

Farm statistical survey 2019

Sheep & Beef Hill Country

2019 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 2019 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 31/3/2019, 31/5/2019 or 30/6/2019.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2019 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 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Benchmark Group 2019	Your Figures
Stock Units (SU) Carried	8,840	7,252	8,334	8,353	8,766	14,526	
GFI per SU	\$93.18	\$97.99	\$99.82	\$124.32	\$131.89	\$157.51	
FWE per SU	\$56.40	\$60.72	\$64.90	\$63.85	\$74.47	\$70.59	
Interest & Rent Paid per SU	\$16.16	\$20.30	\$17.56	\$16.12	\$16.19	\$14.45	
Net Farm Profit	\$140,276	\$60,882	\$84,481	\$295,873	\$324,193	\$918,408	
Ave Sale Value Lambs	\$79.47	\$72.66	\$83.82	\$107.52	\$117.70	\$135.20	
GP Sheep & Wool per Sheep SU	\$94.93	\$88.20	\$97.34	\$125.53	\$134.66	\$169.66	
GP Cattle per Cattle SU	\$81.59	\$86.12	\$96.81	\$98.61	\$85.62	\$113.41	
GP Deer per Deer SU	\$97.45	\$98.36	\$125.61	\$140.99	\$297.54	-	
Fertiliser Expense per SU	\$9.13	\$7.47	\$10.39	\$9.19	\$9.92	\$14.06	

Key features

1. Average stock units over the five years - 8,309.
2. Average Gross Farm Income over the five years - \$921,523.
3. Average Farm Working Expenses over the five years - \$549,268.
4. Average Farm Working Expenses to Gross Farm Income ratio over the five years - 61.3%.
5. Average Farm Working Expenses per stock unit over the five years - \$64.07.
6. Average interest and rent paid over the five years - \$132,898.
7. Average net farm profit over the five years - \$181,141.
8. Average lambing percentage over the five years - 122.4%.
9. Average lamb sales value over the five years - \$92.23.
10. Average ewes sale value over the five years - \$91.95.
11. Average wool sale value per kg over the five years - \$5.93.
12. Average calf sales value over the five years - \$729.
13. Average gross profit from deer per stock unit over the five years - \$151.99.
14. Average net capital plant purchases over the five years - \$63,268.
15. Average Total Farm Capital over the five years - \$8,801,844.
16. Average term debt over the five years - \$1,949,140.
17. The areas where the benchmark group in the 2019 year show up strongly were:
 - Much higher overall stock unit scale;
 - Higher returns to stock unit;
 - Lower Farm Working Expenses to Gross Farm Income ratio;
 - Higher interest and rent payments;
 - Higher fertilizer per stock unit.

