$226,815	\$261,824	\$215,674	\$258,702	
Interest & Rent Paid as a % of GFI	16.0%	15.2%	16.1%	16.3%	15.8%	16.1%	
Net Farm Profit	\$216,104	\$214,754	\$157,618	\$187,897	\$147,246	\$314,003	
Net Farm Profit as a % of GFI	15.9%	13.4%	15.6%	12.9%	14.6%	25.2%	
Gross Profit Cropping Account	\$999,473	\$1,089,441	\$1,047,428	\$1,132,214	\$979,334	\$1,270,867	
Gross Profit Cropping/Ha	\$3,892	\$3,750	\$3,634	\$3,407	\$3,560	\$4,124	
Gross Profit Cropping as a % of GFI	72.8%	67.6%	68.7%	67.4%	73.6%	84.9%	
Gross Profit Sheep	\$91,962	\$139,117	\$155,969	\$164,312	\$152,096	\$125,460	
Ave Sale Value Lambs	\$108.54	\$104.96	\$114.28	\$107.01	\$108.62	\$108.74	
Net Plant Purchases	\$133,414	\$132,586	\$157,469	\$130,605	\$140,713	\$143,508	
GFI To Plant Ownership	2.7	2.8	2.5	2.1	1.7	2.2	
Weed & Pest/Cropped Area	\$337	\$337	\$356	\$429	\$426	\$436	
Fertiliser/Total EGA	\$437	\$377	\$419	\$388	\$358	\$407	
Personal Drawings (excl Allowances)	\$68,882	\$75,452	\$69,013	\$70,748	\$73,845	\$84,747	
Est Total Farm Capital (TFC)	\$7,891,840	\$8,349,990	\$8,672,113	\$10,339,128	\$11,055,091	\$10,791,273	
Est TFC/EGA	\$26,363	\$25,815	\$25,731	\$29,509	\$32,110	\$32,975	
Est Interest on TFC	4.3%	4.5%	3.4%	3.4%	2.5%	4.6%	
Total Term Debt	\$1,770,139	\$2,132,453	\$2,063,159	\$2,645,853	\$2,717,223	\$3,099,011	
Term Debt as % of TFC	23.9%	28.7%	24.7%	22.5%	23.0%	23.9%	
Earnings Before Interest, Rent & Tax (EBIT)	\$387,511	\$416,322	\$384,433	\$435,618	\$350,060	\$539,970	
EBIT as a % of GFI	31.6%	28.3%	30.2%	28.8%	30.0%	40.4%	
EBIT/Cropped Ha	\$1,226	\$1,184	\$1,131	\$1,022	\$1,021	\$1,575	
"Misery Index"	76%	78%	76%	77%	74%	67%	

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



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



Farm working expenses as a % of gross farm income

58.6%

overall

50.5%

top 10%

Interest/Rent paid as a % of gross income

15.8%

overall

16.1%

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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