

Farm statistical survey 2016

Sheep & Beef Downlands & Flatlands

2016 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 2016 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 31/3/2016, 31/5/2016 or 30/6/2016.
- The averages referred to are per farm and as per that farm's actual Financial Statements for the 2016 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 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Benchmark Group 2016	Your Figures
Stock Units (SU) Carried	4,265	4,332	4,487	4,593	4,656	6,965	
GFI per SU	\$142.29	\$109.77	\$124.41	\$130.89	\$110.79	\$135.04	
FWE per SU	\$68.96	\$68.97	\$70.19	\$78.92	\$76.36	\$81.86	
Interest & Rent Paid per SU	\$19.10	\$20.89	\$22.82	\$19.76	\$19.24	\$13.74	
Net Farm Profit	\$182,004	\$82,038	\$113,325	\$104,730	\$30,882	\$220,303	
Ave Sale Value Lambs	\$119.62	\$76.71	\$91.96	\$90.31	\$82.77	\$83.96	
GP Sheep & Wool per Sheep SU	\$134.28	\$91.39	\$114.45	\$118.81	\$102.21	\$126.62	
GP Cattle per Cattle SU	\$82.20	\$75.56	\$84.62	\$110.27	\$72.31	\$101.47	
GP Deer per Deer SU	\$92.17	\$53.96	\$94.20	\$81.66	\$103.43	\$139.40	
Fertiliser Expense per SU	\$12.41	\$11.78	\$12.69	\$13.62	\$12.05	\$14.73	

Key features

1. SU carried – very similar to previous years – 5 year average of 4,467 SU.
2. GFI per SU \$110.79 – 5 year average has been \$123.63 (lower by 12%).
3. FWE as % of GFI 71.8% – 5 year average has been 61.6%.
4. FWE per SU \$76.36 – 5 year average has been \$72.68 (higher by 5%).
5. Interest + rent paid as % of GFI 18.4% – 5 year average has been 18%.
6. Net farm profit \$30,882 – 5 year average has been \$102,596.
7. Lambing % 141% – 5 year average has been 139%.
8. Average value sale Lambs \$82.77 – 5 year average has been \$92.27 per head.
9. Average value sale Ewes \$69.26 – 5 year average has been \$83.87 per head.
10. Average value wool sales (per kg) \$4.35 – 5 year average has been \$3.98 per kg.
11. Average value sale Calves \$600 – 5 year average has been \$534 head.
12. Average value sale Steers \$1,347 – 5 year average has been \$1,195 head.
13. Average value sale Heifers \$1,114 – 5 year average has been \$1,002 head.
14. Net capital plant purchases \$56,541 – 5 year average has been \$44,587.
15. Total term debt \$982,140 – 5 year average has been \$796,127.
16. The Benchmark Group (top 10 % based on interest earned on TFC employed) were:
 - Much higher SU carried - 2,309 SU higher or 50% higher and higher stocking rate per EGA
 - Much higher GFI per SU (22% higher)
 - Dairy stock grazing income significant for total group – 5 year average has been \$139,759