Key production ratios for the 2019 year

Gross farm income per stock unit

\$131.89

overall

\$157.51

top 10%

Farm working expenses per stock unit

\$74.47

overall

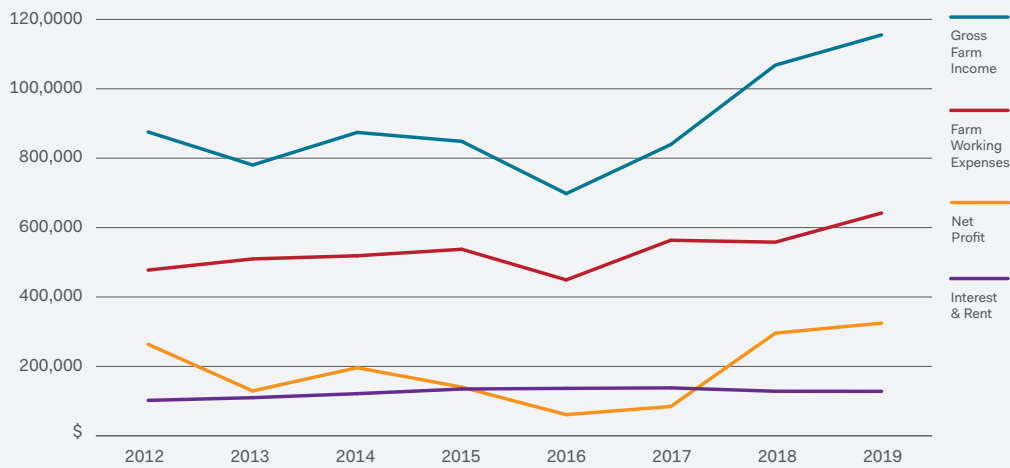
\$70.59

top 10%

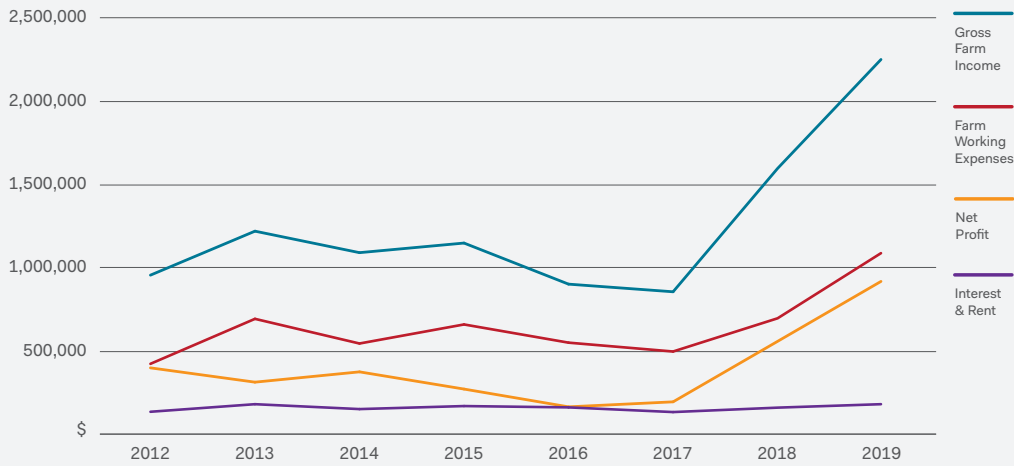
Survey

	Overall Average 2015	Overall Average 2016	Overall Average 2017	Overall Average 2018	Overall Average 2019	Benchmark Group 2019	Your Figures
Total Area Grazed (Ha)	3,156	2,856	3,378	3,026	3,345	6,540	
Stock Units (SU) Carried	8,840	7,252	8,334	8,353	8,766	14,526	
SU/Grazed Area	4.9	4.7	4.3	4.7	5.0	3.6	
Gross Farm Income (GFI)	\$848,438	\$697,912	\$839,342	\$1,068,132	\$1,153,792	\$2,258,471	
GFI per SU	\$93.18	\$97.99	\$99.82	\$124.32	\$131.89	\$157.51	
Farm Working Expenses (FWE)	\$537,569	\$449,279	\$563,510	\$557,994	\$637,989	\$1,074,277	
FWE as a % of GFI	62.6%	66.2%	67.3%	53.0%	57.3%	45.0%	
FWE/SU	\$56.40	\$60.72	\$64.90	\$63.85	\$74.47	\$70.59	
Interest & Rent Paid	\$134,763	\$136,664	\$138,122	\$128,381	\$126,564	\$180,717	
Interest & Rent Paid as a % of GFI	17.2%	20.7%	18.0%	13.4%	11.6%	8.8%	
Interest & Rent Paid/SU	\$16.16	\$20.30	\$17.56	\$16.12	\$16.19	\$14.45	
Net Farm Profit	\$140,276	\$60,882	\$84,481	\$295,873	\$324,193	\$918,408	
Net Farm Profit as a % of GFI	14.9%	6.4%	9.7%	27.4%	25.5%	42.0%	
Gross Profit Sheep Account	\$399,712	\$329,100	\$395,761	\$532,412	\$576,660	\$978,618	
Lambing %	126%	120%	122%	120%	124%	114%	
Ave Sale Value Lambs	\$79.47	\$72.66	\$83.82	\$107.52	\$117.70	\$135.20	
Ave Sale Value Ewes	\$71.83	\$62.73	\$77.29	\$116.07	\$131.81	\$140.42	
Gross Wool Revenue	\$188,290	\$159,885	\$192,064	\$216,968	\$267,896	\$742,701	
Wool Production (Kg)	32,190	26,979	29,924	31,376	33,620	59,223	
Ave Value of Wool Sold/Kg	\$5.27	\$5.70	\$5.56	\$6.04	\$7.07	\$11.70	
GP Sheep & Wool/Sheep SU	\$94.93	\$88.20	\$97.34	\$125.53	\$134.66	\$169.66	
Gross Profit Cattle Account	\$208,874	\$147,133	\$211,424	\$240,949	\$249,397	\$471,346	
Ave Sale Value Calves	\$522	\$676	\$843	\$896	\$710	\$914	
Ave Sale Value Steers	\$1,207	\$1,260	\$1,370	\$1,595	\$1,589	\$1,970	
Ave Sale Value Heifers	\$1,024	\$956	\$1,188	\$1,303	\$1,255	\$1,325	
GP Cattle/Cattle SU	\$81.59	\$86.12	\$96.81	\$98.61	\$85.62	\$113.41	
Gross Profit Deer Account	\$137,204	\$211,019	\$158,894	\$246,975	\$260,210	\$9,314	
GP Deer/ Deer SU	\$97.45	\$98.36	\$125.61	\$140.99	\$297.54	-	
Fertiliser Expenditure	\$90,598	\$67,140	\$96,708	\$87,170	\$92,061	\$193,270	
Fertiliser Expense/SU	\$9.13	\$7.47	\$10.39	\$9.19	\$9.92	\$14.06	
Personal Drawings (excl Allowances)	\$60,901	\$46,391	\$50,426	\$58,323	\$75,615	\$121,640	
Net Plant Purchases	\$77,613	\$37,172	\$44,146	\$70,932	\$86,478	\$174,751	
Est Total Farm Capital (TFC)	\$7,888,395	\$8,147,619	\$8,803,296	\$9,265,041	\$9,904,870	\$13,380,571	
Est TFC/SU	\$934	\$1,199	\$1,144	\$1,157	\$1,288	\$942	
Est Interest on TFC	2.5%	2.5%	1.8%	4.0%	3.7%	7.7%	
Total Term Debt	\$1,585,166	\$2,022,782	\$2,063,149	\$2,059,821	\$2,014,781	\$2,077,660	
Term Debt as % of TFC	20.5%	26.8%	23.4%	22.3%	19.0%	11.7%	
GFI to Plant Ownership	5.5	4.0	3.9	4.9	4.7	5.1	
Earnings Before Interest, Rent & Tax (EBIT)	\$271,523	\$197,546	\$221,984	\$422,131	\$450,757	\$1,099,125	
EBIT/SU	\$32.07	\$30.95	\$29.07	\$52.22	\$49.22	\$80.11	
"Misery Index"	80%	87%	85%	66%	69%	54%	

Average GFI, FWE, Interest + Rent & Net Profit 2012-2019



Benchmark GFI, FWE, Interest + Rent & Net Profit 2012-2019



Total farm capital

\$9,904,870.00
overall

\$13,380,571.00
top 10%

Interest/Rent as a % of gross farm income

11.6% overall **8.8%** 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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