

# Farm statistical survey 2016

Sheep & Beef Hill Country

# 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
<b>Stock Units (SU) Carried</b>	8,474	8,977	9,293	8,840	7,252	8,762	
<b>GFI per SU</b>	\$102.46	\$82.35	\$91.37	\$93.18	\$97.99	\$101.25	
<b>FWE per SU</b>	\$52.57	\$52.21	\$51.34	\$56.40	\$60.72	\$59.68	
<b>Interest &amp; Rent Paid per SU</b>	\$13.16	\$12.32	\$13.48	\$16.16	\$20.30	\$18.80	
<b>Net Farm Profit</b>	\$263,545	\$129,331	\$196,149	\$140,276	\$60,882	\$168,491	
<b>Ave Sale Value Lambs</b>	\$111.98	\$74.12	\$85.31	\$79.47	\$72.66	\$79.13	
<b>GP Sheep &amp; Wool per Sheep SU</b>	\$113.82	\$85.07	\$93.98	\$94.93	\$88.20	\$92.52	
<b>GP Cattle per Cattle SU</b>	\$66.40	\$59.51	\$65.53	\$81.59	\$86.12	\$136.31	
<b>GP Deer per Deer SU</b>	\$103.73	\$75.19	\$71.72	\$97.45	\$98.36	\$97.50	
<b>Fertiliser Expense per SU</b>	\$8.64	\$8.45	\$7.28	\$9.13	\$7.47	\$8.83	

# Key features

- Drop in SU down to 7,252 SU – 5 year average has been 8,567.
- Drop in GFI by \$150,526 (18%) – 5 year average has been \$815,312.
- FWE decrease of \$88,290 (16%) – 5 year average has been \$498,591.
- FWE to GFI ratio 66.2% – 5 year average has been 60.3%.
- Interest + rent paid as % of GFI 20.7% – 5 year average has been 16.1%.
- Net profit \$60,882 – 5 year average has been \$158,036
- Lambing % 120% – 5 year average has been 119.8%.
- Average wool price per kg \$5.70 – 5 year average has been \$5.59.
- Average sale value Lambs \$72.66 – 5 year average has been \$84.71.
- Average sale value Ewes \$62.73 – 5 year average has been \$78.28.
- Average sale value Calves \$676 – 5 year average has been \$555.
- Average sale value Steers \$1,260 – 5 year average has been \$1,145.
- Average sale value Heifers \$956 – 5 year average has been \$934.
- Gross profit from Deer \$211,019 – 5 year average has been \$153,185.
- Net capital plant purchases \$37,172 – 5 year average has been \$56,617.
- Total term debt \$2,022,782 – 5 year average has been \$1,519,338 – increase in Term Debt from 2012 to 2016 has been \$807,000 or 66%.
- The Benchmark Group (top 10% based on interest earned on TFC employed) were:
  - Running another 1,510 SU (higher by 21%)
  - Both prices received for wool and the sale value of stock are higher