Gross farm income per stock unit

\$110.79 **\$135.04**

overall

top 10%

Farm working expenses per stock unit

\$76.06 **\$81.86**

overall

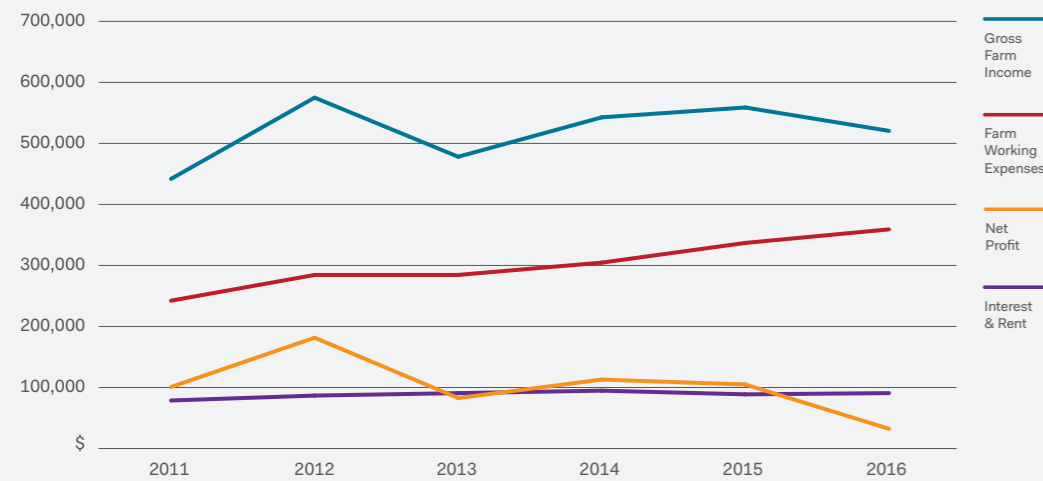
top 10%

Survey

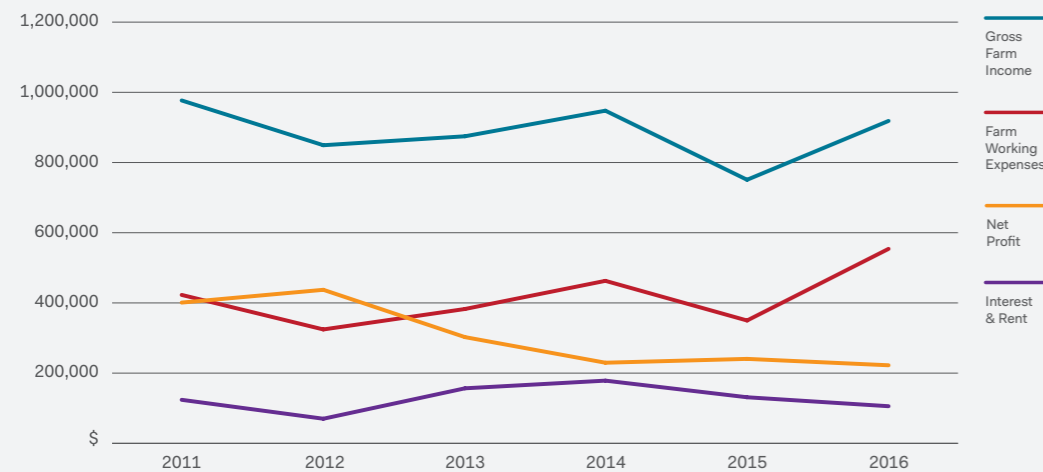
	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Benchmark Group 2016	Your Figures
Total Effective Area Farmed (ha)	770	720	735	761	815	1,023	
Stock Units (SU) Carried	4,265	4,332	4,487	4,593	4,656	6,965	
SU per Effective Ha	6.8	7.8	7.4	6.9	7.0	7.9	
Gross Farm Income (GFI)	\$577,433	\$479,278	\$544,786	\$561,402	\$521,883	\$921,393	
GFI per SU	\$142.29	\$109.77	\$124.41	\$130.89	\$110.79	\$135.04	
GFI per Effective Ha	\$1,010	\$854	\$890	\$913	\$798	\$1,089	
Farm Working Expenses (FWE)	\$285,300	\$285,476	\$304,894	\$338,681	\$360,437	\$553,727	
FWE as a % of GFI	51.1%	64.9%	58.5%	61.7%	71.8%	59.6%	
FWE per SU	\$68.96	\$68.97	\$70.19	\$78.92	\$76.36	\$81.86	
Interest & Rent Paid	\$86,214	\$89,942	\$95,413	\$88,144	\$90,607	\$105,473	
Interest & Rent Paid as a % of GFI	15.7%	20.6%	19.9%	15.5%	18.4%	10.0%	
Interest & Rent Paid per SU	\$19.10	\$20.89	\$22.82	\$19.76	\$19.24	\$13.74	
Net Farm Profit	\$182,004	\$82,038	\$113,325	\$104,730	\$30,882	\$220,303	
Net Farm Profit as a % of GFI	28.7%	9.2%	17.9%	16.8%	2.1%	26.8%	
Gross Profit Sheep Account	\$341,724	\$236,872	\$284,885	\$297,086	\$253,202	\$410,678	
Lambing %	138%	138%	137%	141%	141%	148%	
Ave Sale Value Lambs	\$119.62	\$76.71	\$91.96	\$90.31	\$82.77	\$83.96	
Ave Sale Value Ewes	\$117.18	\$67.88	\$84.66	\$80.35	\$69.26	\$70.59	
Gross Wool Revenue	\$62,968	\$47,175	\$56,907	\$63,924	\$65,996	\$109,552	
Wool Production (kg)	16,399	15,167	15,360	15,628	15,326	24,450	
Ave Value of Wool Sold per Kg	\$4.21	\$3.29	\$3.88	\$4.16	\$4.35	\$4.40	
GP Sheep & Wool per Sheep SU	\$134.28	\$91.39	\$114.45	\$118.81	\$102.21	\$126.62	
Gross Profit Cattle Account	\$110,135	\$113,008	\$118,633	\$149,842	\$140,853	\$274,568	
Ave Sale Value Calves	\$543	\$471	\$487	\$567	\$600	\$707	
Ave Sale Value Steers	\$1,141	\$1,075	\$1,117	\$1,297	\$1,347	\$1,303	