Gross farm income per stock unit

**\$97.99**

overall

**\$101.25**

top 10%

Farm working expenses per stock unit

**\$60.72**

overall

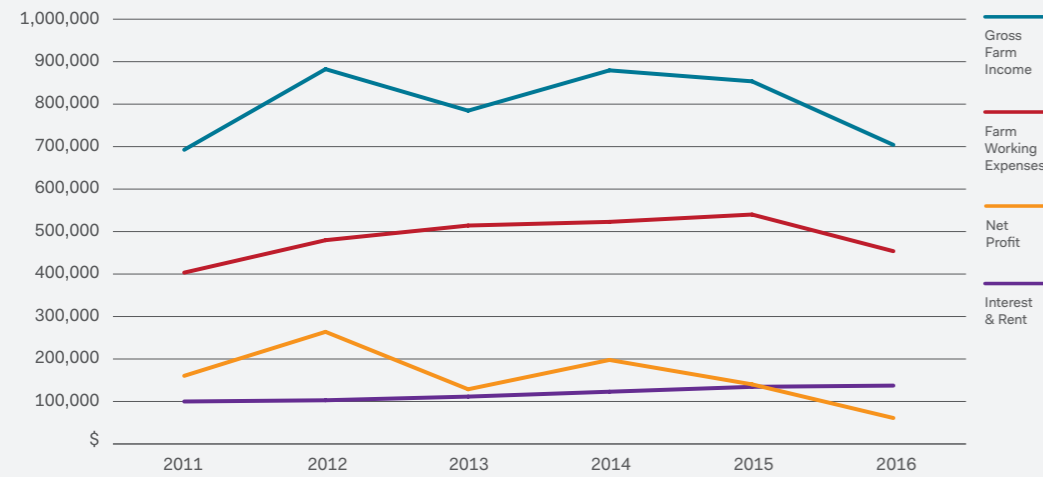
**\$59.68**

top 10%

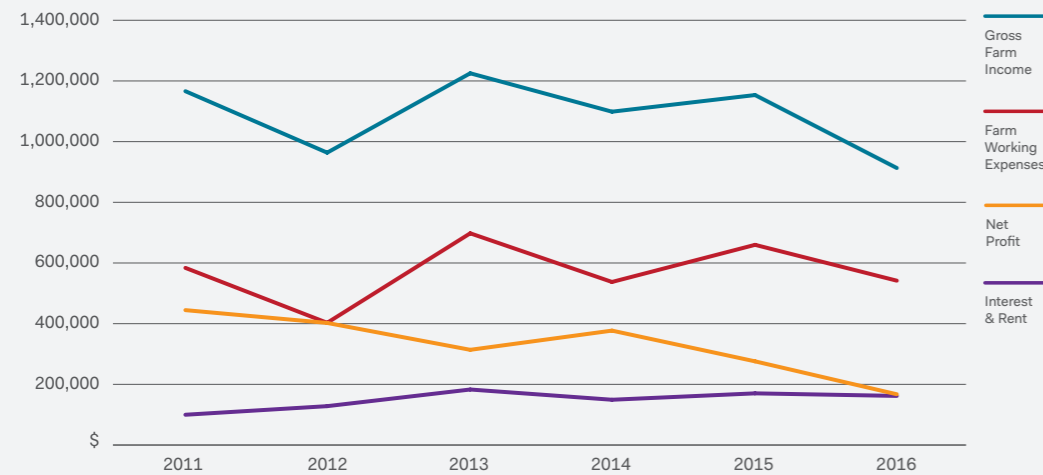
# Survey

	Overall Average 2012	Overall Average 2013	Overall Average 2014	Overall Average 2015	Overall Average 2016	Benchmark Group 2016	Your Figures
Total Area Grazed (ha)	3,434	3,466	3,452	3,156	2,856	3,603	
Stock Units (SU) Carried	8,474	8,977	9,293	8,840	7,252	8,762	
SU per Grazed Area	4.6	4.7	4.9	4.9	4.7	4.3	
Gross Farm Income (GFI)	\$875,528	\$780,435	\$874,245	\$848,438	\$697,912	\$909,289	
GFI per SU	\$102.46	\$82.35	\$91.37	\$93.18	\$97.99	\$101.25	
Farm Working Expenses (FWE)	\$477,568	\$509,729	\$518,813	\$537,569	\$449,279	\$540,386	
FWE as a % of GFI	51.8%	63.3%	57.5%	62.6%	66.2%	62.0%	
FWE per SU	\$52.57	\$52.21	\$51.34	\$56.40	\$60.72	\$59.68	
Interest & Rent Paid	\$102,056	\$109,827	\$121,394	\$134,763	\$136,664	\$161,067	
Interest & Rent Paid as a % of GFI	13.0%	14.8%	14.6%	17.2%	20.7%	18.8%	
Interest & Rent Paid per SU	\$13.16	\$12.32	\$13.48	\$16.16	\$20.30	\$18.80	
Net Farm Profit	\$263,545	\$129,331	\$196,149	\$140,276	\$60,882	\$168,491	
Net Farm Profit as a % of GFI	30.1%	17.3%	23.0%	14.9%	6.4%	15.2%	
Gross Profit Sheep Account	\$463,618	\$357,098	\$386,442	\$399,712	\$329,100	\$394,605	
Lambing %	116%	118%	119%	126%	120%	123%	
Ave Sale Value Lambs	\$111.98	\$74.12	\$85.31	\$79.47	\$72.66	\$79.13	
Ave Sale Value Ewes	\$109.41	\$68.02	\$79.40	\$71.83	\$62.73	\$66.52	
Gross Wool Revenue	\$202,547	\$208,500	\$197,893	\$188,290	\$159,885	\$193,202	
Wool Production (kg)	29,724	31,680	31,654	32,190	26,979	29,330	
Ave Value of Wool Sold per Kg	\$6.24	\$5.37	\$5.36	\$5.27	\$5.70	\$6.07	
GP Sheep & Wool per Sheep SU	\$113.82	\$85.07	\$93.98	\$94.93	\$88.20	\$92.52	
Gross Profit Cattle Account	\$166,831	\$163,962	\$182,026	\$208,874	\$147,133	\$229,998	
Ave Sale Value Calves	\$569	\$491	\$518	\$522	\$676	\$677	
Ave Sale Value Steers	\$1,088	\$1,063	\$1,107	\$1,207	\$1,260	\$1,412	
Ave Sale Value Heifers	\$931	\$848	\$911	\$1,024	\$956	\$1,167	
GP Cattle per Cattle SU	\$66.40	\$59.51	\$65.53	\$81.59	\$86.12	\$136.31	
Gross Profit Deer Account	\$140,089	\$135,852	\$141,762	\$137,204	\$211,019	\$176,970	
GP Deer per Deer SU	\$103.73	\$75.19	\$71.72	\$97.45	\$98.36	\$97.50	
Fertiliser Expenditure	\$83,815	\$88,051	\$80,466	\$90,598	\$67,140	\$78,223	
Fertiliser Expense per SU	\$8.64	\$8.45	\$7.28	\$9.13	\$7.47	\$8.83	
Personal Drawings (excl Allowances)	\$53,457	\$56,686	\$55,396	\$60,901	\$46,391	\$59,205	
Net Plant Purchases	\$43,953	\$65,249	\$59,098	\$77,613	\$37,172	\$44,804	
Est Total Farm Capital (TFC)	\$7,472,440	\$7,956,667	\$8,030,551	\$7,888,395	\$8,147,619	\$7,773,447	
Est TFC per SU	\$929	\$915	\$925	\$934	\$1,199	\$910	
Est Interest on TFC	4.4%	2.5%	3.9%	2.5%	2.5%	3.7%	
Total Term Debt	\$1,215,548	\$1,332,906	\$1,440,290	\$1,585,166	\$2,022,782	\$1,740,444	
Term Debt as % of TFC	16.9%	16.8%	16.8%	20.5%	26.8%	23.3%	
GFI to Plant Ownership	7.0	5.3	5.1	5.5	4.0	4.2	
Earnings Before Interest, Rent & Tax (EBIT)	\$365,601	\$238,451	\$312,111	\$271,523	\$197,546	\$329,558	
EBIT per SU	\$45.80	\$26.41	\$34.19	\$32.07	\$30.95	\$37.29	
"Misery Index"	65%	78%	72%	80%	87%	81%	

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



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



Total farm capital very sound overall & similar for both groups

Interest/Rent as a % of gross farm income

**\$8,140,000**

**20.7%** **18.8%**

overall

top 10%

# Glossary

<b>SU</b>	Stock Units (or Ewe Equivalents).
<b>GFI</b>	Gross Farm Income.
<b>FWE</b>	Farm Working Expenses.
<b>Personal Drawings (excluding allowances)</b>	Personal Drawings but excluding: Life Assurance Personal Insurances Superannuation Taxation Personal Insurance, Electricity & Car Allowances School Fees Health & Sickness Insurance Personal ACC Levies.
<b>Net Plant Purchases</b>	Gross Capital Plant Purchases less Capital Plant Sales/Trade-ins.
<b>TFC</b>	Estimated Total Farm Capital Employed in the farming operation in the form of Land, Stock & All Plant (+ Dairy Shares where relevant).
<b>EGA</b>	Effective Grazing or Milking Area (in hectares).
<b>ACM</b>	Average Cows Milked (usually taken at or around early to mid January each year).
<b>MS (kg)</b>	Milk Solids (kg) .
<b>EBIT</b>	Gross Earnings before interest and tax = Gross Farm Income less all expenses except Interest and/or Rent and Income Tax.
<b>Net Farm Profit</b>	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).
<b>GFI to Plant Ownership</b>	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.
<b>Total Term Debt</b>	Includes all external debt and family debt. Some family debt may involve a low to nil interest cost.
<b>Interest Earned on Total Farm Capital Employed (TFC)</b>	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.
<b>Farm Sector Groups</b>	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.
<b>'Misery Index'</b>	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.
<b>BG</b>	Benchmark Group.

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