Ave Sale Value Heifers	\$997	\$928	\$910	\$1,059	\$1,114	\$1,126	
GP Cattle per Cattle SU	\$82.20	\$75.56	\$84.62	\$110.27	\$72.31	\$101.47	
Gross Profit Deer Account	\$105,039	\$50,406	\$62,624	\$49,781	\$168,880	\$182,322	
GP Deer per Deer SU	\$92.17	\$53.96	\$94.20	\$81.66	\$103.43	\$139.40	
Grazing/Lease Income	\$129,617	\$138,346	\$139,196	\$147,290	\$144,347	\$105,752	
Fertiliser Expenditure	\$54,075	\$49,592	\$56,711	\$56,722	\$56,999	\$92,575	
Fertiliser Expense per SU	\$12.41	\$11.78	\$12.69	\$13.62	\$12.05	\$14.73	
Personal Drawings (excl Allowances)	\$48,091	\$50,310	\$49,365	\$55,295	\$49,471	\$56,022	
Net Plant Purchases	\$38,058	\$43,037	\$48,182	\$37,117	\$56,541	\$48,027	
Est Total Farm Capital (TFC)	\$4,908,143	\$5,046,254	\$5,539,979	\$5,478,688	\$6,049,326	\$7,786,778	
Est Total Farm Capital per SU	\$1,286	\$1,355	\$1,390	\$1,412	\$1,465	\$1,130	
Est Interest on TFC	4.7%	2.6%	3.2%	2.6%	2.6%	3.9%	
Total Term Debt	\$753,284	\$808,386	\$752,110	\$684,715	\$982,140	\$1,464,051	
Term Debt as % of TFC	16.0%	18.6%	18.8%	12.2%	16.5%	17.7%	
GFI to Plant Ownership	5.7	4.5	4.8	4.4	3.7	4.8	
Earnings Before Interest, Rent & Tax (EBIT)	\$268,218	\$170,797	\$206,810	\$193,033	\$121,886	\$325,776	
EBIT per SU	\$63.15	\$35.86	\$45.98	\$44.20	\$25.62	\$49.53	
"Misery Index"	67%	84%	77%	77%	90%	70%	

Glossary

Average GFI, FWE, Interest + Rent & Net Profit 2011-2016



Benchmark GFI, FWE, Interest + Rent & Net Profit 2011-2016



Term debt as a % of total farm capital is very similar for both groups

16.5%

Interest/Rent as a % of gross farm income

18.4% overall
10% top 10%

SU	Stock Units (or Ewe Equivalents).
GFI	Gross Farm Income.
FWE	Farm Working Expenses.
Personal Drawings (excluding allowances)	Personal Drawings but excluding: Life Assurance Personal Insurances Superannuation Taxation Personal Insurance, Electricity & Car Allowances School Fees Health & Sickness Insurance Personal 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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